

INOVANCE



# 2024 SUSTAINABILITY REPORT

Shenzhen INOVANCE Technology Co., Ltd.

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# About This Report

This report is the 1st sustainability report of Shenzhen INOVANCE Technology Co., Ltd. (hereinafter referred to as “INOVANCE,” “the Company” or “we”). Previously, INOVANCE had published Environmental, Social and Governance (ESG) reports for four consecutive years. The report systematically presents INOVANCE’s sustainable development philosophy, management mechanisms and specific actions, and provides information on the Company’s ESG performance, target progress and achievements in 2024. The report aims to respond to the concerns of stakeholders and strengthen communication and interaction with them to continuously promote sustainable development.

## Scope of Report

The information disclosed in this report covers Shenzhen INOVANCE Technology Co., Ltd. and its subsidiaries. Unless otherwise specified, it is consistent with the scope of the consolidated financial statements in the annual report of INOVANCE (Stock Code: 300124.SZ).

## Time Period

The report releases annually with information and data spanning the period from January 1, 2024 to December 31, 2024. For any information and data go beyond this time frame, explanations will be placed in where it is involved.

## Reporting Standards

**This report is complied in accordance with the following guidelines and standards:**

- Shenzhen Stock Exchange (SZSE)’s *Guidelines of Shenzhen Stock Exchange for Self-discipline Regulation of Listed Companies No.17 - Sustainability Report (Trial)* (hereinafter referred to as the “Guidelines No.17”)
- *Self-regulatory Guidelines No.3 for Companies Listed on Shenzhen Stock Exchange - Preparation of Sustainability Reports* (hereinafter referred to as the “Guidelines No.3”)
- Global Sustainability Standards Board (GSSB)’s *GRI Sustainability Reporting Standards* (hereinafter referred to as the “GRI Standards”)
- International Sustainability Standards Board (ISSB)’s *Sustainability Disclosure Standard: General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1)* and *Sustainability Disclosure Standard: Climate-related Disclosure (IFRS S2)*
- Evaluation criteria of international ESG rating agencies, including MSCI, S&P, ISS, and EcoVadis
- United Nations Sustainable Development Goals (UN SDGs)

## Data Description

The text information and data used in this report are derived from the Company's actual operating raw data, internal documents, financial reports, self-media external disclosure information and public information of authoritative third party. In case of any inconsistency between the relevant financial data and the Company's annual financial report, the data in the financial report shall prevail. The report uses RMB as the currency unit of measurement.

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## Reliability Assurance

The report adheres to the principles of accuracy, balance, comparability, materiality, verifiability and understandability. The report discloses information objectively, truthfully and completely, and does not contain any false records, misleading statements or major omissions. The report has been reviewed and approved by the Board of Directors, and the Board of Directors is responsible for the authenticity, accuracy and completeness of the content. To ensure consistency and comparability of information, if revisions or corrections to previous years' information or data are involved, the reasons for restatement and the revised content will be specified in the relevant sections.

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## Access to Report

The report is published in Simplified Chinese and English versions. In case of any discrepancy between the English and the Simplified Chinese version, the content of the Simplified Chinese version shall prevail. The digital version of the report can be viewed and downloaded on INOVANCE's official website [www.inovance.com/global](http://www.inovance.com/global).

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## External Assurance

To fully address the demands of various stakeholders and ensure the accuracy, truthfulness, and materiality of the disclosed information, INOVANCE engaged TÜV SÜD Certification and Testing (China) Co., Ltd. to conduct an independent and objective assurance in accordance with the *AA1000 Assurance Standard v3 (AA1000AS v3)*. The assurance report can be found in the appendix to this report.

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## Contact Us

INOVANCE Sustainability Office

E-mail: [sustainability@inovance.com](mailto:sustainability@inovance.com)

Website: <http://www.inovance.com/global>

Address: INOVANCE Headquarter, 6 Lanqing 2nd Road, Luhua Community, Guanhu Subdistrict, Longhua District, Shenzhen

# Chairman's Statement

Over the past year, the global political and economic landscape has presented a complex scenario, with rising policy uncertainties due to geopolitical conflicts and government elections worldwide. Economic growth momentum has weakened amid political turbulence and structural challenges, characterized by sluggish demand in global manufacturing, overcapacity, and intensified industry competition. Meanwhile, China has called for vigorous development of new quality productive forces, encouraging enterprises to pursue technological innovation and build sustainable competitiveness. Against this backdrop, INOVANCE has defied the trend by leveraging technological innovation as its engine, driving transformation and upgrading towards intelligentization, digitalization, and greening. This strategy has propelled its revenue to new heights while achieving remarkable sustainable development outcomes.



Guided by its proposed "2850" and "3030" decarbonization targets, INOVANCE has refined implementation pathways focusing on energy conservation, low-carbon operations, and green supply chain development. In 2024, the company strengthened measures such as digital energy management, production process optimization, intelligent equipment upgrades, and energy structure improvements, achieving significant emission reductions in its operations. Notably, its Suzhou facility earned the provincial-level "Green Factory" award. The Company actively addresses the industry's growing demand for green and low-carbon transformation by embracing the concept of "Two Improvements and Four Reductions." It delivers more efficient, energy-saving, material-conserving, and environmentally friendly products, continuously generating both economic and ecological value. The company has also conducted green supply chain assessments for key suppliers, fostering collaborative efforts across the value chain to build a zero-carbon future.

INOVANCE actively practices circular economy principles to enhance resource utilization. Integrating environmental sustainability across product lifecycles, it emphasizes green design to reduce resource consumption and ecological dependence during manufacturing. The company adheres to strict environmental compliance, ensuring pollutant emissions meet

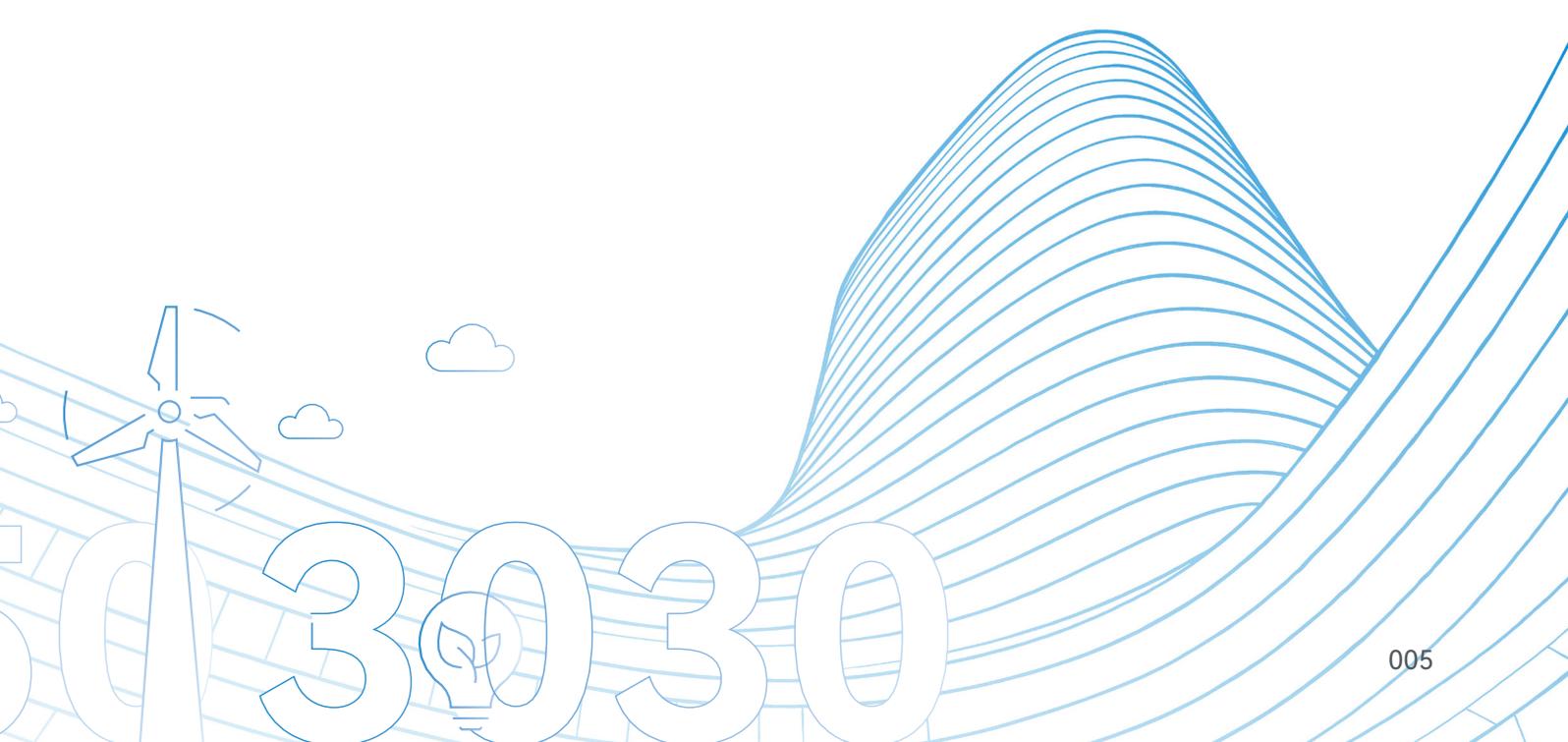
Carbon Reduction Goals

2850

standards while strengthening waste management and biodiversity risk mitigation.

As a listed company, INOVANCE prioritizes "Efficient Operations, Governance First," maintaining legal compliance while enhancing corporate governance and risk management. In 2024, it established a new Compensation and Evaluation Committee to optimize executive oversight. Focusing on customer satisfaction, INOVANCE intensified R&D innovation and service upgrades, releasing an enhanced quality culture framework. Through expanded service teams, optimized networks, and diversified channels, customer satisfaction scores rose by 1.11 points year-on-year. Collaborating with industrial partners, the company strengthens ecosystem synergies to build sustainable supply chains. As a responsible employer, INOVANCE fosters an inclusive, safe workplace that empowers employee growth, aligning corporate development with talent advancement. Additionally, it actively contributes to community development and charitable initiatives.

Looking ahead, INOVANCE will "Seize Inevitable Opportunities" by accelerating R&D in green, energy-efficient solutions. It aims to achieve "Extreme Speed and Quality" in meeting customer needs while advancing intelligent-digital-green product ecosystems through energy and information flow integration. With aspirations to "Lead the Tide," the company strives to become a global sustainability benchmark in industrial innovation.



# Introduction to INOVANCE

## Company Profile

INOVANCE is a high-tech company engaged in the R&D, manufacturing and sales of industrial automation control products and new energy products. The Company focuses on developing core technologies for information layer, control layer, drive layer, execution layer, and sensor layer and automation, digitalization and intelligence in the industrial sector. It is committed to promoting intelligent manufacturing, industrial upgrading, improving the quality of life and fostering the development of industrial civilization by providing more intelligent, precise and advanced integrated products and solutions on the basis of its independently developed industrial automation control technologies.

### Vision & Mission

Advancing industrial technology for a better world

### Core Values

Customer first, contributor oriented, uphold to openness and cooperation, strive for excellence

Year of incorporation <b>2003</b>	Stock code <b>300124.SZ</b>
Listed stock exchange <b>SZSE</b>	Headquarter location <b>Shenzhen, Guangdong Province, P.R. China</b>

### Serving markets

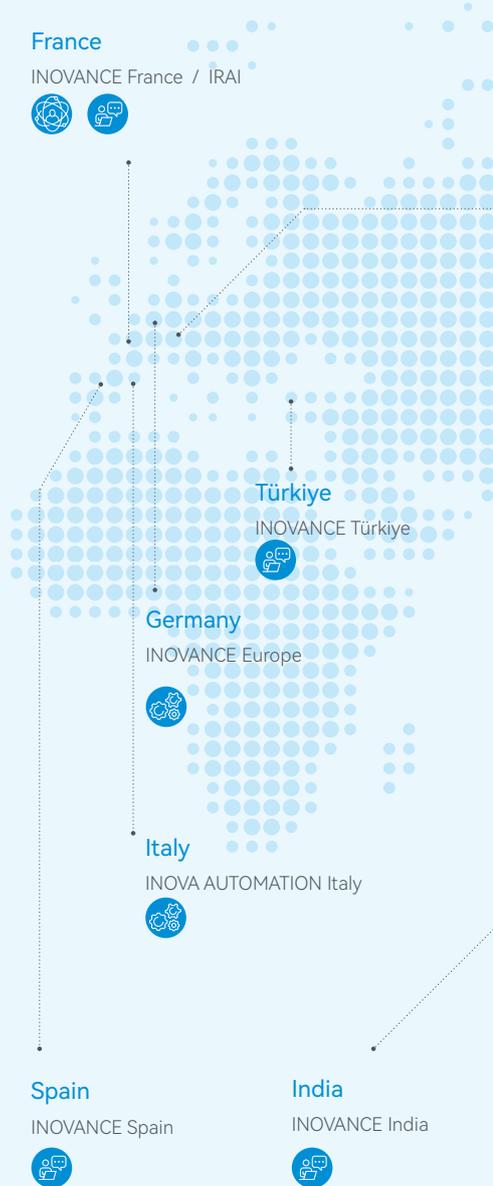
Approximately 40 countries and regions including China, India, Vietnam, South Korea, Germany, Italy, and Türkiye.

## Core Business

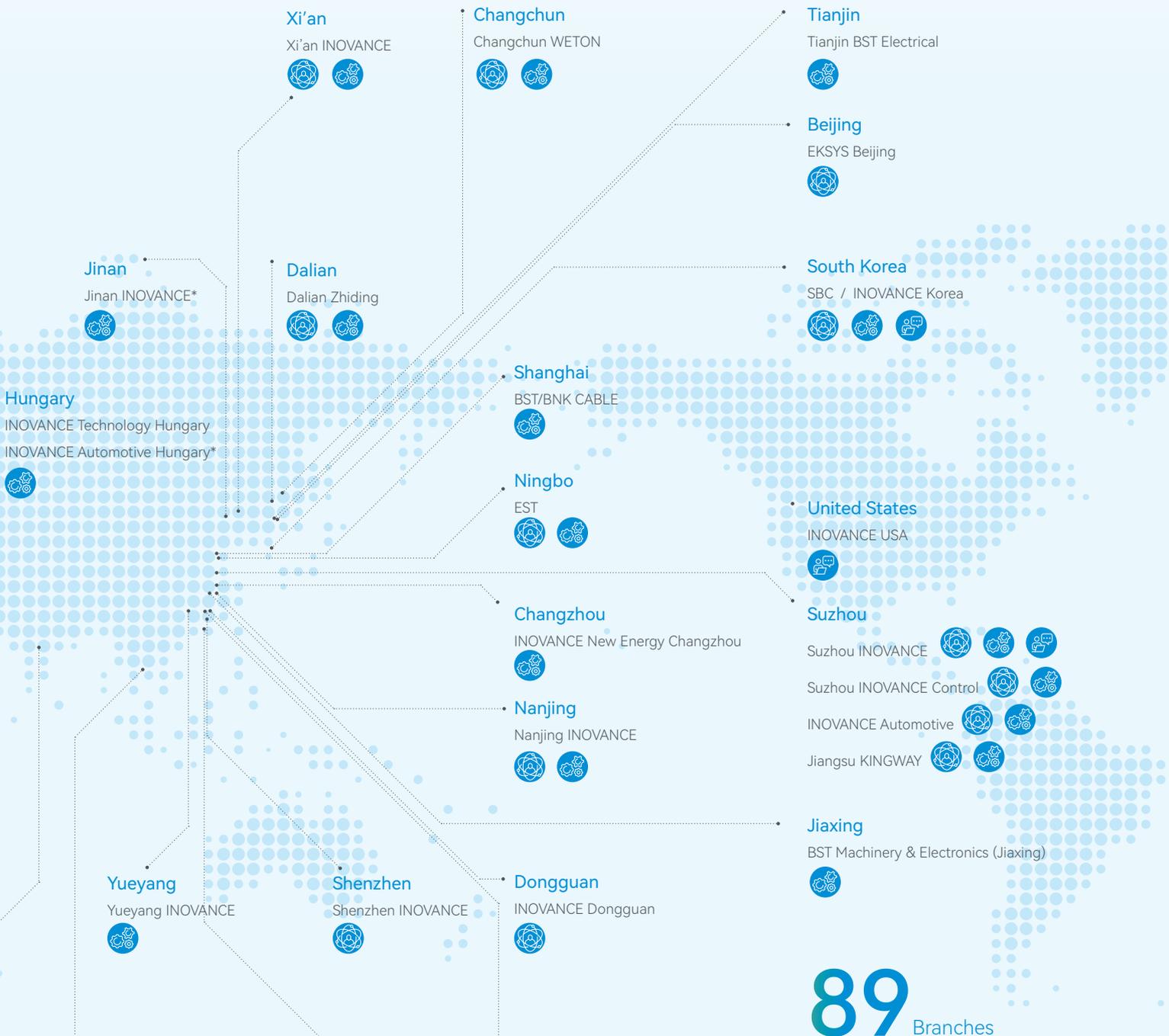
The Company primarily provides core industrial automation products and solutions for equipment automation, production line automation, and factory automation, including AC drives, servo systems, PLCs/HMIs/CNCs, industrial robots, high-performance motors, precision mechanical products, pneumatic components, sensors, and industrial vision systems. For the new energy vehicle industry, we provide electric drive and vehicle-mounted charging systems. For the elevator industry, we provide elevator control systems (including AC drives), human-machine interfaces, door systems, cables and harnesses, elevator IoT products, and integrated electrical solutions. For the rail transit industry, we offer traction and control systems.

## Business Layout

INOVANCE has over 89 branches in Suzhou, Shanghai, Changzhou, Nanjing, Yueyang, Xi'an and Hong Kong, China, and a number of R&D centers in Shenzhen, Suzhou, Xi'an, Nanjing, Milan in Italy and Stuttgart in Germany.



 R&D center  
  Manufacturing center  
  Marketing & Service center



**89** Branches

**Notes:**

The names shown in the picture are abbreviations of part of our operating locations. Please refer to Appendix 3 for their full names. Locations marked with "\*" are under construction.

# Annual Key Performance

	Indicators	2024	Unit
<b>Economic Performance</b>	Revenue	37.04	Billion RMB
	Net profit attributable to shareholders of the listed company	4.29	Billion RMB
	Basic earnings per share (EPS)	1.60	RMB per share
	Total assets	57.18	Billion RMB
	Weighted average ROE	16.52	%
<b>Environmental Performance</b>	GHG intensity	4.13	tCO <sub>2</sub> e/RMB 1 million Revenue
	Newly avoided GHG emissions	14,447,904	tCO <sub>2</sub> e/year
	Total renewable energy consumption	19,624.75	MWh
	Energy saved from new energy saving projects	1,458,755	kWh/year
	Amount of recycled/reused waste	4,869.90	Tons
<b>Social Performance</b>	R&D investment	3.15	Billion RMB
	Proportion of R&D investment	8.50	%
	Number of new patent applications	685	/
	Amount of Employee Training Hours	719,255.90	Hours
	Coverage rate of social insurance	100	%
	Number of participants in safety training sessions	46,307	/
<b>Governance Performance</b>	Number of independent directors on the Board of Directors	3	/
	Number of investor investigation reception	Over 4,000	/
	Amount of anti-corruption training hours	1,220.17	Hours
	Number of major incidents violated laws and regulations	0	Time

Award Name	Awarding Unit
National May 1st Labor Award	All-China Federation of Trade Unions
Included in 2024 China ESG Top 50 Enterprises	Forbes China
Best ESG Practice	<i>New Fortune Magazine</i>
Best ESG Disclosure	<i>New Fortune Magazine</i>
Included in S&P Global's <i>Sustainability Yearbook 2024 (China Edition)</i>	S&P Global

MSCI ESG Rating

**A**

S&amp;P Global Corporate Sustainability Assessment Scoring

**45**    **Top 9% of the industry**

Note: The rating results are based on queries as of December 31, 2024.

Morningstar ESG Sustainalytics ESG Risk Rating

**23.3**

CDP Climate Change Rating

**B**    **Management level**

# Sustainability and Corporate Governance

*INOVANCE consistently practices sustainable development, fully integrating ESG management into day-to-day business operations. Through improving its ESG governance structure, formulating core ESG strategies, strengthening stakeholder engagement, and optimizing the management of material topics, the Company continuously enhances its ESG management capabilities and promotes alignment between the concept of sustainable development, corporate strategy, and stakeholder expectations.*

## Sustainability Management

### Sustainability Governance Framework

INOVANCE values the construction of its sustainability governance system and has established a top-down ESG governance structure.

 <p><b>Board of Directors</b></p>	<p>It is the highest decision-making and supervisory body, and is responsible for comprehensive oversight of the Company's ESG affairs, providing strategic guidance for sustainability development, and exercising ultimate decision-making authority over relevant strategies, goals, and major issues.</p>
 <p><b>Executive Management Team (EMT)</b></p>	<p>Comprising board members and senior executives, it is responsible for reviewing and deciding on major management matters, including the implementation and performance of sustainability strategies.</p>
 <p><b>Sustainability Committee</b></p>	<p>It is responsible for formulating the Company's sustainability strategy, reviewing ESG risk identification results and developing risk response strategies, guiding all first-level departments and subsidiaries in ESG management and tracking their progress, and reviewing the Company's sustainability disclosure. The Sustainability Committee keeps improving the Company's sustainability system, facilitates cross-functional and cross-process ESG coordination, and holds regular meetings to report the progress and performance of the Company's ESG management to the EMT, and to listen to their opinions and suggestions.</p>
 <p><b>Sustainability Office</b></p>	<p>As the executive body under the Sustainability Committee, it is responsible for implementing ESG management measures, including those related to climate change.</p>

The Company also incorporates ESG performance indicators into the management’s remuneration system and applies appropriate rewards and clawbacks based on the annual appraisal results, to strengthen the ESG governance capabilities and support the orderly advancement of ESG efforts.



## ESG Strategy

To fully support the Company’s sustainable development and enhance ESG management capabilities, the Company, based on its own strategy, industry dynamics, and the UN SDGs, has identified six dimensions of its ESG strategy, namely, “Corporate Governance”, “Lean Innovation”, “Low-Carbon Pioneer”, “Responsible Ecosystem”, “Talent Development”, and “Green Operations”. It develops an ESG strategy around these six core areas, clarifies the long-term goals of ESG efforts, and promotes the full integration of ESG management with business decision-making and daily operations.

### The Six Dimensions of ESG Strategy

#### Corporate governance

- Continuously improve the corporate governance system
- Create an internal compliance culture

#### Lean innovation

- Maintain high R&D investment
- Improve product quality and enhance quality management efficiency
- Enhance customer service quality

#### Low carbon pioneer

- Seize opportunities presented by the national carbon peaking and carbon neutrality goals, continue to develop products and solutions featuring “avoided emissions”, and facilitate the green and low-carbon transition of society
- Improve full life cycle management of products and continuously reduce product carbon footprints

#### Responsibility ecology

- Build a secure, stable and resilient supply chain
- Realize a sustainable supply chain with a focus on survey and assessment of supply chain sustainability

### Supported UN SDGs



Goal 16: Peace, Justice and Strong Institutions



Goal 9: Industry, Innovation and Infrastructure

Goal 12: Responsible Consumption and Production



Goal 7: Affordable and Clean Energy

Goal 9: Industry, Innovation and Infrastructure



Goal 12: Responsible Consumption and Production

Goal 13: Climate Action



Goal 12: Responsible Consumption and Production

Goal 17: Partnerships for the Goals

### Talent development

- Protect employees' rights and benefits
- Provide a healthy and safe workplace
- Foster all-round and sustainable development of employees



- Goal 3: Good Health and Well-being
- Goal 4: Quality Education
- Goal 5: Gender Equality
- Goal 8: Decent Work and Economic Growth
- Goal 10: Reduced Inequality

### Green operations

- Improve environmental management system to ensure environmental compliance
- Address climate risks and continuously enhance the capacity to mitigate and adapt to climate change
- Practice green and low-carbon production and operations
- Promote circular economy and enhance resource efficiency



- Goal 7: Affordable and Clean Energy
- Goal 9: Industry, Innovation and Infrastructure
- Goal 11: Sustainable Cities and Communities
- Goal 12: Responsible Consumption and Production
- Goal 13: Climate Action

## Management of Material Topics

### Stakeholder Engagement

Stakeholders' expectations and demands are the source and motivation for us to improve our sustainability performance. We respect and safeguard the legitimate rights and interests of all stakeholders, striving to establish long-term and stable communication mechanisms through various online and offline channels. In 2024, the Company actively engaged with shareholders and investors, customers, employees, government and regulatory authorities, suppliers and partners, and community representatives on sustainable development matters to gather their in-depth feedback and understand their expectations and suggestions on ESG management.

Stakeholders	Key Topics of Concern	Engagement Methods
 <p>Shareholders and investors</p>	<p>Innovation-Driven Development</p> <p>Product and Service Safety and Quality</p> <p>Green Products and Innovation</p> <p>Employees</p> <p>Opportunities in Clean Technology</p> <p>Addressing Climate Change</p>	<p>General Meeting of Shareholders</p> <p>Earnings presentations</p> <p>Special announcements</p> <p>"Investor Relations" page on the Company's official website</p> <p>INOVANCE's Investor Relations official WeChat account</p> <p>Investor Relations email</p> <p>Investor engagement activities (daily communication, roadshows, SZSE's interactive platform, investment strategy sessions, online communication)</p> <p>Stakeholder surveys</p>

Stakeholders	Key Topics of Concern	Engagement Methods
 <p><b>Clients</b></p>	Addressing Climate Change Opportunities in Clean Technology Risk Management Sustainable Supply Chain Management Product and Service Safety and Quality	Industry exhibitions On-site visits Stakeholder surveys
 <p><b>Employees</b></p>	Employees Anti-commercial Bribery and Anti-corruption Product and Service Safety and Quality Data Security and Privacy Protection	Workers' representative congress President's Mailbox Complaint hotline Whistleblower mechanism Employee satisfaction survey "INOVANCE Circle" internal forum HR mailbox Stakeholder surveys
 <p><b>Government and regulatory bodies</b></p>	Innovation-Driven Development Product and Service Safety and Quality Data Security and Privacy Protection Employees Waste Treatment Circular Economy	Information disclosure Institutional visits Official correspondence Meetings and forums
 <p><b>Suppliers and partners</b></p>	Sustainable Supply Chain Management Product and Service Safety and Quality Innovation-Driven Development Fair Competition Addressing Climate Change Anti-commercial Bribery and Anti-corruption	Stakeholder surveys Green supply chain survey Supplier audit Supplier conferences Industry exhibitions
 <p><b>Community representatives</b></p>	Social Contributions Rural Revitalization	Community public welfare projects Employee volunteering services

## Materiality Analysis

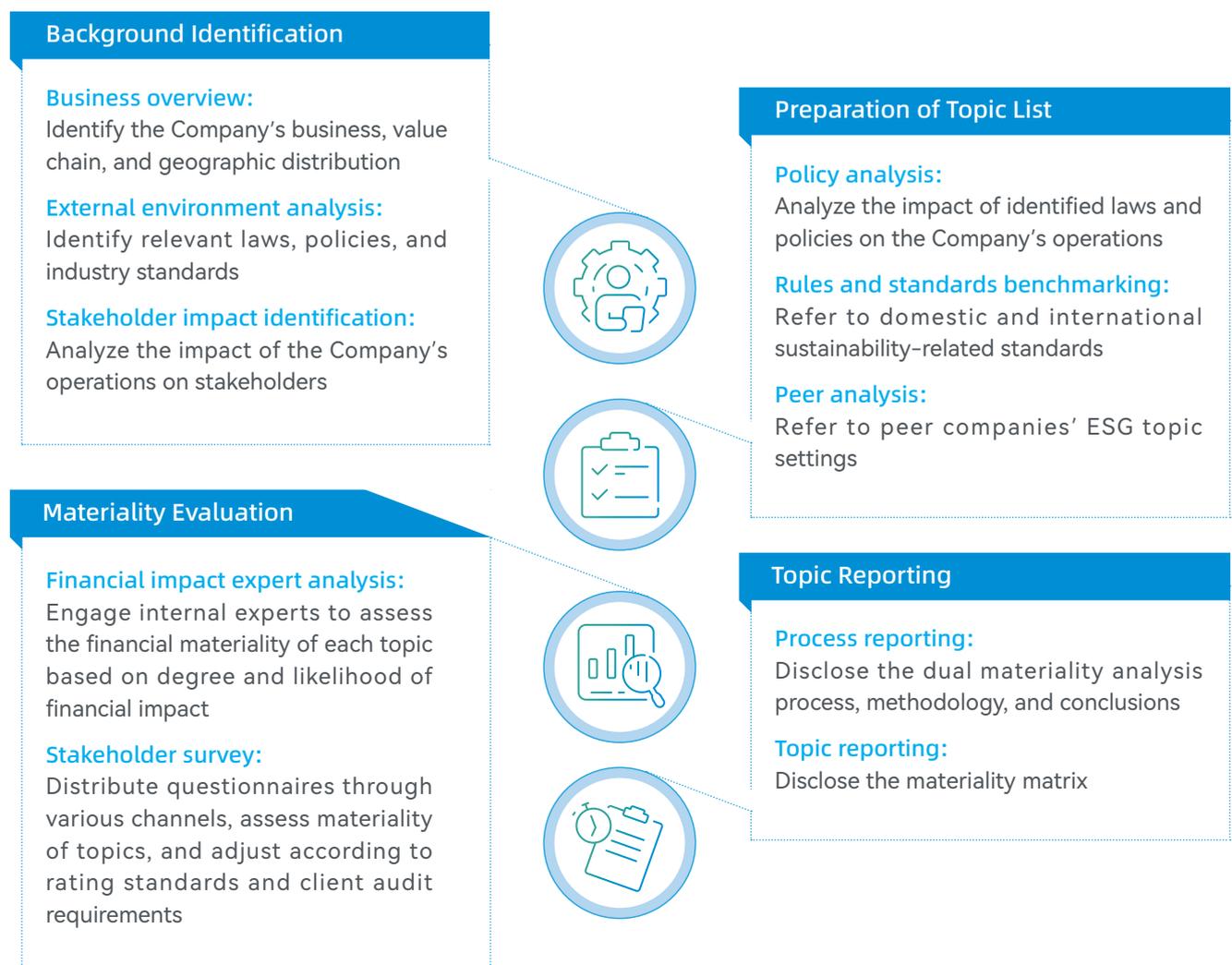
INOVANCE places great importance on the impact of material topic management on its sustainable development. The Company conducts materiality analysis annually. In 2024, based on domestic and international sustainability policies and regulations, the latest regulatory guidelines, peer practices, and external expert advice, the Company formulated a list of material topics. Following the principle of dual materiality, topics were evaluated along

two dimensions of “financial materiality” (impact on the Company’s business and financial performance) and “impact materiality” (impact on the economy, society, and environment). Evaluation methods included stakeholder surveys and expert reviews. The Company compiled the materiality matrix for the year based on the evaluation results.

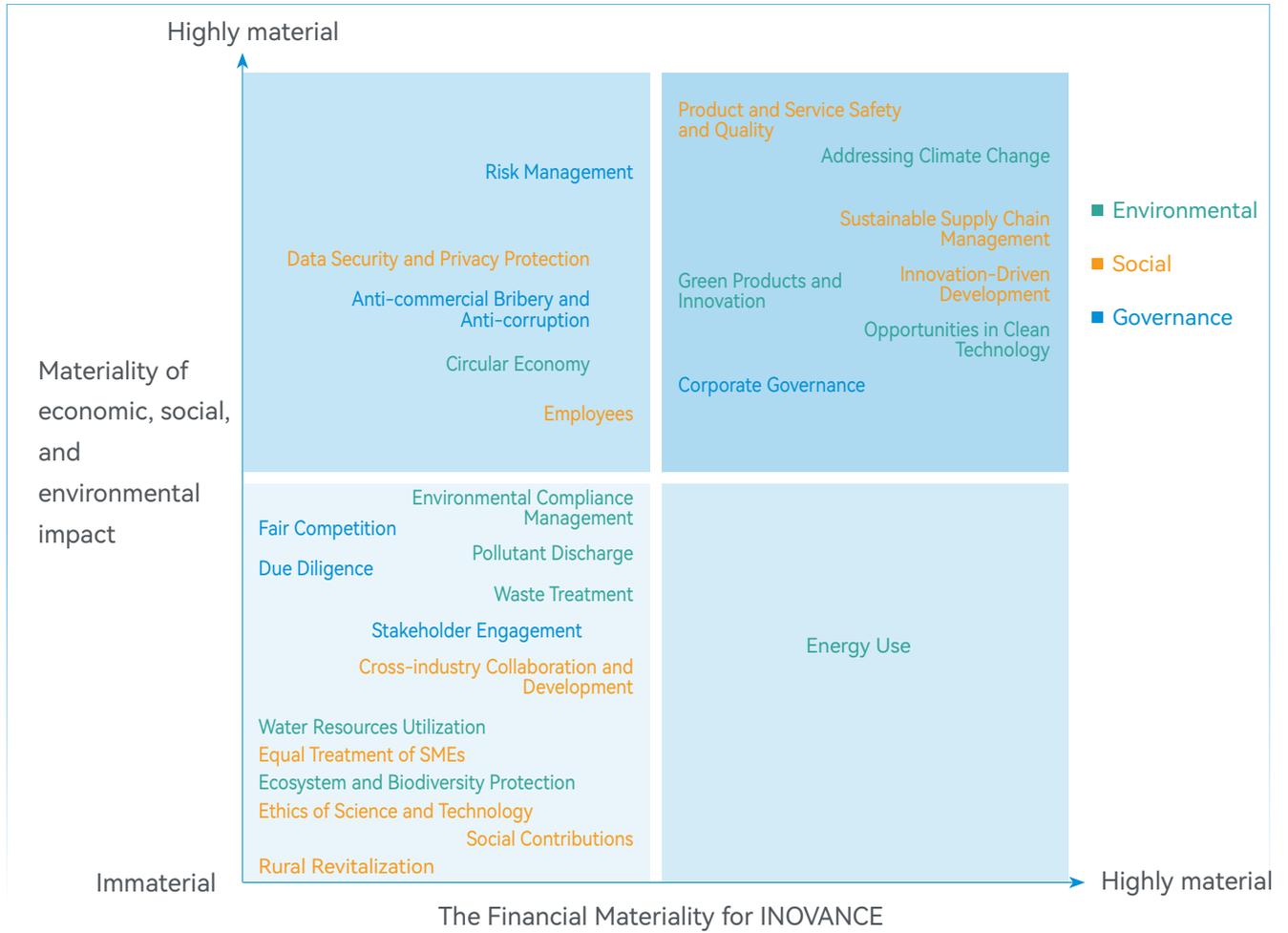
- **Financial Materiality Analysis:** An internal expert model was adopted, using average net profit over the past three fiscal years as the financial reference indicator. Evaluation dimensions included the percentage impact on net profit and the likelihood of occurrence, both divided into five levels. Internal experts assessed each topic on both dimensions and combined the results to determine financial materiality.

- **Impact Materiality Analysis:** Stakeholder surveys were conducted through multiple channels, targeting shareholders and investors, customers, employees, government and regulatory bodies, suppliers and partners, and community representatives. Stakeholders evaluated ESG topics based on range, likelihood, and irreversibility of impact. Each topic was rated as highly immaterial, immaterial, neutral, material, or highly material. The Company collected 157 valid questionnaire responses. Survey results were adjusted in reference to rating standards and client audit requirements to avoid distortions caused by a small sample size in the survey feedback.

## ■ Materiality Analysis Process



## 2024 Materiality Matrix



Topics of Dual Materiality	Topics of Financial Materiality	Topics of Impact Materiality	Immaterial Topics
Addressing Climate Change Innovation-Driven Development Opportunities in Clean Technology Product and Service Safety and Quality Sustainable Supply Chain Management Green Products and Innovation Corporate Governance	Energy Use	Risk Management Employees Circular Economy Data Security and Privacy Protection Anti-commercial Bribery and Anti-corruption	Environmental Compliance Management Pollutant Discharge Cross-industry Collaboration and Development Waste Treatment Stakeholder Engagement Due Diligence Social Contributions Fair Competition Water Resources Utilization Rural Revitalization Equal Treatment of SMEs Ecosystem and Biodiversity Protection Ethics of Science and Technology

## ■ Changes in Material Topics

As this is INOVANCE’s first year identifying topics in accordance with the SZSE’s *Guidelines No.17* using dual materiality analysis, topic names and structure differ significantly from last year. Key adjustments include:



Change in Name	
Previous Topics	Updated Topics
Climate Change Mitigation and Adaptation	Addressing Climate Change
Energy Management	Energy Use
Water Use	Water Resources Utilization
R&D and Innovation	Innovation-Driven Development



Topic Breakdown	
Previous Topics	Updated Topics
Emissions and Waste Management	Pollutant Discharge
	Waste Treatment
	Environmental Compliance Management
Charity Events and Volunteer Service	Social Contributions
	Rural Revitalization
Compliance management	Anti-commercial Bribery and Anti-corruption
	Fair Competition



Topic Merge	
Previous Topics	Merged Topics
Talent Attraction and Retention	Employees
Employee Rights and Welfare	
Employee Training and Development	
Occupational health and safety	Product and Service Safety and Quality
Product Safety and Quality Management	
Customer Service Quality	



Newly Included Material Topics	
Material Topics	Reason for Inclusion
Circular Economy	Due to the close alignment between the Company’s operations and the concept and model of circular economy, this topic was assessed to have impact materiality.
Rural Revitalization	It is included based on the topic list provided in <i>Guidelines No.17</i> and the Company’s actual operations.
Ethics of Science and Technology	
Equal Treatment of SMEs	
Due Diligence	Ecosystem and Biodiversity Protection
Ecosystem and Biodiversity Protection	



Topic Removal	
Previous Topics	Reason for Removal
Intellectual Property Protection	It is included in the topic “Innovation-Driven Development”, and is no longer separately listed.
Community Engagement and Development	It is included in the topic “Social Contributions”.

# Strengthening Corporate Governance

*INOVANCE faithfully observes the principle of “efficient operation, governance first”, and complies with all regulatory requirements in order to continuously improve its governance structure and mechanism for a robust, efficient corporate governance system.*

## Corporate Governance System

The Company complies with the requirements of laws, regulations and regulatory documents such as the *Company Law of the People’s Republic of China*, the *Securities Law of the People’s Republic of China*, the *Code of Governance for Listed Companies in China* and the *Rules Governing the Listing of Shares on the Shenzhen Stock Exchange GEM*, doing so to establish a structure for corporate governance comprised of the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and EMT. While we value democracy and human rights, we insist on the centralization of authority and pursuit of harmony in diversity for decision-making, thus forming a governance mechanism with clearly defined rights and liabilities, mutual coordination and checks and balances while ensuring management that is efficient, scientific and transparent.

The Company has developed systems and normative documents such as the *Articles of Association*, the *Rules of Procedures of the Board of Directors*, and the *Working System of Independent Directors* in accordance with relevant laws and regulations. Thus, it has firmly established the operative norms of the General Meeting of Shareholders, the Board of Directors and the Board of Supervisors, clarifying the relevant responsibilities of relevant organizations to ensure efficient operation of the governance system.

### General Meeting of Shareholders

The General Meeting of Shareholders is the highest authority of the Company. The Company convenes and holds the General Meeting of Shareholders in strict accordance with the *Articles of Association*, thereby ensuring the shareholders’ right to know and participate.

### Board of Directors

As the Company’s decision-making organization for operation and management, the Board of Directors is responsible for the General Meeting of Shareholders. In order to ensure the scientific and rational decision-making of the Board of Directors, we consider the diverse backgrounds of the members of the Board, including gender, age, industry experience, professional acumen and other relevant factors. The Company’s Board of Directors comprises nine directors, including three independent directors (accounting for 33%) and one female director (accounting for 11%). The Board members engage in various fields such as electrical engineering and automation, machinery, finance, accounting, etc., and have the industry experience, knowledge and risk management capability necessary to perform their duties, thus supporting the Board of Directors make appropriate decisions while ensuring the Company’s long-term sustainable development.

In the reporting period, the Board of Directors newly established the Nomination Committee and the Remuneration and Appraisal Committee, which, together with the Audit Committee, provide professional support in their respective areas. Board members serving on committees have expertise in accounting, financial management, and industry knowledge, ensuring proper function of the committees.

### Board of Supervisors

The Board of Supervisors is the Company’s permanent supervisory body. It oversees the directors and senior managers in the conduct of their duties, doing so in accordance with the law. Moreover, it reviews the securities issuance documents and periodic reports produced by the Board of Directors and issues written review comments. The Board of Supervisors comprises three supervisors, one of whom is an employee representative.

## ■ Convening the General Meeting of Shareholders, the Board of Directors and the Board of Supervisors in 2024

General Meetings of Shareholders

2 times

Meetings of the Board of Directors

8 times

Meetings of the Board of Supervisors

7 times

Note: More details on the Board of Directors and the corporate governance can be found in “Corporate Governance” of the INOVANCE 2024 Annual Report.

## ■ Protection of Investors’ Rights and Interests

The Company strictly follows the *Securities Law of the People’s Republic of China*, the *Rules Governing the Listing of Shares on the Shenzhen Stock Exchange GEM*, and the *Guidelines for the Management of Investor Relations of Listed Companies*. We have formulated the *Information Disclosure Management System*, and established an efficient, transparent mechanism for the protection of fair and just exercise of rights by investors and their rights and interests, especially those of small and medium-size investors.

### ■ Information Disclosure

The Company fulfills its information-disclosure obligations in accordance with the law, implements the principle of “truthfulness, accuracy, completeness, timeliness and fairness” continues the effort to standardize and refine the information-disclosure process while enhancing the quality, broadening and ensuring the transparency of information disclosure so as to protect the legitimate rights and interests of investors. Since IPO, the Company has obtained A ratings in the information-disclosure assessment of SZSE for 14 years consecutively as the only one among all listed companies on the ChiNext market of SZSE.



Innovative disclosure

- **Three Basis:** Information-disclosure promotion method process-based, process-documentation template-based, and key-link billboard-based.
- **Five Examinations & Three Determinations:** Carefully examine the rules, guidelines, cases, history and essence in the process of announcement drafting; determine the logic, core and description.
- **Project-based Operation:** Establish a mechanism for information sharing and coupling with business departments in order to promote disclosure management by means of project operation.



Statutory information disclosure

- **Information Collection:** Strengthen communication with lead departments and related personnel; collect materials related to the Company’s operation, finance and other aspects, and accumulate materials in advance for the preparation of the annual report and interim disclosure.
- **Information Review:** Ensure that the information disclosed is true, accurate and complete; continuously improve the disclosure quality, and fully disclose all information that is beneficial to investors’ value judgment and related decisions.



Voluntary information disclosure

- **Disclosure Method:** Release corporate ESG/sustainability reports annually and respond to investors’ concerns on the management of material sustainability topics.
- **Disclosure Management:** Organize the relevant departments to participate in sustainability knowledge and work skill training to enhance employees’ understanding of sustainability and further improve the quality of information collection and disclosure.

## ■ Shareholder Engagement

In order to meet the varied needs of investors, the Company has established comprehensive, efficient, diverse engagement channels to listen to investors' voices and promote engagement and recognition between the two sides. Through the Company's official website, new media platform, SZSE's interactive platform, investor hotline, investor relations email, web conferencing and other channels, the Company engages with investors by means of earnings presentations, road shows, analyst meetings, press conferences, field research and other means, doing so to help them fully and quickly understand the Company's dynamics and information and foster strong investor relations.

During the reporting period, the Company answered 201 questions from investors through the SZSE's interactive platform ([irm.cninfo.com.cn/szse](http://irm.cninfo.com.cn/szse)), representing a reply rate of 100%; received a total of 517 visits from domestic and international brokerage firms, investment funds and individual investors, involving more than 4,000 investors.



INOVANCE's 2023 Annual General Meeting (The meeting was held on May 17, 2024)

## ■ Return to Investors

The Company takes the *Articles of Association* and other institutional documents as the basis for the protection of shareholders' rights and returns. While maintaining timely, fair, and healthy communication with investors, the Company has been rewarding them through a sound dividend distribution plan to ensure the long-term value of their investment. As of the end of the reporting period, the Company has paid cash dividends of RMB 6,841 million cumulatively.

## Executive Compensation

The compensation for the Company's senior executives (including executive members of the Board of Directors) consists of three components: base annual salary, short-term incentives, and long-term incentives. The base salary is primarily determined by the executive's role, responsibilities, capabilities, and prevailing market compensation levels. In addition to fixed monthly payments, it also includes employee benefits provided by the Company. Short-term incentives mainly refer to performance-based bonuses and other one-time cash awards. Performance-based bonuses are determined based on the Company's annual business objectives and are awarded in the following year, depending on the extent to which individual and departmental goals are achieved. Long-term incentives primarily include the equity incentive plan and the long-term incentive shareholding plan. The equity incentive plan is designed to grant stock options and restricted shares to various levels of management, high-performing key personnel, and critical talent. The long-term incentive shareholding plan focuses on granting stock options to strategic talents who have made significant contributions to the Company's long-term development.

Note: The disclosure of "compensation" in this section includes employee incentive programs, which differs in composition from the compensation structure presented in the Annual Report of the Company.

Name of Senior Executive and Chief Financial Officer on the Board	Position	Total Pre-tax Compensation Received from the Company During the Reporting Period (Million RMB)	Grant Date of Restricted Shares - the 5th Equity Incentive Plan	Number of Restricted Shares Granted (Ex-Dividend and Ex-Rights Adjusted) - the 5th Equity Incentive Plan (Shares)	Grant Date of Restricted Shares - the 6th Equity Incentive Plan	Number of Restricted Shares Granted - the 6th Equity Incentive Plan (Shares)	Value of Vested/Unlocked Equity Incentives During the Reporting Period (Million RMB)	Number of Shares Unlocked Under Long-term Incentive Plan
Xingming Zhu	Chairman and President	3.90	/	0	/	0	0	45,034
Bin Zhou	Director and Vice President	2.53	October 28, 2020	352,500	August 23, 2022	150,000	0.74	26,259
Junen Song	Director, Vice President, and Board Secretary	2.23	October 28, 2020	307,500	August 23, 2022	130,000	1.27	22,496
Chunlu Yang	Director and Vice President	2.37	October 28, 2020	307,500	August 23, 2022	130,000	1.27	22,496
Yingxin Liu	Chief Financial Officer	2.05	October 28, 2020	307,500	August 23, 2022	130,000	0.64	22,496

### Note:

1. The valuation of equity incentives covers the equity incentive plans vested or unlocked during the reporting period. For details, please refer to INOVANCE Annual Report 2024.
2. The value of equity incentives is calculated based on the fair value on the grant date (closing price on the grant date). The calculation formula for the value of vested/unlocked equity incentives during the reporting period is: Value of vested/unlocked equity incentives = Number of vested/unlocked equity incentives during the reporting period × Fair value on the grant date. For details on the calculation base data, please refer to INOVANCE Annual Report 2024, Announcement on Adjustments to the 5th Equity Incentive Plan, Announcement on the First Grant of Restricted Shares to Incentive Participants, 5th Equity Incentive Plan (2020 Equity Distribution Update), and Announcement on the First Grant of Class I Restricted Shares to Participants in the 6th Equity Incentive Plan. During the reporting period, Bin Zhou and Yingxin Liu did not exercise the 5th Equity Incentive Plan, resulting in a relatively low value of vested/unlocked equity incentives for them.
3. For details on the Company's long-term incentive unlocking rules, please refer to the INOVANCE Long-Term Incentive Fund Management Measures. For the long-term incentive unlocking status during the reporting period, please refer to INOVANCE Annual Report 2024.

# Compliant and Robust Operation

*Compliant and robust operation is the fundamental requirement and baseline principle for the Company's sustainable business development. The Company adheres to the philosophy of integrity and compliance in operation, continuously enhances risk management, improves due diligence mechanisms, optimizes internal controls, and strengthens business ethics management.*

## Risk Management

The Company establishes a stable risk management and internal control system, clarifies the risk management structure and responsibility mechanisms, regularly conducts risk identification and assessment, formulates response plans, and dynamically monitors risk changes to ensure strong support for sustainable development.

In 2024, the Company strengthened risk management and solidly advanced related work. The Company embedded KCP, SOD, and CT planning into newly released processes to enhance the effectiveness of internal control, conducted CT testing across the Company to examine the execution of key control points, launched RT electronic workflows to reinforce self-improvement and responsibility closure in operations, and strengthened thematic risk management in key areas, including updating the compliance risk map, assessing financial reporting quality risks, enhancing internal control over financial reporting, and developing and executing control measures.

### Risk Management Framework

The Company has formulated the "Three Layers of Defense" risk control mechanism, and the Board of Directors which ultimately responsible for risk management authorizes EMT to identify and manage company-level risks. Additionally, it guides each area in the conduct of risk management and control and clarifies the risk management responsibilities in each layer and department so as to prevent systematic risks.

#### Three Layers of Defense for Risk Management at INOVANCE



**First Layer of Defense**  
Owner Business Executives and  
Process Owners

The primary responsible entity for risk management, proactively identifying and managing risks, building internal control awareness and capabilities in the process, and enhancing substantive compliance with the process



**Second Layer of Defense**  
Risk Management, Internal  
Controls and Risk Monitoring  
Industry Sectors

Support the first-line core business departments in risk control



**Third Layer of Defense**  
Internal Audit

Exert independent supervisory and evaluative functions, establish a cold deterrence effect, and report audit results to the Audit Committee and company's senior management

## ■ Risk Management Mechanism

The Company has built a sound risk-management framework in line with its business reality and operation mode in accordance with the COSO-ERM framework. We have developed rules—notably the *Internal Risk Control Management System* and other guidelines for risk management, in addition to which we’ve established a risk management mechanism that encompasses the process of “risk identification and evaluation – risk response and management – risk monitoring and reporting”, We have also incorporated elements of risk management into strategic plan and business plan development as the means to comprehensively enhance our risk control and management capability.

<p>Optimization of the Risk Control System and Framework</p>	<p>The risk control Center of Expertise (COE) constructs and optimizes the top-level risk control system and framework, guides the element owners to establish the components of effective risk control, outputs the methodology and tools of risk management and internal control, and guides the implementation of risk control projects in each business area.</p>
<p>Risk Identification and Evaluation</p>	<p>The Company regularly conducts risk identification, evaluation and prioritization, collects internal and external risk information, identifies risks and scenarios, evaluates risk levels in terms of probability of occurrence and impact, and outputs a risk matrix. Moreover, the Company implements the concept of group prevention and control as it encourages whistleblowing via the “president’s mailbox” and “whistleblower” channels so as to encourage employees to identify potential risks and dangers in production and operations and to report them promptly.</p>
<p>Risk Response and Management</p>	<p>For the top risks identified that need to be focused on control, the Company designates the person responsible for risk management and control, formulates risk management and control objectives, response programs/measures, forms risk maps, develops detailed response plans as needed and decomposes specific tasks to ensure effective implementation of risk management measures. For risks that can be controlled within processes, relevant tools and methods of process internal control are utilized for management. During the reporting period, the Company updated its compliance risk map as a priority.</p>
<p>Risk Monitoring and Reporting</p>	<p>The person responsible for risk management and control tracks and checks the progress and effectiveness of risk management and control measures, and adopts relevant means to monitor the level of risk and to provide early warning and corrective action. Additionally, the internal audit formulates annual plans based on a risk-oriented approach to focus on high risk areas, to review and evaluate the appropriateness and effectiveness of business activities, internal control and risk management and to promote the continuous improvement of the risk management system.</p>

## ■ Risk Culture Development

The Company organizes special training and examinations on risk control and built a risk control knowledge platform library to provide comprehensive, one-stop access to risk control knowledge for the business end and enhance the risk management awareness of all staff.

During the reporting period, the Company conducted risk control training sessions targeting PO/PC personnel, process domain managers, internal control BPs, CT testers, process document drafters, and business managers. The Company also held multiple risk control examinations to assess the mastery of CT, the suite of process tools, and basic concepts of risk control in business areas.

As of the end of the reporting period, the risk control knowledge base platform released a total of 26 risk control knowledge documents, covering content such as terminology explanations, enablement materials, form templates, and operational guidelines. Among them, five key risk management tools, i.e., the risk panorama and risk map, the suite of process internal control tools, CT testing, internal control issue tracking and improvement and proactive review, are included.

## ■ Internal Control

The Company has built an internal control system in compliance with the requirements of the *Basic Standards for Enterprise Internal Control* and the relevant guidelines of SZSE and has established a series of internal-control management systems, such as the *Internal Control System*, the *Internal Control Evaluation System*, the *Internal Control Deficiency Identification Procedures*, etc., built internal control systems with focus on five dimensions: business goal achievement, asset and capital security, operational efficiency, compliance and reporting, integrated methods and tools such as KCP, SOD and CT plan into business processes, and conducted effect evaluation through internal control tools to continuously provide important information on the effectiveness of the relevant elements of internal control, and promote the increase of the Company's internal control management.

- **CT Test:** The Company conducts CT test for all newly launched processes with defined KCPs, and applies CT principles to unlaunched processes for identification and review.
- **SOD Certification:** The Company identifies incompatible job roles and breaks operational linkages to prevent fraud and other risks. SOD has been embedded in newly launched and operational processes. For business processes not yet launched, controls are implemented based on the SOD principle.

During the reporting period, the Company focused on conducting special audits related to finance, compliance, internal control, major procurement, and engineering project management.

## ■ ESG Due Diligence

The Company accelerates the development and improvement of its ESG due diligence mechanism to identify material sustainability-related risks and formulate response plans, aiming to enhance its overall risk management capability. In 2024, INOVANCE implemented several ESG-related due diligence programs targeting green and low-carbon practices, environmental management, production safety, human rights protection, and conflict minerals.

### ■ Green Supply Chain Survey

The Company establishes a green supply chain survey mechanism to better manage supply chain risks. In July 2024, the Company conducted its annual green supply chain survey for key suppliers, covering environmental management, energy use, GHG emissions, production processes, and related management system certifications.

### ■ Sustainability Internal Audit

The Company gradually carries out sustainability internal audits covering business ethics, human rights, environment, occupational health and safety, and plans to cover all key operation sites. In April 2024, the Company initiated its first sustainability internal audit at Yueyang INOVANCE. The audit results were used to support Yueyang INOVANCE in improving sustainability performance and optimizing internal management systems.

### ■ Occupational Health and Safety Risk Assessment

The Company applies the LEC evaluation method to assess occupational health and safety risks, identify hazards, and categorize risks to produce risk identification reports. Every year, the Company conducts inspections of occupational disease hazards, covering high risk job positions, to provide a basis for employee health management.

### ■ Conflict Minerals Investigation

During the reporting period, the Company updated its *Conflict Minerals Control Management Regulation* and committed to conflict-free mineral use. Every year, the Company conducts investigations into the use of conflict minerals and suppliers' conflict minerals. No use of conflict minerals was found internally or among suppliers during the year.

## Compliance Management

Strictly adhering to regulatory compliance, we have formulated a compliance management system and management mechanism centered on trade compliance, anti-money laundering, data compliance, intellectual property protection, anti-corruption, anti-unfair competition, conflict of interest, connected transaction, responsible marketing, etc. Moreover, We have integrated compliance requirements into all aspects of production and operations, forming a comprehensive compliance system for company behavior and management. We have built a clean business environment with a focus on anti-corruption management and integrity in workplace.

### Compliance Management System

The Company strictly complies with all applicable laws and regulations in its operating regions and has formulated the *Business Conduct Guideline*, the *Conflict of Interest Management Measures*, the *Employee Discipline Policy*, and the *Workplace Accountability Management System* to regulate both Company and employee behavior. Employee violations are categorized into economic, business, and behavioral violations. Complaints and reports for these violations are handled respectively by the audit manager, business manager, and HR manager, who issue investigation reports and initiate accountability procedures.

#### Compliance Management System

<p>Trade compliance</p>		<p>The Company establishes standard contract templates covering seven major systems to ensure compliance for all types of commercial and trade practices, monitors trade policies and regulations in real time, and updates compliance requirements annually, and promotes their application across all business processes.</p>
<p>Anti-money laundering</p>		<p>The Company conducts anti-money laundering-related compliance risk assessments, integrates anti-money laundering-related requirements in procurement activities covering production materials, assets, frameworks and services, and checks the authenticity and legality of transactions through supplier certification, contract confirmation, invoice audit, and verification of sporadic receipts to strengthen the supervision of economic behaviors.</p>
<p>Conflict of interest</p>		<p>The Company establishes a conflict of interest system, sets up different management requirements according to different job positions and levels, and requires an internal conflict of interest declarations.</p>
<p>Connected transactions</p>		<p>The Company has formulated the <i>Decision-Making System for Connected Transactions</i> with detailed provisions on the reporting of connected transactions, withdrawal system, decision-making authority and information disclosure to ensure the fairness of the Company's decision-making regarding connected transactions. The Company had no major connected transactions during the reporting period. Meanwhile, the decision-making procedures of minor connected transactions were in compliance with the relevant laws and regulations and our <i>Articles of Association</i>. The pricing of these connected transactions is fair and reasonable, without prejudice to the interests of the Company and its shareholders, particularly the interests of small and medium-sized shareholders.</p>
<p>Responsible marketing</p>		<p>The Company carries out responsible marketing management in accordance with the <i>Advertising Law of the People's Republic of China</i>, the <i>Trademark Law of the People's Republic of China</i>, and relevant industry regulations, and requires the provision of truthful, accurate, effective, and easy-to-understand information about product features to customers. During the reporting period, there were no incidents of penalties from regulatory authorities for violations related to product and service marketing, information and labeling laws, regulations, or other voluntary regulations.</p>

For details of data compliance and intellectual property protection, please refer to “Data Privacy Protection” and “R&D Innovation Focus” chapters. For details of anti-corruption, please refer to “Anti-corruption and Integrity Building” in this chapter. For details of fair competition, please refer to “Fair Competition” in this chapter.

## ■ Business Ethics

The Company has formulated the *Business Conduct Guideline* and the *Management Procedures of CSR and Business Ethics* to regulate daily behavior. All employees are required to adhere to business ethics. The Company has also issued specific regulations such as the *Workplace Accountability Management System*, the *Employee Discipline Policy* and the *Gift Acceptance Policy* to further restrict actions that violate laws, regulations, and internal rules related to business ethics.

During the reporting period, the Company revised and updated its *Business Conduct Guideline* to reflect the latest laws and internal management requirements. Enhancements included explicit opposition to all forms of modern slavery and human trafficking, strengthened data privacy protections, conflict minerals prohibition, detailed fair competition and anti-corruption clauses, and reinforced insider trading prohibition policies.

### • Anti-corruption and Integrity Building

The Company established the Integrity and Honesty Working Committee in 2018. The Chairman is the director of the Committee and the directors of each department are the integrity ambassadors, who are responsible for coordinating and promoting the implementation of integrity-related work and reporting the work progress to the Board of Directors on a regular basis.

The Company has formulated the *INOVANCE Anti-fraud Whistleblower System* to standardize the management of anti-corruption reporting, set up an anti-corruption whistleblower hotline and email, and promoted them through the Company's official website, "Integrity INOVANCE" official WeChat account, posters and other ways to establish accessible anti-corruption whistleblowing channels, and to ensure fair, effective, and timely handling of any potential corruption incidents. Additionally, through its *Incentive Plan for Anti-fraud Whistleblowers*, the Company encourages employees, suppliers, and other partners to participate in anti-corruption supervision. The Audit Department, as the unit responsible for receiving anti-corruption leads and whistleblower reports, conducts anti-corruption audits based on the provided information to ensure the accuracy, independence, and fairness of the investigation results. Employees found violating anti-corruption and integrity rules are subject to disciplinary actions under the *Workplace Accountability Management System and Employee Discipline Policy*, including D-rating in performance evaluations, termination of labor relationship, restitution of improper gains, or compensation for losses. For acts suspected of violating laws or constituting crimes, the Company will legally transfer the case to judicial authorities for handling. During the reporting period, the Company received 18 reports of anti-corruption clues, with a 100% resolution rate for complaints and reports.

The Company adopts a "zero tolerance" approach towards corruption and commercial bribery, promoting responsible governance through the construction of an anti-corruption system and the cultivation of a culture of integrity. Anti-corruption regulations for employees are included in the internal business ethics guidelines. For suppliers, these requirements are included as standard clauses in the *Supplier Management Contract*. During the reporting period, the Company was not penalized by the competent authorities for violations of anti-corruption, anti-bribery, anti-extortion, or anti-fraud laws and regulations.

The Company continuously strengthened anti-corruption and integrity education for its employees through internal promotions, integrity training, and the promotion of Integrity Commitment Letter and other activities and methods, and promoted the construction of integrity culture. During the reporting period, the Company conducted integrity-related publicity and training for directors, senior management and employees, with a total of 1,220.17 hours of training.

• **Fair Competition**

The Company strictly complies with the *Law of the People’s Republic of China Against Unfair Competition* and other relevant regulations in its operating regions, advocates fair competition, prohibits malicious defamation, misleading statements, or insinuations against competitors, explicitly bans monopolistic practices, and rigorously reviews mergers and acquisitions to ensure fair and just market order. During the reporting period, the Company did not receive any administrative penalties for acts of unfair competition.

■ **Whistleblowing Procedures and Whistleblower Protection**

Whistleblower Handling Procedures



The Company strictly protects the personal information of whistleblowers, prohibits the disclosure of whistleblower identities, and forbids any form of retaliation. Individuals found to be disclosing whistleblower information or retaliating against whistleblowers will be seriously dealt with.

■ **Compliance Training**

The Company regularly organizes all employees to study relevant systems such as the *Business Conduct Guideline*. Specialized training is provided for key personnel in the process to require all employees to comply with the code of business ethics. Additionally, we conduct regular and specialized compliance training for all employees, and continuously improve the compliance awareness of the management and employees through publicity, training, examination and other methods.



# Empowering Decarbonization

## Addressing Climate Change

### Climate Governance

Based on the sustainability governance framework, the Company has established a system to address climate change, clearly defined roles and responsibilities at each organizational level to enhance the proactiveness and continuity of climate action and ensure the efficient implementation of related initiatives.

#### Organizations at Each Governance Level

	<p><b>Board of Directors</b></p>	<ul style="list-style-type: none"> <li>• Review and make decisions on the Company’s climate change strategy, goals, and major matters.</li> <li>• Monitor and management of the overall work related to climate change.</li> <li>• Supervise the Company’s climate-related information disclosure.</li> </ul>
	<p><b>EMT</b></p>	<ul style="list-style-type: none"> <li>• Review the progress of climate action, quantified performance, and goals achievement status.</li> <li>• Review related policies of climate and energy and provide guidance on relevant budgeting plans.</li> <li>• Provide necessary resources and guidance for climate actions to relevant executive departments.</li> </ul>
	<p><b>Sustainability Committee</b></p>	<ul style="list-style-type: none"> <li>• Assess the Company’s climate risks and opportunities and formulate corresponding management measures.</li> <li>• Report routine work matters to EMT periodically and present an annual climate work summary to the Board of Directors every April, along with submission of the annual sustainability report for Board review.</li> <li>• The Sustainability Office is established to identify and analyze climate risks and opportunities, provide guidance on climate actions, promote and publicize work on climate change response, and track the implementation of specific matters by relevant executive departments.</li> </ul>
	<p><b>Departments, business divisions and subsidiaries</b></p>	<ul style="list-style-type: none"> <li>• Implement the specific work plans to address climate change.</li> </ul>

## Climate Strategy

As a high-tech enterprise in industrial automation and new energy, INOVANCE recognizes that its R&D, procurement, production, and sales activities, as well as the application of its products and solutions at customer sites, are closely related to climate change. The Company understands that climate change poses both risks and opportunities for its development.

Every year, the Company conducts an assessment of climate risks and opportunities, updates the list of risks and opportunities and refines it through internal discussions and external research. Detailed strategies are then developed to address these risks and opportunities.

### Climate Risk Matrix

Risk Category	Sub-category	Potential Impact Analysis	Impact Timeframe	Value Chain Stage Affected	Financial Impact	Addressing Strategy
Physical risk	Acute risk	Extreme weather events such as typhoons and floods may damage buildings at operating sites, affecting normal production operations and possibly triggering safety incidents.	Short-term, medium-term, long-term	Own operations	Revenue ↓ Asset value ↓	We develop emergency response plans for major disasters and emergencies such as typhoons, floods and snowstorms, establish extreme weather warning systems, and raise factory foundation levels in new plant construction to address risks from heavy rainfall and flooding.
		Extreme weather may cause supply chain disruptions, affecting normal production and delivery.	Short-term, medium-term, long-term	Supply Chain Product delivery	Revenue ↓	We establish flexible office, production, and transportation mechanisms, and promote diversified supplier initiatives.
	Chronic risk	Rising sea levels may affect the normal operation and production of the Company's coastal facilities.	Long-term	Own operations	Operating cost ↑ Asset value ↓	We implement the multi-site production strategy, and optimize site selection for new facilities to reduce environmental dependency.
		Global temperature rise may increase the Company's cooling and energy consumption costs.	Short-term, medium-term, long-term	Own operations	Operating cost ↑	We optimize energy management systems, promote energy-saving projects, and develop and implement the "Central Cooling Station AI Smart Control" system to improve air conditioning system efficiency.

Note: Definition of the impact timeframe: Short-term means 0 to 3 years; medium-term means 3 to 5 years; long-term means 5 to 30 years.

Risk Category	Sub-category	Potential Impact Analysis	Impact Timeframe	Value Chain Stage Affected	Financial Impact	Addressing Strategy
Physical risk	Chronic risk	Public health incidents caused by climate change may affect the company's normal production.	Long-term	Own operations Supply Chain	No substantial short-term impact	We develop internal response plan for public health incidents such as major infectious diseases, and make preparation for medicines and supplies.
Transition risk	Policy and legal risk	Strict requirements for climate-related information disclosure	Short-term, medium-term	Own operations	No substantial impact	We establish and improve information disclosure systems in accordance with regulatory requirements at operation locations.
		Domestic and international GHG regulations, such as carbon footprint control on exported products, impose higher requirements on corporate emission reduction and management.	Medium-term, long-term	Own operations Product sales	Operating cost ↑	We promote emission reduction initiatives, increase the share of renewable energy, and improve emission management at the organizational and product levels.
	Market risk	Customers prefer green and low-carbon products, thus raising the bar for supplier cooperation.	Long-term	Own operations Product sales	Revenue ↓	We enhance product R&D to continuously improve green and low-carbon features and reduce the carbon footprint throughout the product life cycle.
	Technology risk	Energy-saving and carbon reduction technology falls behind market demands.	Medium-term, long-term	Own operations	Revenue ↓ Operating cost ↑ Financing difficulty ↑	We improve R&D management systems for energy-saving and carbon reduction technologies, and keep pace with technological advancements.
	Reputational risk	Negative climate-related publicity may damage the Company's reputation and affect product sales.	Long-term	Product sales	Revenue ↓ Financing difficulty ↑	We place importance on the Company's compliance with climate-related regulations and improve monitoring and management mechanisms for negative public opinions.

■ Climate Opportunity Matrix

Type of Opportunities	Potential Impact Analysis	Impact Timeframe	Value Chain Stage Affected	Financial Impact	Addressing Strategy
Changes in market demand	Energy conservation and carbon reduction have become key development trends across industries, leading to increased demand for green and low-carbon products and solutions.	Short-term, medium-term, long-term	Product sales	Revenue ↑	We enhance product green and low-carbon features through R&D to expand customer base and seize market opportunities.
Raised customer market entry threshold	Major domestic and international customers are raising green and low-carbon requirements for suppliers, giving competitive advantages to leading enterprises in supplier selection.	Medium-term, long-term	Product sales	Revenue ↑	We continuously improve product green and low-carbon attributes, reduce emissions from production operations, and ensure emissions information is verified and disclosed.
Structure Adjustment of Energy Consumption	As reducing fossil fuel consumption and increasing renewable energy use have become social and industrial consensus, the Company's core products and solutions will help address key challenges in the development of new energy sectors.	Short-term	Product sales	Revenue ↑	We provide more efficient products and solutions tailored to customer pain points in the new energy sector, supporting the clean energy transition.
Building climate resilience	We enhance climate resilience to avoid or reduce potential financial losses.	Long-term	Own operations	Operating cost ↓	Our new production bases are constructed 100% in accordance with green factory standards to enhance climate risk resilience.
Improved ESG ratings	Climate-related management systems contribute to improved ESG ratings.	Medium-term	Own operations	Financing cost ↓	The Company actively participates in major ESG rating programs to improve performance and responsiveness, aiming for higher ratings.

## ■ Climate-related Transition Strategy

Through annual assessments of climate risks and opportunities, the Sustainability Committee and Sustainability Office formulate and update addressing strategies and submit them to EMT and the Board of Directors, which makes final decisions on strategic direction and resource allocation.

Based on the 2024 results of climate risk and opportunity identification and analysis, the Company has developed its climate transition strategy in two dimensions to respond to climate risks and seize green opportunities.



**Climate Risk Response:** Strengthen green operational practices, fulfill GHG emission reduction commitments, promote green supply chain development, and continuously improve the green supply chain management platform.



**Opportunities in Clean Technology:** Actively develop products that deliver energy-saving and efficiency-enhancing effects and meet the needs of a green and low-carbon society, and create green, low-carbon solutions that are automated, digital, and intelligent for different application scenarios.

## ■ Progress of and Future Plans for Climate-related Transition

In operations, the Company continuously diagnoses energy use to identify energy-saving opportunities and advances production and operational optimization and energy-saving retrofit projects. The Company plans to pilot the purchase of carbon credit products such as green electricity, green certificates, and CCERs, and to scale up procurement around its projected carbon peaking year.

In supply chain management, the Company has analyzed the low-carbon management status of key suppliers, developed initial emission reduction targets and action plans, and incorporated “carbon peaking and carbon neutrality” criteria into supplier performance evaluations as bonus items.

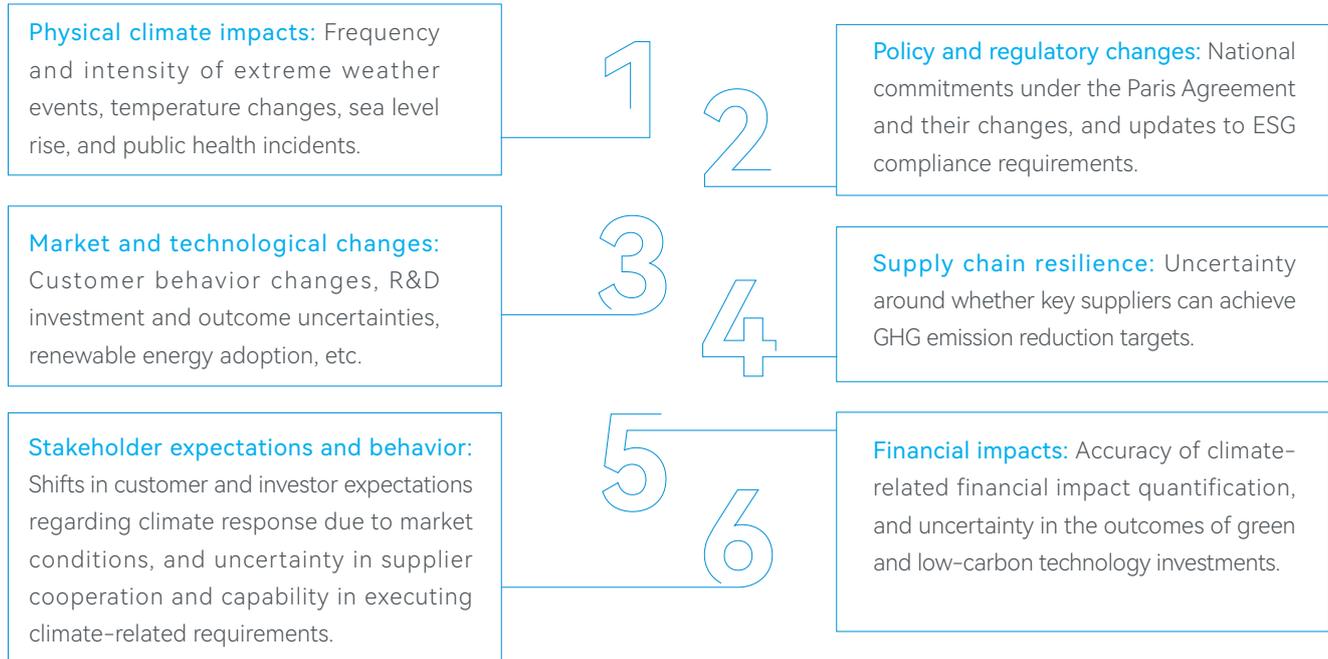
In terms of opportunities in clean technology, the Company continued to invest in the research and development of controllers, motors, powertrains, and power supply products for new energy vehicles, integrated digital energy management solutions including the “Central Cooling Station AI Smart Control System” and the “Digital Air Compression System”, and ultra-high-efficiency motor products and energy storage products during the reporting period, supporting the green and low-carbon transformation across the entire industry chain.



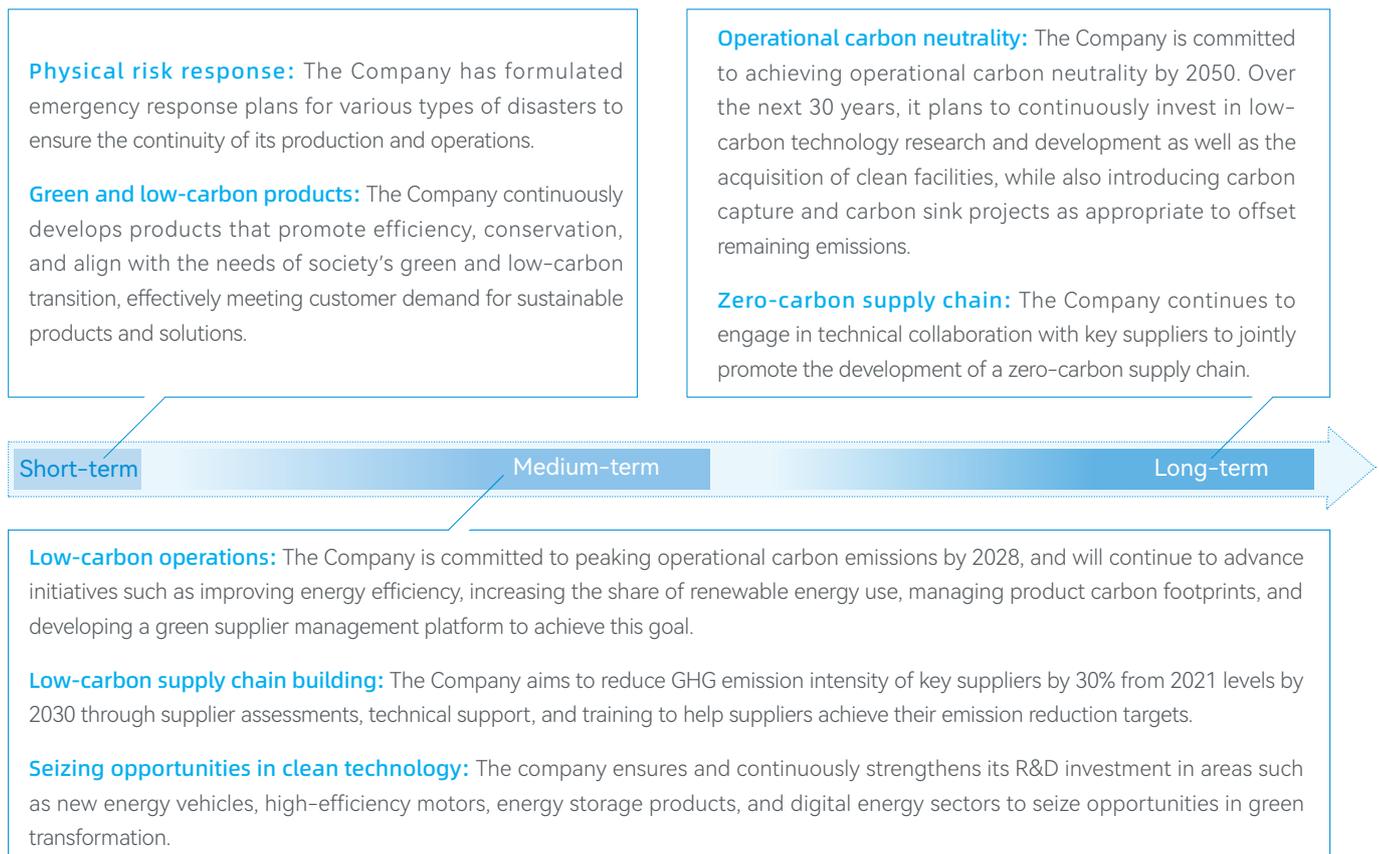
## ■ Climate Resilience

INOVANCE conducts annual climate resilience assessments using both qualitative and quantitative methods. Qualitative analysis identifies types and potential impacts of risks and opportunities, while quantitative analysis estimates their expected impact on financial position, performance, and cash flow.

Key uncertainties considered include:



Based on assessment results, the Company has strong climate resilience in the short, medium, and long term:



## Risk Management

Each year, INOVANCE reassesses its climate impacts, risks and opportunities based on changes in external environments, company strategy, and business models, updating its climate risk and opportunity matrix accordingly. The Company continues to optimize its response strategies and improve the climate transition plan. The Company also conducts annual climate scenario analyses to assess its adaptability, ensuring it has sufficient resources and capabilities to respond to short-term, medium-term, and long-term climate risks while capturing climate-related opportunities.

Climate risk management has been integrated into the Company's overall risk management process, with comprehensive climate risk assessments and management conducted across all business operations, covering raw material and equipment procurement, production, sales, and project investment activities.

## Metrics and Goals

The Company actively supports China's "3060" goals and promotes green development within itself and across the industry. It has set "2850" and "3030" carbon reduction goals.

# 2850

"2850" Goals

To achieve operational carbon peaking by 2028.  
and operational carbon neutrality by 2050.

# 3030

"3030" Goals

To reduce major suppliers' GHG emission  
intensity by 30% compared to 2021 by 2030.

Since 2021, the Company has conducted annual GHG inventory to monitor the progress of carbon reduction. This year, the Company conducted a GHG inventory of the organizations included in its consolidated financial report using ISO 14064:2018 and the GHG Protocol. A third-party agency was engaged to verify the GHG emission data and issue a verification statement.

Emission Scope	Unit	2024	2023	2022
Scope 1 Direct emissions	tCO <sub>2</sub> e	4,091.56	1,807.90	1,601.90
Scope 2 Indirect emissions	tCO <sub>2</sub> e	148,705.14	125,602.71	82,155.14
Scope 3 Other indirect emissions	tCO <sub>2</sub> e	7,848,603.14	/	/
Total GHG emissions from operation	tCO <sub>2</sub> e	152,796.70	127,410.61	83,757.04
GHG emission intensity in operation	tCO <sub>2</sub> e per RMB million of revenue	4.13	4.19	3.64

### Note:

1. For the calculation of Scope 2 Indirect emissions, GHG emissions from purchased electricity in 2024 are calculated based on the carbon dioxide emission factors for each regional power grid, as outlined in the Ministry of Ecology and Environment's *Announcement on the Release of CO<sub>2</sub> Emission Factors for Electric Power in 2022*. Data for 2022 and 2023 have been corrected accordingly.

2. Due to significant changes in the methodology for calculating Scope 3 emissions in 2024, the Scope 3 data for 2024 are not comparable to previous years. To avoid misleading report readers, the previous year's data is marked with a "/".

■ Total GHG Emissions Reduction Practice

INOVANCE has implemented a series of GHG reduction actions aligned with the “2850” and “3030” goals. Core initiatives include building and certifying energy management systems at major energy-consuming sites, establishing an energy and carbon emission management platform, continuously advancing operational optimization and energy-saving retrofit projects, raising standards for plant construction, and promoting energy conservation and emissions reduction among upstream suppliers, to ultimately accelerate the achievement of emission reduction goals across the entire value chain. (For details, please refer to “Strengthening Energy Management” .)

Operational Carbon Neutrality Goal	To achieve operational carbon peaking by 2028 and operational carbon neutrality by 2050 ( “2850” )				
Interim Goals	Indicators	Base Year	2028	2030	2050
Energy efficiency improvement	Energy efficiency improvement rate: Increase in energy use efficiency relative to the baseline year	2021	≥25% improvement in energy efficiency	≥30% improvement in energy efficiency	--
	Energy management system coverage rate: Proportion of total energy consumption by certified units under ISO 50001 relative to the Group’s total energy consumption	--	≥80% coverage rate of energy management systems from 2028		
	Comprehensive energy management platform coverage rate: Proportion of energy consumption by units using the comprehensive energy management platform relative to the Group’s total energy consumption	--	≥80% coverage rate of the comprehensive energy management platform from 2028		
Energy structure optimization	Proportion of renewable energy use: Proportion of renewable energy consumption to the Group’s total energy consumption	--	≥10% proportion of renewable energy use	≥20% proportion of renewable energy use	--
Supply Chain Emission Reduction Goal	To reduce major suppliers’ GHG Emission Intensity by 30% compared to 2021 by 2030 ( “3030” )				
Interim Goals	Indicators	Baseline Year	2026	2028	2030
GHG emission intensity reduction	Average GHG emission intensity of major suppliers	2021	Include GHG emission intensity of major suppliers in performance assessments	Continuously assessment performance evaluation and increase weight of related metrics	Set supplier GHG emission intensity reduction as an exclusionary criterion
Empowerment for supplier emission reduction	Frequency of empowerment for supplier emission reduction	--	Conduct annual GHG emission surveys of major suppliers, and provide emission reduction guidance, training, and technical support		

# Strengthening Energy Management

## Energy Management Strategy

Improving the energy management system, optimizing the energy mix, and continuously implementing energy-saving and emission reduction projects are critical for INOVANCE to realize low-carbon production and climate targets. The Company has formulated management policies including the *ISC Energy-Saving Management Specification*, the *Green Factory Construction Specification*, and the *ISC Organizational Energy Consumption Accounting Specification*, and set specific energy-saving targets measured by energy consumption per unit output value.

The Company continues to increase renewable energy usage. In the reporting year, total renewable energy consumption<sup>1</sup> reached 19,624.75 MWh, accounting for 6.91% of the Company’s total energy consumption. The associated reduction in GHG emissions was 11,325.95 tCO<sub>2</sub>e. By the end of the reporting period, the total installed capacity of renewable energy power generation equipment within the Company’s operational scope reached 18.83 MW, of which 10.20 MW was newly installed distributed photovoltaic (PV) generation capacity in the reporting year<sup>2</sup>.

The Company continues to promote the establishment and certification of energy management systems across its business entities. During the reporting period, Suzhou INOVANCE was awarded the title of “2024 Green Factory in Jiangsu Province” by the Industry and Information Technology Department of Jiangsu.

**Note:**

1. Total renewable energy consumption includes green electricity purchased via green certificates, self-generated and consumed electricity from Company-owned renewable energy facilities, and PV electricity purchased at preferential rates from leased rooftop space.
2. Total installed capacity of renewable energy and newly installed distributed PV generation capacity include both Company-owned and EMC-model rooftop installations.

### Annual Key Performance



Energy saved from new energy saving projects

**1,458,755** kWh/year



Proportion of Renewable Energy Use

**6.91%**



Total GHG Emissions Reduced<sup>1</sup>

**12,170.82** tCO<sub>2</sub>e



Total Energy Consumption Intensity

**0.94** tons of standard coal per RMB million of revenue

**Note:** 1. Total GHG emissions reduced = emissions reduced from renewable energy use + emissions reduced from new energy conservation projects.

## Advancing Energy Conservation and Emission Reduction

INOVANCE upholds the energy management philosophy that “the greenest electricity is the electricity saved”. In addition to continuously increasing renewable energy use, we have implemented diverse technical energy-saving and management optimization projects to further improve energy efficiency.

Technical Energy-saving Projects implemented during the reporting period include:

Category	Introduction	Investment Amount (RMB 1,000 )	Estimated Amount of Energy Saved (kWh/year)	Estimated Project Benefit (RMB 1,000 / year)	GHG Emissions Reduced (tCO <sub>2</sub> e/year)
Energy-saving lighting retrofit	The company carried out an energy-saving lighting retrofit at the Suzhou INOVANCE's warehouse by replacing halogen lamps with LED sensor lights to improve lighting efficiency and provide illumination as needed, effectively reducing energy consumption in the warehouse lighting.	230.9	309,461	247.6	185.00
Expansion of air curtain use in logistics	The Company expanded the application of thermal insulation air curtains at the logistics dock area of Suzhou INOVANCE, reducing heat/cooling loss and lowering the energy consumption of the air conditioning system.	22.8	9,827	7.9	5.87
Insulation of exhaust pipelines	Suzhou INOVANCE added insulation to exhaust pipelines carrying residual heat in workshops, significantly reducing uncontrolled heat dissipation and lowering the energy consumption of the air conditioning system.	11.2	17,280	13.8	10.33
UV curing furnace upgrade	Suzhou INOVANCE introduced LED UV curing technology to replace high-energy mercury lamp systems, reducing energy use of curing furnaces.	208.0	190,080	152.1	113.63
Air compressor linkage upgrade	The air compressor system in Area B of Suzhou INOVANCE was upgraded from independent operation to interconnected hardware setup, with intelligent management enabled via INOVANCE's proprietary “Digital Air Compression System”, resulting in significant energy savings.	198.0	680,000	544.0	406.50
Paint spraying process optimization	Yueyang INOVANCE optimized its spraying process to reduce the number of coating applications, thereby lowering energy consumption.	/	35,100	28.0	17.20
Oven efficiency improvement	Yueyang INOVANCE improved the drying process, significantly reducing preheating and curing time, thus decreasing energy use in drying and curing stages.	/	7,007	5.6	3.43
Use of energy-efficient equipment	Yueyang INOVANCE purchased inverter air compressor units equipped with the Company's in-house AC drives, effectively improving gas-to-electricity ratios and significantly increasing energy efficiency.	/	210,000	168.0	102.90
Total		670.9	1,458,755	1,167.0	844.87

### Note:

1. Estimated project benefit refers to reduced energy costs due to energy savings, calculated based on RMB 0.80 per kWh.
2. Reductions in GHG emissions are calculated based on the carbon dioxide emission factors for each regional power grid, as outlined in the Ministry of Ecology and Environment's *Announcement on the Release of CO<sub>2</sub> Emission Factors for Electric Power in 2022*.

Management Optimization Projects Implemented during the Reporting Period

Category	Measures	Progress and Results
Energy management system building	We advanced energy management in a systematic manner to ensure legal compliance, conducted energy audits, identified opportunities for energy efficiency improvement, continuously enhanced energy management efficiency, and raised employee awareness of energy conservation.	Suzhou INOVANCE passed ISO 50001:2018 Energy Management System certification during the reporting period.
Refinement of standards for new infrastructure construction	We revised the <i>Green Factory Construction Specification</i> based on the <i>Evaluation Table of Green Factory Indicators</i> issued by the Ministry of Industry and Information Technology, and proposed specific construction requirements for new factories from intensive land use, non-toxic raw materials, clean production, resource recycling, and low-carbon energy.	The construction specification has been applied during the new infrastructure construction projects of Nanjing INOVANCE, Jinan INOVANCE, and Xi'an INOVANCE.
Application and optimization of the comprehensive energy management platform	Nanjing INOVANCE and Changzhou New Energy applied the Company's self-developed energy management system.	As of the end of the reporting period, the number of manufacturing centers applying the system reached four, indicating continuous enhancement in comprehensive energy management.
	New energy consumption monitoring and analysis functions for single products.	By enabling data integration with the MES system, the platform has facilitated energy consumption monitoring and analysis at the single-product level, providing data support for manufacturing cost and product carbon footprint accounting, while also helping to identify opportunities and potential for reducing manufacturing energy consumption and improving efficiency.
	New automated energy data reporting function.	Yueyang INOVANCE has implemented automated daily reporting of key energy consumption data, streamlining energy management processes and ensuring that management personnel can promptly access and analyze data, providing strong data support and systematic assurance for energy management.
	The Perception-Based Behavior Control System for Air Conditioning and Lighting was piloted.	This system uses sensing technologies to detect the real-time needs for air conditioning and lighting in office spaces, applying management strategies tailored to different space types to minimize waste without compromising user comfort. As of the end of the reporting period, the system has been piloted in selected areas at Suzhou INOVANCE.
Energy-saving tour inspections	The Company routinely conducts tour inspections targeting improvements in energy consumption related to daily office operations and manufacturing activities.	In 2024, the Company conducted 28 energy-saving tour inspections. For identified instances of energy waste, the Company issues internal notifications and takes corrective actions to ensure proper implementation of the improvements.
Energy-saving training	The Company conducted various energy-saving training sessions.	<ul style="list-style-type: none"> <li>• We conducted a total of 12 training sessions on topics related to carbon peaking and carbon neutrality were conducted, with 511 trainees in total, who were mainly team leaders from various manufacturing centers and other personnel involved in energy-saving management.</li> <li>• One energy-saving training session was delivered to newly recruited graduates.</li> </ul> <p>These targeted energy-saving training programs enhanced employees' awareness and skills related to energy conservation.</p>

# Innovative Green Products

*In the context of the global green and low-carbon transition, INOVANCE integrates ecological and environmental protection values into product innovation, exploring potential for resource intensive utilization in design and manufacturing, enhancing energy-saving performance, reducing resource consumption, and actively practicing the circular economy model.*

## Product Green Design

INOVANCE adheres to the principle of green design with the *INOVANCE Product Identity Design Guidebook* published as a fundamental guideline for product design. The guidebook explicitly states that product design should follow the principles of “material conservation, process simplification, packaging minimization, and functional modularization” to comprehensively reduce GHG emissions and resource consumption throughout the product lifecycle, further enhance the environmental protection and sustainability of products.

### Product Design Principles

#### Material Conservation

Optimizing product design to reduce product weight or volume, with a focus on selecting green and renewable raw materials, thereby reducing material consumption.

#### Case: MD630 Series General-purpose AC Drives

The MD630, INOVANCE’s new generation of global general-purpose AC drives, features innovative cooling technologies and an advanced minimum current algorithm. Compared to the previous generation, it achieves a 10% reduction in current under equal load, 20% less copper loss in motors, and an average volume reduction of 30%, effectively saving cabinet space and reducing product weight and natural resource consumption. All models in the MD630 series meet the IE2 energy efficiency level.



### Case: HD3X Series Three-level Medium-voltage AC Drives



The HD3X series adopts a three-level topology and common DC bus design. Compared to cascaded AC drives of the same specification, the HD3X significantly reduces product volume and weight, easing space and load requirements while boosting energy efficiency by 2% to 2.5%, lowering the product usage cost throughout the entire life cycle for users. This product has been successfully applied in several major projects.



#### Packaging Minimization

Streamline packaging size, save packaging materials, gradually replace disposable packaging materials with recyclable or reusable materials, and minimize packaging waste.

### Case: Paper Instead of Wood and Plastic



The Company is phasing in paper materials to replace wood and plastic in product packaging, reducing negative impact on the environment. By the end of the reporting year, about 20% of products on sale used paper-based packaging, and nearly 50% of newly developed products adopted such solutions.

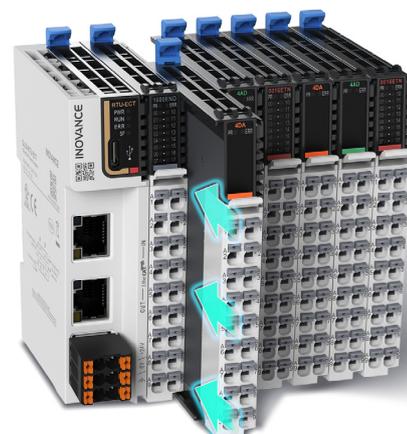
#### Functional Modularization

Adopt compact layouts and modular thinking to streamline components and reduce resource consumption during production.

### Case: IO Product Modular Design



The Company reduced material use by reusing and simplifying internal structures, optimizing PCB layout and component installation. For instance, in the IO product, enhanced modular design level and material reuse rate led to breakthrough thin-wall designs that reduced product weight and plastic consumption. This measure alone is expected to save 27 tons of plastic annually.



**Case: Mold Standardization**



The Company has continuously strengthened the standardization of mold design. By enhancing the standardization degree of mold bases, the reuse rate of molds has been increased and the demand for newly opened molds has been reduced. Through the modularization and platformization of mold development, the proportion of reusing existing structural designs and matching molds in the process of new product development has been increased, thereby reducing the number of newly opened molds. This approach saved an estimated 12.2 tons of stainless steel in 2024 mold development.

## Practicing Circular Economy

The Company consistently upholds the concept of circular economy, comprehensively enhances resource use efficiency, and achieves resource recycling and sustainable economic growth. Through material substitution, reduction, recycling and reuse, and improved management efficiency, the Company gradually explores and promotes optimal solutions that balance economic and environmental benefits.

**Material Substitution**

**Case: Plastic is Used to Replace Sheet Metal in the Elevator ARD Emergency Power Supply**



In 2024, the Company replaced the sheet metal material in the elevator ARD emergency power supply product with high-strength engineering plastic. While ensuring structural strength and product quality, this initiative reduced product weight by 30%, thereby lowering the consumption of natural resources. At the same time, as plastic can be formed through injection molding, it not only reduces the number of components and assembly procedures but also eliminates the environmental impact of the painting process required for sheet metal.

**Material Recycling and Reuse**

**Case: INOVANCE Automotive Increases Aluminum Recycling Rate**



In 2024, INOVANCE Automotive set a target of over 40% utilization rate for recycled aluminum. By the end of the reporting period, the utilization rate of recycled aluminum at INOVANCE Automotive had increased to 55%.

**Management Efficiency Enhancement**

**Case: Lean Management to Improve Automation and Digitalization**



In the reporting year, the Company carried out lean management focusing on QCD (Quality, Cost, and Delivery), aiming to eliminate waste and enhance production efficiency and process quality. The Company established a capacity planning mechanism to review the production resources of each manufacturing center monthly. Based on client demand, we allocated personnel, equipment, and site resources reasonably and invested in value-added projects to ensure effective resource utilization and avoid waste. At the same time, we actively promoted digital transformation by introducing tools such as Andon systems and SFM digital systems to achieve real-time monitoring and analysis of production data, thereby improving management efficiency and decision-making accuracy, and supporting efficient on-site operations. In 2024, through increasing automation rates, lean improvement, process optimization, and energy-saving technological upgrades, the Company enhanced both production efficiency and resource utilization.

# Jointly Building a Net-zero Future

Achieving the dual-carbon goals and promoting a net-zero future depends on cooperation and collaboration across the entire society. INOVANCE insists on innovation in products and solutions. On the one hand, we implement the requirements of “Four Conservations and Two Enhancements” to continuously enhance the overall competitiveness of our products and solutions. On the other hand, we remain agile in sensing and capturing the demand for green and low-carbon transformation across industries, creating green and low-carbon value for customers and users.

## Annual Key Performance



Newly avoided GHG emissions

**14,447,904** tCO<sub>2</sub>e/year



Proportion of revenue derived from clean tech-related products and services

**59.63%**

### “Two Enhancements”

Enhance production efficiency and product quality

### “Four Conservations”

Conserve energy, materials, labor, and space

In 2024, the Company’s products and solutions continued to be successfully applied across multiple sectors including industry, transportation, and power, supporting the green and low-carbon transformation of various industries.

### Industrial Sector

The Company continuously iterates its products and solutions to provide efficient, energy-saving, and environmentally friendly offerings to clients across industrial sectors.

### Case: Upgrading Vertical Mills in the Steel Industry

In 2024, subsidiary Dalian Zhiding partnered with Angang Green Source to apply its newly developed 3 MW high-voltage semi-direct-drive vertical mill drive system to actual production scenarios at Angang Green Source. This filled a gap in the application of permanent magnet motors in slag micropowder production, significantly improving equipment production efficiency and product quality, enhancing energy savings, and reducing system failure rates. The system adopts INOVANCE’s frequency conversion intelligent speed regulation technology, which precisely controls motor speed according to production needs, effectively avoiding quality instability issues caused by speed fluctuations in traditional motors. In addition, the system’s coaxial drive low-speed gear design significantly improves operational efficiency, achieving an annual energy saving rate of over 10%, with notable energy-saving and emission-reduction effects. The semi-direct-drive permanent magnet design integrates the motor, reducer, and gear bearing into a “three-in-one” drive system, simplifying the transmission structure by 50%, reducing failure rates by 80%, and shortening fault detection and maintenance cycles by 95%.



### Case: MV33 Series Low-voltage Permanent Magnet Synchronous Industrial Motors



INOVANCE’s MV33 series is a new generation of flat-wire permanent magnet synchronous motor featuring ultra-high energy efficiency, compact design, high reliability, and modular structure. This series adopts Vplus-hairpin flat wire technology. Compared to commonly used round wire, this design improves slot fill rate by 20%, significantly enhancing power density, reducing line energy loss, and achieving compact size and high energy efficiency. The product can reach a maximum energy efficiency level of “IE6” <sup>[Note]</sup>, and achieves “Double 90” high-efficiency zone performance, i.e., efficiency above 90% in 90% of the operating range. Under the same conditions, its power loss is over 20% lower than that of motors meeting the highest IE5 standard. Furthermore, the product significantly reduces its physical volume and the consumption of raw materials. For the same power output, the MV33 series motor is 20% to 40% smaller than IE3 efficiency asynchronous motors, reducing the installation space required and promoting equipment miniaturization, thereby further decreasing consumption of natural resources.



**Note:**

The “IE6” efficiency level is an internal estimate and not an official standard, intended to indicate performance significantly exceeding the IE5 efficiency level.

#### Transportation Sector

The Company continues to make efforts in the transportation sector, with innovative green products and solutions widely applied in transport vehicles and infrastructure, helping the transportation industry move toward green and intelligent development.

### Case: Innovative Onboard Power Supply Solutions for New Energy Vehicles



Onboard vehicle-mounted charging system are evolving toward reduced space occupancy, higher charging efficiency, greater reliability, and lower incidence of safety issues. The subsidiary INOVANCE Automotive continuously launches high-power-density, high-efficiency, highly reliable, and highly safe power supply products to meet market demand. INOVANCE Automotive’s 6.6 kW (OBC) + 3 kW (DC/DC) integrated product reaches a power density of 3.6 kW/L (including in-vehicle discharge), significantly enhancing power density. It supports multiple charging/discharging and DC/DC efficiency configurations, achieving a charging efficiency of 94% to 96%. The product uses components that meet full automotive-grade standards, passing reliability tests equivalent to 15 years or 300,000 kilometers (reliability > 99.7%). Its functional safety level reaches ASIL D, with fully verified safety performance. INOVANCE Automotive’s innovative onboard power solutions for new energy vehicles not only offer higher quality, reliability, and safety but also contribute to improved energy efficiency and extended lifespan of new energy vehicles, supporting the green development of the transportation sector.



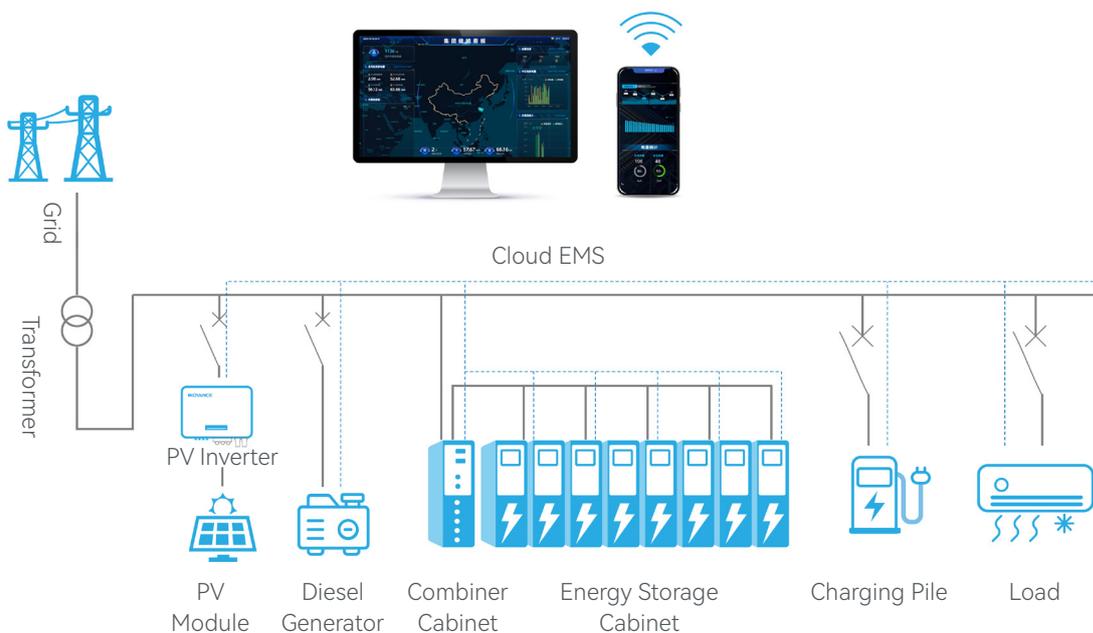
Power Sector

The Company actively participates in the construction of new power systems, focusing on generation, grid, load, and storage, and innovates integrated multi-scenario solutions to support the green and low-carbon transformation of the power sector. Taking the energy storage business as an example, by the end of the reporting period, the Company had cumulatively delivered over 15 GW of energy storage products to the market, covering multiple application scenarios including large-scale power station storage, commercial and industrial storage, and residential storage. Leveraging our deep expertise in power electronics, control technology, and digital energy management, we have developed energy solutions that cover all aspects of generation, transmission, distribution, and utilization. In 2024, the Company innovated a commercial model for zero-carbon park solutions and collaborated with ecosystem partners across the industry chain to provide customers with integrated services including consulting, design, procurement, construction, and operation.

Case: Industrial and Commercial Energy Storage Net-zero Solution for a Client in Zhumadian, Henan Province



The industrial and commercial energy storage project for a client in Zhumadian, Henan Province is INOVANCE's first self-invested, self-built, and self-operated energy storage station. It also marks the Company's first pilot EPC-mode industrial and commercial energy storage project. The project centers on three sets of 100 kW/232 kWh integrated industrial and commercial energy storage cabinets, which use liquid cooling for heat dissipation and are connected to the grid, distributed photovoltaics, and charging pile systems. After commissioning, the project will reduce electricity costs for the owner, improve power supply stability and renewable energy consumption capacity, and support the owner in continuously optimizing energy structure and progressing with green and low-carbon transition.



<b>Scope 4: Avoided GHG Emissions</b>	INOVANCE disclosed “Scope 4: Avoided GHG Emissions” for the first time in the 2023 ESG Report (for the definition of Scope 4, please refer to the Environmental, Social, and Governance Report 2023), as a means of quantifying the energy-saving and carbon-reduction benefits of the Company’s products. In 2024, INOVANCE continued to calculate both directly and collaboratively avoided GHG emissions resulting from the different categories of products launched during the year based on actual business conditions and further optimized the calculation methodology.
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Comparison of Directly and Collaboratively Avoided GHG Emissions

Scope 4 Category	Directly Avoided GHG Emissions	Collaboratively Avoided GHG Emissions
Definition	A facility or equipment, after using INOVANCE’s products or solutions, does not significantly change its core feature or form, but rather produces notably less GHG emissions beyond the value chain while fulfilling the same functions.	INOVANCE, in synergy with its industrial partners, has jointly contributed to a fundamental change or substitution of a facility or equipment, and such change or substitution has produced notably less GHG emissions beyond the value chain.
Calculation method	Directly avoided emissions = GHG emissions of the original facility or equipment under the baseline scenario – GHG emissions of the facility or equipment after using products and solutions of INOVANCE under the same scenario	Collaboratively avoided emissions = GHG emissions of the original facility or equipment under the baseline scenario – GHG emissions of the new facility or equipment applying INOVANCE’s products and solutions under the same scenario
Whether there is any change in the core feature of the equipment/facilities	No	Yes
Attribution of avoided GHG emissions	All allocated to INOVANCE	Partially allocated to INOVANCE

Accounting Boundary

Scope 4 Category	Directly Avoided GHG Emissions	Collaboratively Avoided GHG Emissions
System boundary	GHG emissions generated by the equipment or facilities applying INOVANCE’s products during their use	
Functional unit	Each facility or equipment equipped with INOVANCE’s products	Each substitute facility or equipment with equivalent functions
Time period	From January 1, 2024, to December 31, 2024	

For the methodology and allocation rules for calculating avoided GHG emissions, please refer to the relevant section of the Company’s Environmental, Social, and Governance Report 2023.

According to incomplete statistical calculations, the “Scope 4: Avoided GHG Emission” effects of the products and solutions launched by INOVANCE in the market in 2024 are as follows:

Category	Application Classification	Avoided GHG Emissions (tCO <sub>2</sub> e/year)
Directly avoided GHG emissions	Application of AC drive products across various industries, including air conditioners, air compressors, textile machinery, lifting equipment, and fans and pumps	4,700,983
	Application of hydraulic servo systems across various sectors, including hydraulic stations, bending equipment, and forging equipment	485,595
	Application of high-efficiency permanent magnet synchronous motors in industries such as fans and pumps, injection molding machines, textiles, and rail transit	70,698
	Application of regenerative AC drives across various industries, including test benches, large transmission equipment, elevators, etc	64,064
	Power-related applications, currently referring specifically to shore power systems	20,337
Collaboratively avoided GHG emissions	Application of wind power pitch control systems and yaw systems in wind power generation equipment	7,413,067
	Application of traction converters and asynchronous traction motors in subways, light rail, and trams	7,251
	Application of electric drive systems, motors, powertrains, and vehicle-mounted charging systems in electric passenger vehicles	460,331
	Application of electric drive systems in electric commercial vehicles	1,225,578
Total		14,447,904



Since 2023, through innovation in products and solutions, INOVANCE has cumulatively avoided 35,944,958 tCO<sub>2</sub>e of GHG emissions for society.

# Ecosystem Protection

*INOVANCE pays close attention to the environmental impact of its production and operational activities. We have established and improved an environmental management system, identified and mitigated environmental risks, and strictly controlled pollutant emissions in accordance with laws and regulations. We are committed to protecting the ecological environment and biodiversity at our places of operation and promoting the development of sustainable cities and communities.*

## Environmental Compliance Management

The Company and its subsidiaries have strengthened the construction of environmental management systems, regularly identify environmental risks, and formulate emergency response plans for major risks. The Company conducts internal audits and accepts third-party audits in accordance with ISO 14001:2015 requirements, continuously improving weak points in the management system. In 2024, one additional key operation site (Yueyang INOVANCE) obtained ISO 14001 certification, and several other key sites passed system recertification. As of the end of the reporting period, 66.67% of key operation sites had obtained ISO 14001 certification. During the reporting period, the subsidiary Suzhou INOVANCE was awarded the honorary title of “2024 Gold Medal Enterprise of the Suzhou Enterprise Self-Inspection and Self-Correction Service Platform” by the Suzhou Municipal Bureau of Ecology and Environment.

## Pollutant Emissions Management

The Company strictly carries out business activities in accordance with the relevant laws and regulations of the countries and regions where it operates. Internal policy documents such as the *Hazardous Waste Management System*, the *Waste Management Procedure*, and the *Occupational Health, Safety and Environmental Monitoring and Measurement Procedure* have been issued. We collect and monitor waste emission data and collaborate with professional third parties to properly dispose of various types of pollutants. We are steadily promoting emission reduction and improving recycling and reuse rates.



Emission Type	Collection and Monitoring Process	Disposal Method	Examples of Reduction, Recycling and Reuse
Domestic sewage	Sampling and monitoring of wastewater quality is commissioned annually to a third-party agency.	Sewage is collected through municipal pipelines and transported to municipal sewage treatment plants for disposal.	Sensor-activated water dispensers are used for domestic water, and posters promoting water conservation are displayed nearby to advocate water-saving behaviors and reduce domestic wastewater discharge.
Waste gas from production	Waste gas is collected through sealed piping, and its discharge is monitored annually by a third-party agency to ensure compliance.	Waste gas is disposed of through waste gas treatment facilities, such as high-efficient filtration of dust and adsorption of VOCs waste gas using activated carbon.	We use water-based cleaning agents instead of solvent-based cleaning agents, and solvent-free impregnating varnishes instead of solvent-based impregnating varnishes to reduce VOC emissions.
General industrial solid waste	Industrial solid waste is properly sorted, centrally collected in workshops, and then transported to general industrial solid waste warehouses for compliant disposal.	Solid waste is entrusted to institutions with qualification to conduct general industrial solid waste disposal.	Packaging waste from product transfers and shipping is reduced by using recyclable or reusable containers.
Hazardous waste	Hazardous waste is centrally collected in workshops and stored in a hazardous waste warehouse in categorized zones, then legally transferred to third-party disposal organizations.	Hazardous waste is entrusted to institutions with qualification to conduct compliant hazardous waste disposal.	We purify and recycle cleaning wastewater through process improvements.

## Water Resource Utilization

In 2024, INOVANCE used the Aqueduct Water Risk Atlas developed by the World Resources Institute (WRI) to assess water-related impacts at 23 operation sites. Based on water-related dependencies, impacts, risks, and opportunities, the Company identified sites located in water-stressed areas and strengthened water-saving management at those sites.

The Company has always attached great importance to water conservation. The Company has developed multiple water resource management initiatives and regularly monitors relevant indicators of water use. Water meters have been installed at each subsidiary as a statistical unit, and water usage data is collected regularly. For office areas, only certified water-saving fixtures and equipment are permitted. Posters and awareness messages are used to guide employees toward water-saving habits in their daily routines. For water used in factories, the Company requires newly built factories to plan and construct rainwater harvesting and reuse facilities during the design stage. For existing factories, the focus is on strengthening water recycling infrastructure and water balance testing.

### Annual Key Performance



Water recycling rate **75.03%**

## Biodiversity Protection

In 2024, INOVANCE conducted its first biodiversity impact assessment. The Company selected 12 key operation sites in mainland China and assessed species distribution and proximity to protected areas within a 5 km radius of each site using a biodiversity impact assessment tool developed by the Shan Shui Conservation Center and the Peking University Center for Nature and Society.

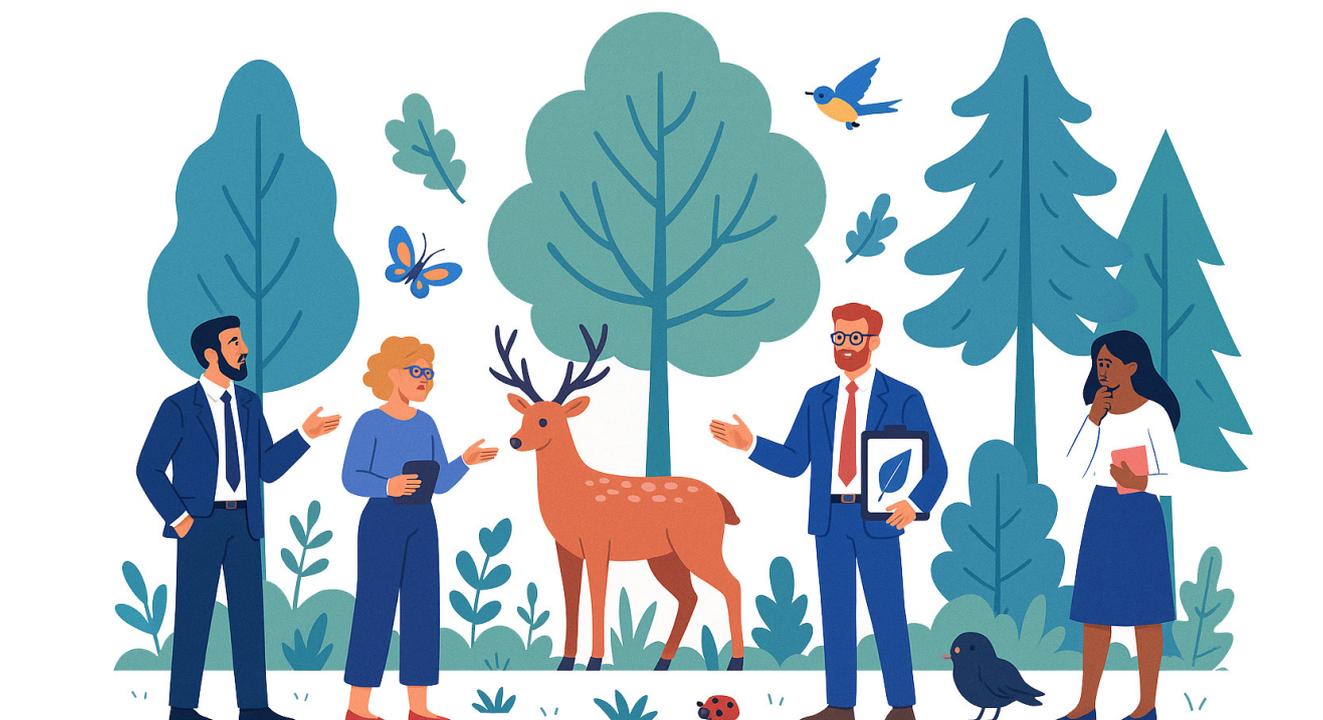
### Species Impact Assessment

Within the 5 km radius of the 12 evaluated operation sites, no critically endangered or endangered species as defined by the International Union for Conservation of Nature (IUCN), nor any critically endangered, endangered, or vulnerable species as listed in the *Redlist of China's Biodiversity*, nor any Class-I protected animals under the Law of the People's Republic of China on the *Protection of Wildlife* were found. Some key operation sites evaluated are within 5 km of habitats of Class-II protected animals and animals on the List of Terrestrial Wildlife Species with Significant Ecological, Scientific and Societal Value. One vulnerable species was identified within a 5 km radius of the subsidiary INOVANCE Automotive.

### Protected Areas Impact Assessment

Within a 5 km radius of eight evaluated key operation sites, there are no national parks, nature reserves, World Natural Heritage Sites, or Ramsar Wetlands. Four sites are near nature parks, with INOVANCE Automotive and MJB each adjacent to two such parks. We will strengthen ecological monitoring and protection around these sites in the future.

Overall, no significant biodiversity risks were identified within a 5 km radius of the evaluated key operation sites. For species and protected area impact assessment tables, please refer to Appendix 6.



# Focus on Customer Satisfaction

INOVANCE adheres to the value of “Customer first,” maintains a customer-centric service philosophy, focuses on customer satisfaction, improves product quality, enhances customer experience, and helps customers succeed.

## Annual Key Performance



Customer audit pass rate

100%



Customer issue resolution rate

94.60%



Quality training coverage rate for front-line employees

100%

## Strict Product Quality Control

INOVANCE strictly complies with the *Product Quality Law of the People’s Republic of China* and the *Regulations on the Supervision and Management of Quality and Safety Responsibilities of Industrial Product Production Units*, among other laws, regulations, and product-related standards. With the vision and mission of “Promoting Industrial Civilization with Excellent Quality,” and the guiding principle of “dual full cycle, dual safety,” we benchmark against industry best practices, focus on customer satisfaction, implement zero-defect management across the entire value chain, and build a platform-based organizational capability centered on prevention to comprehensively enhance the quality of our products, solutions, and services.

Overall Quality Management Goals	Based on the current quality levels of different products, set differentiated improvement goals, with no less than 10% improvement.		
Specific Target Indicators	Target for the Reporting Period	Progress	Target Achievement Status
Customer satisfaction	Continue third-party satisfaction surveys; overall satisfaction increased year-on-year.	Third-party customer satisfaction score increased by 1.11 points year-on-year	Achieved
Customer issue resolution rate	Customer and internal issue resolution rate > 92%	Customer and internal issue resolution rate > 94.60%	Achieved
Product failure rate	Product improvement ≥ 10%	Product improvement > 20%	Achieved
Customer audit pass rate	Customer audit pass rate: 100%	Annual customer audit pass rate: 100%	Achieved

## Product Safety Management

- **“Dual Full Cycle, Dual Safety” in Products**

INOVANCE places great importance on product safety management and promotes the concept of “dual full cycle, dual safety” –ensuring personal and property safety for customers and users across all circulation cycle and the entire product lifecycle. During product design and development, the Company identifies potential safety risks based on different application scenarios and implements countermeasures to enhance intrinsic safety from the source. Product safety and quality performance are incorporated into relevant departmental and senior management performance evaluations.

- **Enhancing Product Safety Certification Requirements**

This year, the Company added new requirements for document control related to product safety certification, including specifications for technical documentation contents, control methods, consistency requirements, key component inspection for explosion-proof products, supplier management (including key components and service suppliers), and regulations on CCC certification and mark management.

- **Industrial Cybersecurity Development**

INOVANCE’s products and systems strictly adhere to cybersecurity standards and specifications throughout the design, development, integration, and deployment stages to ensure secure and reliable products and services for customers. During the reporting period, the Company successfully obtained the IEC 62443-4-1 cybersecurity system certification, highlighting its outstanding capabilities in industrial cybersecurity.

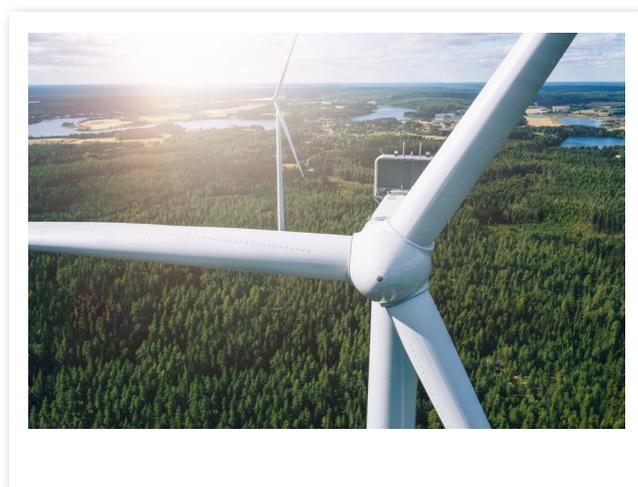
- **Product Environmental Substance Management**

In 2024, the Company developed and implemented standards for managing environmental substances. These standards apply to INOVANCE’s products and all constituent raw materials, parts, components, auxiliary materials, consumables, and packaging materials. Combining the requirements of the EU RoHS and REACH directives, the Company has strengthened product environmental substance management across the entire process. As of the end of the reporting period, there were no product recalls due to safety or health issues.

## Product Quality Management

- **Improving the Quality Management System**

In 2024, the Company continued to build and enhance its quality management system by optimizing its structure, clarifying key quality management initiatives, and updating reward and punishment mechanisms to improve overall management standards. The proportion of key operation sites certified to ISO 9001:2015 reached 100% during the year.



## • Optimizing Quality Management Structure

INOVANCE continuously optimized the business structure for quality management and adopted the "721" principle for hierarchical quality management—resolving 70% of issues at the first level, 20% at the second level, and 10% at the third level – to improve efficiency. Under this system, EMT serves as the highest decision-making body for quality management, the management team is responsible for cross-department coordination and resource support, departments address internal quality issues, and frontline teams respond quickly to customer feedback and resolve on-site quality problems.

The Company adopts a model of centralized group planning and localized management, requiring subsidiaries to follow the principle of “the same INOVANCE, the same quality.” Throughout the product lifecycle, the Company defines quality roles at each stage to ensure quality control at every link. Quarterly quality meetings are held to rank the achievement of quality goals and enhance management’s focus on quality performance. In 2024, the Company established a new product quality management team composed of professional R&D staff to support quality assurance during the product development stage. The Company further clarified Customer Quality Management (CQM) responsibilities and strengthened solution-oriented quality management for customer-facing activities.

## • Clarifying the Direction of Quality Management

Based on actual business needs, the Company has categorized quality management into physical quality management and system quality management, clarifying the overall direction of quality-related efforts.



### Physical Quality Management

The Company identifies business requirements (including but not limited to customer requirements, Company strategy, general industry quality management standards, and system requirements), establishes quality management master plans for each business module (including quality requirements and elements), and sub-processes for quality domains. It extracts business-adapted quality elements and fully embeds them into business activities. Quality is ensured through process chain activities, thereby creating value. During the year, the Company collected quality management requirements across all stages of the product circulation process and full lifecycle and conducted analysis and sorting of the requirements for each stage.



### System Quality Management

The Company focuses on the quality of system construction and requires the system to fully support and enhance physical quality. This jointly drives the implementation of the three major closed loops: from customer needs to customer satisfaction, from strategy to value creation, and continuous improvement of the management system, thus laying a solid foundation for high-quality development.

## • Updating Quality Reward and Penalty Mechanisms

This year, the Company expanded the scope and lowered the thresholds of quality-related rewards to guide and encourage all employees to practice a culture of quality. Regarding penalties for quality issues, the Company emphasized accountability in the reporting year to ensure effective implementation of the concept that “business leaders are the first person responsible for quality.” By strengthening the leading role of business leaders, the Company promoted full employee participation in jointly improving product quality and effectively implementing various quality management requirements.

■ Product Lifecycle Quality Management

Product Safety and Quality Management at Different Life Stages		
Stage	Quality Control Initiatives	Continuous Improvement Initiatives
Product development	<ul style="list-style-type: none"> <li>Integrates APQP and IPD, applying automotive quality management philosophies, tools, and methods to industrial product development to enhance the quality of new industrial products.</li> <li>Ensures that the product development stage meets regulatory and other product safety standards, sets dual safety red lines, and enhances product-related safety requirements.</li> <li>Conducts quality reviews at various stages of research and development to ensure the success rate and efficiency of product design and development.</li> </ul>	<ul style="list-style-type: none"> <li>The Root Cause Analysis team is responsible for targeted improvements to design issues from the previous year.</li> <li>The NPI Quality organization strengthens quality management during the new product introduction process.</li> <li>Promotes product quality improvements from the source through design enhancements.</li> </ul>
Material procurement	<ul style="list-style-type: none"> <li>Categorically and hierarchically carries out supplier introduction and quality management work, extending quality requirements to multi-tier suppliers.</li> <li>Conducts incoming inspection activities for different suppliers, including regular inspection, external inspection, exemption, and stringent inspection.</li> </ul>	<ul style="list-style-type: none"> <li>The SQE organization conducts supplier quality assessments, evaluating incoming materials, quality services, 8D reports, and unauthorized changes.</li> <li>Organizes special improvement competitions and reporting meetings for suppliers.</li> </ul>
Manufacturing	<ul style="list-style-type: none"> <li>Promotes intelligent and digital transformation at multiple sites, advances MES development, and ensures precise traceability from raw materials to finished products and from suppliers to customers, maintaining production quality consistency and gradual improvement.</li> <li>Tests all products 100% during the manufacturing process.</li> <li>Implements comprehensive control over all factors in the manufacturing process, including personnel, machinery, materials, methods, and environment.</li> </ul>	<ul style="list-style-type: none"> <li>The QCC improvement team continuously addresses and tracks quality issues during production.</li> <li>A Lean Improvement Organization was established to promote refined management of the manufacturing environment and achieve zero defects through lean production practices.</li> <li>Provides training and empowerment to quality personnel, regularly organizes quality conferences and award-reporting events to enhance motivation for improvements.</li> </ul>
Market service	<ul style="list-style-type: none"> <li>Focuses on customer satisfaction, upgrades joint warranty spare parts services, and establishes an international technical service center.</li> <li>Sets up professional after-sales customer service and quality complaint interfaces, providing professional and timely technical support to customers.</li> <li>The after-sales quality department analyzes quality issues and follows up on them until they are resolved.</li> </ul>	<ul style="list-style-type: none"> <li>Integrates ITR operations and transformations to strengthen the tiered management of after-sales quality issues, enhancing the efficiency and thoroughness of solutions.</li> <li>Strengthens CQM at the customer end to target and enhance management effectiveness.</li> </ul>

• Identification and Prevention of Quality Risks

The Company identifies and assesses product quality risks based on dynamic changes in the internal and external environment and business development needs. This year, risk control efforts focused on domestic substitution of materials, software development quality, and product safety.

**Product Safety Risk Control:** Based on the “dual full cycle, dual safety” concept and the goal of “zero safety issues,” the Company identifies and eliminates safety risks throughout the stages of product design, manufacturing, application, and commissioning, ensuring personal and property safety in all scenarios.

**Material Domestic Substitution Risk Control:** Starting from product design and considering application conditions, design requirements, and material characteristics, the Company conducts full-scale optimization—from complete machines to components—covering material certification, supplier management, incoming inspection, and production testing to reduce risks associated with material issues.

**Software Development Quality Risk Control:** The Company carries out software improvement projects to achieve digital and intelligent improvements in software modularity and self-testing of test software, significantly enhancing software development quality.

During the reporting period, the Company had no product recalls due to legal or regulatory requirements or instructions from competent government departments, nor were there any major disputes related to product quality.

## • Internal and External Quality Audits

Every year, INOVANCE conducts internal audits and third-party supervisory audits for quality management in accordance with ISO 9001 standards, customer requirements, and industry standards to identify areas for quality improvement and ensure products meet customer quality management requirements.



### Internal Audits

Focused primarily on the Company's internal quality management systems and processes. In 2024, the Company conducted three internal audits, including two QPA audits of manufacturing processes and one assessment of the quality management system.



### External Audits

Including third-party audits (system and product compliance audits) and customer audits. In 2024, third-party organizations spent more than 12 cumulative days conducting audits based on project and order requirements. During the reporting year, the Company underwent 68 customer audits, achieving a 100% pass rate.

## ■ Supplier Quality Management

INOVANCE has established an all-process quality control system for suppliers, integrating the ISO 9001 quality management system standards. Through regular internal assessments, the Company strictly controls the quality of its suppliers. The Company categorizes and ranks suppliers, provides improvement plans for non-compliant ones, and establishes a phase-out mechanism to enhance overall supplier quality.

### • New Supplier Admission Audit

The company follows the *New Supplier Audit Process and Management Standards* and the *Supplier Factory Audit Report* for guiding new supplier admissions, requiring all new suppliers to pass the ISO 9001 quality management system. New suppliers are assessed in several dimensions including quality system maturity, environmental and safety standards, quality organization and personnel capabilities, process quality management, customer service, reliability assurance capabilities, and sustainable development. In the reporting year, additional evaluation criteria such as operational risk and key person insights were introduced for new suppliers.

### • Supplier Material Quality Management

The Company has established material quality management procedures and processes, including the *Inspection Guidelines for Risk Procurement Materials*, the *Material Reliability Management Guidelines*, and the *Environmental Compliance Specifications for Materials*.

The company applies differentiated quality management strategies based on the category and grade of materials. For critical materials, quality risk prevention management is conducted in advance, with strengthened controls for special material characteristics and enhanced quality grading. For general materials, an elimination policy is implemented to intercept and prevent defective materials from entering the process. Additionally, the company has implemented the *Component PPAP Process*, requiring suppliers to pass the component PPAP certification to better meet customer quality requirements.

Material Quality Risk Identification	Control Measures
Classification and grading of material quality risks	The Company implemented the <i>Material Quality Grading Rules</i> and used templates such as the <i>Supplier Quality Information Survey</i> . In 2024, quality grading was applied to new substitute materials and existing high-risk materials.
Supplier material change risks	The number of supplier change scenarios was expanded from 7 to 25, including scenarios such as cleaning auxiliary material changes and multi-tier supplier changes. The supplier change management process was reviewed and optimized. The <i>PCN Agreement</i> and the <i>PCN Guidelines</i> were updated, and 47 QPA audit checklists were archived and applied.
Supplier material variation risks	Through monthly quality data monitoring of the "Three Key Elements" (key personnel, key activities, and key characteristics), along with unscheduled and unannounced audits, the Company strengthened quality oversight and management of supplier production processes.
Supplier material reliability risks	A <i>Key Reliability Verification Checklist</i> was developed to unify critical material reliability management requirements. The <i>Material Reliability Management Guidelines</i> were optimized. A reliability report monitoring mechanism was established for suppliers, along with <i>Reliability Test Standards</i> for 55 material categories. Quick product reliability test (ORT) schemes were implemented for high-risk materials such as power devices.

**• Supplier Quality Performance Management**

Based on documents such as the *Industrial Supplier Quality Performance Management Specifications*, the *Full Supply Chain Supplier Quality Management System*, and the *Tier 2 Supplier Quality Management Standards*, the Company manages quality for suppliers of different types and levels. INOVANCE conducts monthly performance assessments for key suppliers, covering environmental performance, safety compliance testing, major quality issues, unauthorized changes, and market quality issues. Suppliers are graded as Excellent (Grade A), Good (Grade B), Poor (Grade C), or Eliminated (Grade D).

Beyond tier-1 suppliers, the Company clearly communicates customer requirements, quality standards, and quality goals to multi-tier suppliers and collaborates with tier-1 suppliers to implement quality management for multi-tier suppliers, requiring direct suppliers and key material sub-suppliers to sign *Quality Agreements* and *Change Management Agreements*. During the reporting period, the Company completed quality performance assessments for 225 key suppliers.

**• Supplier Performance Improvement and Coaching**

For suppliers that fail assessments, the Company provides coaching and monitors the implementation of corrective actions to ensure closed-loop management of quality issues. If improvement is unsatisfactory, the Company may adjust procurement quotas, eliminate material codes, or disqualify suppliers to prevent recurring quality problems. Additionally, the Company emphasizes supplier quality requirements communication, organizes ad hoc quality training and coaching, and holds supplier quality conferences to align suppliers with INOVANCE’s quality strategies, control points, and goals. No suppliers violated the Company’s red-line principles during the year (including authenticity of documentation, integrity, audit safety, and cooperation principles).



## ■ Quality Culture and Training

### • Quality Culture Development

In response to current and future business needs, INOVANCE has strengthened its quality culture by formulating and publishing a quality vision, mission, and values, and upgrading its quality policy to define the direction and guiding principles for future quality work, thereby guiding and constraining employees to work toward shared quality goals. In 2024, the Company held its third Quality Conference, during which the Chairman officially signed and issued the updated quality culture content, clarifying the development direction for quality work.



### • Deepening Quality Training

The Company continuously conducts quality training for all employees. In 2024, the Company delivered 175 quality training sessions for core staff in R&D, production, sales, and service positions, and conducted monthly training sessions for frontline production staff. A mandatory semi-annual job rotation policy was implemented for special positions to improve employee skill breadth and job safety. The Company updated the skill certification system and training content, continuously iterating courses in response to the growing automation level in production and evolving business needs to support Company development and employee upskilling. The training content is diverse and aligned with the Company's annual work priorities, with designated themes for quality management training and activities.

#### Quality Knowledge Quiz

In May and September 2024, the Company organized two company-wide quality quizzes, with over 15,000 participants, promoting the dissemination of quality knowledge and raising quality awareness among all employees.

#### Product Safety Standards and Certification Training

The Company held nine basic training sessions on safety standards and product certifications, reaching over 400 participants. Safety standards training materials were developed for R&D staff, and product certification training materials were tailored for marketing staff.

#### Training on Product Certification Management Rules

The Company organized one hands-on training session on quality assurance systems for product certifications. The training explained the requirements of common certification types (e.g., CCC, UL, CQC, ATEX), matched certification requirements to end-to-end processes from incoming materials to shipping, standardized operations, provided examples of certification control points, and offered practical management tools.

#### Training on Product Environmental Management Substances

The Company compiled training materials based on the *Implementation Standards for Environmental Management Substances* and published them on the knowledge platform. Additionally, six internal training sessions and one empowerment session involving over 300 suppliers were conducted.

# Improving Customer Services

## Customer Service Management System

### • More Professional Service Team

The Company has established a customer service team consisting of direct employees, service providers, and certified partner engineers. In 2023, an overseas service department was also established. INOVANCE’s Technical Service Center set up a “Service Partner Management” module, responsible for selecting, utilizing, developing, and retaining service providers. It also formulated the *Service Partner Service Specification (General Automation/Elevator)* as a management standard.

As of the reporting period, the customer service team comprised 329 in-house employees (with 13 newly added in 2024), 119 certified partner engineers (with 116 newly registered in 2024), and the overseas service department had 25 engineers, including seven local engineers and 18 engineers available for overseas assignments.

The Company attaches great importance to the capabilities and professionalism of its customer service team and actively conducts knowledge and skills training for relevant personnel. During the reporting period:

- 838 training sessions were conducted for customer service personnel (including service provider staff), with total participants 11,101 person-times.
- A special training camp was held for 42 core customer service staff.
- The “Golden Seed” capability development program was launched for some frontline service staff, combining online self-learning, in-person mentorship, and evaluation, with 65 participants.

The Company also emphasized knowledge documentation to improve the learning and working efficiency of service personnel. By the end of the reporting period, a total of 123 related knowledge documents had been archived.

### • More Comprehensive Service Network

INOVANCE is committed to providing more comprehensive and timely service and technical support to global customers. We continue to expand our customer service network at home and abroad, strengthen the planning and development of the “three-level spare parts warehouse” system, significantly reduce the time for customers to receive spare parts, and achieved a timely (within 24 hours) delivery rate of over 70% during the reporting period, up 20% to 30% year-on-year.

**Domestic Service Network**  
(as of the end of the reporting period)

A total of 693 service sites, including 271 newly added in 2024. Service sites are categorized as follows:

<p><b>6</b> repair centers</p> <p><b>21</b> regional spare parts centers</p> <p><b>3</b> elevator authorized stores</p>	<p><b>662</b> service providers</p> <p><b>1</b> service station</p>
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**Overseas Service Network**  
(as of the end of the reporting period)

A total of 68 service sites covering over 20 countries and regions, including:

<p><b>9</b> subsidiaries and offices</p> <p><b>41</b> joint warranty centers</p>	<p><b>9</b> repair centers</p> <p><b>9</b> spare parts centers</p>
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• **More Diverse Service Channels**

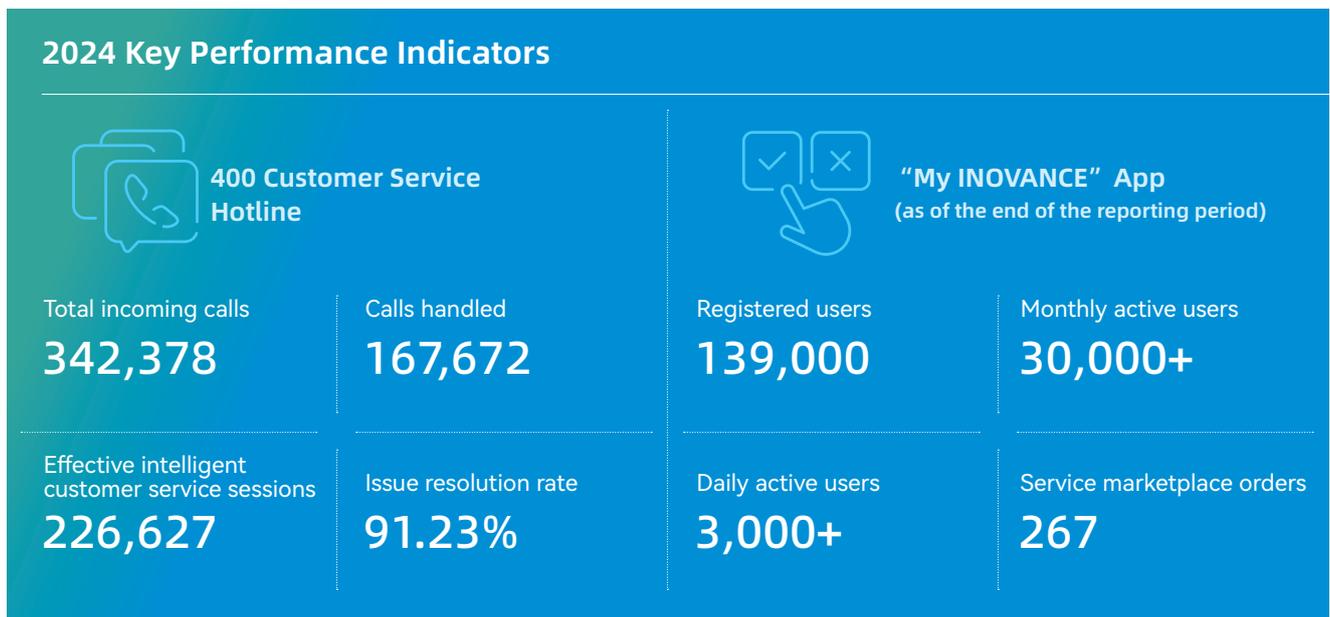
The Company actively explores and maintains diversified customer service channels combining online and offline modes. Online channels include the 400 customer service hotline, intelligent customer service, and the “My INOVANCE” app, while offline channels rely on physical service sites.

“My INOVANCE” is the Company’s dedicated app providing one-stop information and services for customers, offering modules such as service marketplace, product information, and video tutorials. In 2024, “My INOVANCE” added a quick order placement feature to enhance service efficiency. Additionally, the overseas version of the app, “My INOVANCE,” was officially launched to support customers in product and document inquiries, helping the Company better serve overseas customers.

Regarding intelligent customer service, the Company focused on building an AI-based customer service system during the reporting period, resulting in approximately 80% increase in service issue throughput.



“My INOVANCE” One-Stop Information and Service App



## Customer Satisfaction Management

### • Customer Satisfaction Survey

To better implement the business philosophy of “greater customer satisfaction and more efficient operations,” the Company introduced third-party customer satisfaction surveys starting in 2023 to identify and continuously improve high-priority issues. In 2024, the customer satisfaction score from the third-party survey reached 70.86, an increase of 1.11 points from the previous year. Survey results showed that the Company’s customer satisfaction ranked among the top in the domestic industrial automation control industry. The Company annually analyzes customer satisfaction reports to identify core concerns and determine key drivers of satisfaction. Special plans are developed to address various issues, and internal processes and systems are optimized to continuously improve customer satisfaction.

### • Customer Complaints and Resolution

The Company has established an efficient “Issue-to-Resolution” (ITR) process, utilizing a three-tiered response mechanism involving frontline service staff, extended support personnel, and R&D engineers to promptly respond to customer demands, drive swift issue resolution, minimize negative impacts, and improve product quality. In 2024, the customer issue resolution rate reached 94.60%.

### • Customer Privacy Protection

INOVANCE places a high priority on customer privacy protection, with strict information access controls in place, and is committed to collecting, accessing, using, or disclosing customer data only with explicit consent and for legal and appropriate business purposes. Throughout our collaborations, we strictly adhere to customers’ rules and regulations, cautiously safeguarding customer assets including trade secrets, intellectual property, proprietary technologies, and information assets. Throughout the reporting period, there were no incidents of customer privacy or information leakage.



# Innovation Driven Development

*Innovation is the driving force and booster for enterprise development. INOVANCE consistently upholds independent innovation, leveraging advanced technologies and industry experience to deliver more intelligent, precise, and cutting-edge comprehensive products and solutions for customers. Meanwhile, as collaboration with customers and partners deepens, the Company places greater emphasis on information security and privacy protection to safeguard stakeholder data and privacy effectively.*

## R&D Innovation Focus

*As a company that values technology, products, and solutions, INOVANCE places great emphasis on R&D innovation and considers technological innovation as the primary driving force for the company's development. It is committed to continuously creating value for customers by providing innovative solutions and services, helping them achieve business success. The company strictly adheres to scientific ethical standards and follows prudent and robust principles in its R&D activities, strictly prohibiting any research and business practices that infringe on individual rights or harm public interests.*

### Stimulate Innovation Vitality

#### • R&D Innovation Strategy

R&D and innovation are key to maintaining competitive advantage and achieving sustainable development. The Company continues to maintain a high R&D investment ratio, ensuring strategic and annual planning through the DSTE process to guarantee strong investment and strategic direction for innovation. In 2024, the Company defined three major R&D innovation strategies and directions: Digital and intelligent solution architecture innovation, technology leadership innovation, and AI+ innovation.



**Digital and Intelligent Solution Architecture Innovation:**  
Developing IoT-integrated solution frameworks based on industrial networks integrated with wired and wireless technologies, unified data standards, and industrial software.



**Technology Leadership Innovation:**  
Rooted in core technologies, deeply exploring the underlying principles across various technical domains.



**AI+ Innovation:**  
Utilizing AI for product health management, assisting customers in programming and design, intelligent product debugging, and smart Q&A of product knowledge—enabling intelligence of product and solution.

The Company actively integrates global resources and diverse innovative capabilities, leveraging regional technical advantages. R&D centers are located in Shenzhen, Suzhou, Xi'an, Nanjing, Milan in Italy, and Stuttgart in Germany, forming a globally complementary innovation network.

• **Innovation Incentive Mechanisms**

To stimulate employee innovation and deepen the corporate culture of innovation, the Company has established multiple internal innovation awards and recognizes outstanding individuals and experts. For innovative achievements that are not immediately recognized, the Company also has a retrospective innovation reward mechanism to ensure fair and accurate implementation of innovation incentives. In 2024, the Company selected 21 company-level technical award recipients, including 8 for breakthroughs in key technologies, 1 for outstanding technology/product platform, 2 for engineering capability platforms, 5 for outstanding patents, and 5 for outstanding product and solution projects.

To better incentivize technological innovation and research, the Company separates technology development from product development, with independent investment, processes, and decision-making for technology development.

• **Open Innovation Cooperation**

INOVANCE continuously tracks cutting-edge technologies and innovation research and actively collaborates with customers, suppliers, partners, research institutes, and universities on innovation. In terms of innovation exchange, the Company holds innovation seminars and roundtables on an irregular basis, inviting academic and industry experts to explore emerging technology directions and trends. Senior R&D experts actively participate in academic societies, industry associations, and university exchanges to gain insights into the latest technologies and feed them into R&D planning to drive the application of innovations in products and services. In terms of technology cooperation, the Company co-creates with core customers, and establishes joint laboratories with suppliers, partners, and universities to carry out research on various topics. During the reporting period, the Company participated in the formulation of 1 national standard.

National Standards Formulated by INOVANCE in 2024

GB/T 18488 *Drive Motor System for Electric Vehicles*

2024 Key Performance Indicators



R&D investment  
RMB **3,147** million



R&D Investment as a percentage of total revenue  
**8.50%**



Number of R&D personnel  
**5,538** persons



R&D personnel as a percentage of total number of employees  
**22.65%**

New Products / Major Product Upgrades Released in 2024

**AI Servo System with Intelligent Commissioning and Diagnosis Functions**

The AI servo system integrates intelligent commissioning and diagnostic functions with One Cable technology and maintenance-free design without batteries, solving the “black hole of time” in automation and ushering in a new era of intelligent high-end manufacturing. The intelligent commissioning function dramatically shortens setup time by leveraging preset mechanical models, automatic learning of mechanical characteristics, and one-click parameter tuning. The diagnostic function provides real-time health monitoring of key transmission components through intelligent shaft-end diagnostics and edge-layer analysis, offering early warnings before deterioration, reducing unplanned downtime, and supporting precision maintenance and holistic health management.



**InoCube FEMS Net-zero Intelligent Energy Management System**

InoCube FEMS (Factory Energy Management System) is an intelligent energy management solution based on a “plug-and-play” design concept. Built on an integrated cloud-edge-terminal architecture and deeply integrating automation with digital technologies, the system provides real-time energy monitoring, efficiency analysis, load optimization, and carbon footprint management services for industrial customers across generation, grid, load, storage, and carbon scenarios, supporting intelligent green manufacturing. Based on model-driven design, the system supports flexible deployment and modular expansion, which can help enterprises reduce energy costs and improve production efficiency. Furthermore, InoCube FEMS can also predict energy demand, optimize equipment operation strategies, and support carbon management and traceability, helping enterprises achieve the “dual carbon” goals.



**U8 Industrial Collaborative Robot**

The U8 series of industrial collaborative robots redefines productivity with cutting-edge manufacturing DNA, opening a new dimension in human-machine collaboration.

[Industrial-grade Reliability] Equipped with precision joints and long-lifespan core components for continuous 24/7 high-intensity operation under micron-level accuracy, with adaptive collision detection ensuring zero downtime.

[Exceptional Flexibility] Modular design enables flexible deployment; combinations of multi-product operation islands quickly reshape production ecosystems.

[Safe and Friendly] Certified with 25 functional safety standards, building a dual-protection system.



**EC Series Integrated Motors**

The EC Series integrated motors feature high efficiency, energy-saving performance, safety, reliability, adaptability, multifunctionality, low noise, and high protection levels. They are part of INOVANCE’s solutions to reduce energy consumption and enhance centralized control efficiency in the livestock industry. Integrated with INOVANCE’s digital platform and PLC products, the EC Series forms a leading environmental control system solution for livestock farming, supporting the industry’s digital and scientific transformation.



INOVANCE’s R&D achievements gained widespread recognition. Several products received prestigious international design awards in 2024, such as the Red Dot Design Award and iF Design Award. Awarded products include:

<p><b>High-performance IO</b></p>  <p><b>iF DESIGN AWARD 2024</b> + <b>reddot winner 2024</b></p>	<p><b>All-electric injection molding machine</b></p>  <p><b>iF DESIGN AWARD 2024</b> + <b>reddot winner 2023</b></p>	<p><b>Inobox industrial personal computer</b></p>  <p><b>reddot winner 2024</b></p>	<p><b>Speed Reader OCR intelligent camera</b></p>  <p><b>reddot winner 2024</b></p>
<p>High protection, durable and robust</p>	<p>High efficiency, high quality, and low energy consumption Control injection molding production line</p>	<p>Serial compact and flexible industrial PC</p>	<p>AI-powered smart camera with plug-and-play functionality, purpose-designed for specific scenarios</p>
<p><b>PLC education and training platform</b></p>  <p><b>iF DESIGN AWARD 2024</b></p>	<p><b>IPT bus valve island</b></p>  <p><b>iF DESIGN AWARD 2024</b></p>	<p><b>IPV pilot valve</b></p>  <p><b>iF DESIGN AWARD 2024</b></p>	
<p>An integrated industrial control education and training platform</p>	<p>Integrated pneumatic-electric controller</p>	<p>Detachable controller</p>	

## Optimize R&D System

INOVANCE views its mission and vision for the R&D system as “empowering industrial scenarios with leading AI/IoT technology” It builds a comprehensive innovation framework focusing on technology research, platform product development, and customized product development, adopting an IPD R&D model and guided by the *R&D Code of Conduct*. This framework aligns with external environments, corporate strategy, customer needs, technology trends, and market competition.

### • R&D System

<p>Technology research</p>	<ul style="list-style-type: none"> <li>• Advance technology research and pre-research to track leading global technologies and address core technology gaps.</li> <li>• Conduct forward-looking research on key components to maintain core competitiveness.</li> <li>• Develop lightweight, miniaturized, and low-environmental-impact low-carbon green innovation technologies.</li> </ul>
<p>Platform product development</p>	<ul style="list-style-type: none"> <li>• Develop high-performance, highly reliable, and low-cost standardized platform products to provide comprehensive product solutions to customers.</li> <li>• Integrate digital and intelligent technologies to develop model-driven platform products.</li> </ul>
<p>Customized product development</p>	<ul style="list-style-type: none"> <li>• Focus on customized product development to provide tailored innovation solutions for customers.</li> <li>• Establish customer solution development and equipment competitiveness development processes, seamlessly integrating technology research, platform development, and solution development throughout the entire cycle.</li> </ul>

## Protect Intellectual Property

INOVANCE strictly complies with the *Patent Law of the People’s Republic of China*, the *Trademark Law of the People’s Republic of China*, the *Copyright Law of the People’s Republic of China*, and other relevant laws and regulations. The Company has established an intellectual property management system comprising the *Intellectual Property Management Manual*, the *Management Procedures for Risks of Intellectual Property*, the *Management Procedures for Resolution of Disputes on Intellectual Property*, and the *Incentive Procedures for Intellectual Property*. The Company established a Patent Committee and collaborates with IP and legal departments to systematically manage intellectual property creation, protection, application, and management.

During the reporting period, the Company formulated new systems including the *Patent Management System*, the *Patent Rights Protection System*, the *Patent Risk Search System*, and the *Patent Application System* to further standardize internal patent management. These require patent layout for R&D projects and joint discussions between patent engineers and R&D personnel to identify innovations, evaluate risks, and review proposals. The Company also prepares industry and peer patent analysis reports to raise IP awareness, encourages timely reporting of research outcomes, and, through the *Incentive Procedures for Intellectual Property*, rewards patent applications, authorizations, and implementations, boosting employee engagement in innovation and IP applications. Subsidiaries Suzhou INOVANCE and INOVANCE Automotive have obtained third-party certification for the *Enterprise Intellectual Property Management (GB/T 29490-2013)* and received intellectual property management system certification.

The Company respects and protects the intellectual property rights of others and has established internal IP management systems to ensure legal compliance. The Company respects industry norms and conducts intellectual property searches and due diligence prior to product development, procurement, financing, and overseas market expansion to mitigate infringement risks. In addition, the Company actively engages in patent and trademark enforcement to combat counterfeiting and infringement in the market. During the reporting period, the Company did not face any penalties from regulatory authorities for violating intellectual property laws and regulations.

The Company promotes intellectual property awareness in daily operations through regular IP-related training to continuously enhance employees’ awareness of IP protection.

### 2024 Key Performance Indicators

As of December 31, 2024

Valid patents **2,375**



New patent applications

**685**



New patents granted

**572**



New trademarks approved

**59**



New copyrights registered

**79**



Number of invention patents applied to core businesses

**450**

# Data Privacy Protection

“Enhancing awareness, strengthening measures, preventing risks, and securing business” is the company’s information security management policy. Information security training and dissemination are important means to enhance company-wide awareness of information security. The Company strictly complies with the Data Security Law of the People’s Republic of China, the Network Security Law of the People’s Republic of China, the Personal Information Protection Law of the People’s Republic of China, the European Union’s General Data Protection Regulation (GDPR), and other applicable laws and regulations in its operating locations and those of its partners. We prudently fulfill our responsibilities and obligations for data security and privacy protection, collecting and using stakeholder information based on the principles of legality, legitimacy, and necessity.

## Information Security Management

### Information Security Strategy Objectives

INOVANCE and its subsidiaries adhere to the principle of “one network, one security strategy, protecting customer trade secrets.” Based on the information security management principles such as client interoperability, server-side access, and differing regional client and server access, the Company sets the baseline goal of avoiding significant information security incidents. It continuously builds and enhances the information security management system based on ISO/IEC 27001:2013.

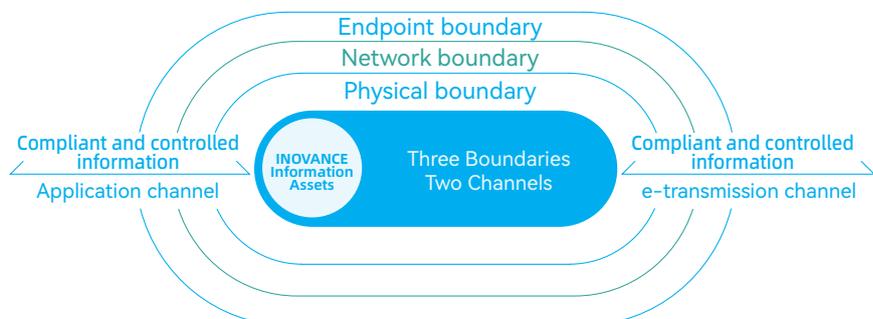
Information Security Objectives	Progress	Status
No major information security incidents	No major information security incidents occurred	Achieved

The Company follows the “Three Boundaries, Two Channels” framework to secure control of INOVANCE’s information assets, balancing security efficiency and service effectiveness.

“Three Boundaries” : Refer to the network boundary, physical boundary, and terminal boundary. All outbound information within the network boundary must undergo compliance review, and core internal secrets are strictly protected. Within the physical boundary, the entry and exit of storage media are strictly controlled to prevent major information leakage incidents. The endpoint boundary is divided into internal and external endpoints; external endpoints, after legal and regulatory review, need to be uniformly managed within the domain when connected to the

company’s network, and information assets within internal endpoints must not leave the company’s endpoints without permission.

“Two Channels” : Refer to the Company’s application and compliance channels for information transmission, which manage internal confidential data and ensure secure document transmission.



INOVANCE Information Security Control Framework

### • Information Security Management Structure

INOVANCE has established a four-tier information security organizational structure internally. Business heads are the primary responsible persons for business information security. They are accountable for managing information security assets during operations. Information security indicators are included in executive performance assessments. The Information Security Department is responsible for planning the information security control system and conducting audits. The IT Security Department is tasked with implementing and maintaining the Company's information security system. Performance indicators such as timely resolution rate of security risks and timely closure rate of major security incidents are incorporated into departmental KPIs. All departments jointly build the information security system and ensure daily operations comply with legal and regulatory requirements.

### • Information Security Management System

The Company has established a strict data privacy protection system and data collection statements/consent policies. Relevant regulations include the *Information Security Incident Management Regulations*, the *Privacy Policy*, the *Information Asset Transmission Regulation*, the *Information Security Reward and Punishment Regulations*, and the *Information Security Violation Cases and Penalties*. These are reviewed annually and revised as needed based on applicable laws and regulations, industry insights, and incident response experience.

During the reporting period, the Company reviewed and revised four policies: the *Information Security Awareness Cultivation Policy*, the *Information Security Resignation Audit Policy*, the *Information Security Reward and Punishment Regulations*, and the *Trade Secret Protection Policy*. Domestically, the *Personal Information Protection Management Policy* covers all employees and suppliers within China. Internationally, the Company implements GDPR-aligned practices at its overseas operations.

### • Information Security Risk Management

The Company annually updates the inventory of confidential business information assets. The Information Security Department reviews the protection plans for various scenarios, checking for vulnerabilities and whether the plans address emerging threats. Information assets are classified into four levels— "Confidential," "Secret," "Internal Use," and "Public"—based on file sensitivity, retention period, and transmission requirements. Departments owning information assets must regularly review the classification levels, and reevaluate the classification when the confidentiality period expires.

### • Information Security Emergency Response Management

The Company manages information security incidents based on the *Information Security Incident Management Regulations*, conducting source tracing, evidence preservation, and fact clarification. We respond promptly and legally to incidents until proper resolution is achieved. In 2023, the Company set a target of identifying and resolving security incidents within 21 days of occurrence. During the reporting period, the average incident identification time was 13.1 days, a 30% improvement over the target.

### • Information Security Audit

The Company conducts routine information security audits monthly and issues corresponding audit reports. Information security audits during the reporting period covered all key operating sites except EST and INOVANCE Automotive. The Company has strengthened its information security resignation audit this year, covering all resigned employees except for production line employees and employees in some subsidiary companies.

### • Information Security Training

Annual company-wide information security training is conducted. INOVANCE's information security training system consists of new employee orientation training, regular information security exams, and routine specialized training for information security officers in various business departments. During the reporting period, one information security and legal exam was administered to all employees, achieving a 100% pass rate. Additionally, 21 information security training sessions were held.

## IT Safety

### • Security Strategy Objectives

The Company aims to prevent major IT security incidents and ensure system availability and business continuity. We continue to strengthen a “zero trust” IT security framework, enabling trusted control over endpoints, network access, applications, and data.

IT Security Objectives	Progress	Status
No major IT security incidents	No major IT security incidents	Achieved
Total system unplanned downtime ≤ 23.11 hours	Total system unplanned downtime ≤ 18.33 hours	Achieved

### • IT Security Management Structure

Internally, the company has established a clearly defined IT security management structure. The Executive Management Team (EMT) approves the Company’s IT security policies, management strategies, and performance indicators. The Process Data and IT Department is responsible for corporate IT development, maintenance, and security. The IT security department is responsible for the construction and maintenance of IT security, including enforcing IT security policies, access control, network security, and security audits.

### • IT Security Management System

The Company established its information security management system in accordance with ISO/IEC 27001:2013 and has issued policies such as the *IT Service Continuity Management Regulations* and the *IT Service Continuity Plan* to comprehensively protect IT security. The IT security department conducts monthly vulnerability scans of all Company servers to detect potential security risks and ensure reliable system operation. The Company transforms the latest IT security insights into internal security baselines, improves the vulnerability management mechanism, monitors daily security issues, and organizes regular attack-defense drills.

### • Emergency Response and Offensive and Defensive Drills

IT incidents (including IT security incidents) are classified based on the number of affected individuals and the type of business involved. Incidents are categorized into four levels based on urgency, scope, severity, and potential consequences: Level I (Highest), Level II (High), Level III (Medium), and Level IV (Low). In 2024, the Company added two emergency response plans: The *Cloud System DDoS Attack Emergency Plan* and the *Domain Hijacking Attack Emergency Plan*.

To enhance the Company’s practical offensive and defensive capabilities, improve the capacity to identify security threats, trace their sources, and respond to emergencies, five offensive and defensive drills were conducted in 2024, uncovering 326 vulnerabilities with a timely fix rate of 90.5%.

In 2024, the Company conducted one IT business continuity test covering key systems to ensure that the relevant architecture effectively meets the requirements of RTO and RPO.

### • IT Security Audits

The IT Security Department conducts annual internal audits to ensure group-wide compliance with security baselines. In 2024, the Company passed the AEO Advanced Certification audit by the Customs Authority, which included assessments of business continuity, cybersecurity, data centers, business systems, and IT security. Third-party information security rating agency BitSight evaluated the security of the Company’s external systems and internal endpoints. The average daily score in 2024 was 774 out of 850, placing the Company at a leading level within the industry. During the reporting period, two subsidiaries obtained ISO 27001 certification, an increase of one compared to the previous year.

# Employee Development Guarantee

INOVANCE recognizes that employees are the company's most valuable asset. The Company upholds the core value of "contributor oriented," striving to foster a people-centered cultural system that protects employee rights, enhances well-being, and promotes a diverse, equal, inclusive, and trustworthy workplace. We strengthen occupational health and safety management, ensure a safe working environment, focus on talent development, open up advancement pathways to grow with our employees, and cultivate top talent for the industry.

## Employee Rights and Welfare Protection

### Equal and Inclusive Workplace

INOVANCE advocates for diversity, equity, and inclusion, and is committed to treating all employees equally—regardless of gender, ethnicity, nationality, culture, religious belief, political affiliation, skin color, sexual orientation, age, social status, disability, or any other personal characteristic—across all stages of employment, including recruitment, compensation, training, promotion, and termination. We believe that a diverse cultural background can stimulate team creativity. We will continue to improve our employee diversity platform to foster equal communication and collaborative innovation among all employees.

#### • Employee Diversity

INOVANCE adheres to the cultural values of equality and diversity. With the advancement of our internationalization strategy, we have gradually established employee teams and hired local talent in different operational regions. As of the end of the reporting period, the Company employed 26,518 people from over 10 countries and regions, including 444 foreign employees.

The Company places great emphasis on protecting the legal rights of female employees and is committed to supporting their career development. As of the end of the reporting period, female employees accounted for 25.41% of the workforce, and women held 15.75% of management positions.

### Key Performance in 2024 (as of December 31, 2024)



Total number of employees  
**26,518** persons



Proportion of female employees  
**25.41%**



Proportion of female management  
**15.75%**

**Note:** The proportion of female employees and female management only involves domestic employees and does not cover overseas employees.

## • Equal and Inclusive Work Environment

INOVANCE has issued the *Business Conduct Guideline*, the *Anti-Discrimination and Harassment Procedure*, and the *Guidelines for Prevention and Control of Sexual Harassment in Workplace* to regulate employee behavior and continuously promote the development of an inclusive and equitable work environment. We encourage employees from diverse backgrounds to engage in active communication. On the basis of mutual respect and understanding of different cultures, we promote team integration and enhance cohesion.



**Proactively Fulfilling Social  
Responsibility for Employment  
of People with Disabilities**

Since the second half of 2024, INOVANCE has created positions suitable for people with disabilities at Yueyang INOVANCE, including administrative roles and simple manual production roles, supporting the employment and placement of workers with disabilities in the local area. The Company plans to expand this employment support initiative for persons with disabilities to other production bases across China, including Xi'an, Nanjing, and Jinan.

## Employee Interests Protection

INOVANCE strictly adheres to the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and other legal regulations, as well as the laws and regulations of the countries and regions where it operates, establishing a comprehensive system to protect employee rights and genuinely safeguarding employee interests. Based on the Company's standardized system, some subsidiaries have formulated specific employee rights protection policies in accordance with local conditions.

In 2024, the Company conducted internal audits covering employee rights at selected operational sites and found no high-risk issues related to human rights.

### • Equal Employment and Freedom of Occupation

During recruitment, the Company adheres to the principles of fairness, impartiality, and openness. Recruitment is carried out in an orderly manner in accordance with the *Employee Recruitment Management System* and the *Labor Contract Management Measures*. Candidates are evaluated based on competence, skills, and adaptability to ensure the most suitable talents are hired, and employment discrimination is eliminated. The Company respects employees' freedom to choose employment, is committed to publishing objective and truthful job postings, does not restrict employees from engaging in specific jobs or work against their will, and supports employees in pursuing their career development. No illegal or non-compliant employment incidents occurred during the reporting period.

### • Prohibition of Child Labor and Forced Labor

In accordance with the *Business Conduct Guideline*, we are firmly committed to prohibiting the employment or support of child labor under any circumstances. During recruitment, we verify the authenticity of candidate information through background checks and official identification documents. Additionally, the Company has developed a *Child Labor Remediation Flowchart*. If an incident of inadvertent child labor employment is discovered, we will promptly take remedial measures such as providing appropriate medical treatment and compensation, encouraging the child to continue compulsory education, or arranging their return to their place of origin, depending on their physical condition and education level.

We respect human rights and employee freedoms, including freedom of career choice, freedom of employment and resignation, voluntary overtime, and freedom of movement. We prohibit all forms of modern slavery or human trafficking, including forced labor, bonded labor, indentured servitude, and involuntary prison labor. We also prohibit any actions that restrict labor freedom, such as withholding wages, benefits, property, or personal identification documents.

During the reporting period, there were no incidents related to employing child labor or forced labor.

• **Compensation, Working Hours, and Holidays**

The Company strictly complies with wage and compensation laws applicable in its operating locations and adheres to the principle of equal pay. In accordance with the *Management Procedures for Social Responsibility and Occupational Ethics*, the Company provides compensation that meets legal or industry minimum wage standards and has implemented a series of compensation policies, including the *Salary Management System*, to standardize compensation management.

In terms of working hours and leave management, the Company strictly follows applicable legal and industry requirements and has formulated the *Attendance Management Measures* and the *Management Procedures for Social Responsibility and Occupational Ethics*. Working hours are recorded, overtime pay is issued in accordance with legal requirements, and reasonable rest and leave entitlements are ensured. We offer paid annual leave that exceeds national policy requirements, as well as legally compliant maternity checkup leave, maternity leave, breastfeeding leave, and additional local leave types such as marriage leave, bereavement leave, and paternity leave.

• **Anti-Discrimination and Anti-Harassment**

The Company prohibits all forms of discrimination and harassment and is committed to providing equal opportunities and fair treatment to employees of all races, cultural backgrounds, religions, genders, ages, and physical conditions. The Company has established the *Prevention and Management Standards for Workplace Sexual Harassment* and the *Anti-Discrimination and Harassment Procedure*, supported by relevant mechanisms, and maintains a zero-tolerance policy for workplace harassment.

• **Collective Bargaining and Freedom of Association**

The Company respects employees’ legal rights and is committed to safeguarding employees’ legal rights to freedom of association, unionization, and participation in collective bargaining. We continue to strengthen the workers’ representative congress system and labor union structures, enhance democratic corporate governance, and foster harmonious labor relations. All full-time employees under labor contracts may participate in collective bargaining to jointly review policies concerning compensation, working hours and leave, *occupational health* and safety, employee benefits, and training. As of the end of the reporting period, the *Collective Contract* and *Wage Collective Negotiation Agreement* covered 84.74% of employees.

**Employee Welfare and Care**

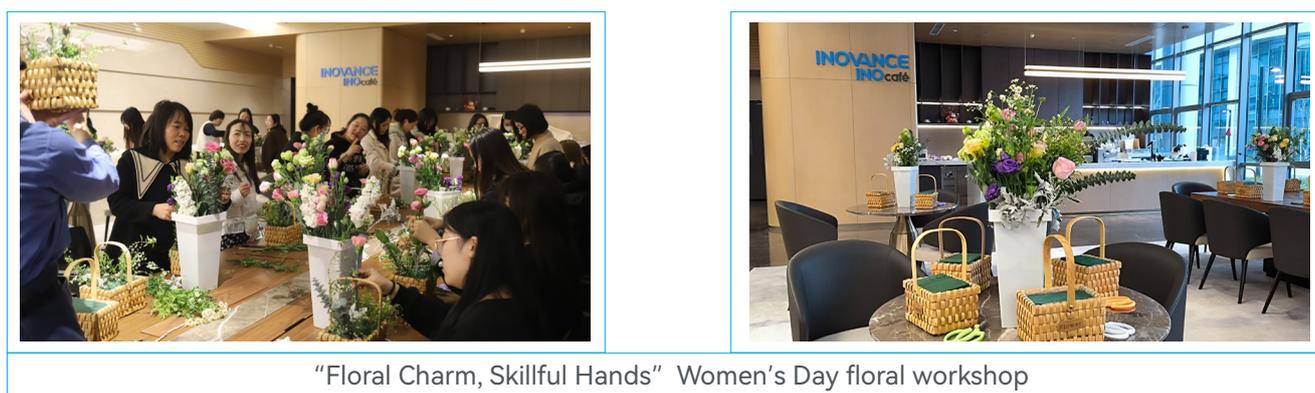
We firmly believe that caring for employees is caring for the future of the Company. The Company provides comprehensive and diverse employee benefits and care programs. Various initiatives are in place to support employees’ physical and mental well-being, promote work-life balance, enhance their sense of security, fulfillment, and happiness, and strengthen team cohesion and a sense of belonging.

The Company has developed a five-level employee welfare and care system addressing basic, safety, belonging, respect, and self-actualization needs. Benefits exceeding statutory standards include additional coverage for critical illness, accident, and life insurance, a compassion fund assistance mechanism, and targeted benefits for special groups such as employees with illnesses, female employees, those in hardship, and overseas employees.



• Customized Employee Benefits and Care Programs

Employee Group	Benefits and Care Measures	Progress in 2024
Female employees	<ul style="list-style-type: none"> <li>Established “Mom Stations” (mother and baby rooms)</li> <li>One-hour daily breastfeeding leave for female employees during nursing period</li> <li>Set up holidays for female employees</li> <li>Launched special activities for Women’s Day</li> </ul>	<p>Six new “Mom Stations” were established at Company locations</p> <p>Held International Women’s Day floral workshop events such as “Floral Charm, Skillful Hands”</p> <p>Prepared customized gifts for female employees on Women’s Day</p>
Employees in difficulty	<ul style="list-style-type: none"> <li>Established a charity fund for employees in difficulty</li> <li>Created a family hardship assistance mechanism offering interest-free loans for emergencies</li> </ul>	<p>Provided compassion fund support to seven employees totaling RMB 423,862.82</p>
Employees working overseas	<ul style="list-style-type: none"> <li>Produced a global cross-border entry and exit handbook for overseas cultural guidance</li> <li>Improved employee overseas assignment processes and developed a global mobility system</li> <li>Established a comprehensive overseas employee insurance mechanism for safety and health protection</li> </ul>	<p>Purchased overseas travel insurance for 398 employees</p>



“Floral Charm, Skillful Hands” Women’s Day floral workshop

• Employee Assistance Program (EAP)

The Company places strong emphasis on mental health. Since 2023, the Employee Assistance Program (EAP) has been in place. Various activities were conducted to raise awareness and promote healthy mindsets. An EAP counseling room was established at Suzhou INOVANCE. A column called “HUI XIN QING” was created on the internal platform to share stress-relief tips. On-site counseling services are offered regularly to provide comprehensive mental health support and help employees alleviate stress effectively.

EAP Implementation in 2024

**Individual Psychological Counseling:** 374 total hours provided to 84 employees.

**Employee Care and Support:** Continued follow-up for 73 employees dealing with long-term illness or severe conditions, with 53 cases concluded and 20 ongoing as of the end of the reporting period.

**Group Counseling Sessions:** 8 sessions were conducted, reaching over 900 employees; 36 mental health articles published with over 44,000 views.

“A Hundred EAP Ambassadors” Program

In 2024, the Company launched the “100 EAP Ambassadors” program, selecting and training 100 outstanding employees to serve as EAP ambassadors responsible for care actions. During the reporting period, EAP ambassadors handled 271 cases involving employee relations support and prevention, including ten crisis interventions. The program achieved a 93% case handling rate. At the end of 2024, five ambassadors were recognized as “Outstanding Ambassadors”.

The program received positive feedback internally and externally, with Suzhou INOVANCE recognized as a “Professional Third-Party Mediation Organization of Suzhou”

### • Balancing Work and Life

The Company promotes people-oriented management, encourages work-life balance, and supports employees in participating in activities based on their interests. The Company has established 29 interest-based clubs covering basketball, swimming, dancing, etc., and regularly organizes outdoor activities, sports meets, and family days to enhance employees' physical fitness, enrich their spare time, and improve their well-being and sense of belonging. Libraries, lounges, and a variety of fitness facilities have been set up at key sites to support employee relaxation and recreation. A one-stop employee service platform provides integrated administrative, HR, fixed asset, and IT services. In 2024, 5 sites launched new one-stop service desks.

More than 1,000 employees participated in the Company's 2024 Sports Meeting, and over 500 participated in both marathon and family day events.



INOVANCE Family Day 2024

## Employee Communication and Feedback

The Company values employee satisfaction, happiness, and engagement. To foster a diverse, equitable, and inclusive workplace, we maintain multiple communication channels and mechanisms, including workers' representative congresses, a whistleblower mechanism, employee satisfaction surveys, the internal "INOVANCE Circle" forum, the "HR Help Me" mailbox, and the President's Mailbox. We actively listen to employee concerns and provide timely feedback and solutions to ensure issues are effectively resolved.

### • Workers' Congress and Trade Union

The Company has established a Workers' Representative Congress system and has set up trade union organizations in accordance with legal provisions. These bodies fully play their role in democratic decision-making, management, and supervision to ensure all employees' rights to be informed, to participate, to express themselves, and to supervise. They also promote the institutionalization, standardization, and proceduralization of the Company's democratic management. As of the end of the reporting period, all major Company entities had established labor unions, with 88.72% of employee participation rate.

### • Whistleblower Mechanism

A year-round whistleblower mechanism is in place. Employees can submit suggestions or feedback regarding the work environment and business management through the platform. The business department will submit the reviewed proposals to the higher-level department. Validated proposals are implemented internally, and the proposers are rewarded accordingly.

### • President's Mailbox

The President's Mailbox provides an upward communication channel for all employees. It enables monitoring of managers at all levels and helps resolve real issues faced by employees. The mailbox also accepts reports of misconduct that violate the value of "Customer First." In 2024, the President's Mailbox received 91 letters.

# Talent Attraction and Retention

## Talent Attraction and Recruitment

The Company has established a diversified talent recruitment system to attract and select outstanding talent through a wide range of channels. During the reporting period, the *Employee Recruitment Management Policy* was further optimized to expand recruitment channels, simplify and refine processes, and enhance talent selection criteria, in response to evolving business needs and market conditions.

Recruitment is categorized into three types: campus recruitment, social recruitment, and production line recruitment.



### Campus Recruitment

The Company partners with universities to co-establish “INOVANCE Classes,” joint laboratories, and provide application-based teaching scenarios in the industrial automation control field, sharing best practices to help students better understand the application of industrial automation products. During recruitment seasons, we engage in close collaboration with schools through the approach of “sending teaching to the door” on career development and industry insights to enhance our attractiveness to graduates.



### Social Recruitment

For high-level talent, the Company follows a “careers attract people” strategy. We believe in the value and potential of talent and are committed to providing an environment full of opportunities and challenges, allowing outstanding talents to fully utilize the Company’s platform to exert their abilities and achieve their career aspirations.



### Production Line Recruitment

This includes both campus and social recruitment. In campus recruitment, we work with vocational schools on order-based training programs that integrate job-relevant courses and offer career guidance. For social recruitment, we use multiple channels, including traditional online recruitment as well as emerging media platforms. The use of diverse recruitment channels enables us to reach a broader talent pool and attract suitable candidates.

## Talent Retention and Motivation

The company places a high priority on talent reserves and building talent echelons, offering targeted retention measures for different categories of talent, continuously optimizing the cadre care mechanism, and has constructed a “contributor oriented” compensation system and incentive mechanism. Additionally, it conducts human resource digital transformation in a “digitized” manner to enhance the management efficiency of the talent system.

### • Talent Retention System

The company has established a retention system covering fresh graduates, socially recruited personnel, experts, and key position talents.

<b>Graduates</b>	The Company promotes the “Three-Year Fresh Graduate” plan to cultivate key business talent through targeted, customized work arrangements. In 2024, the program focused on goal setting and high-standard process management, encouraging graduates to stay motivated through resource support, competitions, and knowledge sharing.
<b>New Hires (Social Recruitment)</b>	A mentoring program is in place to help new hires integrate quickly and master their roles.
<b>Experts</b>	The Company implements a “One Axis, Four Lines” expert care framework—time as the main axis, supported by integration and value creation lines, along with motivation and development lines—to maximize expert contributions.
<b>Key Role Talent</b>	A targeted care mechanism is in place for employees in critical roles, coordinated by HR, department heads, and secretaries, to identify needs and follow through on actions.

## INOVANCE Talent Pipeline



Proportion of expert-level talent

0.5%



Proportion of senior talent

14.5%



Proportion of mid-level talent

50%



Proportion of junior talent

35%

### • Employee Compensation and Incentives

INOVANCE upholds the core value of “contributor oriented” and the principles of fairness and equity. Our compensation system includes base salary, allowances, bonuses, long-term incentives, and statutory benefits. Relevant policies include the *Salary Management Policy*, the *Year-End Bonus Management Policy*, and the *Project Bonus Management Measures*. In addition, the Company issued the *Overseas Subsidiary Compensation Management Policy* during the reporting period to standardize overseas employee compensation and support global business expansion.

The Company applies job grading and performance evaluation mechanisms to review employee grades and compensation based on job grading, role matching, and external competitiveness. We favor high performers, oppose mediocrity, and are committed to offering competitive compensation and benefits to continually energize and inspire our workforce.

### • Talent Incentive Programs

#### Equity Incentives

The Company continues to launch equity incentive plans, creating a mechanism for employees to share interests with the Company and motivate management teams, outstanding staff, and key talents. In 2024, the Company launched its seventh equity incentive plan, granting 283,000 Class II restricted shares to 14 employees and 30,892,200 stock options to 1,146 employees. New incentive recipients were primarily middle management and core technical or business personnel. They accounted for 4.37% of total employees. As of the end of the reporting period, 3 equity incentive plans and 2 long-term incentive mechanisms were in effect, covering a total of 1,398 employees, or 5.27% of the workforce. Among all recipients, 99.07% were general employees.

#### Performance Bonus

The Company’s compensation structure distinguishes between base salary and performance bonuses. While ensuring employees’ basic income, performance bonuses serve to incentivize improved work performance.

#### Benchmarking and Recognition

Annually, the Company conducts recognition events to provide bonuses and honors to outstanding employees. In 2024, 26 teams received the Company-level “Outstanding Team Award,” and 100 employees received the “Outstanding Employee Award.” In addition, various departments and subsidiaries have also launched their own recognition and incentive programs.

#### Standard Allowance Items

These include living subsidies, special post allowances, skill allowances, expatriate allowances, and contribution-based rewards such as mentor fees, talent referral bonuses, and lecturer fees.

# Employee Training and Development

## Employee Training System

INOVANCE places great emphasis on talent development and has established a training system tailored to employees of different levels and categories. Through a mix of online courses, themed workshops, and offline training camps, the Company provides abundant learning resources aimed at enhancing leadership among managers, professionalism and technical capabilities among employees, and business collaboration skills across the ecosystem, ensuring employees are well-equipped with the knowledge and skills required for their roles. The Company has formulated the *Employee Training Management Procedure*, the *New Employee Training Operation Regulations*, the *Outsourced Training Management System*, and the *Course Management System* to ensure the standardized and effective operation of the employee training system.

The Company has built a learning and development platform centered around “INOVANCE Academy,” offering high-quality training programs and courses, nurturing excellent internal instructors, and consolidating organizational knowledge to provide employees with professional and high-value learning resources that meet their development needs.

In 2024, the Company optimized the training system in three main areas:

<p>Curriculum Policy Optimization</p>	<p>Updated provisions and refined standards to steer training objectives and ensure quality control. Measures include classifying courses and defining certification standards based on three to five year future needs, using scientific course coding, and improving course inventory, management and retrieval.</p>
<p>Lecturer Policy Optimization</p>	<p>Detailed lecturer sourcing, training, and certification processes, established usage logic, structure and rules, defined exit criteria, and standardized lecturer compensation.</p>
<p>Learning Platform Governance Optimization</p>	<p>Clarified departmental responsibilities in platform construction and upgraded administrator duties across all platform levels based on actual use cases.</p>



## • INOVANCE's Technology Training System

Training Categories	Training Program	Target Participants	Main Content
New employee training	NPT Program (New Power Training Camp)	Campus-recruited fresh graduates	Focuses on cultural integration through various learning formats to help new hires understand Company values and norms, improving their sense of belonging. Mentor training is also emphasized to support new hires in integrating more effectively.
	NET Program (New Energy Training Camp)	New hires from social recruitment	
	NTT Program (New Talent Tutor Camp)	New employee mentors	
Management training	RMT Program (Rising Manager Training Camp)	Succession managers of various systems	Based on the four capabilities and "three do's and three builds" profile for INOVANCE leaders, a training system from reserve managers to senior managers was established to strengthen leadership skills across all management levels.
	NMT Program (New Manager Training Camp)	Newly promoted managers	
	MMT Program (Middle Manager Training Camp)	Directors and senior managers	
	TMT Program (Top Management Training Camp)	Assistant director-level and above managers and level five experts	
Professional talent training	ART Program (Account Responsibility Training Camp)	Employees involved in sales	Job qualification maps were developed for key positions, focusing on business pain points and sharing INOVANCE's best practices. Specialized training programs target functions like marketing, R&D, digital transformation, solution delivery, and project management.
	GPMT Program (General Automation Project Management)	Employees in project management	
	RPT Program (R&D Project Manager Camp)	R&D project management personnel	
	BVT Program (Business Vanguard Training Camp)	Core operational talents from Heavyweight Teams	
	CPT Program (Chief Product Officer Special Training Camp)	Employees in product management	
	SRT Program (Solution Representative Training Camp)	Employees in solution delivery	
	ITT Program (International Talent Training Camp)	Business and management staff from global operational sites	
	PCMT Program (Procurement Category Manager Training Camp)	Employees in procurement	
	CST Program (Customer Service Training Camp)	Technical service engineers	
	CRT Program (Channel Responsibility Training Camp)	Employees in channel management	
Technical talent training	NFT Program (New Force Special Training Camp)	Some campus recruits	Technical knowledge and skills training was provided to familiarize employees with INOVANCE's main products and technologies, improving their practical application capabilities.
	Market Intermediate Technical Training Program	Marketing employees	
	Creation Camp Project	Interns at Marketing Positions	
	Product Technical Enablement Program	Employees working on solutions	
	Digital-OT Integration Camp	Employees in digital and solution-related roles	
Ecosystem talent training	OMT Program (Outstanding Manager Training Camp)	Mid- and senior-level managers from INOVANCE's customers	In alignment with strategic and business development goals, the Company consolidated and shared advanced managerial insights and methodologies with ecosystem partners to jointly build talent and achieve win-win development.
	ECPT Program (Excellent Chief Product Officer Special Training Camp)	Product managers from INOVANCE's ecosystem companies	
	IET Program (Ecosystem Technical Capability Empowerment Camp)	Technical staff from ecosystem partners	
	Customer-customized Training Programs	Technical personnel of INOVANCE's customers	
	IAT Program (INOVANCE Automotive After-sales Training)	Technical staff from authorized service stations	

• **Specialized Training Program Case**

**RMT Program (Rising Manager Training Camp)**

The Company launched the RMT Program (Rising Manager Training Camp) to train future leaders across business lines, integrating management theories with real-world business scenarios. The program adopts a credit system for quantitative assessment, quantitatively evaluating the classroom performance of trainees and the timeliness and quality of their completion of learning tasks. In 2024, four special classes were launched, with 199 trainees completing 112.25 total hours of offline training. All four classes successfully concluded by the end of the reporting period.

**BVT Program (Business Vanguard Training Camp)**

Targeted at key roles in business operations, such as marketing, development, and account representatives, this program focused on business outcomes and operational awareness. Through empowerment seminars and practical workshops, trainees were guided to clarify roles, understand IPD processes, and strengthen end-to-end business awareness. In 2024, the program trained 81 core business representatives with a total of 21 training hours.

**NFT Program (New Force Special Training Camp)**

The NFT Program, focused on technical application, trained 372 campus recruits in 11 classes during 2024, delivering 1,026 hours of technical and hands-on training. The program helped new graduates quickly understand INOVANCE's core products and technologies, strengthening their practical skills and integration into business operations.

• **Training Satisfaction Evaluation**

INOVANCE Academy conducted evaluations and satisfaction surveys after each training camp and program completion.

**Post-training Evaluation**

It was divided into course satisfaction and operational satisfaction, assessed by participants. Course satisfaction covered content, presentation, and knowledge application; operational satisfaction covered preparation, class management, and support services. Program teams reviewed feedback for continuous improvement.

**Post-completion Evaluation**

It was conducted by program sponsors and business stakeholders via interviews and surveys. The feedback was incorporated into performance evaluations.

• **Online Learning Platform Construction**

To support flexible, self-directed learning, the Company launched an online learning platform for knowledge accumulation and sharing. As of the end of the reporting period: 25,987 active user accounts, 439,089.57 total learning hours, 10,344 cumulative courses, and 9,446 new learning programs published in 2024.

## • Internal Instructor Development

Excellent instructors and high-quality courses are the soul of INOVANCE Academy and key to the success of the training system. The Company continuously improves its *Lecturer Management System* to support talent development aligned with current and future scenarios. 2024, efforts focused on achieving balance in instructor selection and developing a professional internal lecturer training system.

Instructor selection emphasized matching teaching content with practical needs, adhering to the principle of “assign to validate, validate to assign,” enhancing training effectiveness.

In terms of the construction of a professional lecturer training system, the Company carefully plans internal trainer programs based on the training needs of each system’s lecturers and the annual demand for lecturers at INOVANCE Academy, combined with lecturer portraits and ability models, including 12 classes with trainees at the beginner, intermediate and advanced levels, and has trained 335 lecturers at different levels. Four instructors were awarded the “Gold Lecturer” title and profiled to foster a strong learning culture.

## Employee Promotion and Development

As part of the employee promotion and development system, the Company has established a comprehensive career development pathway based on job categories, covering four main career tracks: management, professional, project management, and skilled talent. Policies such as the *Qualification Management System* and the *Management Regulations for Work License Implementation* serve as promotion frameworks and ensure fairness in career progression.

Each year, capability certifications are conducted based on qualification standards to identify talent potential, ensuring optimal role fit, and enabling internal mobility that maximizes organizational agility.

### “Ocean Flow Plan”

To encourage internal mobility and nurture well-rounded, high-caliber talent in support of evolving business needs, the Company launched the “Ocean Flow Plan” in 2024.

The Company irregularly posts internal transfer opportunities and offers an “I Want to Apply” platform. Employees meeting basic criteria such as tenure and performance can apply, submit resumes, and inquire about openings. The internal transfer process mirrors external recruitment, and employee privacy is strictly protected throughout. Once an employee passes the interview, the original department is not allowed to block the transfer.

In 2024, over 100 employees successfully completed internal transfers through the “Ocean Flow Plan.”

## • Employee Performance Evaluation

The Company continues to optimize the *Individual Performance Evaluation Procedure* and related systems, conducting periodic performance reviews in accordance with the full process of “goal setting – performance coaching – performance appraisal – performance review discussion – appeal process – application and filing of performance results.” Performance results serve as an important basis for employee promotion and compensation adjustment. During the reporting period, 100% of the company’s employees underwent regular performance and career development evaluations.

## • Supporting Employee Development

The Company provides academic advancement support for skilled workers who have served for more than three months. For employees who successfully complete the academic advancement program and obtain a diploma, the Company reimburses 100% of the tuition fees. This program covers both associate and bachelor’s degrees. In 2024, Suzhou INOVANCE partnered with local vocational colleges to launch an academic advancement program, supporting a total of 89 employees during the year.

# Occupational Health and Safety

INOVANCE has established “zero major safety incidents, zero occupational disease cases, zero environmental accidents, and zero regulatory penalties” as long-term objectives. We are committed to building a robust occupational health and safety management system that covers all employees and partners, strengthens safety risk management and safety culture, and promotes the prevention and awareness of occupational diseases to safeguard employee health and safety.

## Annual Key Performance



Occupational Disease Incident  
**0** Incident



Occupational Health check-ups Coverage  
**100%**



Employee signing rate of the Safety Responsibility Agreement  
**100%**

## Safety Production

Target	Progress	Status
Zero major safety accident	No major safety incidents	Achieved
Zero environmental incident	No environmental accidents	Achieved
Zero penalty	No regulatory penalties	Achieved
Zero occupational disease	No occupational disease incidents	Achieved

### Strengthening the Safety Management System

INOVANCE strictly complies with the *Work Safety Law of the People’s Republic of China*, the *Law of the People’s Republic of China on Prevention and Control of Occupational Diseases*, the *Regulations on Work Safety Accident Reporting and Investigation*, and the *Work Safety Standardization Evaluation Methods for Enterprises*, as well as relevant laws and regulations in its operating locations. The Company has established systems such as the EHS “Three simultaneous” Management System of Construction Projects, the Management Measures for Safety Performance Assessment, and the EHS Rewards and Penalties Management Procedures, and continues to improve its occupational health and safety management system. The system covers all business units, subsidiaries, employment types, and partners.

### Occupational Safety Management Structure

During the reporting year, the Company strengthened its organizational support for occupational safety, with the management team responsible for the overall management and supervision of occupational safety. Safety matters are decided at EMT meetings. The Safety Production Committee supports the implementation of safety technical measures, occupational disease prevention and monitoring plans, as well as safety inspections and supervision. In the reporting year, the Company held two EMT safety meetings to review and improve three occupational safety management system documents. The Environment, Health and Safety (EHS) Department is responsible for advancing specific EHS management tasks, with EHS officers stationed at key plants and subsidiaries to communicate and implement corporate EHS requirements.

The Company implements an all-employee safety responsibility system, linking executive compensation to occupational health and safety performance indicators. All employees have signed the *Safety Responsibility Agreement*. Employees may provide suggestions regarding occupational health and safety through labor union at the workers’ congresses or regular communication activities, or submit related feedback via whistleblower mechanisms or the President’s mailbox.

Key EHS Management Systems	
<i>EHS “Three Simultaneous” Management System of Construction Projects</i>	<i>Occupational Health Management Regulations</i>
<i>Work Injury &amp; Accident Handling Regulations</i>	<i>Hazardous Waste Management Regulations</i>
<i>Management Measures for Safety Performance Assessment</i>	<i>R&amp;D Laboratory Safety Management System</i>
<i>EHS Rewards and Penalties Management Procedures</i>	<i>Limited Space Safety Management Regulations</i>
New Policies Introduced in 2024	
<i>Guidelines on Overseas EHS System Framework Construction</i>	<i>Management Measures for Safety Performance Assessment</i>
<i>EHS Performance Appraisal Measures of R&amp;D Management Department</i>	<i>EHS Rewards and Penalties Management Procedures</i>
<i>Safety Inspection Notification Form of Dalian Zhiding Technology</i>	<i>Safety Officer Management System for the Marketing System</i>

• **Safety Management System**

During the reporting period, one new subsidiary obtained ISO 45001 certification. By the end of the reporting period, 57.89% of the Company’s key operating sites were certified under ISO 45001:2018 Occupational Health and Safety Management Systems. The occupational health and safety management system covered 91.19% of employees. Subsidiary Suzhou INOVANCE passed the evaluation of “Second level Safety Production Standardization Enterprise” in Jiangsu Province this year.

• **Safety Culture Development**

The Company regularly conducts safety education and training for all employees through a combination of online, offline, and practical drills. Training methods include online file sharing, safety examinations, onboarding training, special lectures, and on-site guidance to improve employees’ safety skills, literacy, and awareness. During the reporting period, the Company organized 67 special safety training sessions covering topics such as safe operation procedures, electrical safety, chemical safety, special equipment safety, and hazard identification. The training covered all employees as well as suppliers and partners who are required to work on-site.

**Case: Work Safety Month**



During Work Safety Month in 2024, the Company carried out specialized safety inspections, hosted safety knowledge competitions, and conducted emergency drills based on business continuity plans. Safety training was also provided to both senior employees and all employees.



**Case: Fire Safety Month**



In 2024, during Fire Safety Month, the Company organized group-wide fire safety competitions and volunteer fire brigades to raise fire safety awareness among all employees and enhance practical safety capabilities.



**Product Safety Training**



The Company conducted specialized training on product debugging and operational safety to enhance safety awareness and practical skills of marketing and technical service personnel. In 2024, the Company organized four general on-site product debugging safety training sessions for new market employees, six training sessions on high-risk scenarios (e.g., working at heights, hot work, hoisting), and monthly training on safety precautions during product debugging for frontline service staff.

The Company held two safety training sessions for internal employees and partners, covering safety operation procedures for product installation and debugging, achieving 100% coverage of the targeted employees and partners.

**■ Managing Operational Safety Risks**

To effectively identify and control occupational health and safety risks, the Company follows management documents such as the *Hazard and Environmental Factors Identification and Assessment System*, establishing procedures for hazard identification, assessment, and control. Annually, the Company identifies and categorizes occupational health and safety risks associated with company activities, products, services, and operating conditions.

In identifying and assessing safety risks, the Company uses relevant standards and guidelines to identify hazards, applying intuitive experience and hazardous conditions assessment methods for risk evaluation. The hazardous condition assessment method is a semi-quantitative evaluation of hazards when operating in potentially hazardous environments, using the probability of an accident (L), the frequency of exposure to hazardous environments (E), and the potential consequences of an accident (C) to determine the hazard score (D) and thus the hazard level.

In terms of risk control, the company develops corresponding risk control plans and measures for different hazard levels, using a “PDCA” work mechanism to continuously monitor and improve safety risks. During the reporting period, 57.89% of operational sites conducted occupational health and safety risk assessments.

## • Safety Production Review

The company has established a multi-category, multi-level occupational health and safety internal review mechanism, conducting regular inspections weekly, monthly, and annually to identify safety risks at all sites and propose corrective measures for potential hazards, monitoring and following up on remediation. Safety reviews focus on high-risk areas and key points (e.g., workshop safety, chemical management), including compliance with safety regulations, equipment and facility safety, and employee operating procedures.

The EHS Department compiles a list of issues for situations that do not comply with safety standards, formulates corresponding measures and deadlines, and provides targeted rectification guidance. Upon completion of rectification, the EHS Department reviews and verifies the results, forming a closed-loop PDCA mechanism for resolving safety issues.

Implementation of Safety Inspections		
Responsible Organization	Inspection Content	Frequency
EHS Department	Conducts routine on-site inspections across all areas and supervises hazard rectification	Monthly
Integrated Supply Chain EHS Department	Inspects safety-related aspects of equipment	Monthly
Workshop team leaders and group leaders	Verifies closure status of issues listed by the EHS Department	Weekly

During the reporting period, the EHS Department completed monthly safety inspections for all production areas, achieving a 100% rectification rate for safety hazards.

## ■ Emergency Management and Hazardous Chemicals Management

### • Emergency Management

To rapidly respond to and effectively control various occupational health and safety incidents, minimizing personnel casualties and property damage from accidents, the Company has formulated and released the *Production Safety Accident Emergency Rescue Plan*, which includes 1 comprehensive emergency plan, 6 specific emergency plans, and 6 on-site handling schemes.

The Company regularly organizes emergency drills for all employees to enhance their capability to handle accident risks. In the reporting year, the Company conducted eight emergency drills, covering categories such as fire evacuation, elevator entrapment, chemical leaks, hazardous waste leakage, electric shock, forklift injuries, radiation incidents, and mechanical injuries. Looking ahead, the Company will continue to expand the scope of emergency plans and drills to further enhance risk response and emergency management capabilities.

### • Hazardous Chemical Management

To prevent health risks to employees from the use of hazardous chemicals, the Company formulated the *Hazardous Chemical Safety Management System*, the *ISC Hazardous Chemicals Management Standards*, and the *Chemical Leak Emergency Response Procedure* to manage hazardous chemicals across their entire life cycle from procurement, transportation and handling, storage, usage, to disposal.

Lifecycle Management of Hazardous Chemicals	
Procurement	Review the supplier’s hazardous chemical production qualifications, safety data sheets, and safety labels; require that only trained and qualified procurement personnel are allowed to perform relevant tasks.
Transportation and handling	Review qualifications of transportation vehicles, escorts, and handling personnel, and establish strict operational standards.
Storage	Use dedicated warehouses equipped with relevant safety equipment, with standardized labeling and classified storage; conduct regular storage condition checks.
Usage	Strictly control operational procedures; require certified operators to wear specified personal protective equipment (PPE) during operations.
Disposal	Prohibit direct discharge or disposal; hazardous chemicals must be collected and handed over to qualified third-party agencies for professional disposal.

In the reporting year, the Company sought water-based alternatives to volatile organic compounds (VOCs) and conducted internal validation to reduce emissions of harmful gases. Meanwhile, the Company improved process design accuracy to switch from overall application of flux to point-to-point application in PCB soldering, thereby reducing flux usage and residual waste liquid.

In April 2024, Suzhou INOVANCE was named an “Advanced Unit for Hazardous Chemical Safety Management” for 2023 by Suzhou Municipal Government.



## ■ Occupational Disease Prevention

INOVANCE attaches great importance to employees’ occupational health and safety. The Company strictly complies with the *Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases* and applicable laws and regulations in all operating regions. It has established the *Occupational Health Management Regulations* and set a long-term goal of “zero occupational diseases,” building and continuously improving the occupational health and safety management system from the perspectives of system assurance, risk management, and routine protection.

In terms of occupational disease protection, the Company deepens employee prevention and treatment, strictly implements the “Three Simultaneous” measures for occupational health, compiles occupational disease hazard assessment reports, implements occupational disease prevention engineering measures, and conducts regular on-site occupational disease hazard detection and occupational health-related hidden danger inspections annually, monitoring and rectifying occupational disease risks. Identified occupational disease hazards this year include noise, acrylic acid, tin dioxide, and butyl acetate.

Furthermore, the Company strengthens the management of employees’ occupational health, providing occupational health services to employees. The Company conducts regular health checkups for all employees. For those exposed to occupational disease hazards, it establishes individual occupational health files, provides pre-job, on-the-job, and exit medical checkups, and purchases supplementary health insurance. Employees exposed to physical hazards or occupational disease risks are provided with PPE, and their use of such equipment is supervised to ensure workplace health and safety. In addition, we have enhanced human-machine safety design and added safety acceptance processes for equipment to further strengthen the defense line for employees’ occupational health and safety.

During the reporting period, the Company achieved a 100% occupational health examination coverage rate, with no occupational disease incidents or deaths caused by occupational diseases reported.

# Inclusive and Responsible Ecosystem Building

INOVANCE is committed to building an equal, friendly, collaborative, inclusive, and responsible business ecosystem that generates economic, environmental, and social value, driving high-quality development across the industry.

## Building a Sustainable Supply Chain

Suppliers are vital industrial partners of INOVANCE. The company values the critical support suppliers provide for our products and services, strengthen supply chain security management, and actively promotes green supply chains to enhance value chain synergy and advance sustainable supply chain development.

### Key Performance in 2024



Pass rate of suppliers included in ESG audits

100%



Coverage rate of ESG audits for new suppliers

100%



Percentage of suppliers with signed contracts including ESG requirements

100%



Pass rate of key suppliers' hazardous chemical management and RoHS compliance review

100%

## Supply Chain Security

As the global political and economic situation becomes increasingly turbulent and the accelerated reconstruction of the global industrial chain, enterprises are enhancing supply chain flexibility and adaptability to mitigate the potential risk of supply chain disruptions. The company built an autonomous, controllable, safe, and efficient supply chain by classifying and categorizing suppliers, establishing business continuity management (BCM) mechanisms, and planning localized procurement, mergers and acquisitions.

## ■ Supplier Classification and Categorization

INOVANCE classifies its 2,240 existing suppliers by cooperation and performance levels, and categorizes them by tier of raw material supply and product operation method. The company formulated and issued the *Multi-Tier Supplier Management Standards*, which involved managing upstream raw materials for key materials, defining the scope of multi-tier supplier management, and setting management requirements based on technology, quality, supply, responsiveness, and cost.

Supplier Classification		
By cooperation level	Strategic supplier	Supplier to be concerned
	Key supplier	General supplier
By performance level	Excellent supplier	Supplier to be improved
	Qualified supplier	Non-qualified supplier
Supplier Categorization		
By tier of raw material supply	Tier 1 supplier	Multi-tier supplier
By product operation methods	Manufacturer	Service provider
	Agent/trader	

## ■ Business Continuity Management

As part of our risk management, the company established contingency plans for emergency response and business continuity to reduce losses and impact on business operations due to major risks or emergencies, ensure employee and asset safety, maintain continuity in product and service delivery, and support the achievement of our strategic goals.

In 2024, the company leveraged ISO 22301 certification to comprehensively advance the building of our business continuity management system. Using an “assessment-driven building” approach, the company built an end-to-end business continuity management system spanning suppliers, the company, and customers and covering key products and customers. Based on a top-down whole-process framework, the company conducted business impact analyses to identify eight key business areas. The company assessed the business risk according to 28 risk scenarios across five emergency types. For medium and high business risks, the company developed a list of critical risk resources covering personnel, equipment, products and materials, applications and data, and infrastructure, and formulated targeted mitigation strategies.

During the reporting period, the company conducted 13 risk event drills, including simulated disruptions in key supplier deliveries and logistics, and practical drills for key business system outages. These drills helped optimize contingency plans and improve emergency response capabilities. In December 2024, our subsidiary Suzhou INOVANCE obtained ISO 22301:2019 Business Continuity Management System certification.

## ■ Supplier Lifecycle Management

INOVANCE has established a comprehensive supplier lifecycle management system that tracks and manages suppliers through registration, admission review, performance assessment, empowerment training, and phase-out, with all stages documented in the management system.

## ■ Supplier TQRDC Assessments

The company conducts TQRDC assessments on suppliers annually, with monthly assessments on suppliers' quality and delivery, and semi-annual overall assessments on supplier TQRDC performance. TQRDC assessments are led by the Procurement Strategy Team, with support from SQE, technical, and execution procurement teams. The Procurement Strategy Team formulates an annual assessment plan and confirms the assessment list according to supplier categories and transactions, coordinating with SQE to execute the assessment, and ultimately rates suppliers as excellent, qualified, to be improved and non-qualified. For suppliers who do not pass the performance assessment, the company carries out empowerment training to facilitate continuous improvement in supplier performance. During the reporting period, the company assessed 255 suppliers in the TQRDC assessment, with a pass rate of 90.20%.



## ■ Supplier ESG Management

Our supplier ESG management spans five phases—admission, maintenance, review, performance improvement, and phase-out—enabling dynamic monitoring and management of suppliers' sustainable practices. The management scope covers all key suppliers.

### • Supplier Admission

In 2024, the company upgraded the “EHS & CSR” supplier assessment to “Sustainability” assessment, adding new criteria covering human rights, environment, and safety aspects. During the reporting period, 137 new suppliers completed ESG data collection and admission reviews. All new suppliers signed the *Supplier Management Contract*.

### • Supplier Maintenance

The company regularly conducts green supply chain surveys, inviting key suppliers to update ESG data, including 14 categories such as “carbon peaking and carbon neutrality” goals and plans, GHG emissions, direct and indirect energy consumption, green electricity usage, water usage, and the proportion of renewable materials used. During the reporting period, the company invited over 200 key suppliers to participate in the ESG information survey, with a response rate of 93.47%.

### • Supplier Audit

The company conducts annual audits of suppliers, which include online and on-site audits of environmental, health and safety, and business ethics compliance.

• **Supplier Performance Improvement**

The company conducts management assessments for key suppliers and all suppliers of its subsidiary, INOVANCE Automotive, covering sustainability dimensions. Assessment reports are issued by the company to support suppliers in continuously improving their performance. The company regularly organizes ESG empowerment training activities for suppliers to support their ESG capabilities.

**Case: 2024 Green Supply Chain Communication and Awareness Session**



On July 23, 2024, the company held the “2024 Green Supply Chain Communication and Awareness Session” via online livestreaming. During the session, the company presented its 3030 Green Supply Chain Vision, reviewed the progress of green supply chain development in recent years, clarified near-term plans and actions, and specifically explained the three-phase approach for future implementation of green supply chain assessment and collaborative improvement. Over 200 participants from more than 100 key suppliers attended and interacted with the livestream session.

• **Supplier Phase Out**

The company eliminates suppliers involved in serious legal violations or acts that severely impact the operation and management of INOVANCE. Acts that severely impact the operation and management of INOVANCE include but are not limited to major supply accidents, major quality issues, leakage of confidential information, major security accidents, and violations of business ethics, which cause business interruptions, asset losses, threats to personal safety, and damage to reputation.

■ **Responsible Procurement**

INOVANCE actively practices the concept of responsible procurement by continuously strengthening oversight of suppliers in areas such as workplace safety, environmental compliance, labor rights protection, conflict minerals control, hazardous substances and chemical management, and business ethics. The company promotes the development of localized supply chains, prioritizes collaboration with local suppliers, and consistently ensures equal treatment of all suppliers, including SMEs.

• **Conflict Minerals Management**

The company explicitly commits to not using conflict minerals—such as gold, tantalum, tungsten, tin, and their derivatives—sourced from the Democratic Republic of Congo and its neighboring countries and regions. In the reporting year, the company revised the *Measures for Control and Management of INOVANCE Conflict Minerals*, extending its applicability to all suppliers.

The company has stated in its *Supplier Management Contract* that its products comply with the Conflict-Free Sourcing Initiative (CFSI), prohibiting suppliers from providing conflict minerals or their derivatives sourced from conflict-affected regions mentioned above. Suppliers providing components that contain relevant mineral content are required to sign the *Conflict-Free Minerals Commitment*. During new supplier admission, the company includes conflict minerals in its admission review requirements.

The company’s production processes involve the use of gold (Au) and tin (Sn). It conducts regular conflict minerals audits of suppliers, including random inspections for higher-risk suppliers, with audits performed by the SQE team. During the reporting period, the company conducted conflict minerals audits for relevant suppliers, achieving a 100% audit pass rate.

• **Hazardous Substances and Chemicals Management**

For hazardous substances management, the company follows the *EU RoHS Directive*. It evaluates and examines hazardous substances in Supplier Survey Reports (SSR), Supplier Quality Process Audit (QPA), and Incoming Quality Control (IQC) at certain frequencies. The company is equipped with RoHS rapid testing instruments capable of directly detecting hazardous substances in incoming materials. During the reporting period, the RoHS compliance audit pass rate for suppliers was 99.96%.

• **Regulating Supplier Business Conduct**

The company promotes transparent procurement and clean transactions, requiring suppliers to uphold business ethics and avoid any unlawful or non-compliant acts. INOVANCE regularly conducts supplier training and dissemination of business ethics every year. During the reporting period, there were no instances of suppliers being disqualified due to serious ethical violations.

• **Local Procurement**

To further enhance supply chain resilience and promote local economic development, INOVANCE has adopted strategies of “Local Development”, “Supplier Relocation” and “Globalized Supply”. The company plans to intensify efforts to develop local suppliers and continually increase the proportion of local procurement. In line with the construction progress of production bases, the company encourages suppliers to relocate accordingly to ensure the continuity of local supply. With its increasing globalization efforts, INOVANCE will continue advancing its “Local for Local” strategy to increase the proportion of local procurement and further enhance supply chain resilience.

• **Equal Treatment of SMEs**

The company values the establishment of strong partnership relations with suppliers, and upholds respect and equal treatment for all suppliers. During the reporting period, based on disclosures on the “Credit China” website, the company was not involved in any serious dishonesty incidents related to overdue payments to SMEs. As at the end of the reporting period, the company had no instances where accounts payable (including notes payable) exceeded RMB30 billion or accounted for more than 50% of total assets.

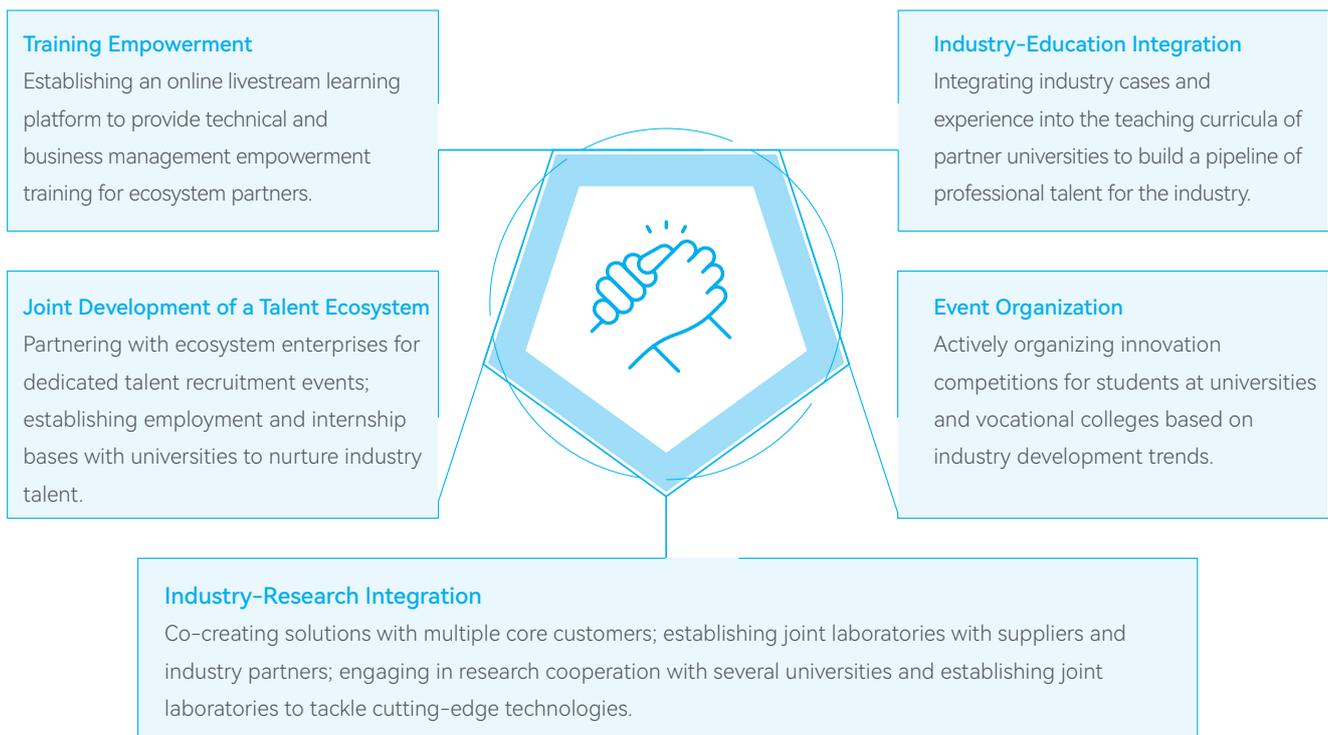


# Promoting Industrial Cooperation and Development

*“Advancing industrial technology for a better world” is INOVANCE’s vision. Achieving this vision requires deep collaboration across the upstream and downstream segments of the industrial chain. Through technological innovation, talent exchange, and knowledge sharing, the company aims to build an open and mutually beneficial industrial ecosystem. In 2024, the company continued to deepen ecosystem cooperation, enhance front-end and back-end coordination along the industrial chain, and work with partners to jointly promote sustainable development of the industry.*

## • Industrial Ecosystem Collaboration Strategy

The company’s industrial ecosystem collaboration is coordinated by the Department of Ecosystem Strategic Development in collaboration with business departments. The company’s core strategies are “industry–education integration, industry–research integration, event organization, joint development of a talent ecosystem, and training for empowerment”. Through a combination of online and offline approaches, the company promotes knowledge sharing and talent exchange across the industrial chain, strengthens ecosystem collaboration, and realizes mutual benefit within the ecosystem.



## • Industrial Cooperation and Exchange Cases

### INOVANCE and Harbin Institute of Technology Joint Talent Development Program

The company and Harbin Institute of Technology have launched a joint program to train engineering master’s and doctoral students. Master’s students study on campus for one year and train at the company for two years; doctoral students study on campus for two years and train at the company for three years. As at the end of the reporting period, two jointly trained master’s students had successfully graduated.



### INOVANCE Cup National Innovation Competition for Intelligent Automation



The first INOVANCE Cup National Innovation Competition for Intelligent Automation was launched in November 2023 and concluded in August 2024. The competition attracted 1,068 teams from 255 universities. Following intense competition, four teams from Harbin Institute of Technology, Shenzhen Institute of Information Technology, and other institutions won first prize at the national level; 12 teams won second prize, and 82 teams won third prize. In addition to generous cash prizes, first prize winners received job offers from INOVANCE, while second prize winners were granted direct access to campus recruitment interviews at the company. Special awards were also presented, including Best Teamwork Award, Best Engineering Implementation Award, Most Popular Project Award, and Best Business Value Award.

The second “INOVANCE Cup” Competition was launched in September 2024 and is expected to conclude in August 2025.



The First INOVANCE Cup National Innovation Competition for Intelligent Automation

### Industrial Automation Knowledge Popularization



The company launched short video accounts “INOVANCE Speaks on Industrial Automation” and “INOVANCE Planet” to educate the public about the industrial automation industry. In 2024, the company released 85 videos, attracting over 25 million views. As at the end of the reporting period, “INOVANCE Planet” had launched approximately 1,900 courses, with cumulative views reaching 300,000.



Class Platfrom of INOVANCE Planet

# Contributing to Social Development

## • Community Public Welfare and Charitable Donations

INOVANCE actively participates in community construction and fulfills its corporate social responsibility by creating a community-enterprise interaction platform. The company encourages employees to engage in community volunteer services, taking volunteer service as a bridge of community communication and contributing to the construction of a harmonious and livable community.

In 2024, the Employee Volunteer Association organized three river patrols, one free clinic, and one environmental trash cleanup activity. Registered volunteers contributed a total of 960 hours of service, with 130 instances of volunteer participation.

INOVANCE is deeply committed to philanthropy. During the reporting period, the company made charitable donations totaling RMB2,789,000, primarily for disaster relief, education assistance and support for the disabled and disadvantaged.



INOVANCE Employees Actively Participate in Community Public Welfare Activities



Donation Certificate Issued by Charity Federation of Huarong County, Yueyang

## • Supporting Rural Revitalization

The company actively responds to the Party Central Committee’s call to prioritize agricultural and rural development and supports rural revitalization projects. In 2024, Suzhou INOVANCE partnered with the local government to launch a “Party Building for Agricultural Support” initiative, encouraging employees to purchase “Taihu Hengjing” rice from Suzhou’s Hengjing Subdistrict at a co-construction price, thereby supporting local agricultural development.

# Report Appendix

## Appendix 1: ESG Key Performance Table

### ■ Economic Performance<sup>1</sup>

Category	Indicators	Unit	2024	2023	2022	
Economic Performance	Revenue	Million RMB	37,040.95	30,419.93	23,008.31	
	Categorized by market segmentation of revenue					
	Domestic revenue	Domestic revenue amount	Million RMB	35,001.62	28,680.11	22,123.02
		Proportion of domestic revenue	%	94.49	94.28	96.15
	Overseas revenue	Overseas revenue	Million RMB	2,039.33	1,739.82	885.29
		Proportion of overseas revenue	%	5.51	5.72	3.85
	Growth rate of revenue		%	21.77	32.21	28.23
	Operating costs		Million RMB	32,806.04	26,278.78	19,783.51
	Basic EPS		RMB per share	1.60	1.78	1.64
	Net profit attributable to shareholders of the listed company		Million RMB	4,285.49	4,741.86	4,319.76
	Growth rate of net profit attributable to shareholders of the listed company		%	-9.62	9.77	20.89
	Net cash flow from operating activities		Million RMB	7,200.44	3,369.92	3,200.83
	Total assets		Million RMB	57,178.82	48,957.56	39,211.61
	Weighted average ROE		%	16.52	21.66	24.31
	Retained earnings		Million RMB	19,438.85	16,358.11	12,573.87
	Total expenses for employee salaries and benefits		Million RMB	6,017.42	4,856.49	3,962.80
Human capital return on investment <sup>2</sup>		%	1.70	1.85	1.81	
Financial assistance received from government		Million RMB	115.62	147.14	153.84	

#### Notes:

- Economic performance data can be found corresponding figures in the annual financial reports of 2024, 2023 and 2022. If any data difference occurs, the data in the annual financial reports shall prevail.
- Human Capital Return on Investment = [revenue - (operating costs - total expenses for employee salaries and benefits)] / total expenses for employee salaries and benefits.

### ■ Environmental Performance

Category	Indicators	Unit	2024	2023	2022
Addressing Climate Change	Total GHG emissions <sup>1</sup>	tCO <sub>2</sub> e	8,001,399.84	/ <sup>2</sup>	/ <sup>2</sup>
	Scope 1 Direct GHG emissions <sup>3</sup>	tCO <sub>2</sub> e	4,091.56	1,807.90	1,601.90
	Scope 2 Indirect GHG emissions <sup>4</sup>	tCO <sub>2</sub> e	148,705.14	125,602.71 <sup>4</sup>	82,155.14 <sup>4</sup>
	Scope 3 Other indirect GHG emissions <sup>5</sup>	tCO <sub>2</sub> e	7,848,603.14	/ <sup>2</sup>	/
	Category 1 Purchased goods and services	tCO <sub>2</sub> e	7,737,892.62	/	/
	Category 2 Capital goods	tCO <sub>2</sub> e	22,107.62	/	/
	Category 3 Fuel- and energy-related activities	tCO <sub>2</sub> e	2,870.64	/	/
	Category 4 Upstream transportation and distribution	tCO <sub>2</sub> e	15,889.96	/	/

Category	Indicators	Unit	2024	2023	2022	
Addressing Climate Change	Category 5 Waste generated in operations	tCO <sub>2</sub> e	6.43	/	/	
	Category 6 Business travel	tCO <sub>2</sub> e	25,491.98	/	/	
	Category 9 Downstream transportation and distribution	tCO <sub>2</sub> e	40,821.27	/	/	
	Category 13 Downstream leased assets	tCO <sub>2</sub> e	3,522.63	/	/	
	GHG Emission intensity in operation <sup>6</sup>	tCO <sub>2</sub> e / RMB 1 million revenue	4.13	4.19 <sup>4</sup>	3.79 <sup>4</sup>	
	Reduction of GHG emissions <sup>7</sup>	tCO <sub>2</sub> e/year	12,170.82	/	/	
	Carbon credit	tCO <sub>2</sub> e	0	/	/	
Opportunities in Clean Technology	Proportion of revenue from clean technology-related products and services <sup>8</sup>	%	59.63	49.67	/	
	Scope 4 Avoided GHG emissions	tCO <sub>2</sub> e/year	14,447,904	10,748,527	/	
Energy Use	Total energy consumption <sup>9</sup>	Ton of standard coal	34,795.37	28,425.21	18,679.57	
	Total energy consumption intensity	Ton of standard coal/RMB 1 million revenue	0.94	0.93	0.81	
	Total direct energy consumption <sup>10</sup>	Ton of standard coal	1,129.39	970.61	844.38	
	Gasoline consumption	L	186,108.89	216,568.12	220,972.87	
	Diesel consumption	L	74,708.78	65,568.00	103,625.40	
	Natural gas consumption	m <sup>3</sup>	677,008.00	467,096.00	317,129.00	
	Liquefied petroleum gas consumption	L	12,320.28	86,416.17	91,442.00	
	Total indirect energy consumption <sup>11</sup>	Ton of standard coal	33,665.98	27,454.59	17,835.20	
	Electricity consumption <sup>12</sup>	MWh	271,522.07	222,514.15	145,119.59	
	Steam consumption	Ton	3,113.00	1,132.00	0	
	Renewable energy consumption <sup>13</sup>	MWh	19,624.75	8,742.33	5,178.55	
	Proportion of renewable energy in total energy consumption	%	6.91	3.77	3.40	
	Total installed capacity of renewable energy generation devices <sup>14</sup>	MW	18.83	/	/	
	Energy saved from new energy saving projects	kWh/year	1,458,755.00	1,964,500.00	/	
	Total investment in energy efficiency projects	k RMB	670.90	/	/	
Annual operating cost reduction through energy efficiency projects	k RMB/year	1,167	/	/		
Water Resources Utilization	Total water withdrawal	m <sup>3</sup>	1,085,190.56	1,021,444.28	605,987.00	
	Water withdrawal intensity	m <sup>3</sup> /RMB 1 million revenue	29.30	33.60	26.34	
	Water withdrawal at operational sites in water-stressed areas <sup>15</sup>	m <sup>3</sup>	867,408.66	/	/	
	Resource recycling	m <sup>3</sup>	3,260,000.00	/	/	
	Water recycling rate <sup>16</sup>	%	75.03	/	/	
Pollutant Discharge	Waste gas emissions					
	Total waste gas emissions	m <sup>3</sup>	1,989,403,314	1,097,885,202	/	
	Waste gas emission intensity	m <sup>3</sup> /RMB 1 million revenue	53,708.21	36,090.99	/	
	Particulate matter (PM) emissions	kg	1,238.00	199.67	329.50	
	Nitrogen oxides (NOx) emissions	kg	1,158.46	1,160.09	/	
	Volatile organic compounds (VOCs) emissions	kg	12,323.76	6,969.50	824.50	
	Tin and its compounds emissions	Ton	0.79	0.03	0.02	
	Sulfur oxides (SOx) emissions	Ton	0.76	/	/	
	Hazardous air pollutants (HAPs) emissions	Ton	0	/	/	
	Wastewater discharge					
Total wastewater discharge	m <sup>3</sup>	313,389.00	273,310.09	/		

Category	Indicators	Unit	2024	2023	2022
Pollutant Discharge	Wastewater discharge intensity	m <sup>3</sup> /RMB 1 million revenue	8.46	8.98	/
	Domestic wastewater discharge volume	m <sup>3</sup>	295,080.00	228,155.05	64,959.00
	Chemical oxygen demand (COD)	Ton	93.32	114.17	37.66
	Ammoniacal Nitrogen (NH <sub>3</sub> -N)	Ton	10.09	7.81	2.65
	Total phosphorus discharge	Ton	0.83	0.62	0.32
	Total nitrogen discharge	Ton	10.60	9.86	5.73
	Animal and vegetable oils discharge	Ton	4.23	4.63	3.13
	Suspended solids (SS) emissions	Ton	40.70	50.00	36.25
Waste Treatment	Waste emissions				
	Total waste emissions <sup>17</sup>	Ton	6,570.72	/ <sup>23</sup>	/ <sup>23</sup>
	Waste emission intensity	Ton/RMB 1 million revenue	0.18	/ <sup>23</sup>	/ <sup>23</sup>
	Total waste recycled/reused <sup>18</sup>	Ton	4,869.90	/ <sup>23</sup>	/
	Total hazardous waste <sup>19</sup>	Ton	1,234.99	694.62	412
	Hazardous waste treated <sup>20</sup>	Ton	1,234.99	694.62	/
	Hazardous waste emission intensity	Ton/RMB 1 million revenue	0.03	0.02	/
	Hazardous waste recycled/reused <sup>21</sup>	Ton	232.63	94.53	/
	Total hazardous waste disposed by landfill	Ton	0	0.50	/
	Total hazardous waste incinerated with energy recovery	Ton	339.4	53.3	/
	Total hazardous waste incinerated without energy recovery	Ton	662.98	522.38	/
	Total hazardous waste used other methods	Ton	0	23.91	/
	Toxic emission and leakage incidents	Time	0	/	/
	Total non-hazardous waste <sup>22</sup>	Ton	5,335.73	/ <sup>23</sup>	/ <sup>23</sup>
	Non-hazardous waste emission intensity	Ton/RMB 1 million revenue	0.14	/ <sup>23</sup>	/ <sup>23</sup>
Non-hazardous waste recycled/reused	Ton	4,637.27	/ <sup>23</sup>	/	
Environmental Compliance Management	Amount of environmental protection training duration	Hour	7,504.00	7,439.00	/
	Total environmental investment during the reporting period	Million RMB	10.86	6.02	/
	Proportion of key operational sites certified under ISO 14001	%	66.67	66.67	/
	Proportion of key operational sites that conducted environmental risk assessments	%	66.67	66.67	/
	Number of incidents fined for violating environmental protection laws and regulations	/	0	0	/
	Total fines incurred for violations of environmental protection laws and regulations	RMB	0	0	/

## Notes:

- Total GHG emissions comprise Scope 1 direct GHG emissions, Scope 2 indirect GHG emissions, and some Scope 3 other indirect GHG emissions. Scope 1 includes fixed combustion emissions from cooking equipment, mobile combustion emissions from company-owned vehicles, forklifts, and leased vehicles for operations, as well as fugitive emissions from air conditioning chillers and fire-fighting equipment. Scope 2 includes indirect emissions from purchased electricity and steam. The calculations for Scope 3 are based on the calculation categories in the GHG Protocol, covering categories 1, 2, 3, 4, 5, 6, 9, and 13.
- Due to significant changes in the methodology for calculating Scope 3 emissions in 2024, the Scope 3 data for 2024 are not comparable to previous years. To avoid misleading readers, the previous year's data is marked with a "/".
- The calculation is based on ISO 14064-1:2018 and the *IPCC 2006 Guidelines for National GHG Inventories*, and the *Guidelines for Accounting and Reporting GHG Emissions from Enterprises of Other Industries (Trial)*. Emission sources include fixed combustion from cooking equipment, mobile combustion from company-owned vehicles, forklifts, and leased vehicles for operations, as well as fugitive emissions from air conditioning chillers and fire-fighting equipment. The company is not involved in industrial process emissions. Only CO<sub>2</sub> is included in the GHG calculations. Calorific values follow the lower heating value standards in the *General Rules for Calculation of the Comprehensive Energy Consumption* (GB/T 2589). Carbon oxidation rates and other parameters are referenced from the corresponding default values in the *Guidelines for Accounting and Reporting GHG Emissions from Enterprises of Other Industries (Trial)* (2015), and the unit carbon content per energy unit is referenced from the *IPCC 2006 Guidelines for National GHG Inventories*.
- Indirect GHG emissions from purchased electricity and steam are calculated in accordance with ISO 14064-1:2018 and the *General Guideline of the GHG Emissions Accounting and Reporting for Industrial Enterprises* (GB/T 32150-2015). Only CO<sub>2</sub> is included in the GHG calculations. For emissions from purchased

electricity in 2024, emission factors for operational sites located in China refer to the provincial average carbon dioxide emission factors for electricity in 2022 in the *Announcement on the Release of the 2022 National Power Carbon Dioxide Emission Factor* issued by the Ministry of Ecology and Environment. These same factors are also used to recalculate and update 2023 and 2022 data. In calculating emissions from purchased electricity of overseas operational sites, emission factors from the national electricity sectors in ecoinvent version 3.10 are used. For emissions from purchased steam, emission factors are based on the thermal energy emission factors in the *Guidelines for Accounting and Reporting GHG Emissions from Enterprises of Other Industries* issued by the National Development and Reform Commission.

5. The calculation is based on the GHG Protocol and the *General Guideline of the GHG Emissions Accounting and Reporting for Industrial Enterprises* (GB/T 32150-2015). The calculation for Scope 3 covers categories 1, 2, 3, 4, 5, 6, 9, and 13. Categories 7, 8, 10, 11, 12, 14, and 15 are deemed non-material indirect emission sources and are not included in the calculation. Emission factors for Scope 3 are based on ecoinvent version 3.10 and the UK Government GHG Conversion Factors for Company Reporting 2023.

6. GHG emissions in operation = scope 1 direct GHG emissions + scope 2 indirect GHG emissions.

7. Reduction of GHG emissions = GHG emissions reduced from renewable energy used (in operation) + GHG emissions converted from the aenergy saved from new energy saving projects.

8. Clean technology-related products and services are consistent with those included in the calculation of Scope 4. In the company's 2023 ESG Report, this indicator was referred to as "Proportion of Energy-Saving, Material-Conserved and Carbon-Reduced Product Offering".

9. It is the sum of the total direct energy consumption and the total indirect energy consumption.

10. It is the sum of all types of direct energy used, which are converted into standard coal using conversion factors from the *General Rules for Calculation of the Comprehensive Energy Consumption* (GB/T 2589-2020): Natural gas = 1.2143 kgce/kg; gasoline = 1.4714 kgce/kg; diesel = 1.4571 kgce/kg; LPG = 1.7143 kgce/kg.

11. It is the sum of all types of indirect energy used, which are converted into standard coal using conversion factors from the *General Rules for Calculation of the Comprehensive Energy Consumption* (GB/T 2589-2020): Electricity (equivalent value) = 0.1229 kgce/kWh; steam (equivalent value) = 0.0341 kgce/MJ.

12. Electricity consumption includes electricity purchased from the grid and from third-party distributed renewable energy facilities, as well as electricity generated and consumed from the company's own distributed renewable energy facilities.

13. Renewable energy includes solar, wind, hydro, biomass, and other sustainable, non-depletable sources. Total renewable energy consumption includes green electricity rights purchased via green certificates, electricity generated and consumed by company-owned renewable energy facilities, and photovoltaic electricity purchased via rooftop leasing agreements at preferential rates.

14. It includes the capacity of company-owned photovoltaic installations and those constructed under the EMC model.

15. In 2024, the company identified a total of 14 operational sites located in water-stressed areas.

16. Water recycling rate = recycled water volume / (total water withdrawal + recycled water volume).

17. Total waste emissions = hazardous waste emissions + non-hazardous waste emissions.

18. Total waste recycled/reused = hazardous waste recycled/reused + non-hazardous waste recycled/reused.

19. Hazardous waste includes waste organic solvents, packaging containers, rags and gloves, spent surface treatment liquids, grinding sludge, emulsified waste, and other hazardous waste listed in the *National Catalogue of Hazardous Wastes*.

20. Due to an expansion in the statistical scope, 2023 data on hazardous waste treated has been restated and corrected.

21. Due to an expansion in the statistical scope, 2023 data on hazardous waste recycling/reuse has been restated and corrected.

22. Non-hazardous waste includes waste cardboard, wooden pallets, scrap copper, iron, aluminum, and plastic bags.

23. Due to an expansion in the statistical scope, 2024 non-hazardous waste data is not comparable to data from previous years. To avoid misleading readers, the previous year's data is marked with a "/".

## Social Performance

Category	Indicators	Unit	2024	2023	2022
Product and Service Safety and Quality	Total number of product and service incidents in violation of laws and regulations	/	0	0	0
	Sales volume of products recalled due to safety and health reasons in already sold or delivered products <sup>1</sup>	RMB	0	0	0
	Proportion of products sold or shipped that have been recalled for safety and health issues	%	0	0	0
	Number of safety and health incidents of products and services in violation of laws and regulations	/	0	0	0
	Number of complaints received about products and services <sup>2</sup>	/	2	5	0
	Complaint handling rate	%	100	100	100
	Proportion of online sales <sup>3</sup>	%	Below one in a million	Below one in a million	/
	Total number of illegal and non-compliant incidents concerning customer privacy <sup>4</sup>	/	0	0	0
	Customer satisfaction score	Point	70.86	69.75	/
	Number of labeling incidents of products and services in violation of laws and regulations	/	0	0	0
	Number of violations of marketing and communications laws and Regulations <sup>5</sup>	/	0	0	0
	Proportion of product revenue from conflict-affected and high-risk areas <sup>6</sup>	%	0	0	0
	Number of major product safety and quality incidents <sup>7</sup>	/	0	0	0
Amount of losses from major product safety and quality incidents	RMB	0	0	0	

## Notes:

- Safety and health reasons refer to product issues that affect functionality, cause harm to users, or expose the company to legal liability, prompting customers to return, exchange, or replace the product. Proportion of products recalled due to safety and health reasons in already sold or delivered products = sales volume of products recalled due to safety and health reasons in already sold or delivered products (RMB) ÷ total sales (RMB) × 100%.
- It includes formal complaints submitted by customers in writing and complaints filed with government authorities.
- Proportion of online sales = online-generated revenue (excluding revenue via the order management system) ÷ total revenue (RMB) × 100%.
- The total number of illegal and non-compliant incidents concerning customer privacy refers to the number of illegal and non-compliant incidents resulting from major customer privacy leakage as confirmed by court rulings or administrative penalties from government authorities.
- Marketing and communications laws and regulations include the *Advertising Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, the *Anti-Unfair Competition Law of the People's Republic of China*, and other laws and regulations with marketing rules for products and services. Such violations are determined based on formal complaints or administrative penalties from the government authorities.
- According to the OECD, conflict-affected and high-risk areas are regions experiencing armed conflict, widespread violence, or other threats to personal safety, often associated with human rights abuses and violations of international and domestic laws. Proportion of product revenue from conflict-affected and high-risk areas = sales of products from conflict-affected and high-risk areas (RMB) ÷ total sales (RMB) × 100%.
- Major product safety and quality incidents are determined based on responsibility assessments issued by relevant government authorities.

Category	Indicators	Unit	2024	2023	2022
Innovation-Driven Development	R&D investment	Million RMB	3,147.08	2,624.15	2,229.27
	R&D investment as a percentage of revenue <sup>1</sup>	%	8.50	8.63	9.69
	Number of R&D personnel	/	5,538	5,482	4,793
	Proportion of R&D personnel <sup>2</sup>	%	22.65	23.15	23.66
	Number of new patent applications	/	685	982	875
	Number of new patents granted	/	572	506	718
	Number of new trademarks approved	/	59	33	81
	Number of new copyrights approved	/	79	61	/
	Total number of valid patents	/	2,375	/	/
	Number of invention patents applied to major business <sup>3</sup>	/	450	/	/

## Notes:

- R&D investment as a percentage of revenue = R&D investment (RMB) ÷ revenue (RMB) × 100%; revenue coverage is consistent with the scope of the consolidated financial statements.
- Proportion of R&D personnel = number of R&D personnel ÷ number of full-time labor contract employees × 100%.
- Major business refers to business excluding investment income, non-operating income, gains/losses from changes in fair value, etc. Invention patents refer to patents classified as invention patents in the total number of valid patents, excluding design and utility model patents.

Category	Indicators	Unit	2024	2023	2022
Data Security and Privacy Protection	Monetary value of data security incidents <sup>1</sup>	Million RMB	1.00	0	/
	Total number of information security vulnerabilities	/	1,181	1,955	/
	Total number of illegal and non-compliant incidents concerning customer privacy <sup>2</sup>	/	0	0	/
	Monetary value of customer privacy breach incidents	RMB	0	0	/
	Number of employee personal information security training sessions	Time	21	17	15
	Number of employees covered by personal information security training	/	21,858	25,487	13,342
	Personal information security training coverage rate <sup>3</sup>	%	84.81	100	/

## Notes:

- The monetary value of data security incidents is determined based on court rulings. The 2024 data reflects one case where an employee leaked company trade secrets, resulting in a loss of RMB 1 million as determined through civil mediation by a People's Court.
- Illegal and non-compliant incidents concerning customer privacy are determined based on court rulings or administrative penalties.
- The company regularly organizes personal information security training. The training coverage rate does not include employees who were planning to resign or on leave during the training period.

Category	Indicators	Unit	2024	2023	2022	
Employment	Total number of employees	/	26,518	25,487	20,256	
	Number of foreign employees	/	444	456	/	
	Profit per employee	Million RMB	0.16	0.19	/	
	Labor contract signing rate	%	100	100	100	
	Proportion of employees from ethnic minorities and/or disadvantaged groups <sup>1</sup>	%	5.98	7.91	/	
	Proportion of employees by employment type					
	Full-time labor contract employees	/	24,445	23,685	20,256	
	Full-time dispatched employees	/	1,792	1,420	/	
	Part-time employees (internship, apprentices, working students and retired employees rehired in total)	/	281	382	/	
	Proportion of part-time and dispatched employees	%	7.82	7.07	/	
	Proportion of full-time labor contract employees	%	92.18	92.93	/	
	Proportion of employees by gender <sup>2</sup>					
	Proportion of female employees	%	25.41	26.19	/	
	Proportion of male employees	%	74.59	73.81	/	
	Proportion of employees by age <sup>2</sup>					
	Number of employees aged over 50	/	303	317	/	
	Number of employees aged 30-50	/	14,403	13,422	/	
	Number of employees under 30	/	11,713	11,748	/	
	Proportion of employees aged over 50	%	1.15	1.24	/	
	Proportion of employees aged 30-50	%	54.52	52.66	/	
	Proportion of employees under 30	%	44.34	46.09	/	
	Proportion of employees by education level <sup>2</sup>					
	Number of employees with doctoral degrees	/	68	58	52	
	Number of employees with master's degrees	/	3,862	3,395	2,505	
	Number of employees with bachelor's degrees	/	7,580	7,880	6,297	
	Number of employees with junior college degree or below	/	14,909	14,154	11,402	
	Proportion of employees with doctoral degrees	%	0.26	0.23	0.26	
	Proportion of employees with master's degrees	%	14.62	13.32	12.37	
	Proportion of employees with bachelor's degrees	%	28.69	30.92	31.09	
	Proportion of employees with junior college degree or below	%	56.43	55.53	56.29	
	Total number of newly-recruited employees <sup>3</sup>	/	14,005	8,995	/	
	Newly-recruited employees by gender <sup>3</sup>					
	Number of newly-recruited male employees	/	10,888	6,723	/	
	Number of newly-recruited female employees	/	3,117	2,272	/	
	Newly-recruited employees by age <sup>3</sup>					
	Number of newly-recruited employees aged over 50	/	12	17	/	
	Number of newly-recruited employees aged 30-50	/	4,442	3,149	/	
	Number of newly-recruited employees under 30	/	9,551	5,829	/	
	Proportion of newly-recruited employees by gender <sup>4</sup>					
	Proportion of newly-recruited male employees	%	77.74	74.74	/	
Proportion of newly-recruited female employees	%	22.26	25.26	/		
Proportion of newly-recruited employees by age <sup>3,4</sup>						
Proportion of newly-recruited employees aged over 50	%	0.09	0.19	/		
Proportion of newly-recruited employees aged 30-50	%	31.72	35.01	/		
Proportion of newly-recruited employees under 30	%	68.20	64.80	/		
Employee turnover rate <sup>5</sup>	%	27.26	24.42	27.90		
Voluntary turnover rate	%	24.53	23.79	/		

Category	Indicators	Unit	2024	2023	2022
Employment	Employee turnover rate by gender <sup>3</sup>				
	Male employee turnover rate	%	27.31	23.73	/
	Female employee turnover rate	%	27.12	26.36	/
	Employee turnover rate by age <sup>3</sup>				
	Turnover rate for employees aged over 50	%	21.40	12.30	/
	Turnover rate for employees aged 30–50	%	22.72	20.41	/
	Turnover rate for employees under 30	%	32.98	29.32	/
	Average length of service (in the company) for male employees	Year	3.17	/	/
	Average length of service (in the company) for female employees	Year	3.19	/	/
	Proportion of female employees in junior management <sup>6</sup>	%	18.41	15.60	/
	Proportion of female employees in mid-level management <sup>7</sup>	%	14.29	14.50	/
	Proportion of female employees in senior management <sup>8</sup>	%	10.71	6.60	/
	Proportion of female employees in management levels <sup>9</sup>	%	15.75	14.70	/
	Proportion of female employees in revenue-generating roles <sup>10</sup>	%	16.01	15.00	/
	Proportion of female employees in STEM-related positions <sup>11</sup>	%	13.69	9.90	/
	Proportion of internal employment <sup>12</sup>	%	2.93	12.66	/
	Proportion of employees undertaking regular performance and career development review <sup>13</sup>	%	100	100	100
	Percentage of employees below senior management level that stock option incentive and long-term incentive program applies	%	97.94	98.48	/
Number of penalties received for violating employment and labor laws and regulations	/	0	0	0	

**Notes:**

- Minority and/or vulnerable groups include: ethnic minorities of Chinese nationality, foreign employees, and employees with disabilities.
- In accordance with the *General Data Protection Regulation* (GDPR, Regulation (EU) 2016/679), companies may not process personal data such as gender, age, and education level without explicit consent or other legal basis. In compliance with the above, the following disclosed employee demographic statistics exclude data from the company's entities and branches located in EU member states.
- Statistics on newly recruited employees and employee turnover include only employees of entities and branches within the Chinese mainland. Due to the limited size and data collection challenges of overseas entities and branches as well as the small impact of the absence of such data on indicators, the data on overseas employees is not included.
- Proportion of newly recruited employees by category = total number of newly recruited employees in the category ÷ total number of newly recruited employees × 100%. This differs from the statistical method used in the company's 2023 ESG report. To improve comparability, historical data have been adjusted in accordance with the current year's methodology.
- Employee turnover rate = number of employees who left ÷ (number of employees who left + number of employees at the end of the period) × 100%. Dispatched and part-time employees are excluded in the aforementioned number of employees.
- Proportion of female employees in junior management = number of female employees in junior management ÷ total number of junior management employees × 100%. Junior management is defined as heads of third-level departments and lower.
- Proportion of female employees in mid-level management = number of female employees in mid-level management ÷ total number of mid-level management employees × 100%. Mid-level is defined as second-level department heads (including deputies).
- Proportion of female employees in senior management = number of female employees in senior management ÷ total number of senior management employees × 100%. Senior management refers to heads (including deputies) of first-level departments, business divisions, branches and subsidiaries, excluding statutory "senior executives" in corporate governance.
- Proportion of female employees in management levels = number of female employees in management levels ÷ total number of employees in management levels × 100%.
- Proportion of female employees in revenue-generating roles = Number of female employees in revenue-generating positions ÷ Total number of employees in such positions × 100%. Revenue-generating roles are defined as the direct management roles in sales and other departments, or the roles that directly contribute to the output of products or services.
- Proportion of female employees in STEM-related positions = number of female employees in STEM-related positions ÷ total number of employees in STEM-related positions × 100%. STEM stands for science, technology, engineering, and mathematics. STEM professionals apply their knowledge of science, technology, engineering, or mathematics in their daily work.
- Proportion of internal employment = number of internal employment ÷ (number of internal employment + number of newly recruited employees) × 100%.
- Probationary employees are not subject to regular performance and career assessments. This indicator excludes them accordingly.

Category	Indicators	Unit	2024	2023	2022
Occupational Health and Safety	Number of work-related injuries <sup>1</sup>	Time	26	31	36
	Number of lost workdays due to work-related injuries	Day	2,340.00	2,614.50	1,315.00
	Lost workday rate due to work-related injury <sup>2</sup>	/	6.44	8.84 <sup>1</sup>	/
	Lost-time injury frequency rate <sup>3</sup>	/	0.36	0.52 <sup>1</sup>	/
	Lost-time injury severity rate <sup>4</sup>	/	0.03	0.04 <sup>1</sup>	/
	Number of Employees of Occupational Disease Risk Posts	/	1,008	685	349
	Number of occupational disease cases	/	0	0	0
	Number of fatalities due to occupational disease	/	0	0	0
	Proportion of key operational sites certified under ISO 45001	%	57.89	/	/
	Proportion of key operational sites with health and safety risk assessments conducted	%	57.89	/	/
	Proportion of employees represented by formal management-worker health and safety committees <sup>5</sup>	%	100	100	100
	Employee physical examination coverage rate <sup>6</sup>	%	100	100	100
	Total investment in work injury insurance	Million RMB	7.05	/	/
	Work injury insurance coverage rate	%	100	/	/
	Total investment in workplace safety liability insurance <sup>7</sup>	RMB	0	/	/
	Workplace safety liability insurance coverage rate <sup>7</sup>	%	0	/	/
	Number of participants in safety training sessions	/	46,307	38,407	40,437
Number of safety training sessions conducted	Time	150	185	64	
Number of penalties received for violating occupational health and safety laws and regulations	/	0	0	0	

Notes:

- All work-related injury indicators cover the entire workforce, including full-time, dispatched, and part-time employees. The company expanded its safety data governance in the current year to include all employees. Data for 2023 regarding the lost workday rate due to work-related injury, lost-time injury frequency rate, and lost-time injury severity rate were revised accordingly for comparability.
- Lost workday rate due to work-related injury = number of lost workdays due to work-related injuries × 200,000 ÷ total working hours.
- Lost-time injury frequency rate = total number of lost-time injury incidents × 1,000,000 ÷ total working hours; the total number of lost-time injury incidents is the total number of work-related injuries.
- Lost-time injury severity rate = number of lost workdays due to work-related injuries × 1,000 ÷ total working hours.
- In practice, formal management-worker health and safety committees refer to the work safety committees established by the company's branches and subsidiaries.
- Based on the company's management practices, probationary employees are not eligible for the company's annual physical examination program; thus, they are excluded from this calculation.
- In accordance with the *Work Safety Law of the People's Republic of China* and related regulations, the company does not engage in production activities in high-risk sectors such as coal mining, non-coal mining, or hazardous chemicals, and is therefore not subject to the mandatory requirement to purchase workplace safety liability insurance.

Category	Indicators	Unit	2024	2023	2022
Employee Rights	Number of key operational sites reviewed and assessed human right protection performance	/	8	4	4
	Total number of discrimination and harassment incidents	/	0	0	0
	Number of labor dispute cases <sup>1</sup>	/	17	15	11
	Number of violations related to employment and dismissal, compensation and benefits, work hours and leave, equal opportunity, anti-discrimination, etc.	/	0	0	0
	Percentage of employees who received training on diversity, discrimination, and/or harassment	%	100	100	100
	Proportion of Employees Covered by Collective Negotiation Agreement <sup>2</sup>	%	84.74	/	/
	Proportion of employees who have formally elected as employee representatives <sup>3</sup>	%	88.72	89.10	/
	Social Insurance Coverage Rate	%	100	100	100

Notes:

- Such cases include disputes related to non-compete agreements.
- Proportion of employees covered by collective negotiation agreement = number of labor contract employees covered by collective negotiation agreement ÷ total number of labor contract employees. Probationary employees are excluded from this indicator. Due to changes in the data scope and the high cost of retroactive revision, data for 2022 and 2023 are not disclosed here.
- The number of employees participating in labor unions equals the number of employees represented by formally elected representatives; therefore, the percentage of employees covered by elected representatives equals the union coverage rate.

Category	Indicators	Unit	2024	2023	2022	
Employee Training	Employee training coverage rate	%	100	100	100	
	Annual training expenditure <sup>1</sup>	Million RMB	2.91	/	/	
	Average training expenditure per employee <sup>1</sup>	RMB	109.62	232.89	/	
	Employee training coverage rate by gender					
	Percentage of female employees covered by training	%	100	100	100	
	Percentage of male employees covered by training	%	100	100	100	
	Total employee training hours <sup>1</sup>	Hour	719,255.90	686,347.40	158,996.00	
	Average training hours per employee <sup>1</sup>	Hour	27.12	26.93	23.56	
	Average training hours by gender					
	Average training hours for female employees <sup>1</sup>	Hour	27.12	26.93	23.56	
	Average training hours for male employees <sup>1</sup>	Hour	27.12	26.93	23.56	

**Notes:**

1. Statistics only include training activities conducted via the "INOVANCE Academy" platform. Training conducted through other channels is not covered. The performance indicators include all employees—full-time labor contract employees, dispatched employees, and part-time employees.

Category	Indicators	Unit	2024	2023	2022	
Sustainable Supplier Management	Total number of existing suppliers	/	2,240	2,592	/	
	Number of active suppliers <sup>1</sup>	/	1,463	1,528	/	
	Number of suppliers from the Chinese mainland	/	2,179	2,552	/	
	Number of suppliers from Hong Kong, Macao, Taiwan, and overseas regions	/	61	40	/	
	Supplier audit					
	Percentage of key suppliers assessed for sustainability <sup>2</sup>	%	93.47	43	/	
	Number of new suppliers assessed for ESG	/	137	231	/	
	Pass rate of ESG assessments of new suppliers	%	100	100	/	
	Pass rate of on-site ESG assessments of new suppliers	%	100	100	/	
	Percentage of total revenues from products containing minerals from conflict-affected and high-risk areas coming from suppliers that have been verified conflict-free <sup>3</sup>	%	0	0	0	
	Percentage of supplier accessibility to conflict-minerals information	%	100	100	/	
	Percentage of suppliers with signed contracts including ESG requirements <sup>4</sup>	%	100	100	100	
	Supplier performance improvement					
	Number of suppliers found non-compliant with ESG standards during assessment	/	0	/	/	
	Number of suppliers identified with significant/potential negative ESG impacts <sup>5</sup>	/	0	0	/	
	Number of suppliers with significant/potential ESG impacts that were terminated	/	0	0	/	
	Total number of suppliers that implemented corrective measures for negative ESG impacts	/	0	0	/	
	Green supply chain survey					
	Number of key suppliers that responded to the green supply chain survey <sup>6</sup>	/	229	131	/	
	Response rate of key suppliers to the green supply chain survey <sup>7</sup>	%	93.47	64	/	

Category	Indicators	Unit	2024	2023	2022
Sustainable Supplier Management	Supplier training empowerment				
	Number of key supplier empowerment training sessions	/	5	2	/
	Coverage rate of integrity training and education for key suppliers	%	100	100	/
Equal Treatment of SMEs	Amount of overdue accounts payable (including notes payable) at the end of the reporting period <sup>8</sup>	RMB	0	/	/
	Amount of overdue payments to SMEs at the end of the reporting period <sup>8</sup>	RMB	0	/	/
	Proportion of distributors in the distributor network who participated in regular internal product and service training	%	100	100	100

Notes:

- Active suppliers refer to the suppliers that conducted transactions with the company during the reporting year.
- Key suppliers refer to the group of suppliers that, ranked by procurement amount, account for the top 80% of annual procurement value within each material category.
- Proportion of product revenue involving minerals from conflict-affected and high-risk areas provided by suppliers that have passed conflict-free mineral audits = sales revenue (RMB) of such products provided by certified conflict-free suppliers ÷ total sales (RMB) × 100%.
- The ESG clauses referenced here include the Supplier Code of Conduct and contract clauses addressing environmental, labor, human rights, and business ethics (e.g., anti-corruption).
- Significant/potential negative impacts refer to incidents such as major supply disruptions, severe quality issues, breaches of confidential information, major safety accidents, or violations of business ethics that lead to operational interruptions, asset losses, threats to personal safety, or reputational damage.
- Due to optimized survey methodology, the original indicator “Number of key suppliers undergone GHG inventory during the reporting period” has been revised to “Number of key suppliers that responded to the green supply chain survey”.
- Due to optimized survey methodology, the original indicator “Coverage of key suppliers undergone GHG inventory during the reporting period” has been revised to “Response rate of key suppliers to the green supply chain survey”.
- The calculation is based on serious dishonest conduct statistics disclosed on the “Credit China” website.

Category	Indicators	Unit	2024	2023	2022
Rural Revitalization	Total investment in rural revitalization and poverty alleviation	RMB	12,200.00	/	/
	Number of people benefited from rural revitalization and poverty alleviation initiatives <sup>1</sup>	/	/	/	/
Social Contributions	Total amount invested into community public welfare	RMB	2,789,000.00	696,599.27	1,460,111.51
	Amount invested in community public welfare (education assistance)	RMB	769,000.00	292,000.00	687,231.91
	Amount invested in community public welfare (environmental protection)	RMB	0	0	0
	Amount invested in community public welfare (labor needs)	RMB	0	0	0
	Amount invested in community public welfare (medical health)	RMB	0	0	587,378.61
	Amount invested in community public welfare (culture and sports)	RMB	20,000.00	0	0
	Amount invested in community public welfare (other areas)	RMB	2,000,000.00	404,599.27	185,500.99
	Use of charity funds	RMB	423,862.82	145,585.70	/
	Amount donated to charity projects <sup>2</sup>	RMB	100,000.00	492,000.00	667,231.91
	Total hours of employee volunteer service	Hour	960	5,600	36,460
	Total instances of employee volunteer participation <sup>3</sup>	Person-time	130	/	/

Notes:

- Due to the inability to accurately count specific beneficiaries, this data is not disclosed.
- It refers to donation projects for which official donation receipts (printed and supervised by financial authorities) have been issued.
- Since the indicator “Number of employee volunteer participants” was changed to “Total instances of employee volunteer participation”, the historical data are not restated due to traceability limitations.

## ■ Governance Performance

Category	Indicators	Unit	2024	2023	2022
Corporate Governance	Number of Board of Directors members	/	9	9	9
	Number of independent directors	/	3	3	3
	Number of male Board of Directors members	/	8	8	8
	Number of female Board of Directors members	/	1	1	1
	Proportion of female Board of Directors members	%	11	11	11
	Number of board meetings held	Time	8	7	11
	Average number of directors attending the meetings of the Board of Directors	/	9	9	9
	Meetings of the Board of Directors attendance rate	%	100	100	100
	Minimum attendance rate of board members at meetings of the Board of Directors	%	100	100	100
	Number of non-executive/independent directors with four or fewer other mandates	/	3	3	3
	Average tenure of Board of Directors members	Year	8.65	7.98	6.98
	Number of independent directors with industry experience	/	3	3	3
	Number of independent directors on the Board of Directors	%	33.33	33.33	33.33
	Proportion of independent directors on the Audit Committee	%	100	66.67	66.67
	Proportion of independent directors on the Compensation and Assessment Committee	%	66.67	66.67	66.67
	Proportion of independent directors on the Compensation and Assessment Committee	%	66.67	66.67	66.67
	Proportion of Board of Directors members who are immediate family members of major shareholders, executives, or former executives	%	0	0	0
	Standard deviation of director ages	/	4.03	6.08	6.08
	Standard deviation of director tenures	/	6.11	5.73	5.73
	Number of financial experts on the Audit Committee	/	1	1	1
	Multiple of base salary of CEO (President) <sup>1</sup>	/	669.54	965.69	1,060.94
	Average multiple of base salary of other executives with shareholding reported <sup>2</sup>	/	554.63	713.75	903.67
	Ratio of total compensation of CEO (President) to average employee salary	/	16.86	16.44	17.09
	Proportion of government ownership	%	0	0	0
	Number of Audit Committee meetings held	Time	6	5	8 <sup>3</sup>
	Number of Compensation and Assessment Committee meetings held	Time	4	/	/
	Number of Nomination Committee meetings held	Time	1	/	/
	Number of General Meetings of Shareholders held	Time	2	1	2
	Number of Meetings of the Board of Supervisors held	Time	7	6	8
	Meetings of the Board of Supervisors attendance rate	%	100	100	100

Notes:

- Multiple of base salary of CEO (President) = reporting year-end stock price (unadjusted) × number of shares held by CEO (President) as of the reporting year ÷ salary before tax of CEO (President) received during the reporting year.
- Multiple of base salary of other executives = [(reporting year-end stock price × number of shares held by Executive 1 ÷ the executive's salary before tax received during the reporting year) + (reporting year-end stock price × number of shares held by Executive 2 ÷ the executive's salary before tax received during the reporting year) + (...)] ÷ number of executives with shareholding reported.
- After verification, the data in the company's 2022 ESG report showing zero was an entry error in the system; the actual value was eight. The company hereby corrects it and apologizes to all stakeholders.

Category	Indicators	Unit	2024	2023	2022
<b>Anti-commercial Bribery and Anti-corruption</b>	Number of employees who received anti-corruption training <sup>1</sup>	/	10,585	/	/
	Coverage rate of anti-corruption training among employees <sup>2</sup>	%	71.91	/	/
	Total number of hours of anti-corruption training received by employees	Hour	1,220.17	/	/
	Number of corruption leads generated through whistleblowing channels	/	18	7	/
	Total number of violations of anti-corruption laws and regulations	/	0	2	0
	Number of operating sites where anti-corruption audits have been conducted	/	53	47	47
	Number of employees dismissed or disciplined due to corruption	/	0	2	/
	Number of resolved corruption lawsuits involving the company or its employees	/	0	0	0
<b>Compliance management</b>	Number of major incidents violated laws and regulations	Time	0	0	0
	Number of fines imposed for violations	Time	0	0	0
	Total amount of fines imposed due to violations	RMB	0	0	0
	Major tax violation incidents	/	0	0	0
	Violations related to conflict of interest	/	0	0	0
	Money laundering or insider trading incidents	/	0	0	0
<b>Fair Competition</b>	Number of lawsuits or major administrative penalties due to company misconduct	/	0	0	0
	Monetary value involved in lawsuits or major administrative penalties due to company misconduct	RMB	0	0	0
	Number of legal proceedings related to anti-competitive behavior, antitrust, and anti-monopoly laws	/	0	0	0

Notes:

- Due to changes in the statistical scope for "anti-corruption training participation", to avoid misleading readers, the previous year's data is marked with a "/".
- Frontline production employees are excluded from the calculation as they are not exposed to corruption risks.

# Appendix 2: Index Table

Index of Guidelines of Shenzhen Stock Exchange for Self-discipline Regulation of Listed Companies No.17 – Sustainability Report (Trial)

## A. Chapter Index Table

Chapters	Disclosure Content	Disclosure Chapter
Chapter I	General Provisions	About This Report
Chapter II	Disclosure Framework for Sustainability Information	Chapters Related to Each Material Topic
<b>Chapter III Environmental Information Disclosure</b>		
Chapter III Section 1	Addressing Climate Change	3.1 Addressing Climate Change
Chapter III Section 2	Pollution Control and Ecosystem Protection	3.5 Ecosystem Protection
Chapter III Section 3	Resource Utilization and Circular Economy	3.2 Strengthening Energy Management 3.3 Innovative Green Products 3.5 Ecosystem Protection
<b>Chapter IV Social Information Disclosure</b>		
Chapter IV Section 1	Rural Revitalization and Social Contributions	7.3 Contributing to Social Development
Chapter IV Section 2	Innovation-Driven Development and Ethics of Science and Technology	5.1 R&D Innovation Focus
Chapter IV Section 3	Suppliers and Customers	4.1 Strict Product Quality Control 4.2 Improving Customer Services 5.2 Data Privacy Protection 7.1 Building a Sustainable Supply Chain
Chapter IV Section 4	Employees	6.1 Employee Rights and Welfare Protection 6.2 Talent Attraction and Retention 6.3 Employee Training and Development 6.4 Occupational Health and Safety
<b>Chapter V Disclosure of Sustainability-Related Governance Information</b>		
Chapter V Section 1	Sustainability-Related Governance Mechanisms	2.2 Strengthening Corporate Governance
Chapter V Section 2	Business Practices	2.3 Compliant and Robust Operation
Chapter VI	Supplementary Provisions and Interpretation	/

## B. Index of Guidelines Topics

Dimension	No.	Guidance Topics	Clause	Disclosure Location
Environment	1	Addressing Climate Change	Articles 21-28	3.1 Addressing Climate Change
	2	Pollutant Discharge	Article 30	3.5 Ecosystem Protection
	3	Waste Treatment	Article 31	3.5 Ecosystem Protection
	4	Ecosystem and Biodiversity Protection	Article 32	3.5 Ecosystem Protection
	5	Environmental Compliance Management	Article 33	3.5 Ecosystem Protection
	6	Energy Use	Article 35	3.2 Strengthening Energy Management
	7	Water Resources Utilization	Article 36	3.5 Ecosystem Protection
	8	Circular Economy	Article 37	3.3 Innovative Green Products
Society	9	Rural Revitalization	Article 39	7.3 Contributing to Social Development
	10	Social Contributions	Article 40	7.3 Contributing to Social Development
	11	Innovation-Driven Development	Article 42	5.1 R&D Innovation Focus
	12	Ethics of Science and Technology	Article 43	Not applicable
	13	Supply Chain Security	Article 45	7.1 Building a Sustainable Supply Chain
	14	Equal treatment of SMEs	Article 46	7.1 Building a Sustainable Supply Chain
	15	Product and Service Safety and Quality	Article 47	4.1 Strict Product Quality Control 4.2 Improving Customer Services
	16	Data Security and Customer Privacy	Article 48	5.2 Data Privacy Protection
Sustainability-related Governance	17	Employees	Article 50	6.1 Employee Rights and Welfare Protection 6.2 Talent Attraction and Retention 6.3 Employee Training and Development 6.4 Occupational Health and Safety
	18	Due Diligence	Article 52	2.3 Compliant and Robust Operation
	19	Stakeholder Engagement	Article 53	2.1 Sustainability Management
	20	Anti-commercial Bribery and Anti-corruption	Article 55	2.3 Compliant and Robust Operation
Company Self-Disclosures	21	Fair Competition	Article 56	2.3 Compliant and Robust Operation
	22	Opportunities in Clean Technology	/	3.1 Addressing Climate Change 3.3 Innovative Green Products
	23	Green Products and Innovation	/	3.3 Innovative Green Products
	24	Corporate Governance	/	2.2 Strengthening Corporate Governance
	25	Risk Management	/	2.3 Compliant and Robust Operation
	26	Cross-industry Collaboration and Development	/	7.2 Promoting Industrial Cooperation and Development

## GRI Index Table

Statement of use	Shenzhen INOVANCE Technology Co., Ltd. discloses the referenced information in this index table in accordance with the GRI Standards for the period from January 1, 2024 to December 31, 2024.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location
<b>Part 1: General Disclosures</b>		
GRI 2: General Disclosures 2021	2-1 Organizational details	1.1 Company Profile
	2-2 Entities included in the organization’s sustainability reporting	About This Report
	2-3 Reporting period, frequency and contact point	About This Report
	2-4 Restatements of information	About This Report
	2-5 External assurance	Appendix 8
	2-6 Activities, value chain and other business relationships	1.3 Core Business
	2-7 Employees	6.1 Employee Rights and Welfare Protection
	2-8 Workers who are not employees	Appendix 1: Key Performance Table Social Performance
	2-9 Governance structure and composition	2.2 Strengthening Corporate Governance
	2-10 Nomination and selection of the highest governance body	2.2 Strengthening Corporate Governance
	2-11 Chair of the highest governance body	2.2 Strengthening Corporate Governance
	2-12 Role of the highest governance body in overseeing the management of impacts	2.2 Strengthening Corporate Governance
	2-13 Delegation of responsibility for managing impacts	2.2 Strengthening Corporate Governance
	2-14 Role of the highest governance body in sustainability reporting	2.1 Sustainability Management
	2-15 Conflicts of interest	2.3 Compliant and Robust Operation
	2-16 Communication of critical concerns	2.1 Sustainability Management
	2-17 Collective knowledge of the highest governance body	2.1 Sustainability Management
	2-19 Remuneration policies	2.1 Sustainability Management
	2-22 Statement on sustainable development strategy	2.1 Sustainability Management
	2-23 Policy commitments	6.1 Employee Rights and Welfare Protection
2-24 Embedding policy commitments	2.3 Compliant and Robust Operation	
2-25 Processes to remediate negative impacts	2.3 Compliant and Robust Operation	
2-26 Mechanisms for seeking advice and raising concerns	2.1 Sustainability Management	
2-27 Compliance with laws and regulations	Disclosure has been made in all chapters.	
2-29 Approach to stakeholder engagement	2.1 Sustainability Management	
<b>Part 2: Material Topics</b>		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	2.1 Sustainability Management
	3-2 List of material topics	2.1 Sustainability Management
	3-3 Management of material topics	2.1 Sustainability Management
<b>Economic Performance</b>		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Appendix 1: Key Performance Table Economic Performance
	201-2 Financial implications and other risks and opportunities due to climate change	3.1 Addressing Climate Change
	201-3 Defined benefit plan obligations and other retirement plans	6.1 Employee Rights and Welfare Protection
	201-4 Financial assistance received from government	Appendix 1: Key Performance Table Economic Performance
<b>Anti-corruption</b>		
GRI 205: Anticorruption 2016	205-1 Operations assessed for risks related to corruption	Appendix 1: Key Performance Table Governance Performance
	205-2 Communication and training about anti-corruption policies and procedures	2.3 Compliant and Robust Operation 7.1 Building a Sustainable Supply Chain
<b>Anti-competitive behavior</b>		
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.3 Compliant and Robust Operation

GRI Standard	Disclosure	Location
<b>Materials</b>		
GRI 301: Materials 2016	301-2 Recycled input materials used	3.3 Green Innovative Products
	301-3 Reclaimed products and their packaging materials	3.3 Green Innovative Products
<b>Energy</b>		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	3.2 Strengthening Energy Management Appendix 1: Key Performance Table Environmental Performance
	302-3 Energy intensity	3.2 Strengthening Energy Management Appendix 1: Key Performance Table Environmental Performance
	302-4 Reduction of energy consumption	3.2 Strengthening Energy Management
	302-5 Reductions in energy requirements of products and services	3.3 Innovative Green Products
<b>Water and Effluents</b>		
GRI 303: Water and Effluents 2018	303-2 Management of water discharge-related impacts	3.5 Ecosystem Protection
	303-3 Water withdrawal	Appendix 1: Key Performance Table Environmental Performance
	303-4 Water discharge	Appendix 1: Key Performance Table Environmental Performance
	303-5 Water consumption	Appendix 1: Key Performance Table Environmental Performance
<b>Biodiversity</b>		
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity	3.5 Ecosystem Protection
<b>Emissions</b>		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	3.1 Addressing Climate Change Appendix 1: Key Performance Table Environmental Performance
	305-2 Energy indirect (Scope 2) GHG emissions	3.1 Addressing Climate Change Appendix 1: Key Performance Table Environmental Performance
	305-3 Other indirect (Scope 3) GHG emissions	3.1 Addressing Climate Change Appendix 1: Key Performance Table Environmental Performance
	305-4 GHG emission intensity	3.1 Addressing Climate Change Appendix 1: Key Performance Table Environmental Performance
	305-5 Reduction of GHG emissions	3.1 Addressing Climate Change Appendix 1: Key Performance Table Environmental Performance
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	3.5 Ecosystem Protection
	<b>Waste</b>	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	3.5 Ecosystem Protection
	306-2 Management of significant waste-related impacts	3.5 Ecosystem Protection
	306-3 Waste generated	3.5 Ecosystem Protection Appendix 1: Key Performance Table Environmental Performance
	306-5 Waste directed to disposal	3.5 Ecosystem Protection Appendix 1: Key Performance Table Environmental Performance
	<b>Supplier Environmental Assessment</b>	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	7.1 Building a Sustainable Supply Chain
<b>Employment</b>		
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.1 Employee Rights and Welfare Protection
	401-3 Parental leave	6.1 Employee Rights and Welfare

GRI Standard	Disclosure	Location
<b>Occupational Health and Safety</b>		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	6.4 Occupational Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	6.4 Occupational Health and Safety
	403-3 Occupational health services	6.4 Occupational Health and Safety
	403-5 Worker training on occupational health and safety	6.4 Occupational Health and Safety
	403-6 Promotion of worker health	6.4 Occupational Health and Safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	6.4 Occupational Health and Safety
	403-8 Workers covered by an occupational health and safety management system	6.4 Occupational Health and Safety
	403-9 Work-related injuries	6.4 Occupational Health and Safety
	403-10 Work-related ill health	6.4 Occupational Health and Safety
	<b>Training and Education</b>	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	6.3 Employee Training and Development
	404-2 Programs for upgrading employee skills and transition assistance programs	6.3 Employee Training and Development
	404-3 Percentage of employees receiving regular performance and career development reviews	6.2 Talent Attraction and Retention
<b>Diversity and Equal Opportunity</b>		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	6.1 Employee Rights and Welfare Protection Appendix 1: Key Performance Table Social Performance
<b>Non-discrimination</b>		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	6.1 Employee Rights and Welfare Protection 7.1 Building a Sustainable Supply Chain
<b>Child Labor</b>		
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	6.1 Employee Rights and Welfare Protection 7.1 Building a Sustainable Supply Chain
<b>Freedom of Association and Collective Bargaining</b>		
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	6.1 Employee Rights and Welfare Protection 7.1 Building a Sustainable Supply Chain
<b>Forced or Compulsory Labor</b>		
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	6.1 Employee Rights and Welfare Protection 7.1 Building a Sustainable Supply Chain
<b>Local Communities</b>		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	7.3 Contributing to Social Development
<b>Supplier Social Assessment</b>		
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	7.1 Building a Sustainable Supply Chain
	414-2 Negative social impacts in the supply chain and actions taken	7.1 Building a Sustainable Supply Chain
<b>Customer Health and Safety</b>		
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	4.1 Strict Product Quality Control
<b>Marketing and Labeling</b>		
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	2.3 Compliant and Robust Operation
	417-2 Incidents of non-compliance concerning product and service information and labeling	2.3 Compliant and Robust Operation
	417-3 Incidents of non-compliance concerning marketing communications	2.3 Compliant and Robust Operation
<b>Customer Privacy</b>		
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	5.2 Data Privacy Protection

■ Mapping Table of United Nations Sustainable Development Goals (UN SDGs)

Chapters	Sections	UN SDGs Mapping
Chapter 2 Sustainable Development and Corporate Governance	2.1 Sustainability Management 2.2 Strengthening Corporate Governance 2.3 Compliant and Robust Operation	Goal 16 Peace, Justice and Strong Institutions Goal 17 Partnerships for the Goals
Chapter 3 Empowering Decarbonization	3.1 Addressing Climate Change 3.2 Strengthening Energy Management 3.3 Innovative Green Products 3.4 Jointly Building a Net-zero Future 3.5 Ecosystem Protection	Goal 6 Clean Water and Sanitation Goal 7 Affordable and Clean Energy Goal 9 Industry, Innovation and Infrastructure Goal 11 Sustainable Cities and Communities Goal 12 Responsible Consumption and Production Goal 13 Climate Action Goal 15 Life on Land
Chapter 4 Focus on Customer Satisfaction	4.1 Strict Product Quality Control 4.2 Improving Customer Services	Goal 12 Responsible Consumption and Production
5 Innovation-Drives Development	5.1 R&D Innovation Focus 5.2 Data Privacy Protection	Goal 9 Industry, Innovation and Infrastructure
6 Employee Development Guarantee	6.1 Employee Rights and Welfare Protection 6.2 Talent Attraction and Retention 6.3 Employee Training and Development 6.4 Occupational Health and Safety	Goal 3 Good Health and Well-being Goal 4 Quality Education Goal 5 Gender Equality Goal 8 Decent Work and Economic Growth Goal 10 Reduced Inequalities
Chapter 7 Inclusive And Responsible Ecosystem Building	7.1 Building a Sustainable Supply Chain 7.2 Promoting Industrial Cooperation and Development 7.3 Contributing to Social Development	Goal 4 Quality Education Goal 10 Reduced Inequalities Goal 12 Responsible Consumption and Production Goal 17 Partnerships for the Goals

## Appendix 3: Description of Operating Sites

To facilitate stakeholder review, The Company has compiled the correlation between the abbreviated designations and the full names of the Company's operational sites\* as follows.

No.	Full Name of Operating Site	Abbreviation of Operating Site	Key Operational Site
1	Shenzhen INOVANCE Technology Co., Ltd.	Shenzhen INOVANCE	●
2	Dongguan INOVANCE Technology Co., Ltd.	Dongguan INOVANCE	
3	Suzhou INOVANCE Technology Co., Ltd.	Suzhou INOVANCE	●
4	Suzhou INOVANCE Control Technology Co., Ltd.	Suzhou INOVANCE Control	
5	Suzhou INOVANCE Automotive Co., Ltd.	INOVANCE Automotive	●
6	Jiangsu Kingway Transportation Co., Ltd.	Jiangsu Kingway	●
7	INOVANCE New Energy Vehicle Technology (Changzhou) Co., Ltd.	Changzhou INOVANCE New Energy	●
8	Yueyang INOVANCE Technology Co., Ltd.	Yueyang INOVANCE	●
9	SHANGHAI BST ELECTRONIC CO., LTD.	BST	●
10	SHANGHAI BNK CABLE CO., LTD.	BNK CABLE	●
11	BST Machinery & Electronics (Jiaxing) Co., Ltd.	BST Machinery & Electronics (Jiaxing)	●
12	Nanjing INOVANCE Technology Co., Ltd.	Nanjing INOVANCE	●
13	Xi'an INOVANCE Technology Co., Ltd.	Xi'an INOVANCE	●
14	Dalian Zhiding Technology Co., Ltd.	Dalian Zhiding	●
15	Guangdong MJB Electric Co., Ltd.	MJB	●
16	Tianjin BST Electric Co., Ltd.	Tianjin BST Electric	●
17	hangchun Weton Optoelectronic Technology Co., Ltd.	Changchun Weton	●
18	Ningbo EST Technology Co., Ltd.	EST	●
19	EKSYS (Beijing) Technology Co., Ltd.	EKSYS (Beijing)	
20	Jinan INOVANCE Technology Co., Ltd.	Jinan INOVANCE	
21	Inova Automation Co., Ltd.	INOVA AUTOMATION	
22	INOVANCE AUTOMOTIVE (THAILAND) CO., LTD.	INOVANCE AUTOMOTIVE THAILAND	●
23	INOVANCE TECHNOLOGY HUNGARY KORLÁTOLT FELELŐSSÉGŰ TÁRSASÁG	INOVANCE TECHNOLOGY HUNGARY	●
24	INOVANCE AUTOMOTIVE HUNGARY KORLÁTOLT FELELŐSSÉGŰ TÁRSASÁG	INOVANCE AUTOMOTIVE HUNGARY	
25	SBC LINEAR CO., LTD.	SBC	●
26	INOVANCE TECHNOLOGY KOREA CO., LTD.	INOVANCE TECHNOLOGY KOREA	
27	INOVA AUTOMATION ITALY S.R.L.	INOVA AUTOMATION ITALY	
28	INOVANCE TECHNOLOGY PRIVATE LIMITED	INOVANCE TECHNOLOGY INDIA	
29	INOVANCE TECHNOLOGY EUROPE GMBH	INOVANCE TECHNOLOGY EUROPE	
30	INOVANCE TECHNOLOGY FRANCE	INOVANCE TECHNOLOGY FRANCE	
31	INNOVATION RECHERCHE AUTOMATISME INFORMATIQUE	IRAI	
32	INOVANCE TECHNOLOGY ENDÜSTRİYEL OTOMASYON LİMİTED ŞİRKETİ	INOVANCE TECHNOLOGY TÜRKİYE	
33	INOVANCE TECHNOLOGY ESPAÑA, SL	INOVANCE TECHNOLOGY SPAIN	
34	INOVANCE TECHNOLOGY USA INC.	INOVANCE TECHNOLOGY USA	

**Note:** Key operating sites refer to those that have a material and substantive impact on the Company's business operations, including all manufacturing centers and the non-manufacturing centers with the largest number of employees. The combined number of full-time labor contract employees at the designated key operating sites must account for at least 90% of the total number of such employees at the end of the reporting period. For subsidiaries operating at the same address and sharing the same management system, they are consolidated as a single operating site. The total number of key operating sites in 2024 was 19.

## Appendix 4: Glossary

Abbreviation	Full Name
8D	Eight Disciplines
AI	Artificial Intelligence
APQP	Advanced Product Quality Planning
ARD	Automatic Rescue Device
ASIL	Automotive Safety Integrity Level
ATEX	Atmosphères Explosibles
BCM	Business Continuity Management
CCC	China Compulsory Certification
CCER	China Certified Emission Reduction
CFSI	Conflict-Free Sourcing Initiative
CNC	Computerized Numerical Control
COE	Center of Expertise
CQC	China Quality Certification Centre
CQM	Customer Quality Management
CSA	Corporate Sustainability Assessment
CT	Compliance Test
DC/DC	Direct Current to Direct Current Converter
DDoS	Distributed Denial of Service
DSTE	Design Strategy to Execution
EAP	Employee Assistance Programs
EHS	Environment, Health and Safety
EMC	Energy Management Contract
EMT	Executive Management Team
EPC	Engineering Procurement Construction
ESG	Environmental, Social and Governance
GDPR	<i>General Data Protection Regulation (REGULATION (EU) 2016/679)</i>
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
IEC	International Electro Technical Commission
IFRS S1	International Financial Reporting Standards Sustainability Disclosure Standard 1
IoT	Internet of Things
IPD	Integrated Product Development

Abbreviation	Full Name
IQC	Incoming Quality Control
ISC	Integrated Supply Chain
ISO	International Organization for Standardization
ISS	Institutional Shareholder Services
ISSB	International Sustainability Standards Board
ITR	Issue to Resolve
KCP	Key Control Point
MES	Manufacturing Execution System
MSCI	Morgan Stanley Capital International
NPI	New Product Introduction
OBC	On-board Charger
ORT	Ongoing Reliability Test
PC	Process Control
PCN	Product Change Notification
PDCA	Plan, Do, Check and Act
PLC	Programmable Logic Controller
PO	Process Owner
PPAP	Production Part Approval Process
PPE	Personal Protective Equipment
QCC	Quality Control Circle
QPA	Quality Process Audit
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
RoHS	Restriction of Hazardous Substances
RPO	Recovery Point Objective
RT	Recommendation Tracking
RTO	Recovery Time Objective
SFM	Shop Floor Management
SOD	Segregation of Duties
SQE	Supplier Quality Engineering
SSR	Supplier Survey Report
S&P	Standard & Poor's
TQRDC	Technology, Quality, Responsiveness, Delivery & Cost
UL	Underwriters Laboratories Inc.
UN SDGs	United Nations Sustainable Development Goals
UV	Ultraviolet
VOCs	Volatile Organic Compounds

# Appendix 5 Description of 2024 Material Topics

The table below presents the material topics for 2024 identified through topic assessment and analysis, along with their definitions, boundaries, and locations of relevant disclosures in the report. Here, "boundary of material topics" refers to the segments within the value chain that may be significantly impacted by the topic after preliminary identification. These are initially categorized as "supply chain", "production and operations", and "products and services".

No.	Dimension	Topic Name	Topic Boundary			Topic Definition	Chapter Location
			Supply Chain	Production and Operations	Products and Services		
1	E	Addressing Climate Change	○	○	○	The Company takes measures to mitigate the negative impacts of climate change and adapt to its potential challenges. These include reducing direct and indirect GHG emissions from production and operations, reducing emissions across the value chain, assessing and managing risks posed by climate change (such as extreme weather events and supply chain disruptions), and enhancing climate resilience.	3.1 Addressing Climate Change
2	E	Green Products and Innovation	○	○	○	Through full lifecycle management of products, the Company adopts the philosophy of "material conservation, simplified processes, minimal packaging, and modular functions" to reduce resource consumption during raw material procurement and production, improve product energy efficiency, and lower energy use during product usage, thereby reducing GHG emissions throughout the product lifecycle.	3.3 Innovative Green Products
3	E	Opportunities in Clean Technology		○	○	The Company gains comprehensive insights into market opportunities arising from the green and low-carbon transition in key sectors such as energy, industry, construction, and transportation. Through innovation and R&D of new products and product portfolios, the Company provides clean technology-related products and solutions to respond to these opportunities.	3.4 Jointly Building a Net-zero Future
4	E	Energy Use		○		Based on industry characteristics and operational realities, the Company builds an energy management system. By conducting energy usage assessments, setting energy-saving and renewable energy utilization targets, and implementing energy-saving upgrades and renewable energy adoption plans, the Company aims to use energy resources efficiently and continuously reduce the environmental impact of our business activities.	3.2 Strengthening Energy Management
5	E	Circular Economy	○	○	○	In accordance with laws, regulations, and our business nature, the Company engages in activities such as reduction, reuse, and recycling during production and distribution. These include establishing a circular economy management system, formulating circular economy policies and plans, implementing circular economy measures, and evaluating progress and outcomes.	3.5 Ecosystem Protection
6	S	Employees	○	○		<p>Talent Attraction and Retention: The Company strives to attract and retain talent by offering a comfortable work environment, fair and transparent recruitment processes, competitive compensation and benefits, clear development pathways and promotion opportunities, and specialized incentive policies.</p> <p>Employee Rights and Well-being: The Company strictly complies with laws, regulations, and international conventions to respect and protect employees' lawful rights and interests, fosters a diverse, inclusive, and equitable work environment, and establishes various welfare measures to improve employees' and their families' quality of life.</p> <p>Employee Training and Development: The Company provides platforms for vocational training and capacity building, develops training systems for skills enhancement and career development, supports employees' all-round growth from the perspectives of job roles, market needs, and future trends, and regularly offers career development guidance and training performance assessments.</p> <p>Occupational Health and Safety: The Company establishes an occupational health and safety management system to ensure safe production and employee health. This includes the identification and control of hazards or risks, safety production assessments, safety training, and occupational health management.</p>	6.1 Employee Rights and Welfare Protection  6.2 Talent Attraction and Retention  6.3 Employee Training and Development  6.4 Occupational Health and Safety

No.	Dimension	Topic Name	Topic Boundary			Topic Definition	Chapter Location
			Supply Chain	Production and Operations	Products and Services		
7	S	Innovation-Driven Development		○	○	This section covers the Company's management system development and milestone achievements in R&D, including innovation management systems, R&D investment, key technology R&D plans, R&D platform development, intellectual property protection, innovation incentives, and innovation culture.	5.1 R&D Innovation Focus
8	S	Sustainable Supply Chain Management	○			The Company manages supply chain risks to ensure supply chain security and stability. This includes building supply chain management systems such as supplier entry standards covering sustainability issues, supplier classification and grading, supplier risk assessment and performance assessment, supplier GHG emission reduction plans and actions, responsible procurement practices, and cooperation with suppliers to advance sustainable supply chains.	7.1 Building a Sustainable Supply Chain
9	S	Product and Service Safety and Quality		○	○	The Company ensures that its products and services comply with applicable laws and regulations, industry standards, and customer requirements in terms of product safety and quality, and meet the standards and requirements for personal and property safety. This includes relevant goals, management systems, capacity building, and cultural development related to product safety and quality management.	4.1 Strict Product Quality Control 4.2 Improving Customer Services
10	S	Data Security and Privacy Protection		○	○	Based on industry attributes and the nature of its operations, the Company identifies key operational processes involving data security and privacy protection, establishes a data security and privacy protection management framework, formulates relevant management systems, improves infrastructure, develops emergency response plans for data breaches or security incidents, implements data system security protection, regularly reviews and evaluates the data and privacy-related management systems, and conducts specialized training on data security and privacy protection.	5.2 Data Privacy Protection
11	G	Corporate Governance		○		The Company promotes standardized operations and scientific, standardized, and transparent corporate governance by establishing an effective governance structure comprising the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and the management.	2.2 Strengthening Corporate Governance
12	G	Risk Management	○	○		The Company executes risk management processes across all aspects of its business operations, establishes a sound risk management system, and manages risks and ensures compliance related to economic, environmental, and social matters.	2.3 Compliant and Robust Operation
13	G	Anti-commercial Bribery and Anti-corruption	○	○		During operations and management, the Company adopts a series of measures and procedures to prevent, identify, and address commercial bribery and corruption in accordance with relevant laws, regulations, and international standards. These include formulating and implementing anti-bribery and anti-corruption systems, assessing and managing risks related to bribery and corruption, setting control objectives, carrying out internal control and compliance reviews, conducting employee training and awareness programs, and establishing effective supervision and whistleblowing mechanisms.	2.3 Compliant and Robust Operation

# Appendix 6 Biodiversity Impact Assessment

## A. Species Impact Assessment Table

Basic Information		Species Impact Assessment								
		IUCN Threat Category			RCB Threat Category			Protected species under the Wildlife Protection Law of the People's Republic of China		
No.	Operational Sites	Critically Endangered	Endangered	Vulnerable	Critically Endangered	Endangered	Vulnerable	Class I	Class II	Three Types of Protected Wildlife
1	Shenzhen INOVANCE	0	0	0	0	0	0	0	3	27
2	Suzhou INOVANCE	0	0	0	0	0	0	0	3	56
3	INOVANCE Automotive	0	0	1	0	0	0	0	16	94
4	Changzhou INOVANCE New Energy	0	0	0	0	0	0	0	0	0
5	BST	0	0	0	0	0	0	0	2	19
6	BNK CABLE	0	0	0	0	0	0	0	2	19
7	BST Electrical(Jiaying)	0	0	0	0	0	0	0	0	0
8	Dalian Zhiding	0	0	0	0	0	0	0	0	0
9	MJB	0	0	0	0	0	0	0	0	5
10	Jiangsu Kingway Rail	0	0	0	0	0	0	0	0	0
11	Tianjin BST	0	0	0	0	0	0	0	0	0
12	EST	0	0	0	0	0	0	0	0	0
Total		0	0	1	0	0	0	0	26	220

**Note:** The species impact assessment refers to data from the Nature Watch Biodiversity Database, the International Union for Conservation of Nature (IUCN) Species Distribution Database, the Key Biodiversity Areas (KBA) Database, and the World Database on Protected Areas (WDPA).

## B. Impact Assessment Table of Protected Areas

Basic Information		Protected Areas Impact Assessment				
No.	Operational Sites	National Parks	Nature Reserves	Natural Parks	World Natural Heritage Sites	Internationally Important Wetlands
1	Shenzhen INOVANCE	0	0	0	0	0
2	Suzhou INOVANCE	0	0	1	0	0
3	INOVANCE Automotive	0	0	2	0	0
4	Changzhou INOVANCE New Energy	0	0	0	0	0
5	BST	0	0	0	0	0
6	BNK CABLE	0	0	0	0	0
7	BST Machinery & Electronics (Jiaying)	0	0	0	0	0
8	Dalian Zhiding	0	0	1	0	0
9	MJB	0	0	2	0	0
10	Jiangsu Kingway Rail	0	0	0	0	0
11	Tianjin BST	0	0	0	0	0
12	EST	0	0	0	0	0
Total		0	0	6	0	0

**Note:** The impact assessment of protected areas refers to the protection data from the Nature Watch Database, Key Biodiversity Areas (KBA) Database, and World Database on Protected Areas (WDPA).

## Appendix 7 Compliance Management of Key Environmental Supervision Entities

According to relevant regulations of the Ministry of Ecology and Environment, the subsidiary Suzhou INOVANCE was listed as a key environmental supervision entity (formerly known as a “key pollutant discharging entity”) in Suzhou in 2024. Suzhou INOVANCE manages pollutant emissions in compliance with laws and regulations, monitors the total volume and intensity of emissions regularly, and meets pollutant emission standards. During the reporting period, there were no cases of emissions exceeding the prescribed limits at Suzhou INOVANCE.

Pollutant Emissions of Suzhou INOVANCE in 2024									
Types of Major Pollutants and Characteristic Pollutants	Names of Major Pollutants and Characteristic Pollutants	Discharge Method	Number of Discharge Outlets	Distribution of Discharge Outlets	Discharge Concentration/ Intensity	Applicable Emission Standards	Total Emissions	Approved Total Emissions	Exceedance of Emission Limits
Exhaust gas	Total non-methane hydrocarbons	Treated to meet discharge standards	6	Inside the plant	2.53mg/m <sup>3</sup>	60 mg/m <sup>3</sup>	1.01 tons	1.25 tons	None
Exhaust gas	Tin and its compounds	Treated to meet discharge standards	3	Inside the plant	6.12×10 <sup>-4</sup> mg/m <sup>3</sup>	5mg/m <sup>3</sup>	0.0019 tons	0.0022 tons	None
Domestic sewage	Chemical oxygen demand (COD)	Discharge to pipeline	2	Inside the plant	253 mg/L	350 mg/L	21.37 tons	25.94 tons	None
Domestic sewage	Suspended Solid (SS)	Discharge to pipeline	2	Inside the plant	152 mg/L	220 mg/L	20.2 tons	24.06 tons	None
Domestic sewage	Ammoniacal Nitrogen (NH <sub>3</sub> -N)	Discharge to pipeline	2	Inside the plant	21 mg/L	30 mg/L	1.56 tons	1.91 tons	None
Domestic sewage	Total phosphorus	Discharge to pipeline	2	Inside the plant	3.8 mg/L	5 mg/L	0.23 tons	0.287 tons	None
Domestic sewage	Total nitrogen	Discharge to pipeline	2	Inside the plant	36 mg/L	50 mg/L	3.85 tons	4.432 tons	None
Domestic sewage	Animal and vegetable oils	Discharge to pipeline	2	Inside the plant	69 mg/L	100 mg/L	1.75 tons	2.039 tons	None
Hazardous waste	Waste organic solvents, waste packaging containers, waste rags and gloves, surface treatment waste liquids, waste grinding sludge, waste emulsion, waste activated carbon, etc.	Disposed of by qualified third-party companies	Not applicable	Not applicable	Not applicable	Not applicable	465 tons	Not applicable	None

During the reporting year, Suzhou INOVANCE had no instances of excessive pollutant discharge, complied with relevant national regulations, and was not subject to environmental penalties by local authorities or complaints from community residents. No significant negative impacts were caused to the surrounding environment.

# Appendix 8 Independent Third-party Assurance

## Independent Verification Statement



Verification Statement: EIV2 068536 0015 Rev. 00

### To the management and stakeholders of INOVANCE,

TÜV SÜD Certification and Testing (China) Co., Ltd. (hereinafter referred to as "TÜV SÜD") has been engaged by Shenzhen Inovance Technology Co., Ltd. (hereinafter referred to as "INOVANCE" or "the Company") to perform an independent third-party verification on INOVANCE Sustainability Report 2024 (hereinafter referred to as "the Report"). During this verification, TÜV SÜD's verification team strictly abided by the contract signed with INOVANCE and provided verification regarding the Report in accordance with the provisions agreed by both parties and within the authorized scope stipulated in the contract.

This Independent Verification Statement is based on the data and information collected by INOVANCE and provided to TÜV SÜD. The scope of verification is limited to the given information. INOVANCE shall be held accountable for authenticity and completeness of the provided data and information (contains assumptions, projections, and/or historical facts).

### Scope of Verification

Time frame of this verification:

- ❖ The Report contains the data disclosed by INOVANCE during the reporting period from January 1<sup>st</sup>, 2024 to December 31<sup>st</sup>, 2024, including governance, environmental and social information and data, methods for management of material issues, actions/measures and the Company's sustainability performance during the reporting period.

Physical boundary of this verification:

- ❖ The on-site verification sampling took place at below listed location:
- ❖ No.52, Tian E Dang Road, Wuzhong District, Suzhou City, Jiangsu Province, China.

Scope of data and information for the verification:

- ❖ The scope of verification is limited to the data and information of INOVANCE and all companies under its operational control covered by the Report.

The following information and data are beyond the scope of this verification:

- ❖ Any information and contents beyond the reporting period of this Report; and
- ❖ The data and information of INOVANCE's suppliers, partners and other third parties; and
- ❖ The financial data and information disclosed in this Report that have been audited by an independent third party are not verified again herein.

### Limitations

- ❖ The verification process is conducted in the above scope and places. Sampling and verification are adopted for the data and information in the Report by TÜV SÜD, and only the stakeholders within the Company are interviewed; and
- ❖ The Company's standpoint, opinions, forward-looking statements and predictive information as well as the historical data and information before January 1<sup>st</sup>, 2024 are beyond the scope of this verification.
- ❖ TÜV SÜD's verification conclusions are based on the analysis of the data and information collected by TÜV SÜD and may not identify all problems and conditions, nor constitute a guarantee of the credibility or status of the subject of verification.

### Basis for the Verification

TÜV SÜD Certification and Testing  
(China) Co., Ltd.  
No.151 Heng Tong Road,  
Shanghai 200070

Page 1 of 3  
Tel: +86 21-61410123  
Fax: +86 21-61408600  
Web: www.tuvsud.com

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# Independent Verification Statement



Verification Statement: EIV2 068536 0015 Rev. 00

This verification process was conducted by TÜV SÜD's expert team with extensive experience in the economic, environmental, social and other relevant areas and drew the conclusions thereof. The verification conforms to the following standards:

- ❖ AA1000AS v3, Type 2 Engagement and Moderate Level Assurance
- ❖ Sustainability report verification programme operation rule (CCB\_EIV\_GR\_002E Rev02)

In order to perform adequate verification in accordance with the contract and provide reasonable verification for the conclusions, the verification team conducted the following activities:

- ❖ Preliminary investigation of the relevant information before the verification;
- ❖ Confirmation of the presence of the topics with high level of materiality and performance in the Report;
- ❖ On-site review of all supporting documents, data and other information provided by INOVANCE; tracing and verification of key performance information;
- ❖ Special interview with the representative of INOVANCE's management; interviews with the employees related to collection, compilation and reporting of the disclosed information; and
- ❖ Other procedures deemed necessary by the verification team.

## Verification Conclusions

According to the verification, we believe that the data and information presented in INOVANCE's report are objective, factual and reliable, without systematic problems.

The verification team has drawn the following conclusions on this Report:

<b>Inclusivity</b>	INOVANCE has identified the internal and external stakeholders such as shareholders and investors, customers, employees, governments and regulators, suppliers and partners, community representatives, etc., and established a stakeholder communication mechanism to collect the demands of stakeholders on a regular basis.
<b>Materiality</b>	INOVANCE has established the prioritization process of material topics determination, identified and assessed the priority of the sustainability topics which are highly related to the industry, the Company disclosed the governance structure, management approach as well as sustainability performance in corporate operation, therefore the Report's adherence to materiality principle is guaranteed.
<b>Responsiveness</b>	INOVANCE has disclosed the management approach and performance of high material topics that stakeholders concern, such as responding climate change, innovation-driven, clean technology opportunities, product and service safety and quality, sustainable supply chain management, green products and innovation, corporate governance, etc., and has established a communication mechanism, to fully respond to the demands and expectations of stakeholders.
<b>Impact</b>	INOVANCE has established Executive Management Team (EMT) and Sustainability Committee to enhance the Company's efforts in the areas of environmental, social responsibility and corporate governance. The Company has implemented a process of substantive topics assessment, based on a comprehensive and balanced understanding, measuring the impact on stakeholders and the organization itself, and disclosing the relevant impact.

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# Independent Verification Statement



Verification Statement: EIV2 068536 0015 Rev. 00

## Recommendations on Continuous Improvement

- ❖ It is recommended that the Company continues to measure and disclose their impact in a comprehensive and balanced way on sustainability topics relevant to them in the future.

## Statement on Independence and Verification Capability

TÜV SÜD is a trusted partner of choice for safety, security and sustainability solutions. It specializes in testing certification, auditing and advisory services. Since 1866, the company has remained committed to its purpose of enabling progress by protecting people, the environment and assets from technology-related risks. Today, TÜV SÜD is present in over 1,000 locations worldwide with its headquarters in Munich, Germany. Through expert teams represented by more than 26,000 employees, it adds value to customers and partners by enabling market access and managing risks. By anticipating technological developments and facilitating change, TÜV SÜD inspires trust in a physical and digital world to create a safer and more sustainable future.

TÜV SÜD Certification and Testing (China) Co., Ltd. is one of TÜV SÜD's global branches and has an expert team whose members have professional background and rich industrial experiences.

TÜV SÜD and INOVANCE are two entities independent of each other and both TÜV SÜD and INOVANCE and their branches or stakeholders have no conflict of interest. No member of the verification team has business relationship with the Company. The verification is completely neutral. All the data and information in the Report are provided by INOVANCE. TÜV SÜD has not been involved in preparation and drafting of the Report, except for the verification itself and issuance of the verification statement.

### Signature:

On Behalf of TÜV SÜD Certification and Testing (China) Co., Ltd.

Zhu Wenjun  
TÜV SÜD Sustainability Authorized Signatory Officer

April 16<sup>th</sup>, 2025

Shanghai, China

Note: In case of any inconsistency or discrepancy, the simplified Chinese version "Independent Verification Statement CN" of this verification statement shall prevail, while the English translation is used for reference only.



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# Acknowledgements

**Chief Editor:** Ali Han

**Editorial Team:** Chunmiao Zheng, Jianfeng Hong

## Colleagues listed below also contributed to the Report:

Qinglin Cai	Jianping Cao	Chen Chen	Cheng Chen	Dong Chen	Lixian Chen	Xingyuan Chen
Ying Chen	Longshan Ding	Shuhan Dong	Yan Dong	Zhongju Fan	Yucheng Fei	Chang Gao
Zhijun Gu	Anna Guo	Hongjian Guo	Jianhua Guo	Yue Guo	Yan Han	Li Hang
Xinyi He	Jiami Huang	Peng Huang	Wenyu Huang	Ming Jia	Lingyu Jiang	Renjie Jiang
Wilai Kinthanon	Fangbiao Lang	Yandong Leng	Dejun Li	Enze Li	Fujun Li	Hui Li
Jianping Li	Lanlan Li	Man Li	Shiyan Li	Wenhong Li	Xiaolong Li	Huan Lin
Pei Lin	Yuan Lin	Feng Liu	Gaoxiang Liu	Huan Liu	Longguo Liu	Na Liu
Weitong Liu	Wentai Liu	Xiaoming Liu	Xuran Liu	Yang Liu	Yu Liu	Pan Long
Zhenwei Lu	Hao Luo	Lingxiao Luo	Shuman Luo	Yue Lü	Xiaozhe Mo	Yimin Nan
Chengpeng Ni	Yanxia Ouyang	Lei Pan	Shanli Pan	Yangju Peng	Dongbo Piao	Keyi Qi
Pan Qin	Zhihong Qiu	Yishi Shi	Weilan Sun	Zecheng Sun	Wenqiang Tang	Xiangqi Tang
Chenhu Wang	Chenyu Wang	Ping Wang	Yunlin Wang	Huafang Wu	Weihong Wu	Ze Wu
Wenyan Xie	Zhijie Xie	Jiali Xu	Peng Xu	Liming Xu	Qiqi Xu	Zhiyuan Xu
Huiying Yan	Yi Yan	Yunfeng Yan	Li Yang	Tingting Yang	Yi Yang	Ying Yao
Jiaqi Ye	Qi Ye	Gaoxiang Yi	Xiaoqiong Yu	Zhijie Yu	Zhongjun Yuan	Zengmei Yue
Hua Zeng	Yan Zeng	Guangwei Zhai	Hongdeng Zhang	Hua Zhang	Hua Zhang (11850)	Jianming Zhang
Jianming Zhang	Jun Zhang	Ningning Zhang	Ping Zhang	Yan Zhang	Yanpeng Zhang	Yang Zhang
Yinghui Zhang	Yun Zhang	Zhaoyu Zhang	Zhenhai Zhang	Zhengchang Zhang	Chengjun Zhao	Min Zhao
Wang Zhao	Ming Zheng	Long Zhi	Bin Zhou	Xijian Zhou	Yun Zhou	Aimin Zhu
Baojun Zhu	Jinfeng Zhu	Ruijie Zhuge	Linhong Zhuang	Wenhao Zong	Deming Zou	Tong Zou

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INOVANCE Headquarter, 6 Lanqing 2nd Road, Luhu  
Community, Guanhu Subdistrict, Longhua District, Shenzhen

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[www.inovance.com](http://www.inovance.com)  
[sustainability@inovance.com](mailto:sustainability@inovance.com)