

Dun An

2025 Environmental, Social and
Governance (ESG) Report



2025

**ENVIRONMENTAL, SOCIAL, AND
GOVERNANCE (ESG) REPORT**



Leader of Healthy and Comfortable Environment



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About This Report

Report Overview

This report is the 2025 Environmental, Social, and Governance (ESG) Report released by Zhejiang DunAn Artificial Environment Co., Ltd. (hereinafter referred to as "DunAn Environment," "DunAn," "the Company," or "we"). The disclosure period of this report is from January 1, 2025, to December 31, 2025. To enhance data comparability and content continuity, some information has been appropriately extended. In the future, DunAn Environment will publish an ESG report annually, regularly disclosing annual operational achievements beyond financial performance to the public and taking action to practice sustainable development.

Report Boundary and Reliability

Unless otherwise stated, the scope of disclosure in this report is consistent with the "DunAn Environment 2025 Annual Report." The specific organizational entities corresponding to the company abbreviations used in this report are detailed in the figure below. All monetary amounts mentioned in this report are in CNY unless otherwise indicated. The data used in this report are sourced from the company's annual reports, official documents, and statistical reports. The Company's Board of Directors guarantees that the content of this announcement is true, accurate, and complete, with no false records, misleading statements, or significant omissions, and assumes individual and joint liability for the truthfulness, accuracy, and completeness of its content.

Full Name	Abbreviation
Zhejiang DunAn Hetian Metal Co., Ltd.	DunAn Hetian
Zhejiang DunAn Machinery Co., Ltd.	DunAn Machinery
Zhejiang DunAn Thermal Technology Co., Ltd.	DunAn Thermal Technology
DunAn Vehicle Thermal Management Technology Co., Ltd.	DunAn Vehicle Thermal Management
DunAn Electro-Mechanical Technology Co., Ltd.	DunAn Electro-Mechanical
Zhuhai Huayu Metal Co., Ltd.	Zhuhai Huayu
DunAn (Wuhu) Zhongyuan Automatic Control Co., Ltd.	Wuhu Zhongyuan
Nanchang Zhonghao Machinery Co., Ltd.	Nanchang Zhonghao
Hangzhou Saifute Equipment Co., Ltd.	Hangzhou Saifute
Jiangsu Tongsheng Heat Exchanger Co., Ltd.	Jiangsu Tongsheng
Zhejiang DunAn International Trade Co., Ltd.	DunAn International Trade
DunAn Metals (Thailand) Co., Ltd.	DunAn Metals (Thailand)

Basis for Report Preparation

- Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation)
- Guide No. 3 of Shenzhen Stock Exchange for the Self-Regulation of Listed Companies – Preparation of Sustainability Report (2026 Revised Version)
- Global Reporting Initiative Sustainability Reporting Standards (GRI Standards)
- United Nations Sustainable Development Goals (SDGs)

Report Access and Feedback (Communication)

This report is published in simplified Chinese and concise English electronic versions, available on the company's official website. If you have any suggestions or questions regarding this report, please feel free to contact us via email (dunanhj@dunan.cn).



Management Statement

As the seasons turn and a new chapter of sustainable development unfolds, ESG has evolved from a voluntary initiative into a core strategic imperative for enterprises, driven by the global wave of sustainable development and China's high-quality development strategy. Guided by our vision of The Leader in Healthy, Comfortable Environments, DunAn Environment has embedded ESG principles into the very foundation of our operations, honoring our commitment to responsible development while delivering steady and robust business growth. In 2025, we made a comprehensive strategic layout in the CO₂ natural refrigeration components sector, advancing the R&D of a full portfolio of CO₂ component products. We also delivered solid results in social responsibility and sustainable development, with our Wind ESG rating upgraded to Grade A, earning authoritative recognition for our sustainable development capabilities.

Strengthening the Core of Governance: Laying a Solid Foundation for Long-Term Development through Integrity in Operations

The cornerstone of sustainable development lies in sound and standardized corporate governance. In 2025, we continued to refine our governance system and advance board diversity, with female directors accounting for over 20% of the board, and independent directors making up 60% of all specialized board committees, resulting in continuous optimization of our governance structure. Meanwhile, we established a three lines of defense risk management framework, conducted audits and risk screenings in key focus areas, and delivered anti-bribery and anti-corruption (ABAC) training to 12,581 participants, continuously reinforcing the bottom line of integrity in business conduct. We have steadily improved our information disclosure and investor communication mechanisms, with a 100% approval rate for all proposals reviewed by the board of directors throughout the year, effectively ensuring information transparency and the protection of investor rights. Through compliance promotion and targeted initiatives, we have fostered a fair operating environment, supporting high-quality development with systematic governance capabilities.

Environmental Sustainability: Leading the Creation of a Healthy Environment through Nature-Friendly Principles

Faced with the global challenge of climate change, green transition is both a corporate responsibility and a strategic growth opportunity. In 2025, we continued to optimize our energy mix, advancing the construction of distributed photovoltaic (PV) and energy storage projects, with the coordinated application of 3MW/6MWh battery energy storage and PV systems deployed across multiple bases, driving a steady increase in the share of clean energy in our total energy consumption. We also implemented energy-saving technological transformation projects, including air compressor system optimization and energy management platform upgrades, with key projects achieving an energy saving rate of over 20%. Our total annual CO₂ emission reductions reached thousands of tons. On the product side, we accelerated green technology innovation and continuously improved our full suite of CO₂ product solutions. Through the coordinated advancement of green manufacturing and digital management, we have driven simultaneous improvements in production efficiency and resource utilization, leading the industry toward high-quality and sustainable development through green innovation.

Responsible Operations: Creating Diverse Value through Social Prosperity

The core value of an enterprise lies in symbiosis and common prosperity with all its stakeholders. In 2025, we continued to drive product innovation and service optimization, with 666 new patents granted throughout the year, bringing our total valid patents to 3,770. Through technological innovation, we have continuously enhanced customer value and our market competitiveness. Meanwhile, we continued to improve our employee development and incentive mechanisms, launched multi-level training and career development programs, fostered an equal and inclusive workplace, and strengthened work safety and occupational health management. No major work safety liability incidents occurred throughout the year, providing a solid foundation for employee growth and the steady development of the company.

In terms of supply chain management and social responsibility, we accelerated the construction of a digital procurement and management system, launched our Supplier Relationship Management (SRM) system to improve the efficiency and transparency of supply chain collaboration. We also strengthened supplier management and communication mechanisms, driving the development of a sustainable supply chain ecosystem and supporting the joint development of our small and medium-sized partners. In addition, we actively participated in public welfare and community development initiatives, continuously creating social value, deepening collaboration with all stakeholders, and fostering a mutually beneficial, long-term and stable development pattern.

While the journey ahead is long and fraught with challenges, steady progress will take us to our destination. Every step of DunAn Environment's steady growth is inseparable from the long-term trust and strong support of all our stakeholders. Looking ahead, we will remain anchored to our 2030 Sustainable Development Goals, firmly advance our green and low-carbon transition path, deepen technological innovation and industrial collaboration, and continuously improve the quality of our development and our capacity to create social value. DunAn Environment will respond to the call of the times with a strong sense of responsibility, empower a green future through technological strength, and work hand in hand with customers, employees, partners and all sectors of society to build a more resilient, greener and more sustainable development ecosystem.



About DunAn

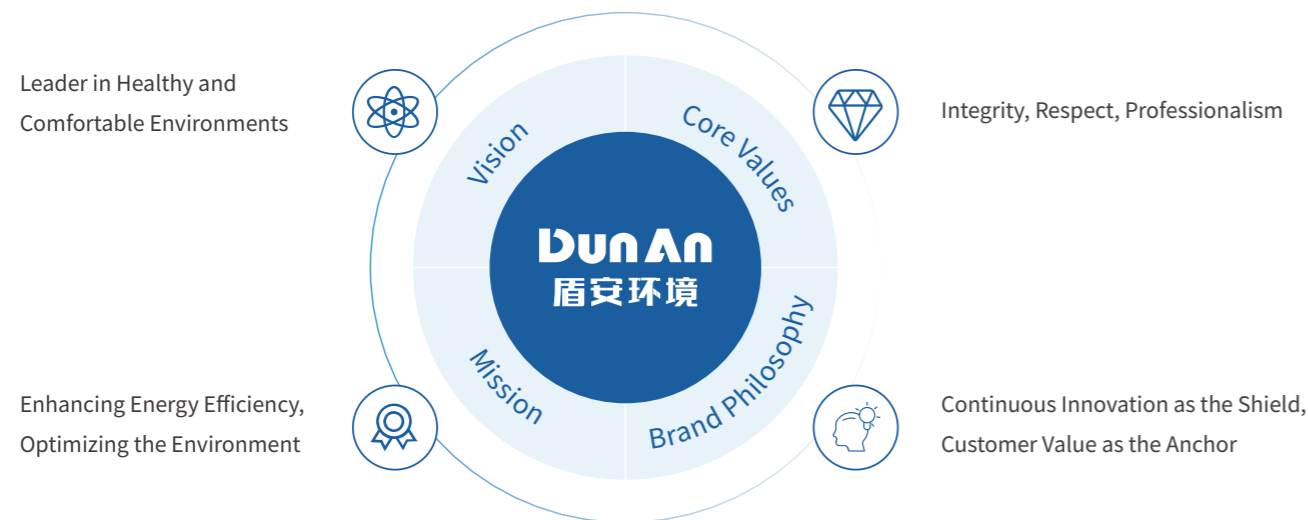
Organizational Profile

DunAn (DunAn Environment) has been deeply engaged in the HVAC&R industry for many years. DunAn takes the “Leader of healthy and comfortable environment” as the vision. Its mission is to “promote energy efficiency and optimize environment” DunAn’s main business covers components manufacturing valves, pipe assembly, heat exchangers and pressure vessels for household air conditioning, commercial air conditioning, heat pump, refrigeration and other fields), and equipment manufacturing (commercial air conditioning and special air conditioning in nuclear power plant, cleanrooms, data center, rail transit, etc., besides cold chain solutions), in addition, core components for new energy vehicle thermal management system. In 2004, DunAn Environment (002011) listed on the ShenZhen Stock Exchange.

Economic Performance

Indicators	Unit	2025	2024	2023
Total Assets	CNY 100M	122.90	121.53	107.83
Operating Revenue	CNY 100M	130.35	126.78	113.82
NPAT-P	CNY 100M	10.78	10.45	7.38
Cash Flow	CNY 100M	14.40	11.60	8.12

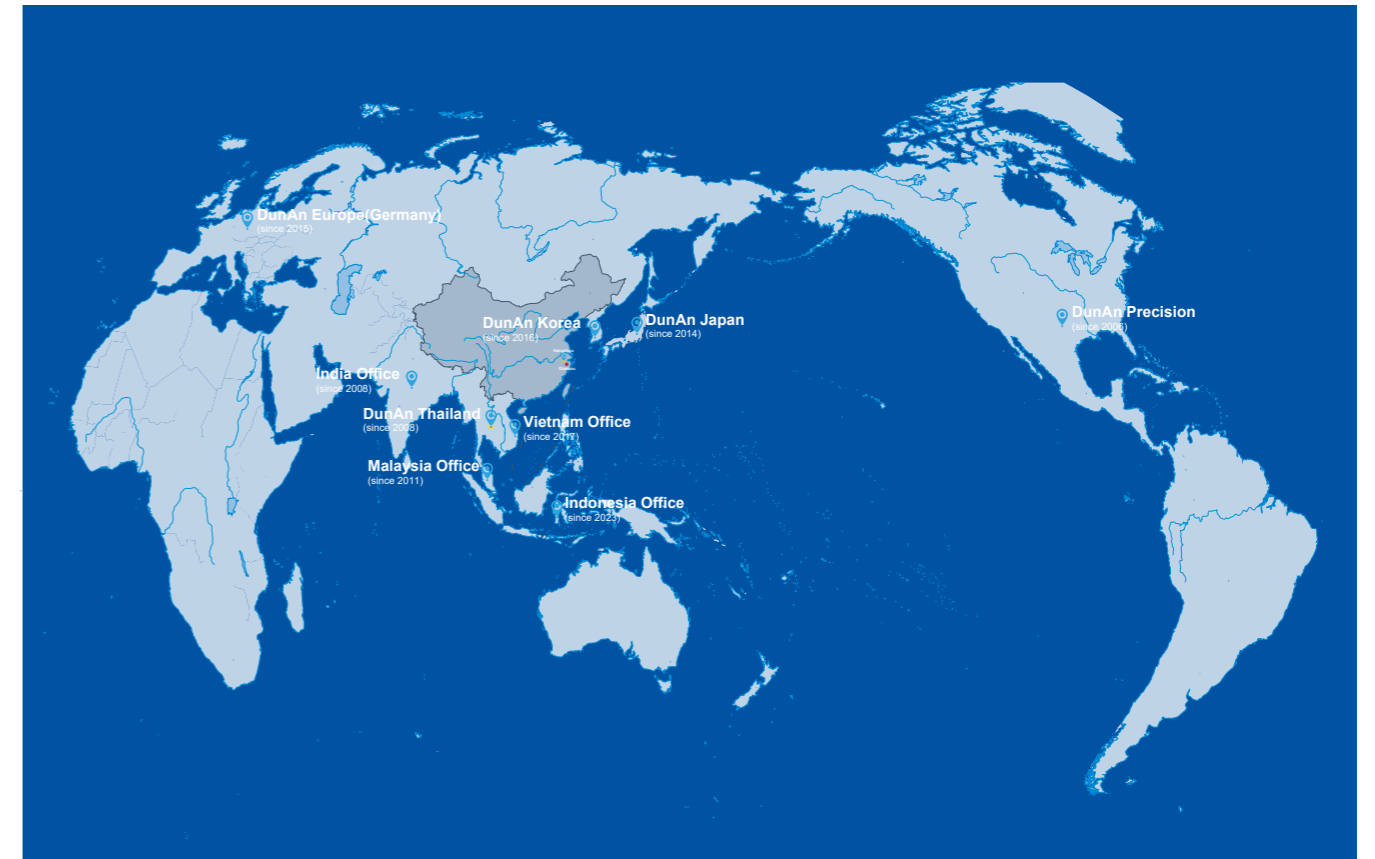
Corporate Culture



Global Operations

The company operates 20 production bases globally, located in Hangzhou, Zhuji, Wuhu, Hefei, Thailand, Nanchang, Zhongshan, Zhuhai, Shijiazhuang, Tianjin, and other regions. It has established 9 overseas subsidiaries and marketing institutions, covering North America, Europe, Japan, South Korea, Thailand, India, Malaysia, Vietnam, and other countries and regions.

The company has established a significant overseas manufacturing hub in Thailand. In addition to the DunAn Metals (Thailand) Base, the company newly established the DunAn Thailand Automotive Thermal Management Base and the DunAn Thailand Thermal Heat Exchanger Base in 2025, bringing the total number of production bases in Thailand to three. This has enabled the company to build an efficient and synergistic overseas manufacturing and marketing system.



Innovation & Technology

As a global leader in the HVAC&R components industry, the company's production and sales volumes of its main products rank among the top in the world. It has established long-term strategic partnerships with globally renowned air conditioning enterprises such as GREE, Midea, Haier, DAIKIN, MITSUBISHI, LG, Carrier, and Bosch; new energy vehicle companies including BYD, GEELY, SAIC, and CATL; as well as large central state-owned enterprises such as China National Nuclear Corporation, CRRC, and BOE. Innovation is regarded as the soul of the company's development, continuously enhancing its core competitiveness in technology and quality leadership. The company possesses a nationally recognized enterprise technology center, a national-level postdoctoral workstation, a CNAS-accredited laboratory, and a national-level full-performance testing center for central air conditioning. It has established a core technology support system with independent intellectual property rights. The company has participated in the drafting and revision of 104 national and industry standards and has been honored with awards such as the "National Quality Award", "National Innovation Pilot Enterprise", "The Second Prize of National Science and Technology Progress Award" and "China Patent Excellence Award", etc.

The company has participated in the drafting and revision of 104 national and industry standards, including "Direct-driven electronic expansion valves for air-conditioning equipment", "Solenoid valve for refrigeration and air conditioning equipment", "Copper service valve for refrigeration systems", "Solenoid valve for CO₂ refrigeration systems", "Electronic expansion valves for CO₂ refrigeration systems", "Rooftop air conditioning unit", and "Water chilling (heat pump) packages using the vapor compression cycle—Part 1: Water chilling (heat pump) packages for industrial & commercial and similar applications". Among these, the company served as the primary drafting unit for 20 standards. It is the first enterprise in China to produce nuclear-grade water chillers for nuclear power plants with independent intellectual property rights. Additionally, it achieved the independent research and development of the first domestic key component for passive nuclear power plant reactors—the AP1000 reactor top fan.

Market Position

The company is a member of the American Air-Conditioning, Heating, and Refrigeration Institute (AHRI), a member of the European Heat Pump Association (EHPA), a standing director unit of the China Refrigeration and Air-Conditioning Industry Association, a director unit of the Chinese Association of Refrigeration, a committee member unit of the National Technical Committee for Standardization of Refrigeration and Air-Conditioning Equipment, a member unit of the China Association for Quality, and a vice president unit of the Zhejiang Refrigeration and Air-Conditioning Industry Association.

Honors



Award-Winning Enterprises	Honor Name	Awarding
DunAn Electro-Mechanical	National Green Factory	Ministry of Industry and Information Technology of the People's Republic of China
DunAn Thermal Technology	Zhejiang Province Single Champion	Zhejiang Province Economy and Information Technology
DunAn Environment	Zhejiang Province Modernized Management Enterprise	
	Zhejiang Province Third Batch of Eagle Enterprises	
	Top 200 Private Enterprises in Zhejiang Province	Zhejiang Federation of Industry and Commerce
	Top 200 Manufacturing Private Enterprises in Zhejiang Province	
	Top 200 Private Enterprises in Zhejiang Province by R&D Investment	
	Top 200 Private Enterprises in Zhejiang Province by Invention Patents	
	Top 100 Private Enterprises in Shaoxing City	National Refrigeration and Air Conditioning Equipment Standardization Committee
2025 Annual Standardization Outstanding Contribution Unit		
DunAn Vehicle Thermal Management	Seventh Batch of Specialized, Refined, Distinctive, and Innovative "Little Giants"	Ministry of Industry and Information Technology of the People's Republic of China
Hangzhou Saifute		
Jiangsu Tongsheng		
DunAn Machinery		
Wuhu Zhongyuan		



Strengthening the Core of Governance

Laying a Solid Foundation for Long-Term Development through Integrity in Operations

This chapter responds to the United Nations Sustainable Development Goals (SDGs)



Global Reporting Initiative Sustainability Reporting Standards (GRI Standards)

GRI 2 General Disclosures 2021

GRI 3 Substantive Issue 2016

GRI 205 Anti-corruption 2016

GRI 206 Anti-competitive Behavior 2016

GRI 207 Tax 2019

Shenzhen Stock Exchange Guidelines for Self-Regulation of Listed Companies No. 17 – Sustainability Reporting (Trial Version)

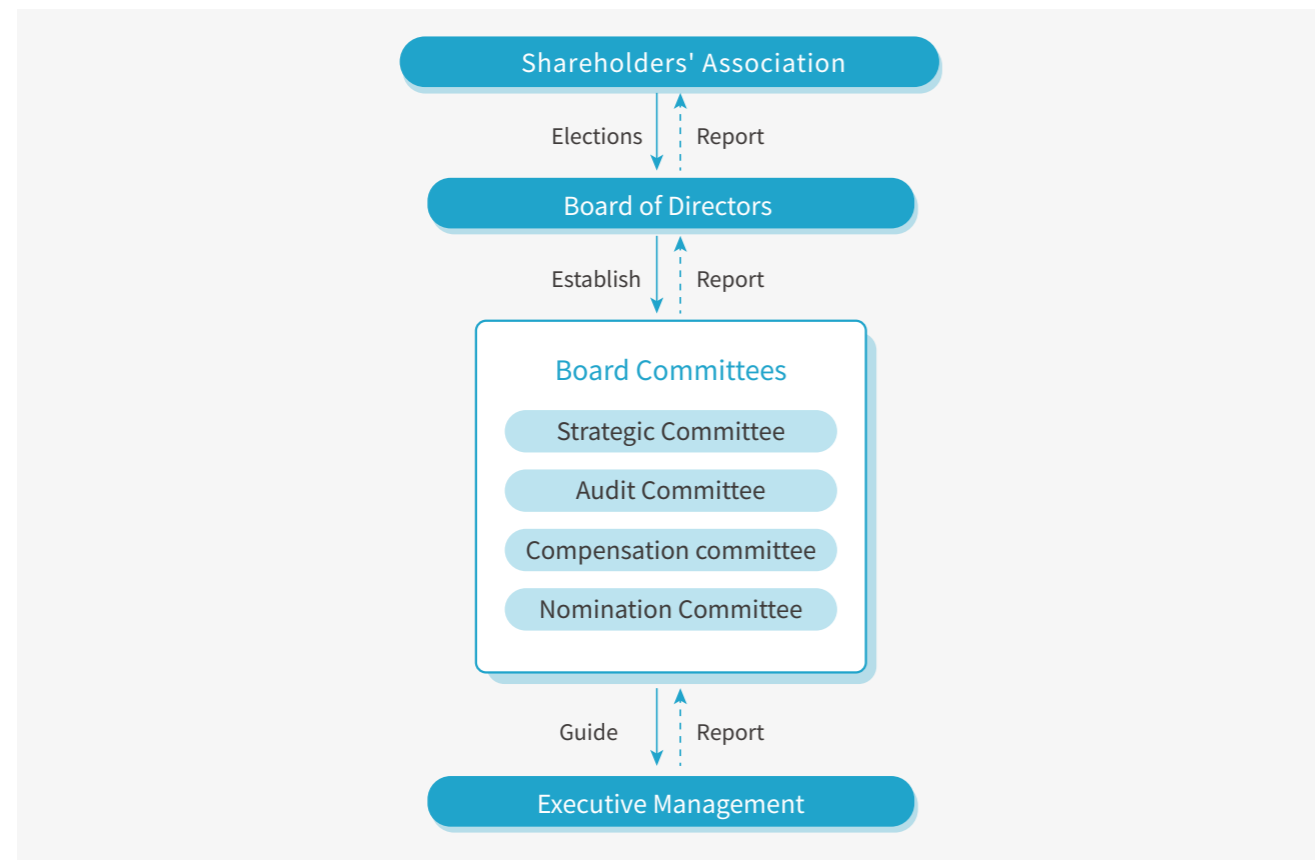
Anti-commercial bribery and anti-corruption

Anti-unfair competition

Corporate Governance

Governance Structure

DunAn Environment has established a clear governance structure: Shareholders' Meeting serves as the supreme governing body, while the Board of Directors, as the operational decision-making body, is accountable to the Shareholders' Meeting. The Board of Directors has established four special committees: Strategy, Compensation and Appraisal, Nomination, and Audit. The management team is responsible for implementing the resolutions of the Board of Directors, executing strategies, and ensuring the efficient and compliant daily operations of the company. This structure achieves effective separation and coordination of decision-making, oversight, and execution, ensuring the effectiveness and quality of corporate governance.



Following the implementation of the new “Company Law of the People’s Republic of China”, regulatory bodies such as the “China Securities Regulatory Commission (CSRC)” and the “Shenzhen Stock Exchange (SZSE)” have successively revised multiple regulations, including the “Guidelines for Articles of Association of Listed Companies” and the “Listing Rules of Shenzhen Stock Exchange”, introducing new requirements for listed companies. In 2025, the company proactively aligned with the new regulations to advance governance optimization. It organized relevant personnel to thoroughly study the provisions of the new regulations, reviewed existing systems in light of its own circumstances and governance needs, and completed the revision or formulation of multiple systems, such as the Company’s “Articles of Association” and the “Rules of Procedure for Shareholders’ Meetings”, ensuring full compliance of governance documents with regulatory requirements. The company simultaneously promoted the reform of the Supervisory Board, integrating the functions of the original Supervisory Board into the Audit Committee and adding employee director positions, making the governance structure more aligned with the spirit of the new regulations.

Board Diversity & Composition

The company has comprehensively strengthened the construction of the Board of Directors, implemented the authority of the Board, and ensured that the Board is accountable to the Shareholders' Meeting. In strict accordance with national laws and regulations and the provisions of the Company's “Articles of Association”, the Board effectively supervises the strategic development direction of the company, controls key risks, provides guidance to management, and considers and approves major decisions, oversees operations, and evaluates company performance.

The company conducts the selection process and authority management of directors in accordance with laws and regulations, emphasizing the diversity of the Board of Directors. It strives to enrich the representation of Board members in terms of gender, experience, qualifications, and professional backgrounds, providing more comprehensive and professional decision-making for the company's development. As of the end of the reporting period, the company's Board of Directors consists of 9 members, including 3 independent directors, with women accounting for over 20% of the Board members.

In addition, the Board of Directors has established four special committees: the Strategy Committee, the Compensation and Evaluation Committee, the Nomination Committee, and the Audit Committee. These committees fulfill their responsibilities of providing recommendations and oversight. During the reporting period, independent reaches or exceeds 60% four committees, ensuring the independence and standardization of the Board's operations.

Indicator	Unit	2025	2024	2023
Total number of board members	People	9	9	9
Standard deviation of age of directors, supervisors, and senior management	Years	6.58	8.44	8.66
Average tenure of board members	Years	2.12	2.70	2.01
Proportion of independent directors	%	33.33	33.33	33.33
Proportion of independent directors serving as independent directors in more than 3 listed companies	%	0	0	0
Proportion of independent directors on the Strategy Committee	%	60	60	60
Proportion of independent directors on the Audit Committee	%	67	67	67
Proportion of independent directors on the Compensation and Assessment Committee	%	60	60	60
Proportion of Independent Directors on the Nomination Committee	%	60	60	60
Board Members by Gender				
Male	People	7	9	9
Female	People	2	0	0
Board Members by Professional/Educational Background				
Industry Expert	People	1(Independent Director)	1(Independent Director)	1(Independent Director)
Legal Expert	People	1(Independent Director)	1(Independent Director)	1(Independent Director)
Financial Expert	People	1(Independent Director)	1(Independent Director)	1(Independent Director)

Board Effectiveness

During the reporting period, the company held 6 shareholders' meetings and 12 board meetings, with all major decisions made in accordance with the law through these meetings. The attendance rate of all directors at board meetings reached 100% for the reporting year. The specialized committees of the board provided professional and objective opinions and suggestions to the company in their respective fields, offering strong support for the company's informed decision-making.

Indicators	Unit	2025	2024	2023
Board of Directors Performance				
Board Meetings Held	Times	12	7	4
Board Member Attendance Rate	%	100	100	100
Strategic Committee Meetings and Resolution Approval Rate	%	100	100	100
Audit Committee Meetings and Resolution Approval Rate	%	100	100	100
Meetings and Proposal Approval Rate of the Remuneration and Appraisal Committee	%	100	100	100
Meetings and Proposal Approval Rate of the Nomination Committee	%	100	100	100

• Compensation and Performance Management

To ensure the efficient performance of duties by the company's directors and senior management and enhance governance effectiveness, the company has established a performance-oriented compensation management system for directors and senior management, aimed at driving the achievement of strategic objectives through incentive alignment.

The company formulates annual compensation plans for directors and senior management. Independent directors receive a fixed allowance system (CNY 120,000 per year per person), aligned with their supervisory responsibilities; non-independent directors serving in the company do not receive additional allowances, and their compensation is linked to the performance of their management positions; senior management adopts a compensation structure strongly tied to performance, with target annual salaries designed at a fixed-to-variable ratio of 3:7, where 70% of the variable portion is directly linked to performance results and may receive excess profit rewards in accordance with the "Excess Target Incentive Management Regulations."

Information Disclosure

The company has established the "Information Disclosure Management System" in accordance with relevant laws and regulations and the Shenzhen Stock Exchange's requirements for information disclosure by listed companies, thereby building a standardized information disclosure framework. It earnestly fulfills its information disclosure obligations to ensure that the disclosed information is truthful, accurate, and complete, safeguarding the right of shareholders and creditors to be informed about the company's production, operations, and significant matters.

During the reporting period, in compliance with the requirements of laws and regulations such as the "Company Law of the People's Republic of China," the "Securities Law of the People's Republic of China," and the "Administrative Measures for Information Disclosure of Listed Companies," as well as the company's "Articles of Association" and the "Information Disclosure Management System," the company strictly fulfilled its information disclosure obligations. A total of 153 announcement documents were disclosed through the "Securities Times," "Securities Daily," and the CNINFO website.

Investor Relations Management

The company places great emphasis on and enhances its investor relations management mechanism. Through various channels such as the Interactive Easy platform, hotline, email, fax, and joint research, the company consistently strengthens regular communication and exchanges with investors, particularly small and medium-sized investors. It actively listens to their opinions and suggestions regarding the company's production, operations, and future development, fostering a two-way, transparent, and mutually trusting positive interaction.

The company strictly adheres to the principles of fairness, impartiality, and transparency, effectively safeguarding the legitimate rights and interests of minority investors. It ensures that all shareholders equally enjoy the rights stipulated by laws, regulations, and the company's articles of association. All important information related to the company's operations, finances, and development is based on the officially disclosed content in the company's annual reports and other announcements.

Ethics & Compliance

Compliance Management

• Governance

DunAn Environment regards compliance as the lifeline of business development, strictly adhering to laws and regulations such as the Company Law of the People's Republic of China and the Basic Standards for Enterprise Internal Control, as well as regulatory requirements. The company has established a comprehensive risk management and compliance governance system that is guided by strategic objectives, covers all business areas, features clear responsibilities and authorities, and operates effectively.

To enhance the systematic and professional nature of risk management, the company has established a "Risk Management Center," composed of three major departments: the Securities Investment Department, the Internal Control Department, and the Legal Affairs Department. Through cross-departmental collaboration, the center forms a synergistic force to strengthen internal defenses for the company's stable operations and build a risk prevention and control network covering the entire business process.

Composition of the Risk Management Center

Securities Investment Department: Oversees investment activities and monitors risks related to information disclosure.

Internal Control Department: Responsible for the establishment and supervision of the internal control system.

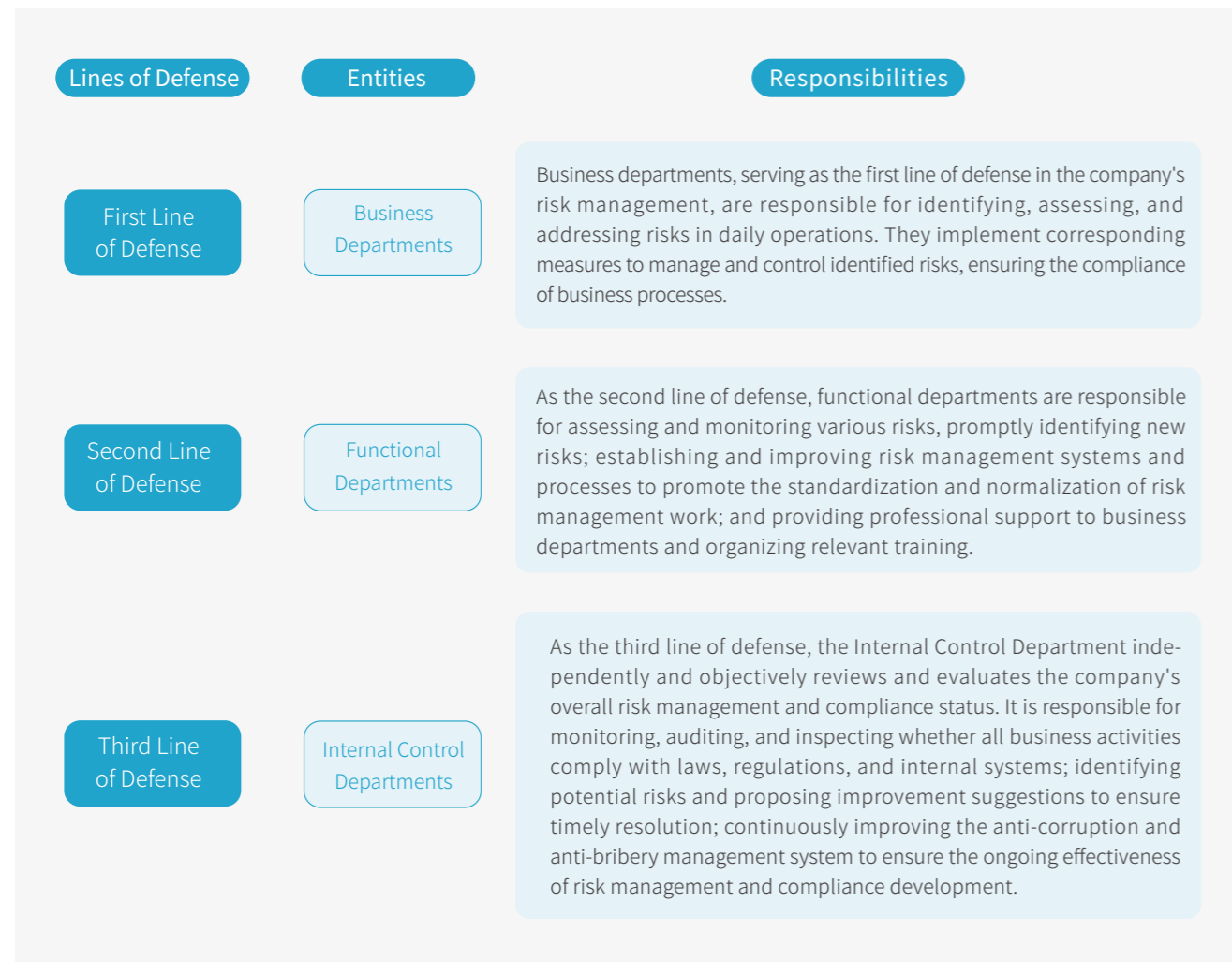
Legal Department: Responsible for the prevention and handling of legal compliance risks.

● Strategy

The company focuses on compliance and sound operations, preventing major risks, and enhancing governance effectiveness as its core strategic direction. It deeply embeds compliance management into the entire business process, ensuring the company's sustained and healthy operations through systematic development, professional risk prevention, and regular cultural advocacy. This safeguards the legitimate rights and interests of investors, customers, and stakeholders, providing a solid foundation for high-quality and sustainable development.

● Impact, Risk, and Opportunity Management

Through a systematic risk management framework, the company effectively identifies and mitigates various risks related to operations, legal compliance, and integrity, while actively transforming its compliance capabilities into competitive advantages and industry influence. The company has established and continuously operates a Risk Management responsibility system centered on the "Three Lines of Defense," ensuring that risk management is implemented at every level and forms a end-to-end risk management.



Regularly Conduct Integrity Warning Education

The company continuously promotes the construction of a compliance culture, fostering an environment where "everyone emphasizes compliance and every matter follows the rules." The company provides multi-level and multi-form compliance training for new employees, site staff, and management. Through corporate WeChat case studies, compliance-related cases are shared to comprehensively enhance employees' compliance awareness and risk prevention capabilities. Additionally, the company has established an efficient legal consultation response mechanism. During the reporting period, it provided employees with over 100 legal consultations, promptly addressing practical issues.

Cases Conduct regular integrity warning education to strengthen the compliance defense line

In April, July, and October 2025, the company disseminated integrity case studies via the corporate WeChat platform, covering typical scenarios such as theft of company property, fraudulent expense reporting, and embezzlement. By reconstructing the process of misconduct, analyzing root causes, and detailing disciplinary consequences, these cases vividly highlighted integrity risks in daily operations. They emphasized to all employees the necessity of adhering to financial regulations and integrity guidelines, encouraging staff to learn from these cases, consciously resist corrupt practices, and continuously reinforce the ideological foundation for corporate governance and compliant operations.



Strengthen Trade Compliance

The company actively practices trade compliance. In 2025, through deep participation in AEO Advanced Certification practices, it shared AEO certification management experience with the industry, driving regional corporate compliance standards upward with benchmark practices.

Cases Deepening AEO Compliance Practices, Empowering Trade Compliance Through Industry Sharing

The company strictly implements the "Customs Advanced Certification Enterprise Standards" and is an enterprise in the Shaoxing region with two AEO Advanced Certifications (DunAn Hetian, DunAn International Trade). During the certification period, the company established an "AEO Standards Interpretation" team, deeply integrating certification requirements into business processes to achieve a unified management system. This effectively addressed issues such as the disconnect between certification standards and the management system, as well as difficulties in integrating and implementing documents. The team developed a special lecture titled "The Role of AEO Standards Interpretation in AEO Certification Management," which received high recognition and praise from Hangzhou Customs. As of December 2025, the company conducted sharing sessions in Hangzhou, Shaoxing, Taizhou, Wenzhou, and other locations, covering over 100 enterprises. By sharing experience, it helped enhance industry compliance and received a letter of appreciation from Hangzhou Customs, demonstrating the company's exemplary commitment to trade compliance and social contribution.



● Metrics and Targets

The company conducts audit and supervision work, continuously strengthening internal control and risk management. In 2025, the company organized and carried out 4 comprehensive operational audits, Conducted 1 mid-term economic responsibility audit and 1 departure economic responsibility audit for senior management., and completed 16 special audits focusing on key areas such as entertainment expenses, procurement, and quality management. Additionally, 5 investigation reports were issued, and the annual internal control evaluation report was released on schedule. The compliance culture and risk prevention and control measures have been effectively implemented, with no major compliance or integrity risk incidents occurring, leading to continuous improvement in compliance governance levels.

Integrity Building

● Governance

DunAn Environment adheres to integrity in its operations and is committed to building a clean and transparent business environment. Guided by the "DunAn Corporate Charter," the company has established a five-in-one integrity prevention and control mechanism, encompassing integrity commitments, self-inspection and self-correction, rotation of key positions, thematic training, and reporting supervision. It clearly defines the integrity responsibilities of senior management, middle-level cadres, and employees in key positions (such as procurement, infrastructure, finance, and capital management), implements integrity commitments for all employees, and encourages family members to assist in supervision. The company ensures multi-dimensional reporting channels, establishes standardized processes for acceptance, verification, feedback, confidentiality, and rewards, forming a closed-loop management system.

● Strategy

The company regards integrity, compliance, and transparent operations as core strategies for sustainable development. With the goals of strengthening integrity risk prevention and fostering a clean and upright atmosphere, the company continuously enhances anti-corruption and anti-bribery management. Through institutional constraints, cultural influence, and supervision safeguards, it integrates integrity principles into all operational processes, safeguards the legitimate rights and interests of the company, shareholders, customers, and stakeholders, and ensures the long-term stable development of the enterprise.

● Impact, Risk, and Opportunity Management

The company has effectively prevented and controlled major risks such as commercial bribery, corruption, and improper benefit transfers through systematic integrity-building efforts, thereby enhancing its compliance image and market trust.

The company organized all employees to sign the "Integrity Commitment Letter," conducted integrity self-inspections and self-corrections, and implemented job rotations for key positions. It provided specialized training on anti-bribery and anti-monopoly for new employees and key personnel, with over 10,000 participants, covering all senior management and empowering compliance professionals. The company established accessible online and offline reporting channels, strengthened whistleblower protection and reward mechanisms, and comprehensively reinforced integrity risk prevention and control.

Cases Anti-Corruption and Integrity-Building Specialized Training

In September 2025, the company organized a special anti-corruption and integrity training session with the theme "Follow Rules, Strictly Discipline Oneself; Know Reverence, Uphold the Bottom Line." The training combined typical cases of power-related corruption within the company in recent years, deeply analyzed the root causes and harms of corrupt behavior, and facilitated interactive discussions on topics such as power supervision mechanisms and integrity risk prevention in positions. It guided employees to build a strong integrity defense line from the depths of their minds. Company leaders personally attended the training to provide guidance, further enhancing the authority and effectiveness of the session.



Reporting Channels and Whistleblower Protection

To fully leverage the supervisory role of employees and relevant stakeholders, protect the legitimate rights and interests of whistleblowers, encourage all employees, especially management personnel, to fulfill their duties diligently, and foster an atmosphere of "fairness, justice, and integrity" within the company, the company actively facilitates various reporting channels. In addition to traditional reporting channels such as telephone, email, and physical complaint boxes, the company has also established a digital integrity complaint platform, accessible via corporate WeChat or by scanning a QR code for reporting.

DunAn Whistleblowing Channels	Reporting Hotline: 13858409929	Report Email: nkb@dunan.cn	Report QR Code: 
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● Indicators and Targets

Indicator	Unit	2025	2024	2023
Total number of senior management personnel covered by anti-commercial bribery and anti-corruption training	People	50	50	43
Percentage of senior management personnel covered by anti-commercial bribery and anti-corruption training	%	100	100	100
Total number of employees covered by anti-commercial bribery and anti-corruption training	People	12,581	13,735	11,872
Percentage of employees covered by anti-commercial bribery and anti-corruption training	%	98.90	98.66	100.00
Total number of commercial bribery and corruption incidents	Number of cases	2	2	1
Disciplinary actions for commercial bribery and corruption incidents	People	3	3	1

Anti-Unfair Competition

DunAn Environment consistently adheres to the core principles of integrity, transparency, and fair competition, strictly complies with laws and regulations such as the Anti-Unfair Competition Law of the People's Republic of China, and is committed to maintaining a healthy and orderly market environment. In practice, the company ensures that all marketing and sales activities are truthful and accurate, prohibits any false or exaggerated advertising, and establishes a rigorous review mechanism for promotional materials to ensure full compliance.

The company actively advocates for healthy competition, respects industry peers and competitors, and resolutely opposes any behavior that disrupts market order. At the same time, the company places great emphasis on intellectual property protection, respecting the legitimate rights of others while strictly safeguarding its own intellectual property and prohibiting any unauthorized use.

To ensure the effective implementation of these requirements, the company regularly conducts systematic internal compliance assessments of marketing and market activities, ensuring that all processes adhere to anti-unfair competition management standards, and holds any violations strictly accountable.

Cases Anti-Unfair Competition Awareness Campaign

In February 2025, the company organized a promotional activity on anti-unfair competition. The event provided employees with a thematic presentation covering six key aspects: an overview of unfair competition, its types, its importance, relevant laws and regulations, the supervision and enforcement of anti-unfair competition measures, and corporate strategies for addressing unfair competition. This initiative aims to promote market entities' awareness and compliance with the law, encourage lawful business operations, and effectively safeguard the order of market competition.



Indicator	Unit	2025	2024	2023
Amount Involved in Litigation or Significant Administrative Penalties Due to Unfair Competition Practices	Yuan	0	0	0

ESG Management

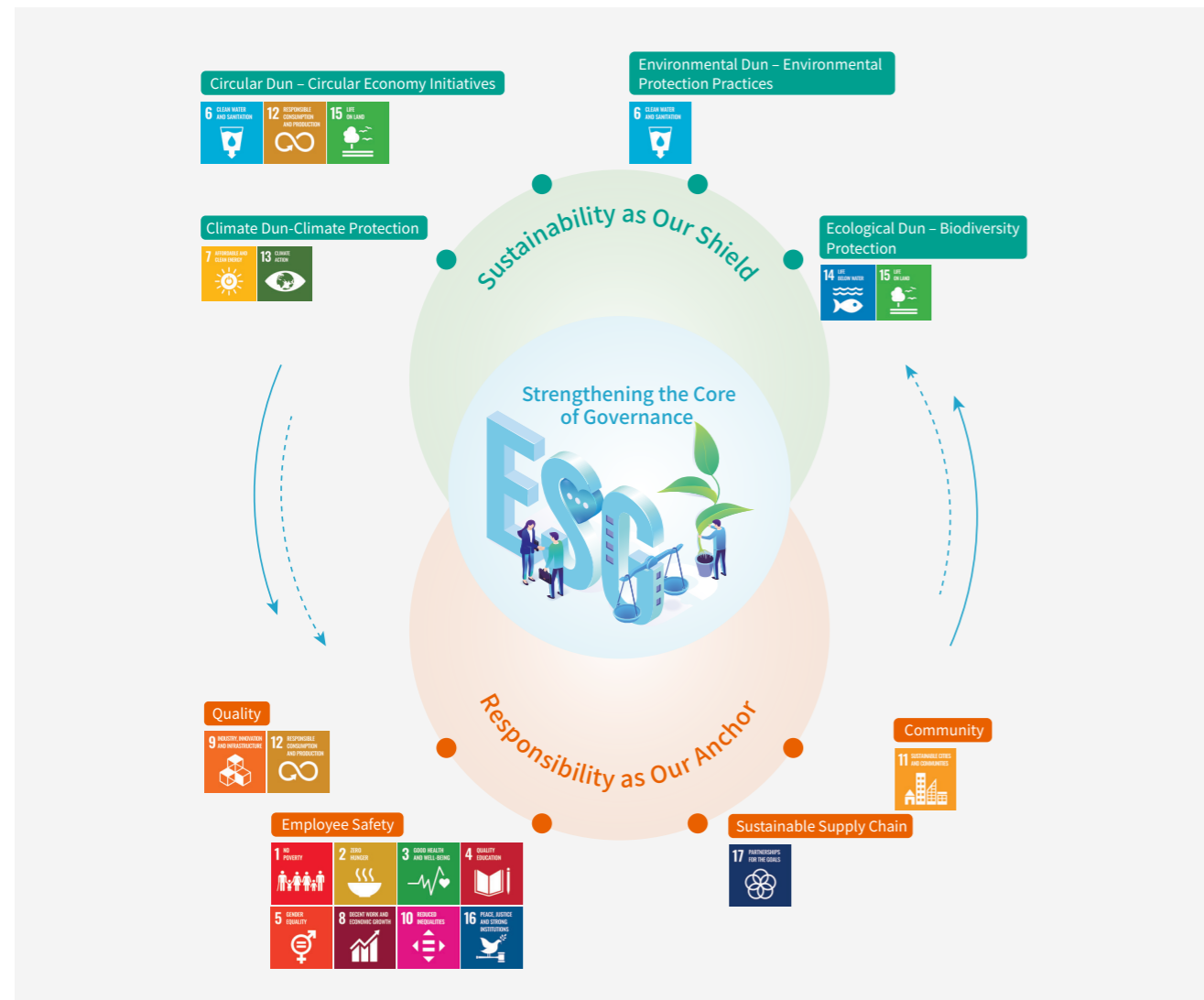
Governance

DunAn Environment places high importance on sustainable development and actively manages the environmental and social impacts of its manufacturing and operational activities. We are committed to becoming "experts in providing healthy and comfortable environmental system solutions in the refrigeration and air conditioning field" and integrate the concept of sustainable development into the company's strategy, daily management, and operations to achieve long-term value. The company has established a three-tier sustainable development management and governance structure: "Board of Directors – Sustainability Committee – Functional Departments," clarifying ESG responsibilities at each level. This approach promotes ESG governance in a more scientific, professional, and systematic manner, supporting the company's high-quality and stable development.



Sustainable Development Strategy

DunAn Environment has established a sustainability strategy centered on fostering safe, healthy, and comfortable living environments. Anchored by a strong governance framework, the Company advances its sustainability agenda through two key pillars: sustainable development and responsible operations. By developing a comprehensive approach encompassing climate action, circular economy practices, environmental protection, and ecosystem stewardship, DunAn is building a resilient and sustainable business model. This enables the Company to deliver responsible value across products, employees, supply chain, and society. At the same time, DunAn actively aligns with the United Nations Sustainable Development Goals (SDGs), contributing to China’s carbon peaking and carbon neutrality ambitions, and supporting global efforts toward sustainable development.



Building on this foundation, the Company has set its 2030 sustainability goals. In 2025, we deepened implementation by assigning clear responsibilities and conducting regular progress reviews, ensuring steady execution of our roadmap. Through these efforts, the Company contributes to the UN SDGs, supports China’s “Dual Carbon” goals, and advances global sustainable governance.

Strategic Positioning	Strategic Initiatives	2030 Goals and Targets	Progress in 2025
Environmental Sustainability: Leading the Creation of a Healthy Environment through Nature-Friendly Practices	Climate Action: Supporting China’s “Dual Carbon” Goals	2030: Achieve peak greenhouse gas emissions (Scope 1, Scope 2), with a 10% reduction compared to the 2021 baseline year	In Progress
		2030: Develop green products to contribute to emission reductions across the value chain, with green products accounting for 40% of total revenue	In Progress
	Circular Economy: Pioneering a Circular Model	2030: Annual Water Resource Recycling Rate Not Less Than 90%	Achieved
		2030: Innovating End-of-Life Product Recycling Models	In Progress
	Environmental Protection: Setting a Model for Environmental Safety	2030: Continuously Maintain Zero Incidents of Environmental Pollution and Chemical Leaks 2030: Continuously advance the creation of green factories	In Progress 1 achieved
Biodiversity and Ecology: Embracing a Nature-Friendly Future	2030: Integrate ecological concepts into product development to create nature-friendly products	In Progress	
Responsible Operations: Achieving Diverse Value Creation through Shared Social Prosperity	Product Responsibility: Becoming the Trusted Choice for Customers	2030: Reduce the rate of non-conforming products in use by 50% compared to the 2021 baseline	In Progress
		2030: Annual Customer Satisfaction ≥92 Points	Achieved
	Employee Well being: A Secure and Fulfilling Career for Our People	2030: Maintain zero major work safety accidents, with annual work-related injuries ≤ 45 cases	In Progress
		2030: Employee satisfaction ≥ 90%	In Progress
	Responsible Supply Chain: Building a Sustainable Value Chain	2030: Sign contracts containing environmental, labor, and human rights requirements reaching 80%	In Progress
2030: Suppliers undergoing environmental and social contribution on-site audits ≥90% 2030: Empower Supplier ESG Performance, Conduct at Least 5 Relevant Training Sessions Annually		In Progress In Progress	
Social Contribution: Engaging with Communities for Shared Growth	2030: Local employee hiring ratio reaches 90%	In Progress	
Strengthening the Core of Governance, Laying a Solid Foundation for Sustainable and Steady Development Through Integrity in Operations	Corporate Governance: Unleashing Momentum Through Sustainable Integration	2030: Continue to advance the diversification of the board of directors, increasing the proportion of female directors	Achieved
		2030: Continue to promote the integration of sustainable development and corporate governance	In Progress
	Business Ethics, Responsible Operations, Trustworthy	2030: Zero tolerance for corruption and bribery incidents, maintaining zero occurrences of related events	In Progress
2030: Eliminate business ethics violations (including unfair competition, conflicts of interest, money laundering, fraud)		In Progress	

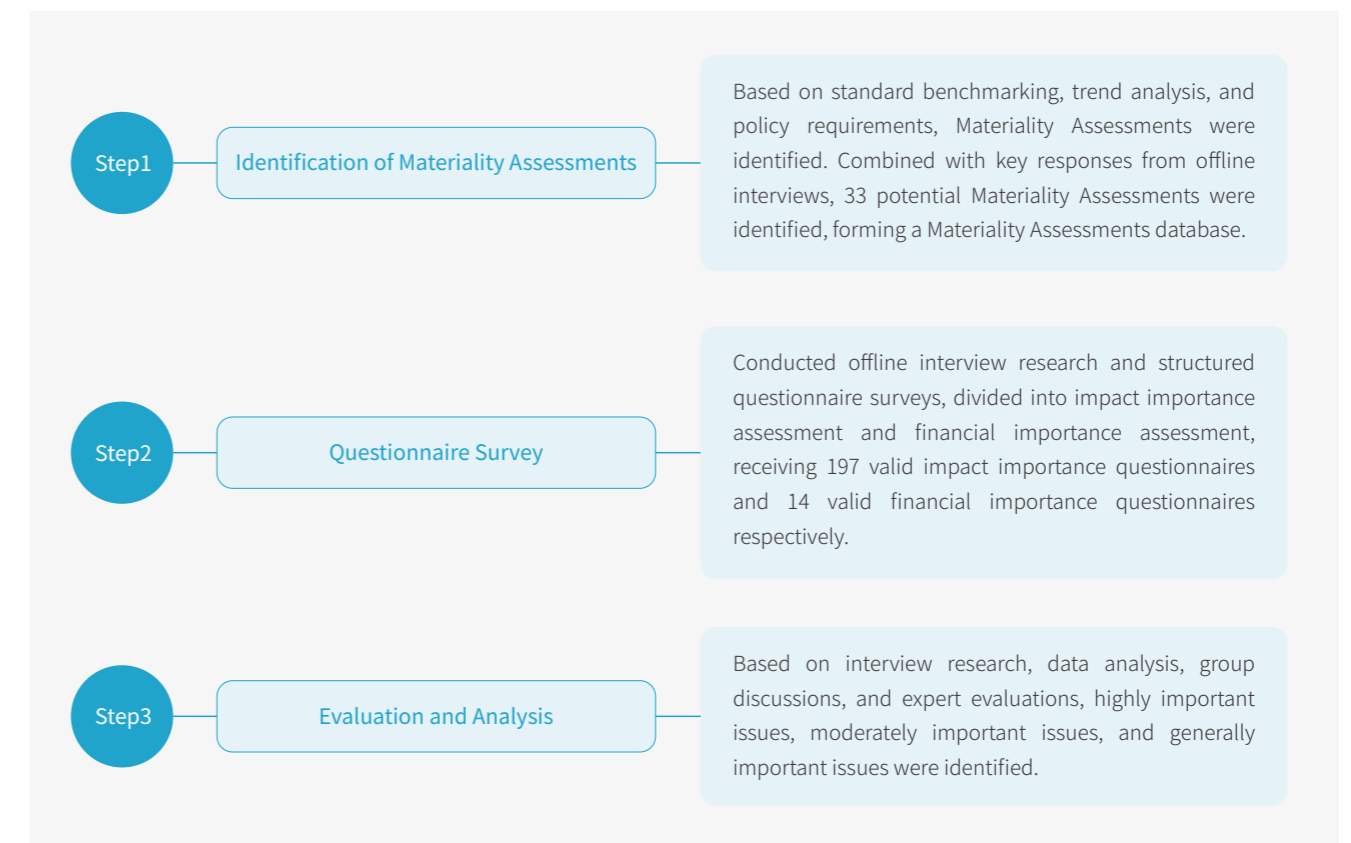
Stakeholder Engagement

DunAn Environment actively expands communication channels with stakeholders across all aspects of its daily operations and services. By establishing regular communication mechanisms and conducting multi-channel, multi-form communication activities, the company fully understands the expectations and demands of stakeholders, actively responds to their concerns, and builds harmonious and stable stakeholder relationships.

Stakeholders	Communication and Engagement Methods	Focus Issues
Government and Regulatory Agencies	Government-Enterprise Communication and Reporting Compliance Information Disclosure	Corporate Governance ESG and Sustainable Risk Management Compliance and Risk Management, Anti-Corruption Anti-Unfair Competition, Tax Integrity Environmental Compliance Management Ecosystem and Biodiversity Conservation Public Welfare and Charity, Rural Revitalization Supporting Industrial Development
Shareholders and Other Investors	Regular Announcements Earnings Report Meetings Daily Communication, Questionnaire Timely telephone communication Investor meetings, Earnings conference calls Shareholders' Meeting, Questionnaire	Corporate Governance ESG and Sustainable Risk Management Innovation-Driven, Intellectual Property Protection Intelligent and Digital Transformation Green Product Design and Development Product Quality and Safety Driving Industry Development Sustainable Supply Chain
Customers	Social Media Customer Satisfaction Survey Customer Complaints Questionnaire	Green Product Design and Development Energy Efficiency and Renewable Energy Innovation-Driven, Product Quality and Safety Customer Satisfaction Data Security and Customer Privacy Protection Supporting Industry Development Sustainable Supply Chain
Suppliers and Partners	Regular Communication and Exchange Suppliers and Partners Official Website Questionnaire	Sustainable Supply Chain Equal Treatment for Small and Medium-sized Enterprises Supporting Industrial Development Innovation-Driven, Product Quality and Safety
Employees and Other Workers	Workers' Congress, Employee Training Employee Activities, Social Media Company Intranet, Employee Satisfaction Survey, Survey Questionnaire	Compliant Employment and Rights Protection Compensation, Benefits, and Care Occupational Health and Safety Training and Development
Industry Associations	Company Website Industry Communication and Exchange Survey Questionnaire	Supporting Industrial Development Intellectual Property Protection

Material Assessment

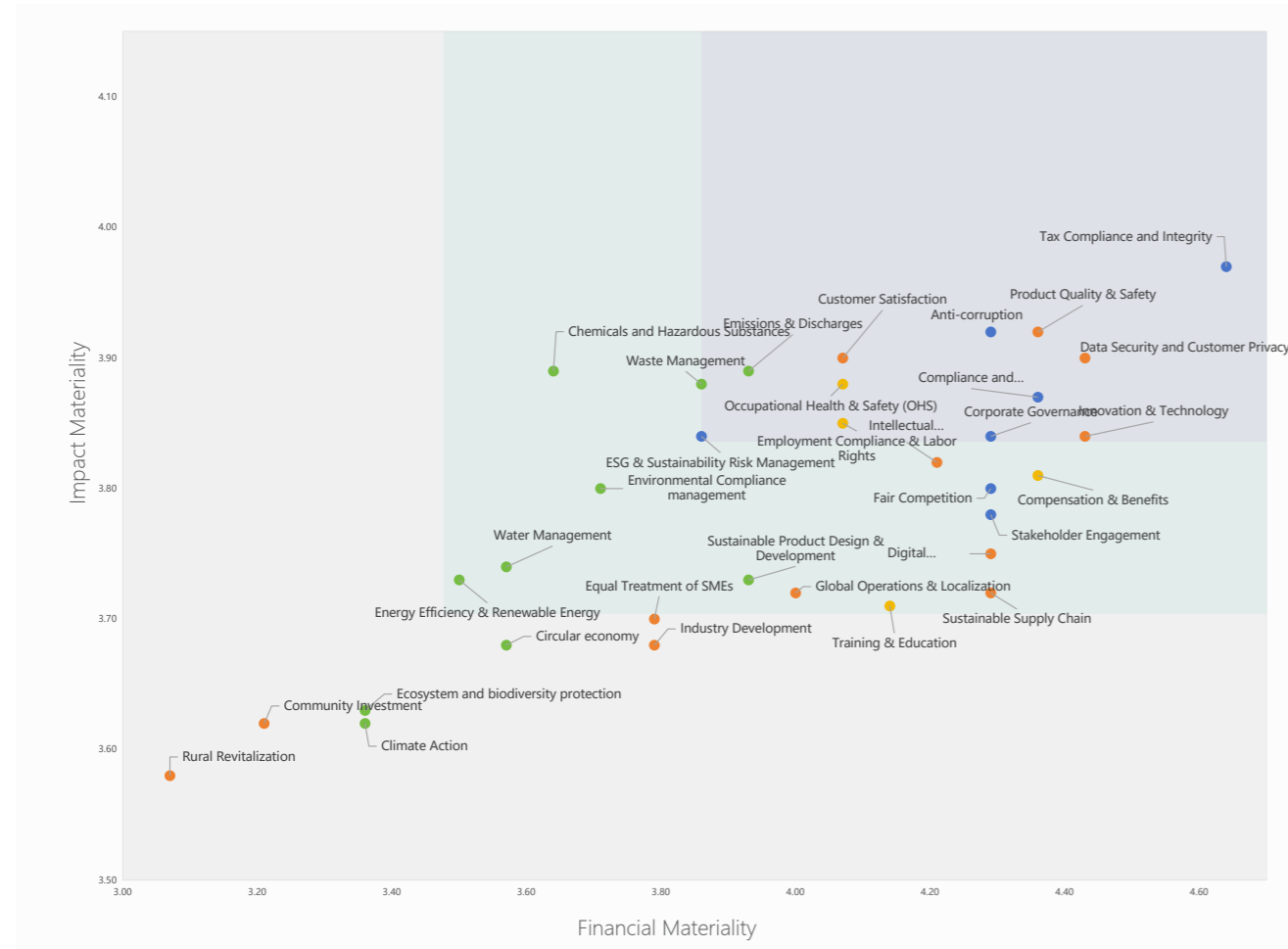
DunAn Environment identifies Materiality Assessments based on standard benchmarking, trend analysis, and policy requirements, and combines key points from offline departmental interviews to form the 2025 ESG Materiality Assessments list. This ensures that the selection of issues not only complies with standards but also reflects industry representation and policy foresight, while taking into account the company's unique characteristics. In 2025, we identified 33 potential Materiality Assessments and conducted a dual materiality assessment using a questionnaire evaluation method. Questionnaires on impact materiality and financial materiality were distributed, and quantitative analysis and qualitative judgment were employed to ensure the scientific rigor of the assessment.



● Dual Materiality Issues Matrix

In 2025, DunAn Environment conducted a materiality assessment based on the dual dimensions of impact significance and financial significance. Through questionnaire surveys, data analysis, and comprehensive evaluation, the company systematically identified and prioritized various issues. The assessment results show that the company identified a total of 14 highly important issues, 15 moderately important issues, and 4 generally important issues. Overall, materiality issues exhibit a distribution pattern of gradually clustering from generally important to highly important, reflecting the company's increasing significance in key areas such as governance compliance, product responsibility, and operational management.

Double Materiality Matrix



Materiality Matrix

Moderately Important Issues (15)

There are 15 issues located in the moderately important range, primarily in the environmental and social dimensions. Among these, environmental issues such as chemicals and hazardous substances, and environmental compliance management generally have higher impact importance, requiring strengthened risk management. The issue of green product design and R&D holds higher financial importance, indicating that the company's potential for transforming sustainable business can be further explored. Social issues focus on employee growth and industrial collaboration, such as training and development, global operations and localization, and supporting industrial development. Their relatively high dual importance suggests that investment in these areas can directly enhance organizational capabilities and the resilience of the industrial chain.

Characteristic Analysis

Generally Important Issues (4)

There are 4 issues located in the Generally important range, with relatively low overall importance. This indicates that at the current stage, these issues have a weaker direct impact on the company's operations and short-term financial relevance, reflecting more the company's social contribution and long-term sustainable development philosophy. The company should maintain appropriate attention to them, ensuring the fulfillment of related responsibilities while steadily developing its core business.

Materiality Matrix

Highly Materiality Assessments (14)

Characteristic Analysis

There are 14 issues located in the highly material quadrant, exhibiting characteristics oriented towards governance and product responsibility. Among these, tax integrity, product quality and safety, and data security and customer privacy protection have high negative impact materiality, necessitating continuous enhancement of risk management. Innovation-driven positive impact materiality is also high, allowing for further alignment with the company's positioning to explore innovative practical measures centered on green products and clean technologies. Additionally, issues such as employee occupational health and safety, compliant employment, and rights protection are also ranked within this quadrant, reflecting the company's commitment to safeguarding fundamental rights and interests through stable operations.



Environmental Sustainability

Leading the Creation of a Healthy Environment through Nature-Friendly Principles

This chapter responds to the United Nations Sustainable Development Goals (SDGs)



The GRI STANDARDS

ØGRI 301 Materials 2016

ØGRI 302 Energy 2016

ØGRI 303 Water and Effluents 2018

ØGRI 304 Biodiversity 2024

ØGRI 305 Emissions 2016

ØGRI 306 Waste 2020

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

ØClimate response

Ø Pollutant discharge

ØWaste disposal

Ø Ecosystem and biodiversity protection

ØEnvironmental compliance management

ØEnergy utilization

ØWater resources utilization

ØCircular economy

Climate Action

The company comprehensively considers industry attributes, value chain distribution, and national macro policies, selecting the SSP5-8.5 scenario provided by the Intergovernmental Panel on Climate Change (IPCC) for physical risk analysis, and the Stated Policies Scenario (STEPS) provided by the International Energy Agency (IEA) for transition risk and opportunity analysis, to provide decision support for addressing climate change and enhancing development resilience.

The company conducted a comprehensive analysis of potential physical risks, transition risks, and opportunities. Among these, physical risks are categorized into acute and chronic risks, which may negatively impact the company's production operations, logistics transportation, and inventory management. Simultaneously, we analyzed transition risks from four perspectives: policy and regulation, technology, market, and reputation, delving into the impact of various transition risks on the company and proposing targeted response measures based on the nature of the risks and the company's specific circumstances. Regarding transition opportunities, we analyzed them from three dimensions: energy layout, technological innovation, and green investment, exploring the positive impacts of different opportunities on the company.

The following are the physical and transition risks identified by the company that require focused attention:

Physical Risks

Risk Category	Negative Impact	Response Measures
Acute Physical Risks (Short-term)		
High Temperature	<ul style="list-style-type: none"> Insufficient power supply stability leads to interruptions in production and operations, exacerbating fluctuations in enterprise capacity utilization. Occupational health risks caused by extreme high-temperature weather have significantly increased, resulting in decreased labor productivity and a rise in workplace accident rates. Inadequate firefighting infrastructure leads to insufficient emergency response capabilities for sudden incidents such as fires, increasing the risk of property damage 	<ul style="list-style-type: none"> Conduct temperature prediction assessments and establish production and emergency response mechanisms Implement reasonable shift scheduling and ensure adequate supply of heatstroke prevention materials Enhance fire safety measures and strengthen fire inspections during high-temperature periods Improve emergency response plans, conduct emergency drills, and enhance risk management effectiveness
Extreme Cold	<ul style="list-style-type: none"> Extreme low temperatures lead to decreased stability in material storage, affecting production continuity. Cold waves cause transportation disruptions, resulting in supply chain and logistics blockages. Low temperatures cause infrastructure damage, such as frozen and burst water pipes 	<ul style="list-style-type: none"> Develop emergency plans for extreme cold to enhance risk response effectiveness Based on weather forecasts, stockpile materials in advance to prevent supply disruptions Prepare backup production facilities to ensure steam supply during extreme cold conditions

Risk Category	Negative Impact	Response Measures
Acute Physical Risks (Short-term)		
Drought	<ul style="list-style-type: none"> Scarcity of freshwater resources leads to shortages in key process water, disrupting production continuity Increased financial costs for purchasing raw water, exacerbating financial pressure 	<ul style="list-style-type: none"> Comprehensive assessment and monitoring of water usage risks, improving emergency response mechanisms Each base actively promotes water-saving and reuse projects, enhancing water resource recycling efficiency
Flood	<ul style="list-style-type: none"> Flooding causes damage to raw materials, equipment, and production lines due to water immersion, significantly increasing repair and replacement costs. Floods damage transportation infrastructure, severely hindering the supply of raw materials and the transportation of finished products. 	<ul style="list-style-type: none"> Improve flood emergency plans, stockpile flood prevention and emergency supplies, and strengthen waterproof protection for critical equipment Building a diversified supply chain system to ensure stable supply of raw materials
Typhoon	<ul style="list-style-type: none"> Damage to infrastructure such as factory buildings, equipment, and warehouses, affecting production operations Increased investment in disaster prevention, relief, and resumption of production resources, driving up operational costs 	<ul style="list-style-type: none"> Establish a comprehensive typhoon warning and emergency response mechanism, regularly organize safety evacuation drills for employees, and enhance the overall emergency response capability of all personnel. For factory buildings and key production equipment, the company has implemented reinforcement and protective measures to ensure they can withstand strong wind impacts.

Physical Risks

Risk Category	Negative Impact	Response Measures
Chronic Physical Risks (Medium-term, Long-term)		
Temperature Rising	<ul style="list-style-type: none"> Continuous temperature rise accelerates the aging of mechanical equipment and electronic components, shortening the lifespan of temperature control devices. Increased operational load on air conditioning and cooling equipment drives up energy consumption and operating costs. 	<ul style="list-style-type: none"> During design and selection, prioritize materials with excellent high-temperature resistance and anti-aging properties to extend equipment lifespan Use sensors to monitor equipment temperature and operating status in real time, promptly identify and address abnormalities to prevent fault escalation Introduce intelligent control technology to automatically adjust temperature and operating modes based on actual needs, avoiding energy waste
Humidity Increase	<ul style="list-style-type: none"> Excessive moisture absorption in raw materials affects product quality and yield during processing. Increased humidity accelerates oxidation and corrosion of metal components, raising maintenance costs and frequency. 	<ul style="list-style-type: none"> Install industrial dehumidification equipment, optimize ventilation systems to ensure good airflow in production areas, maintain relative humidity within an appropriate range, and prevent raw materials and products from becoming damp. Apply surface protection treatments, such as coating metal components with anti-rust oil for rust prevention Regular maintenance inspections, establishing a schedule for periodic checks and upkeep, promptly identifying and addressing signs of corrosion to extend equipment service life.
Particulate Matter Increase	<ul style="list-style-type: none"> Increased particulate matter may introduce impurities into critical processes, leading to a rise in product defect rates and affecting quality and performance. To maintain workshop purification standards, the operation of air purification systems has been intensified, resulting in increased energy consumption and higher equipment maintenance frequency. 	<ul style="list-style-type: none"> Real-time air quality monitoring and the introduction of high-efficiency air purification technologies ensure that workshop air quality meets or even exceeds industry standards. Rational planning of workshop layout and production processes

Transition Risk

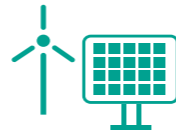
Risk Category	Risk Description	Impact Cycle	Response Measures
Policies and Regulations	<ul style="list-style-type: none"> With the continuous tightening of refrigerant controls both domestically and internationally, and the accelerated phase-out of high GWP working fluids, the company's existing compatible products face the risk of market restrictions. Energy efficiency standards in the air conditioning, heat pump, and automotive thermal management sectors are continuously being upgraded, with green and low-carbon certifications becoming entry thresholds. Failure to meet these standards will directly impact orders and market share. 	Medium-term long-term	<ul style="list-style-type: none"> Closely follow refrigerant replacement policies and accelerate the research, development, and iteration of components compatible with low GWP and natural working fluids. Comprehensively advance product energy efficiency upgrades, proactively complete green, energy-saving, and low-carbon certifications, and meet compliance requirements for domestic and international customers as well as government procurement.
Technology	<ul style="list-style-type: none"> Core technologies such as magnetic levitation and transcritical CO₂ heat pumps face the risk of lagging behind in technological iterations. In the field of new energy thermal management, emerging technologies (such as solid-state battery thermal control) may replace existing ones, leading to a decline in market competitiveness. 	Short-term medium-term long-term	<ul style="list-style-type: none"> Strengthen technological research, development, and innovation, with a focus on breakthroughs in areas such as thermal management and low-carbon refrigerant components Implement the "Technology Patent Pool + Scenario-based Application" strategy, building technological barriers through licensed patents to achieve rapid technology deployment in scenarios such as data centers and rail transit.
Market	<ul style="list-style-type: none"> Customers tend to choose companies that can provide low-carbon products. Failure to effectively address customer concerns may lead to a loss of market share. Risk of Raw Material Price Fluctuations: The company's products rely heavily on key minerals such as copper and silver. Fluctuations in their supply and prices will directly impact the company's production costs. 	Medium-term long-term	<ul style="list-style-type: none"> Increase the proportion of green electricity procurement appropriately based on market conditions, install renewable power facilities such as photovoltaic systems, and enhance investment in renewable energy. Continuously monitor changes in the upstream raw materials market, establish a regular resource scarcity assessment mechanism, strengthen the research and development of new materials and technologies, and build technical reserves to enhance supply chain resilience and hedge against price volatility risks.

Risk Category	Risk Description	Impact Cycle	Response Measures
Reputation	<ul style="list-style-type: none"> Stakeholders, including the public and investors, are placing increasing expectations on the Company to reduce its carbon footprint and advance sustainable practices. Failure to respond effectively to these expectations could erode stakeholder trust and adversely affect the Company's financial performance and long-term value. 	Medium-term long-term	<ul style="list-style-type: none"> Monitor regulatory requirements, disclose relevant information in a timely manner, and maintain effective communication with stakeholders. Regularly publish ESG reports to showcase the company's specific practices and progress in environmental protection and social contribution

Transformation Opportunities

Energy Layout

Leveraging distributed photovoltaic and energy storage as entry points, and integrating technologies such as industrial waste heat recovery and biomass energy utilization, we are building a multi-energy complementary distributed energy network. Relying on our equipment advantages in specialized environmental fields such as nuclear power, rail transit, and data centers, we are deploying zero-carbon energy bases to promote the local consumption of green electricity in high-energy-consuming scenarios.



Technological Innovatio

Upgrade refrigeration technology, deepen expertise in microchannel heat exchange and intelligent control algorithms, research and develop high-efficiency, low-carbon refrigerants and transcritical heat pump systems, leading the iteration of industry energy efficiency standards. Simultaneously, collaborate with universities and research institutions to tackle low-carbon technology challenges, promote the transformation of scientific and technological achievements into industrial applications, and strengthen patent layout and influence in standard-setting.



Green Investment

Leveraging the foundation in the refrigeration industry and advantages in new energy technology, with the synergistic logic of "technology-scenario-capital" as the core, deepen the layout of green investments, forming a development pattern of "radiating nationwide from the core Yangtze River Delta region and building a moat through technological barriers."



Indicators	Unit	2025	2024	2023
Scope 1	tCO ₂ e	16,164.76	17,449.77	16,152.22
Scope 2	tCO ₂ e	52,684.37	51,263.15	41,090.18
Total Emissions	tCO ₂ e	68,849.13	68,712.93	57,242.40




Energy Transition

To implement national energy conservation and emission reduction policies and enhance the company's energy management, an energy management working group led by members of the president's team has been established. Each year, energy-saving plans are formulated, and the operational status is supervised, inspected, and assessed. The group also participates in internal system audits and reviews, and ensures the implementation of corrective and preventive measures. Currently, subsidiaries including DunAn Hetian, Wuhu Zhongyuan, Zhuhai Huayu, and DunAn Electro-Mechanical have obtained national standard GB/T23331 energy management system certification.



Advancing Energy-Saving Technological Upgrades

In 2025, the company focused on energy conservation, safety, and environmental protection goals, actively promoting energy-saving technological upgrades. Key efforts included optimizing the entire compressed air system process—reducing energy consumption by optimizing the configuration and operation of equipment such as air compressors; upgrading pipeline systems to minimize resistance and leakage; implementing precise pressure control and advancing intelligent upgrades to enhance efficiency. Additionally, noise reduction, ventilation, and fire protection measures were carried out to improve the environment and safety, laying the foundation for green, safe, and efficient development.

Energy-Saving Technological Upgrade Projects	Key Initiatives and Performance	
<p>DunAn Hetian · High-Pressure Air Compressor Improvement Project</p>	<p>Introduced four 8m³/min high-efficiency screw-piston integrated machines to replace thirty-six 1m³/min low-efficiency piston air compressors, optimizing the operational efficiency of the compressed air system. By reducing the number of units and enhancing the energy efficiency of individual machines, the project significantly lowered system energy consumption and operational maintenance costs, thereby improving overall energy utilization efficiency.</p> <p>Performance: Energy consumption decreased by 20%, achieving annual electricity savings of 91,200 kWh and reducing CO₂ emissions by 11.2 tonnes per year.</p>	
<p>Wuhu Zhongyuan · Pipeline System Improvement Project</p>	<p>Establish a comprehensive energy management system to achieve refined energy consumption control and abnormal condition prediction through automatic adjustment of compressed air pressure. Simultaneously, systematically optimize the air compressor room and pipeline network by adjusting pipeline layouts, switching to large-radius pipe fittings, expanding the diameter of main pipelines, and using leak detectors to conduct leakage inspections. Establish a ledger for closed-loop rectification to comprehensively enhance energy utilization efficiency.</p> <p>Performance: Achieved annual electricity savings of 258,700 kWh, reducing CO₂ emissions by 31.79 tonnes per year.</p>	
<p>Zhuhai Huayu · Air Compressor Station Improvement Project</p>	<p>By conducting research and replacing the original refrigerated dryer and adsorption dryer with an energy-efficient refrigerated dryer, the energy consumption of post-processing equipment was reduced; the layout of the air supply pipeline was optimized, lowering the station pressure drop from 0.09 MPa to within 0.05 MPa; simultaneously, the ventilation conditions of the station were improved, and the operating parameters of the air compressor were optimized, further enhancing equipment operational efficiency.</p> <p>Performance: Annual electricity savings of approximately 400,000 kWh, reducing CO₂ emissions by 121 tonnes per year.</p>	

Indicator	Unit	2025	2024	2023
Basic Information on Energy Usage				
Total Energy Consumption	tce	27,987.45	27,932.08	23,269.27
Among which: By energy type				
Coal	Tonnes	0	0	0
Gasoline	Liters	0	0	0
Diesel	Liters	286,904	43,940	237,331
Natural Gas	m ³	4,139,705	4,735,157	4,218,085
liquefied petroleum gas	m ³	177,251	184,149	165,170
Non-renewable electricity procurement volume	kWh	17,425.88	16,955.80	13,590.99
Renewable electricity procurement volume	kWh	0	0	0
Renewable electricity proportion	%	0	0	0
Direct Energy Consumption	tce	6,571.04	7,093.40	6,565.94
Total Indirect Energy Consumption	tce	21,416.41	20,838.68	16,703.32
Energy Use Intensity	tce/unit	0.033	0.032	0.030

● Optimizing Energy Structure

The company focuses on optimizing the energy structure through energy storage systems and photovoltaic expansion. By leveraging energy storage to achieve peak shaving and valley filling, it enhances energy efficiency. Simultaneously, it expands distributed photovoltaic installations to increase the proportion of self-generated and self-consumed green electricity, reducing reliance on high-carbon power. These actions concretely support the "dual carbon" goals and sustainable development strategy. In 2025, the company deployed a 3MW/6MWh battery energy storage project at DunAn Hetian and, building on the existing distributed photovoltaic installations across its manufacturing bases, continued to explore application potential by adding 1.062MW of distributed photovoltaics.

Cases DunAn Hetian · Battery Energy Storage Project

In July 2025, the DunAn Hetian Battery Energy Storage Project was officially launched and put into operation, with an installed capacity of 3MW/6MWh. The annual peak load shifting capacity of the energy storage system is 14.5MWh, reducing peak electricity demand by 2,600kW. By deploying the energy storage system, peak shaving and valley filling are achieved, smoothing the peak-valley difference in energy consumption at the plant site, enhancing grid stability and energy utilization efficiency, and reducing reliance on high-carbon electricity during peak loads.



Cases DunAn Metals (Thailand) · DunAn Vehicle Thermal Management · Wuhu Zhongyuan · Increased Photovoltaic Installation Capacity

In January 2025, DunAn Metals (Thailand)'s new photovoltaic power generation project was officially put into operation, with an installed capacity of 0.851 MW, reducing annual carbon dioxide emissions by 320 tonnes.

In July 2025, DunAn Vehicle Thermal Management established a new photovoltaic power generation project, with an installed capacity of 0.762 MW, reducing annual carbon dioxide emissions by 248 tonnes.

In December 2025, Wuhu Zhongyuan completed roof surveying and capacity expansion based on existing photovoltaic systems, adding an installed capacity of 0.22 MW, bringing the total installed capacity to 2.72 MW, and reducing annual carbon dioxide emissions by 847 tonnes.



National Green Factory

In January 2025, DunAn Electro-Mechanical was recognized as a National Green Factory by the Ministry of Industry and Information Technology for its achievements in green production and sustainable operations.



Indicators	Unit	2025	2024	2023
Clean Energy Usage				
Total Clean Energy Consumption	MWh	12,953.92	11,995.00	11,797.55
Proportion of Total Installed Clean Energy Capacity	%	100	100	100
Among which: By energy type				
Photovoltaic power generation	10,000 kWh	1,295.39	1,199.50	1,179.76
Proportion of photovoltaic power generation	%	6.92	6.61	7.99
Natural Gas	m ³	4,139,705	4,735,157	4,218,085
Natural Gas Ratio	%	19.67	22.55	24.11
Wind Energy	MWh	0	0	0
Wind energy proportion	%	0	0	0

Green Products

The company is committed to becoming an expert in healthy and comfortable environmental system solutions, integrating the concept of sustainable development into the entire lifecycle of green products. Aligning with national "dual carbon" goals and industry green policies, the company focuses on customers' low-carbon needs and enhances product support systems. From R&D, design, and production to application, it considers the green value of products, strives to improve energy efficiency, reduce environmental impact, and systematically builds a green product system to fulfill low-carbon responsibilities and support the green transformation of the industry.

• Green Product R&D

The company integrates the concept of green and low-carbon into the entire process of product R&D and design, controlling the environmental attributes of products from the source. During the R&D phase, key considerations include the selection of low-environmental-impact materials, adaptation of low-GWP refrigerants, and efficient energy-saving structural design. Concurrently, product energy efficiency parameters are optimized to reduce resource consumption and pollutant emissions during production and use, ensuring green and low-carbon design and achieving synergistic improvement of environmental benefits and product performance.

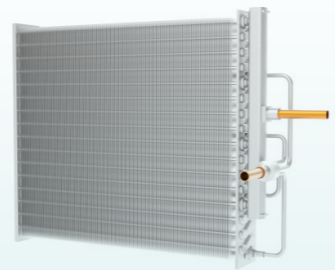
Cases CO₂ Natural Refrigerant Series Products

To further implement the concept of sustainability and promote the low-carbon transformation of the refrigeration industry, the company initiated a comprehensive layout of CO₂ series products in January 2025. This layout covers all core product categories required for CO₂ systems, including CO₂ valves, CO₂ containers, and CO₂ heat exchangers, forming a complete CO₂ green refrigeration product matrix. With full-category supporting capabilities, the company meets customers' integrated needs for low-carbon refrigeration systems, demonstrating its commitment to green product development and technological strength.



Cases Insert Parallel Microchannel Heat Exchanger

In June 2025, the company successfully developed a clip-on microchannel heat exchanger. Leveraging the core advantages of microchannel technology, it specifically addressed industry pain points such as rapid frosting, difficult drainage, and uneven refrigerant distribution when ordinary microchannels are used in evaporators. This effectively improves heat exchange efficiency, reduces energy loss, and embodies the concept of green energy conservation. Simultaneously, the product utilizes upgraded new materials, significantly enhancing corrosion resistance. The salt spray test duration has exceeded 2,500 hours, effectively extending the product's service life, reducing replacement frequency, further lowering the environmental burden throughout the entire lifecycle, and achieving a dual enhancement of green performance and product reliability.



● Value of Green Products

The company consistently empowers sustainable development with green innovation, focusing on energy conservation, carbon reduction, and scenario-specific needs. It creates diversified green products and customized solutions that combine energy efficiency advantages with environmental value.

Cases DunAn Electro-Mechanical · Anyue i-Star Large Scroll Type Air-Cooled Chiller (Heat Pump) Unit

Adhering to the concept of environmental protection, the company has upgraded and launched the Anyue i-Star Large Scroll Type Air-Cooled Chiller (Heat Pump) Unit based on the original modular unit. The product adopts a scroll-type EVI compressor and comes standard with an economizer, achieving quasi-two-stage compression. Both the cooling COP and part-load energy efficiency (CSPF) meet the national first-level energy efficiency standards. Through compressor parallel connection and variable capacity ratio (VCR) technology, the unit significantly improves part-load operational efficiency and reduces energy consumption. With a maximum combined cooling capacity of 4960 kW, the unit features a large single-unit capacity, which reduces the number of required devices, saves materials, and lowers construction carbon emissions. Additionally, it can operate stably in low-temperature environments as low as -26 °C. Thanks to its excellent energy-saving and carbon-reduction performance, this product was awarded the "2025 HVAC & Heat Pump Industry—Energy Saving and Carbon Reduction Technology Product Excellence Award."



Cases DunAn Electro-Mechanical · Wuhan Tianhe Airport Phase III Expansion Project

The Wuhan Tianhe Airport Phase III Expansion Project is a crucial transportation hub in central China, with its air traffic control center demanding exceptionally high standards for the stability, energy efficiency, and environmental precision of its HVAC system. DunAn Electro-Mechanical tailored a customized solution based on the architectural characteristics and requirements of the project's air traffic control center. By employing an optimized combination of high-efficiency modular units and split-type rooftop units, the solution ensured stable and reliable system operation while significantly improving energy efficiency and reducing energy consumption. This approach delivered substantial economic and environmental benefits, supporting the development of a green airport. Not only did it greatly enhance overall operational efficiency, but its outstanding stability and energy-saving performance also provided users with notable economic and environmental advantages, perfectly aligning with the development direction of modern green buildings.



Cases DunAn Electro-Mechanical · TBEA Zhundong Project

The TBEA Zhundong 2 billion cubic meters per year coal-to-gas project, with a total investment of 17.039 billion yuan, is a significant industrial initiative aimed at promoting the clean and efficient utilization of coal and ensuring national energy security. In response to the project's diverse requirements—such as high-temperature and dusty conditions in production workshops, comfortable temperature control in office areas, and precise temperature and humidity control in special process zones— DunAn Electro-Mechanical tailored a comprehensive air conditioning system solution covering the entire plant area. This not only demonstrates the company's systematic service capabilities in large-scale energy and chemical projects but also contributes green and efficient equipment support to the development of the national energy sector.



Circular Shield

Water Resource Recycling

DunAn Environment recognizes the significant importance of efficient utilization and sustainable management of water resources for ecological balance and long-term corporate development. The company is committed to establishing a comprehensive water resource management system that covers the entire process. Through source planning, process control, and awareness enhancement, it systematically improves water resource usage efficiency and fulfills its responsibility to the ecological environment with concrete actions.

Source Planning

During the site selection phase for new facilities, a systematic assessment of regional water resource availability and carrying capacity is conducted to ensure that operations are compatible with the local water environment.

Process Control

Comprehensively implement water-saving process upgrades, enforce meticulous water usage monitoring, and continuously optimize water recycling systems.

Awareness Enhancement

Deepen water conservation awareness among all employees in daily operations, and regularly conduct water-saving publicity and behavioral guidance.

Cases Water Conservation Advocacy and Water-Saving Emission Reduction Practices

DunAn Environment has integrated water resource management into its core operational agenda, systematically promoting water conservation and energy efficiency improvement among all employees through a combination of cultural advocacy, institutional optimization, and technological upgrades. The company issued the "Energy Conservation and Emission Reduction Starts with Me" initiative to all employees, regularly conducting water conservation awareness campaigns and behavioral supervision. It explicitly requires production processes to close water inlet valves during non-operational periods and has established a "inspection—repair— feedback" rapid response mechanism to promptly address issues such as leaks and spills, thereby strengthening employees' water-saving habits through attention to detail.



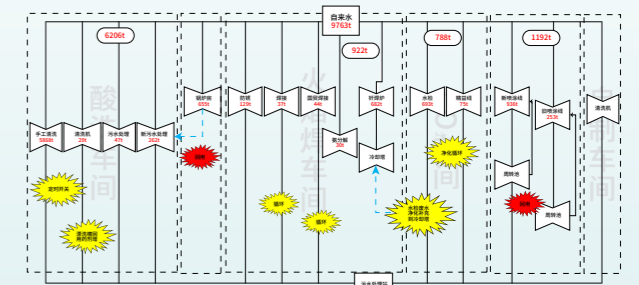
In 2025, major subsidiaries such as DunAn Hetian, DunAn Machinery, Zhuhai Huayu, Wuhu Zhongyuan, and Nanchang Zhonghao established specialized water-saving and emission reduction teams. These teams systematically advanced water conservation efforts through process optimization, water recycling, and equipment upgrades. Using the fourth quarter of 2024 as a benchmark, the average total water consumption in the fourth quarter of 2025 across these facilities decreased by approximately 10,701 tonnes year-on-year, representing a reduction of 27.8%, significantly improving water resource utilization efficiency.

Cases DunAn Hetian · Industrial Water Recycling Practices

The company continuously advances the refinement of water resource management and innovations in recycling, comprehensively enhancing water resource utilization efficiency through systematic technological upgrades and scenario-based applications. In 2025, DunAn Hetian actively implemented industrial water recycling practices, carrying out refined, graded treatment and targeted reuse of reclaimed water within the park. The treated reclaimed water, meeting quality standards, was systematically used in processes such as flame welding and landscape irrigation, establishing a park-wide water recycling management model characterized by "categorized treatment – cascading utilization – multi-scenario coverage."

In the production process, using the four-way valve product line as a pilot, the company optimized process flows and upgraded pipeline networks to circulate cooling water from high-frequency welding processes to the cooling systems of flame welding and end cap riveting processes. This achieved cascaded reuse of cooling water within the same production line, significantly reducing the intake of fresh water.

Furthermore, the company continues to promote technological upgrade projects such as cooling water circulation systems and wastewater recovery and reuse, gradually building a water resource intensive utilization system that progresses from single-point water conservation to systematic recycling.



Indicator	Unit	2025	2024	2023
Water Intake	10,000 tonnes	86.307	96.771	84.194
Drainage volume	10,000 tonnes	27.611	35.146	30.840
Water consumption	10,000 tonnes	58.696	61.625	53.354
Water Recycling Volume	10,000 tonnes	1,423.196	1,263.121	955.930
Water Recycling Ratio	%	94.28	92.88	91.91

Material Recycling

DunAn Environment integrates the circular economy concept into its operations and supply chain management, systematically establishing a comprehensive green managementsystem that spans from raw material selection and production optimization to resource recycling.

Raw Material Selection

In the production process, priority is given to the use of renewable and recyclable materials, continuously reducing reliance on non-renewable resources.

Source Waste Reduction Control

Through lean production and process innovation, we strictly control material loss, reduce product defect rates, and minimize waste generation at the source.

Internal Recycling

We have established a comprehensive classification, recycling, and reuse system within the factory to achieve efficient recycling of recyclable resources such as metal scraps and packaging materials, thereby reducing the amount of waste sent to landfills and incineration.

Packaging and Logistics Optimization

Implement packaging reduction and reusable solutions, while continuously optimizing transportation plans to reduce resource consumption and environmental impact across the entire value chain.

Cases Copper Scrap Recycling

In the production process, the company prioritizes the recycling of copper resources and has established a comprehensive process for the recovery and reuse of copper scrap. Through specialized procedures such as collection, drying, and screening, copper waste generated during production—such as copper filings and copper ends—is returned to copper processing enterprises for use in manufacturing new products or as raw materials supplied to other production stages. In 2025, the company cumulatively recycled and reused 12,397 tons of copper filings and copper ends, reducing the demand for primary copper ore extraction, mitigating damage to the ecological environment of mining areas, and effectively contributing to efficient resource utilization and green, low-carbon development.

Cases Recycling and Reuse of Plastic Encapsulation Scrap

In 2025, the company's electronic expansion valve product line actively established an internal material recycling system, incorporating plastic encapsulation scrap at a 20% ratio during the production process. Through strict control of the scrap crushing, sorting, and mixing processes, the company effectively reduced the consumption of new materials and the generation of plastic encapsulation waste while ensuring stable product quality and performance compliance. This initiative also lowered the volume of solid waste disposal and carbon emissions. Throughout the year, over 50 tons of scrap material were reused, significantly improving the comprehensive utilization of resources and earnestly implementing the principles of green manufacturing and clean production.



Special Enhancement Initiatives

In 2025, the company continued to advance specialized initiatives for optimizing the repair of lower machine components and extending the service life of tooling and molds, leveraging lean operations to support efficient resource utilization and green production. For lower machine component repairs, the primary approaches involved modular assembly and component-based replacement, enhancing repair efficiency and reuse rates while reducing overall scrap and resource waste. In terms of extending the service life of tooling and molds, technical improvements such as process optimization, material upgrades, and surface treatments were implemented, effectively prolonging their lifespan and reducing consumption and waste generation.

Cases Lower Machine Component Repair Project

In 2025, the company initiated repair projects for 34 categories of off-machine parts, including synchronous clamps, heaters, cylinders, solenoid valves, and touch screens. Through methods such as component replacement and assembly, a total of 3,486 spare parts were repaired and reused throughout the year, effectively reducing the overall scrap rate of spare parts and contributing to improved resource utilization efficiency.



Cases Tooling and Mold Lifespan Enhancement Project

In May 2025, the company focused on refining production processes and carried out specialized optimization and upgrades for core production molds. Among these, the service life of the shut-off valve extrusion mold was significantly increased from the original 270,000 units to over 400,000 units through process improvements, effectively reducing the frequency of mold replacement and wear. Additionally, by replacing materials and optimizing processes for the four-way valve punching core rods, the annual usage decreased from 2,264 pieces to 900 pieces, significantly reducing material consumption and production costs. This initiative embodies the principle of efficient resource utilization and supports cost reduction, waste minimization, and quality and efficiency improvements in production processes.



Indicator	Unit	2025	2024	2023
Total Waste Recycled	Tonnes	19,752.36	17,910.89	17,748.94
Waste Recycling Rate	%	96.52	95.36	95.89

Environmental Shield

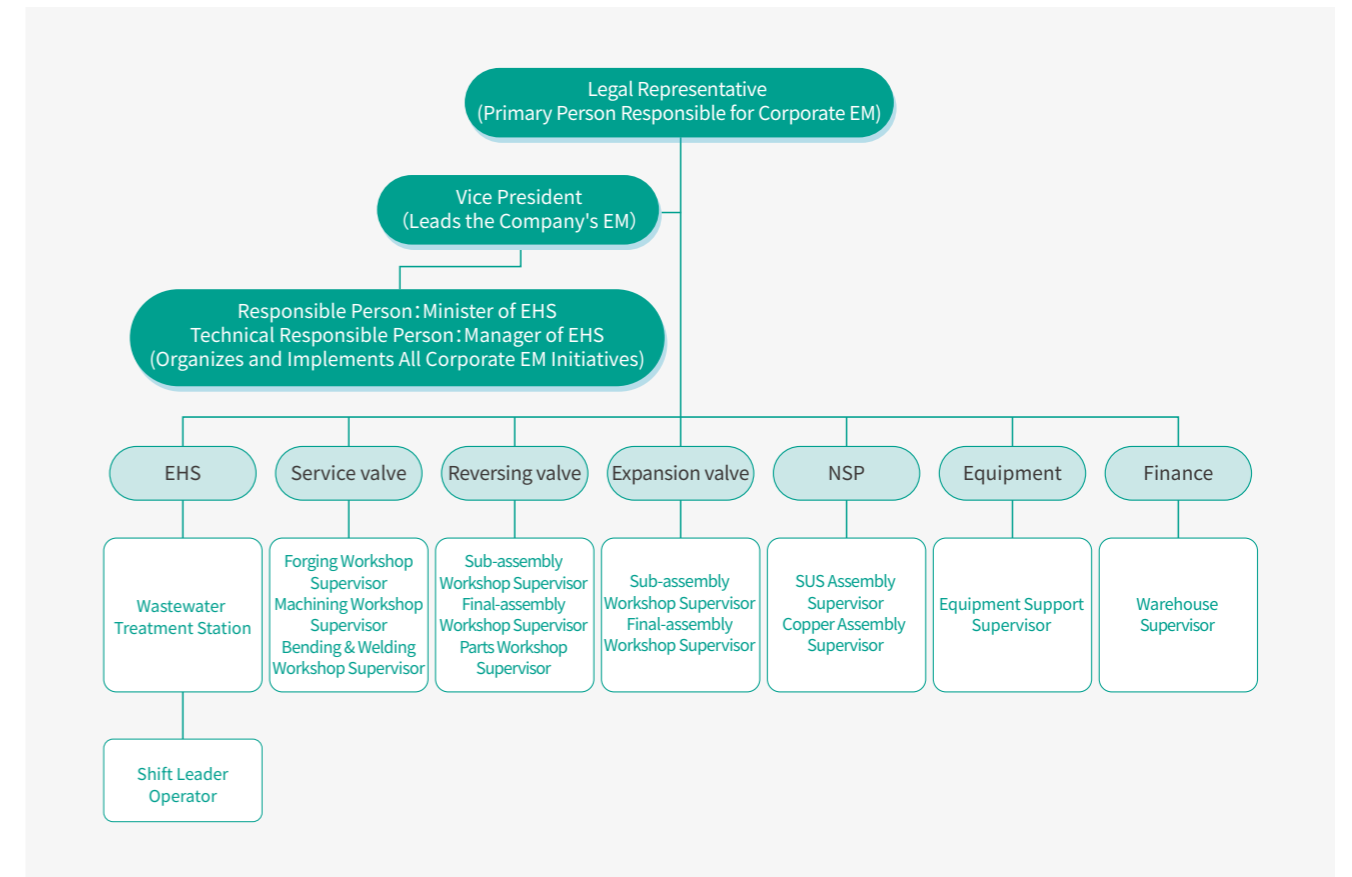
Environmental Compliance Management

The company regards environmental compliance as the bottom line of its operations, strictly implements the "three simultaneous" system for environmental protection in construction projects, and ensures that all pollution control facilities are designed, constructed, and put into operation simultaneously with the main project. In 2025, all pollutant emission monitoring data of the company complied with national and local standards, achieving 100% stable and compliant emissions.

• Governance Structure

The company's EHS Management Department, directly led by the executive team, systematically oversees the company's environmental affairs. Environmental protection positions are also established in each subsidiary to ensure that the management system is implemented throughout the entire process and executed to the fullest extent.

Furthermore, the company has embedded environmental accountability into its operations by designating business unit heads as the primary responsible parties and incorporating environmental performance into their annual assessments. Regular training and awareness programs further strengthen environmental responsibility across the workforce.



• System Certification

Currently, all 17 subsidiaries of the company have obtained ISO 14001 Environmental Management System certification. The company's environmental management practices have achieved standardized and systematic operations, with overall performance meeting internationally recognized standards.



ISO 14001 Environmental Management System Certification

● **Pollution Discharge Management**

DunAn Environment fully implements the pollution prevention and control requirements specified in the environmental impact assessment reports and their approvals, and legally applies for pollution discharge permits to ensure that all discharges are permitted and managed in accordance with the permits.

Company or Subsidiary Name	Pollution Discharge Permit Number	Date of Issuance/Renewal of Pollution Discharge Permit	Pollution Discharge Permit Valid
DunAn Hetian	913306007652348458001U	December 22, 2025	By December 31, 2030
DunAn Machinery	9133068114632514X5001U	November 15, 2025	By December 31, 2030
Zhuhai Huayu	91440400769345075Q	April 11, 2024	To April 10, 2029
Wuhu Zhongyuan	91340221588859982Q001C	December 19, 2023	To December 18, 2028

Indicator	Unit	2025	2024	2023
Environmental Protection Investment	CNY 10,000	665.25	687.39	676.84
Environmental Pollution Incidents	Cases	0	0	0
Environmental Pollution Penalty Amount	CNY 10,000	0	0	0

● **Wastewater Management**

DunAn Environment places wastewater management at the core of operational sustainable development, adhering to a closed-loop management strategy that combines "source reduction, process control, end-of-pipe treatment, and resource utilization" to advance water efficiency improvement and discharge control. For wastewater of different natures, we have established a refined management system featuring classified collection and quality-based treatment, comprehensively applying advanced technologies such as physical sedimentation, chemical coagulation, biochemical degradation, and membrane separation to ensure efficient and stable purification of all types of wastewater.

Wastewater Monitoring

All wastewater discharge outlets of the company are equipped with a dual-track system of online monitoring and manual testing, ensuring that key indicators such as pH, COD, and ammonia nitrogen consistently comply with national and local discharge limits. Additionally, qualified third-party institutions are regularly commissioned to conduct supervisory monitoring, ensuring data transparency and full-process control of discharges.

Indicators	Unit	2025	2024	2023
Total Industrial Wastewater	m ³	158,961.16	197,262.63	155,794.03
Total Domestic Wastewater	m ³	60,431	52,400	55,370
Chemical Oxygen Demand (COD)	Tonnes	3.9239	6.1542	5.5207
Ammonia Nitrogen (NH ₃ -N)	Tonnes	0.048	0.125	0.063
Total Nitrogen (TN)	Tonnes	1.5087	1.427	1.4362
Total Phosphorus (TP)	Tonnes	0.0153	0.0443	0.0321

● **Exhaust Gas Management**

DunAn Environment has integrated air pollution prevention and control into the core of its environmental management, systematically establishing a comprehensive waste gas treatment system covering the entire process. The company has developed efficient collection and purification systems for pollutants such as volatile organic compounds (VOCs) and dust generated during production, utilizing advanced technologies like activated carbon adsorption and catalytic combustion to enhance the effective removal of pollutants. We continuously strengthen the airtight management of production processes and optimize production techniques to reduce pollutant generation at the source. Additionally, we conduct regular maintenance and upgrades of treatment facilities to ensure their stable and efficient operation.

Waste Gas Monitoring

The company has established a strict emission monitoring mechanism, ensuring that all waste gas emissions consistently comply with national and local environmental standards through real-time monitoring and third-party verification, thereby fulfilling its corporate environmental responsibilities.

Indicators	Unit	2025	2024	2023
Particulate Matter (PM)	kg	5,913.9	4,504.4	/
Sulfur Oxides (SO _x)	kg	747.5	796.7	753.0
Nitrogen Oxides (NO _x)	kg	4,391.5	4,621.5	4,319.9
Volatile Organic Compounds (VOCs)	kg	5,053.6	5,635.2	4,173.7

● Waste Management

DunAn Environment strictly complies with national laws and regulations related to solid waste management and has established a comprehensive management system covering classification, storage, transfer, and disposal. The company implements detailed classification of waste generated during production processes. Hazardous waste is entrusted to qualified professional units for standardized disposal; general industrial solid waste is centrally collected and prioritized for resource-based comprehensive utilization; and domestic waste is handed over to the municipal sanitation system for unified removal and treatment. By continuously improving the waste classification, recycling, and resource utilization mechanisms, the company consistently enhances the comprehensive utilization rate of solid waste.

Indicators	Unit	2025	2024	2023
Total Waste Generated	Tonnes	19,752.36	19,123.24	17,748.94
Total Non-Hazardous Solid Waste	Tonnes	19,064.54	18,252.68	17,020.80
Non-hazardous solid waste intensity	Tonnes / CNY 10,000	0.0276	0.0235	0.0238
Total hazardous waste	Tonnes	687.82	870.55	728.14
Hazardous Waste Intensity	Tonnes / CNY 10,000	0.00096	0.00112	0.00102
Total hazardous waste generated per 100 million revenue	Tonnes	9.12	/	/

● Noise Management

The company places high importance on noise management, implementing systematic control measures that cover the entire process from design and operation to improvement, thereby minimizing the impact on surrounding communities and employee health.

Key Dimensions	Relevant Measures
Source Control and Equipment Procurement Management	During the equipment and process selection phase, priority is given to purchasing low-noise equipment that meets national noise limit requirements. Technical agreements explicitly stipulate that the sound level of high-noise source equipment such as air compressors, fans, and pump units must not exceed 80 decibels; otherwise, the equipment will not be purchased or accepted. This ensures noise control at the source.
Blocking Transmission Paths and Engineering Noise Reduction	By optimizing the plant layout, newly added high-noise equipment is positioned away from sensitive areas. For operational equipment, noise enclosures and silencers are installed, flexible connections are implemented, and engineering measures such as soundproof doors and windows in workshops and acoustic linings are combined to effectively block noise transmission paths.

Key Dimensions	Relevant Measures
Receptor Protection and Occupational Health Management	Employees in noise-exposed positions are provided with protective earplugs and earmuffs that meet national standards, and their use is strictly enforced. Non-compliance is addressed through education, reminders, and performance evaluations. Regular noise monitoring in workplaces is conducted, along with pre-employment, in-service, and post-employment hearing examinations for noise-exposed employees, and health surveillance records are established.
Institutionalized Monitoring and Compliance Management	Strictly implement the "Emission standard for industrial enterprises noise at boundary" and entrust qualified third parties to regularly conduct boundary noise monitoring.

Noise Monitoring

The company strictly implements third-party monitoring of boundary noise and has incorporated noise into the pollutant discharge permit management starting from October 2025, achieving institutionalized and compliant closed-loop control of noise.

● Enhance Cleaner Production

To systematically advance sustainable development, DunAn Environment has adopted clean production audits as a key management tool, ensuring compliant operations while continuously improving resource utilization efficiency, enhancing environmental performance, and fostering long-term value creation for the enterprise.

In accordance with relevant regulations such as the "Cleaner Production Promotion Law of the People's Republic of China" and the "Cleaner Production Audit Measures," mandatory clean production audits must be conducted at least once every five years. Adhering to the management philosophy of "promoting improvement through voluntary action," the company proactively implements voluntary clean production audits before the expiration of the mandatory audit cycle and submits the audit results to provincial-level ecological and environmental departments for acceptance and public disclosure. During the reporting period, DunAn Environment's subsidiaries steadily advanced clean production audit work based on their operational characteristics and regulatory requirements, with some subsidiaries achieving phased results:

DunAn Hetian and DunAn Thermal Technology: Successfully passed the voluntary clean production audit acceptance in Zhejiang Province, demonstrating the company's initiative and foresight in environmental management. Through systematic optimization, they achieved efficient resource utilization and minimized ecological impact.


DunAn Machinery: Completed the mandatory clean production audit acceptance in Zhejiang Province, ensuring strict compliance with regulatory requirements in key supervised areas and laying a solid compliance foundation for the continuous deepening of environmental management.

● Comprehensive Environmental Protection Training

The company places high importance on environmental protection training, institutionalizing it as a mandatory component of new employee onboarding. This ensures that employees fully understand the basic requirements of national environmental laws and regulations, deeply identify with the company's environmental philosophy and management system, and strengthen the sense of environmental responsibility across all staff. This provides crucial support for the effective implementation of various specific environmental protection measures.

Cases Raise environmental awareness

In August 2025, the company conducted comprehensive environmental protection training, focusing on three major dimensions: policies and regulations, risk prevention and control, and emergency response. The training content covered core knowledge areas including national and local environmental protection laws and regulations, the company's environmental management systems, standardized disposal of the "three wastes" (wastewater, waste gas, and solid waste), and hazardous waste storage and transportation. Furthermore, targeted intensive training was provided for key positions such as production, wastewater treatment, and hazardous waste management, with a focus on explaining job-specific environmental protection operating procedures and emergency response processes to enhance compliance levels in critical roles.



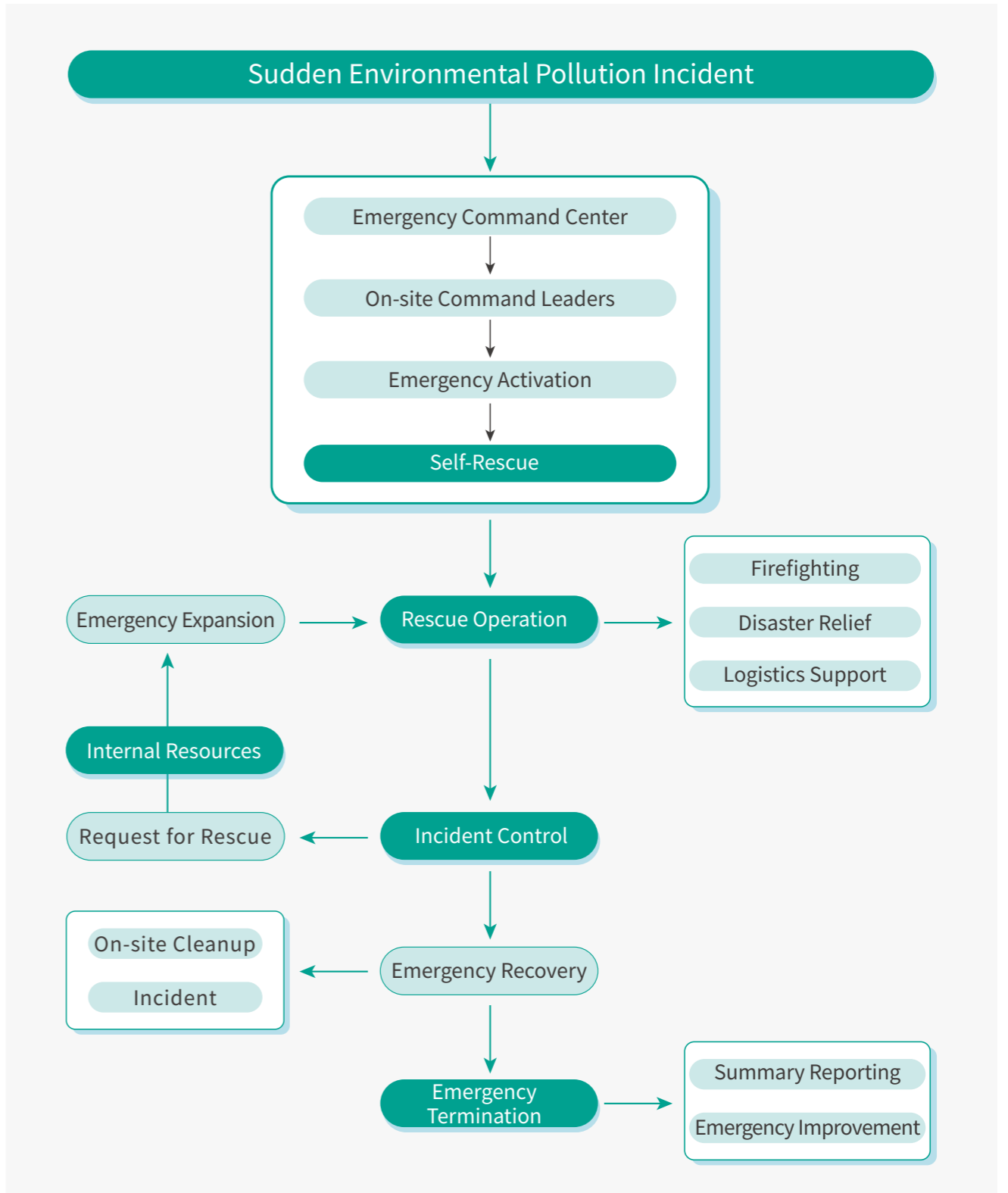
Environmental Risk Management

• **Environmental Emergency Management**

In accordance with regulatory requirements, the company has formulated the "Environmental Pollution Incident Emergency Plan" and completed its filing. At least one environmental emergency drill is organized annually to continuously strengthen employees' awareness of environmental protection responsibilities and their emergency response capabilities for sudden environmental incidents, thereby building a comprehensive environmental risk prevention and control system characterized by proactive prevention and rapid response.

Company or Subsidiary Name	Emergency Plan Preparation Date	Filing Department	Emergency Plan Filing Date	Emergency Plan Filing Number
DunAn Hetian	December 2024	Zhuji Branch of Shaoxing Ecological Environment Bureau	December 12, 2024	330681-2024-106-M
DunAn Machinery	June 2024	Zhuji Branch of Shaoxing Ecological Environment Bureau	June 24, 2024	330681-2024-049-L
Zhuhai Huayu	January 2026	Jinwan Branch of Zhuhai Municipal Ecology and Environment Bureau	March 3, 2026	440404-2026-0057-M
Wuhu Zhongyuan	January 2024	Wuhu City Wanzi District Ecological Environment Branch	February 20, 2024	340221-2024-009-L

Environmental Risk Emergency Response Flowchart



● Enhance Emergency Drills


In 2025, DunAn Environment continued to advance the construction of its environmental risk prevention and control system. It organized its subsidiaries to conduct targeted emergency drills for sudden environmental incidents based on their respective production characteristics and major risk sources, aiming to enhance practical response and coordinated disposal capabilities. The drills at each subsidiary were focused and goal-oriented:

DunAn Hetian: Organized two specialized emergency drills for liquid ammonia leakage and hydrogen peroxide leakage, covering the disposal procedures for hazardous chemicals of different natures.

DunAn Machinery, Wuhu Zhongyuan: Conducted emergency drills for liquid ammonia leaks, focusing on testing the emergency response and personnel evacuation capabilities of key risk positions.

Cases DunAn Hetian · Liquid Ammonia Leak Emergency Drill

In June 2025, DunAn Hetian organized a specialized emergency evacuation drill for a liquid ammonia leak, simulating the activation of a leak alarm. Following the established plan, each emergency team carried out their assigned tasks in an orderly manner, completing the entire process of hazard reporting, personnel evacuation, on-site cordoning, leak repair, and environmental monitoring. The drill effectively enhanced the emergency coordination and response capabilities of the participants, improved the emergency management mechanism, strengthened the defense line for employee safety and plant environmental security, and achieved the expected objectives.



Ecological Shield

Biodiversity Protection

DunAn Environment deeply integrates the concept of biodiversity protection into the entire process of operations and decision-making. During the site selection and construction phases of new projects, strict ecological environment assessments are conducted to ensure compliance with spatial control requirements such as the "ecological protection red line," minimizing disturbance to local ecosystems. Additionally, by establishing a comprehensive chemical and hazardous substance control system covering the entire chain and strictly adhering to international standards, the company prevents pollutants from entering the environment at the source, systematically strengthening its corporate defense line for biodiversity protection.

● New Project Site Selection Assessment

During the site selection and planning stages of new projects, the company incorporates biodiversity conservation and environmental compliance into the preliminary assessment process. It strictly adheres to the "Three Lines and One List" ecological and environmental zoning control requirements. Through pre-assessment of environmental impacts and systematic evaluation, the company minimizes disturbances to the surrounding ecosystem caused by project construction, ensuring green and compliant operations throughout the project's lifecycle.

Cases DunAn Environment Intelligent Manufacturing Headquarters Base Project

The DunAn Environment Intelligent Manufacturing Headquarters Base is located in a key control unit of the industrial agglomeration area in Zhuji Economic Development Zone. The project strictly implements the spatial control requirements of the "Ecological Protection Red Line, Environmental Quality Baseline, Resource Utilization Upper Limit, and Ecological Environment Access List," and complies with Zhuji City's overall land use plan, urban-rural master plan, and relevant control regulations. Through pre-assessment of environmental impacts and systematic evaluation, the project fully adheres to the "Zhuji City 'Three Lines and One List' Ecological and Environmental Zoning Control Plan." Throughout the construction and operational phases, the company will strictly control the construction scope, minimize disturbances to vegetation and soil, standardize the management of lighting, noise, and waste, and reduce human impacts on the surrounding ecosystem. Guided by the principles of ecological priority and sustainability, the company will strengthen biodiversity conservation, laying a solid foundation for environmental compliance and sustainable project operations.



Indicator	Unit	2025	2024	2023
ECRL-related Incidents in Operations	Items	0	0	0
Ecological Governance Investment Funds	CNY 10,000	20.45	20.45	25.50
Greening Area	Hectare	4.18	4.18	4.99
Green Space Ratio	%	11.47	11.47	13.69

● Hazardous Substance Control

DunAn Environment extends biodiversity protection throughout the entire product lifecycle by establishing a stringent chemical and hazardous substance control system to prevent potential ecotoxicity at the source. We strictly adhere to international regulations such as RoHS and REACH, implementing a comprehensive control mechanism that spans from supply chain access and material verification to product output. This systematically blocks the release and migration of hazardous substances into the environment.

In practice, the company not only conducts ongoing compliance testing on materials and products while maintaining complete documentation but also proactively addresses regulatory upgrades for substances such as decabromodiphenyl ethane. Through comprehensive screening and research into alternative solutions, we drive the green transformation of the supply chain. This approach reduces the potential threat of persistent pollutants to ecosystems at the micro level, thereby strengthening the industrial defense line for biodiversity protection.

Responsible Operations

Creating Diverse Value through Social Prosperity

This chapter responds to the United Nations Sustainable Development Goals (SDGs)



Global Reporting Initiative Standards (GRI STANDARDS)

- ØGRI 401 Employment 2016
- ØGRI 403 Occupational Health & Safety 2018
- ØGRI 404 Training & Education 2016
- ØGRI 405 Diversity & Equal Opportunity 2016
- ØGRI 406 Non-discrimination 2016
- ØGRI 407 Freedom of Association & Collective Bargaining 2016
- ØGRI 408 Child Labor 2016
- ØGRI 409 Forced or Compulsory Labor 2016
- ØGRI 413 Local Communities 2016
- ØGRI 414 Supplier Social Assessment 2016
- ØGRI 308 Supplier Environmental Assessment 2016

Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 17—Sustainability Reporting (Trial)

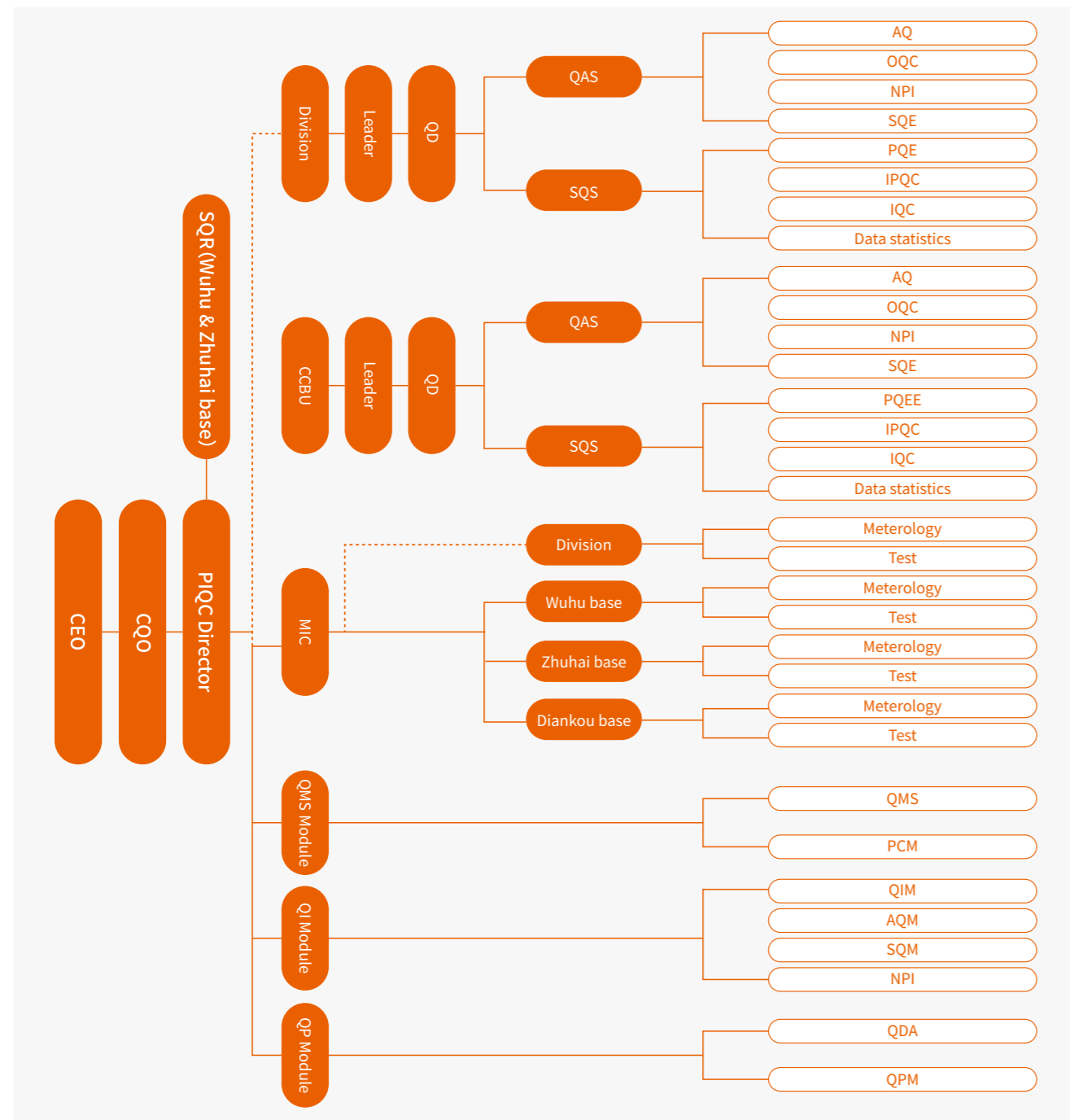
- ØEmployees
- ØData Security & Customer Privacy Protection
- ØSupply Chain Security
- ØRural Revitalization
- ØSocial Contributions
- ØFair Treatment of SMEs

Product Responsibility

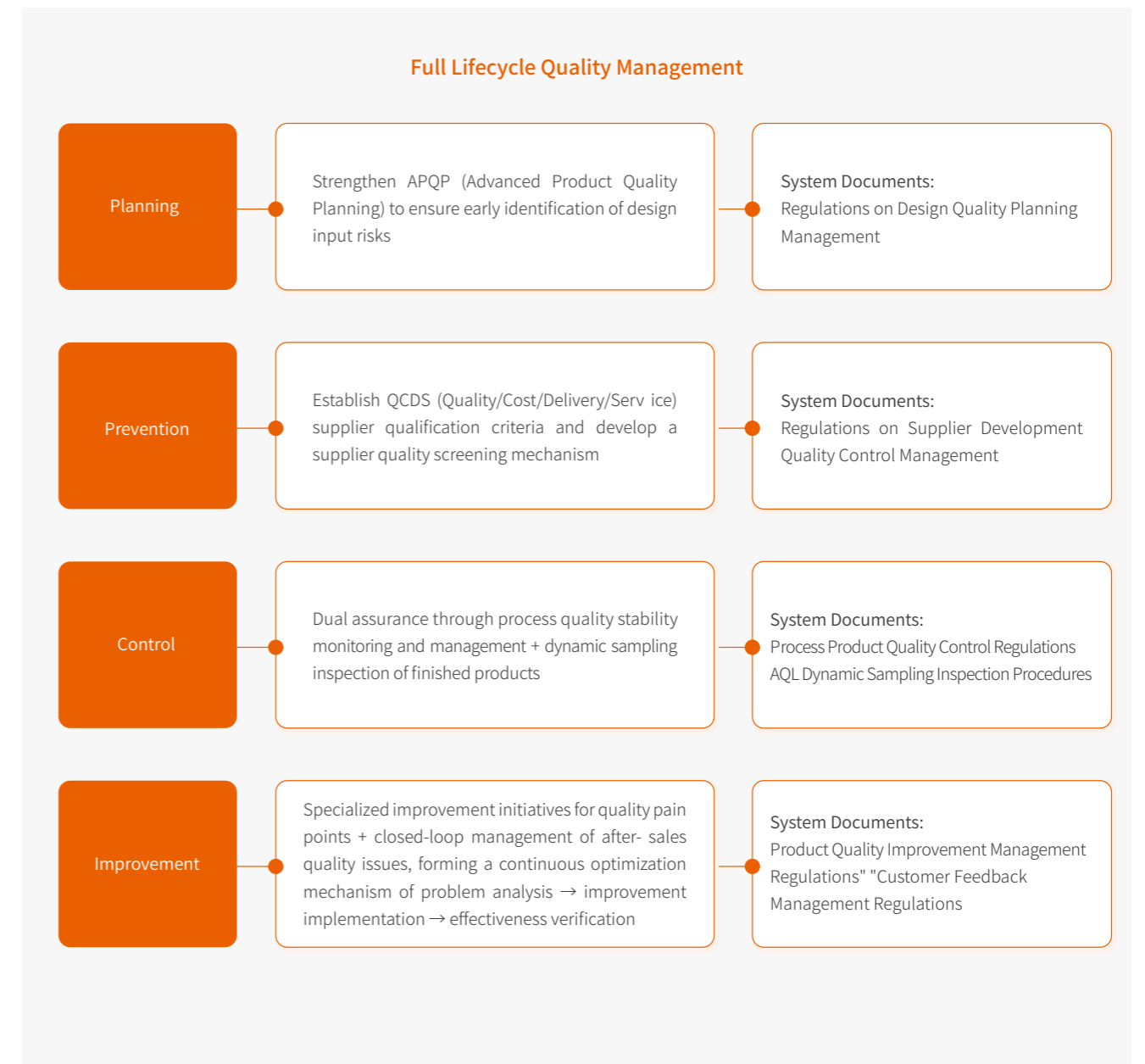
Product Quality

Governance

The company has established a quality governance structure centered around the President and the Chief Quality Officer. The Process IT and Quality Center oversees the quality strategy, with base quality leaders collaborating with specialized modules such as planning, improvement, systems, and measurement and testing. This ensures that comprehensive quality management is deeply integrated into the entire value chain, from new product development and supply chain to manufacturing and after-sales service.



The company has established and enhanced a closed-loop management system centered on "planning—prevention—control—improvement." In 2025, 28 core institutional documents were developed, and a systematic institutional renewal plan was initiated, with 9 key quality management systems already updated.



Strategy

The company regards product quality as a core initiative to fulfill social contribution, win stakeholder trust, and drive long-term value creation, incorporating it into the corporate development strategy. Focusing on the safety compliance and sustainability needs of the HVAC and refrigeration industry, a quality culture centered on "zero defects" is established, planning a three-stage transition path of "zero errors in work → zero defects in products → zero waste in operations." This is promoted through the three-pronged linkage of "publicity, products, and management" to transform quality concepts. At the same time, in response to international regulatory standards and environmental trends, the company advances Product Responsibility upgrades and innovations in green materials, balancing Product Responsibility, compliant exports, and low-carbon development. This creates a product system that combines quality advantages, safety assurance, and environmental benefits, contributing to industry quality improvement and sustainable development.



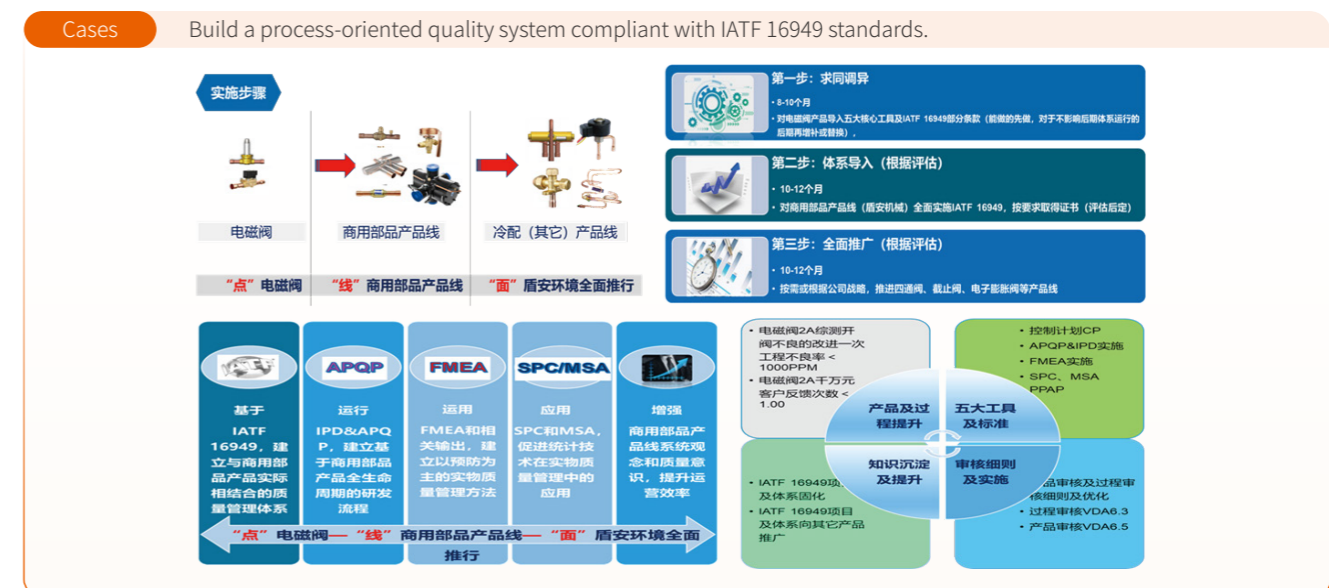
Impact, Risk, and Opportunity Management

Quality Improvement and Refinement

DunAn Environment builds its quality improvement efforts on a process-based quality system that complies with the IATF 16949 standard. This system systematically drives quality enhancements by deeply embedding core tools such as APQP, FMEA, and SPC, and innovatively applying VDA6.3 process audits and VDA6.5 product audits. This approach forms a three-tier progressive promotion model from "point" (individual products) to "line" (product lines) and then to "surface" (company-wide), providing a solid systemic foundation for continuous quality improvement.

Driven by this system, the company focused on quality enhancement for the 6A series solenoid valve—a core product in its commercial components division—using the "comprehensive test first-time defect rate" as a key performance indicator. In 2025, the actual external leakage defect rate for the TCC series brazed ammonia inspection reached 502 ppm, which not only surpassed the challenging target of 750 ppm but was also significantly lower than the project initiation target of 1,500 ppm, demonstrating substantial progress in quality refinement.

Deep Integration of Tools	The five core quality management tools—APQP, FMEA, PPAP, SPC, and MSA—are deeply embedded throughout the entire product lifecycle management process.
IATF16949 System Operation	Adopt the IATF16949 process-oriented audit model, utilizing process audits VDA6.3 and product audits VDA6.5 for implementation.
Three-Tier Progressive Promotion	From point (solenoid valves) to line (commercial component product lines) to surface (comprehensive implementation across DunAn Environment).



Product Responsibility Management

DunAn focuses on the safety compliance development needs of the HVAC and refrigeration industry, deploying various safety protection valves that are compatible with environmentally friendly refrigerant systems such as R32 and R290. These valves are applied in scenarios like air conditioning and refrigeration equipment, with their core function being to prevent safety hazards in refrigerant systems and ensure the safe operation of equipment. The development of such safety protection valves not only responds to international regulatory standards such as the EU's lead-free and flammable refrigerant safety requirements, preventing safety risks through compliant design and ensuring the safe and compliant export of products, but also represents a concrete practice by the company to strengthen Product Responsibility management. By supplying specialized safety protection components, the company helps the industry enhance Product Responsibility levels and solidify the baseline of Product Responsibility management.

Cases QSV Bidirectional Instant Shut-off Valve

With the air conditioning industry accelerating the adoption of low-GWP flammable refrigerants such as R32, the company has focused on the safety requirements of refrigerant system operation. In February 2025, it launched the QSV bidirectional quick shut-off valve. The product is optimized for system safety and green application scenarios, featuring core advantages such as high flow capacity, low internal leakage, and rapid response. It enables efficient and reliable shut-off control in flammable refrigerant systems, significantly enhancing the operational safety and stability of air conditioning systems, and providing critical safety assurance for the large-scale application of low-GWP environmentally friendly refrigerants. While ensuring equipment safety, this product facilitates the efficient popularization of environmentally friendly refrigerants, balancing safety responsibilities with low-carbon development.



Cases Stainless Steel and Aluminum Full Series Products

In response to the EU's lead-free requirements for the HVAC industry, the Company actively aligns with EU RoHS regulations and global circular economy goals. We have integrated environmental compliance and public health into our core product design criteria. By advancing green material innovation, we launched a full range of stainless steel and aluminum valves, piping components, and microchannel products, establishing a full-chain safety control system from the source.

Our lead-free innovation eliminates the precipitation and release of hazardous substances like lead throughout the product lifecycle. This not only safeguards human health during product use but also prevents secondary hazards to ecosystems and public health after disposal. Furthermore, the application of stainless steel significantly enhances corrosion resistance and product longevity, fortifying environmental safety at the design stage and aligning with the green development requirements of the ESG Environmental dimension.



Cases R290 Series Products

As an A3-grade natural low-carbon refrigerant with a GWP (Global Warming Potential) approaching zero, R290 is a critical pathway for the global HVAC industry to achieve low-carbon transition and support "Dual Carbon" goals. However, its flammability and explosiveness demand stringent safety standards across the entire system lifecycle.

Guided by our ESG safety development philosophy, the Company focuses on the core safety pain points of R290 systems, launching a dedicated series of valves and components that fortify safety while driving industry decarbonization. Through core technical innovations such as metal-to-metal hard seals, low-leakage structural optimization, and low-charge volume adaptation, we mitigate refrigerant leakage risks at the source. These advancements significantly enhance the safety and reliability of R290 systems, safeguarding the lives and property of end-users and fulfilling our ESG social responsibility toward consumer protection and safety.



• Quality Culture Development

DunAn Environment deeply integrates the "Zero Defect" principle into its quality culture, fostering an ecosystem centered on "doing things right the first time." The company has outlined a "three-stage leap" implementation path: first, ensuring zero errors in work; then achieving zero defects in products; and ultimately realizing zero waste in operations. This systematic approach drives the transformation of quality concepts into tangible business outcomes.

At the implementation level, the company adopts a three-pronged approach of "communication, product, and management": shifting from passive indoctrination to active dissemination in communication; quantifying quality behaviors through a "point system" in products to incentivize demonstration and improvement; and strengthening error prevention and standardization in management. Simultaneously, leveraging the "Bi-monthly TQM Conference + Monthly QC Meeting" mechanism, issues are reported, experiences are shared, and reflections and planning are conducted. Under leadership guidance, a "problem-improvement-empowerment" closed-loop is formed, ultimately elevating quality from institutional constraints to cultural consciousness, achieving a fundamental shift from "quality as a requirement" to "quality as a pursuit."

Cases Hosting the QCC Presentation Competition to Deepen Quality Culture Development

In December 2025, DunAn Environment hosted the QCC Presentation Competition, providing a platform for showcasing and exchanging quality improvement achievements across various product lines. The competition invited representatives from eight suppliers, fostering collaboration between internal and external quality management. Through evaluation, first, second, and third prizes, along with excellence awards, were selected from 18 shortlisted reports. Participating teams engaged in discussions centered on core issues such as customer experience enhancement and product performance improvement, promoting technical reuse and cross-domain quality improvement collaboration. This event extended internal quality management to supply chain collaboration, driving the "zero-defect" culture outward and further enhancing the supply chain quality ecosystem.



• Quality Incident Handling and Response

The company has established a systematic quality risk and performance management mechanism, creating a three-in-one assessment system of "process control - specialized breakthroughs - tackling pain points," and clarifying a quality responsibility system with clear authority and responsibility, shared by all employees. Through the "Four-Dimensional Timeliness Management System," the company standardizes the response to quality incidents, establishes a systematic product recall procedure, and strengthens the foundation of quality governance.

Incident Severity Levels	Timeliness of Quality Incident Reporting	Quality Incident Reporting Recipient
Major Accident	Within 24 hours(The above time requirement is the standard requirement. In case of special circumstances, apply for reporting in advance.)	Extraordinary quality incidents should be reported to the environmental quality management department, the responsible president, and the president's office.
Major incidents		Major quality incidents should be reported to the environmental quality management department and the responsible president.
General incidents		General quality incidents should be reported to the business unit head
Minor incidents		Minor quality incidents should be reported to the subsidiary/base head and the business unit quality head

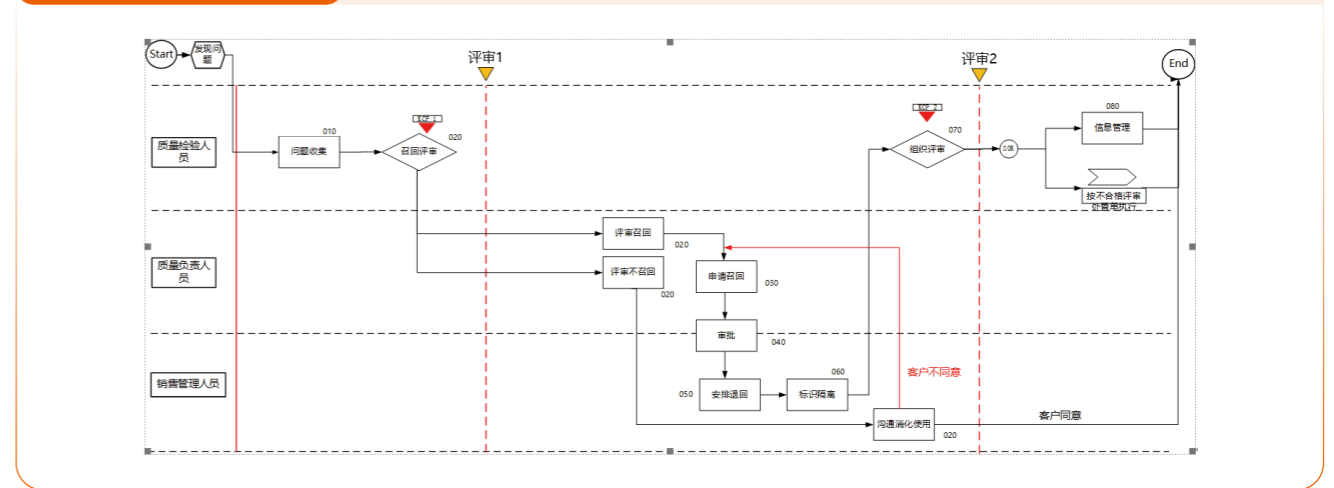
Quality incident reporting time requirement	Emergency containment time requirement	Accident investigation time requirement	Correction time requirement	Corrective and preventive action time requirement
within 24 hours, reporting method: OA email	Complete within 24 hours	Within 72 hours	One week	One week

• Product Recall Procedure

The company has established a systematic product recall procedure at the level of quality risk management, aimed at proactively identifying, assessing, and handling products that have been delivered but contain defects or potential hazards.

The recall mechanism follows a strict process, including the evaluation of problem information collected internally and reported externally, multi-department joint recall review, hierarchical approval based on the "Product Recall Review Form," return arrangements and on-site isolation led by the sales department, and finally, product disposal review organized by the quality department of the manufacturing base. Recalled products are evaluated and handled in accordance with the "Quality Incident Reporting and Handling Management Regulations," and all handling records are incorporated into the defective product disposal ledger for unified management, thereby forming a complete control chain from risk identification to closed-loop management.

Product Recall Procedure



Indicators and Targets

The company's quality control has achieved significant results, with zero product recall incidents at the client end for three consecutive years; the number of feedback cases exceeding ten million yuan has decreased year by year. In 2025, the external leakage defect rate of the TCC series brazed ammonia inspection reached 502 ppm, surpassing the challenging target of 750 ppm and the project initiation target of 1,500 ppm. The company has received numerous honors, including the Second Prize for Outstanding Quality Management Group Activities in the National Machinery Industry and quality-related awards from Midea Group, earning high recognition from the industry.

Indicators	Unit	2025	2024	2023
Client Product Recall Incidents	Cases	0	0	0

Honor



Customer Service

Governance

The company has established a customer-centric service governance system. Guided by the brand philosophy of “continuous innovation and customer value,” it has formed a professional sales and service team and established a cross-departmental collaboration mechanism that features demand-driven R&D and market feedback-driven process optimization.

The company has established a regular customer satisfaction management system, formulated comprehensive customer service standards for the entire process, and standardized the procedures for collecting, using, and safeguarding customer information. It strictly adheres to laws and regulations such as the Personal Information Protection Law of the People’s Republic of China, establishing a full lifecycle protection mechanism for customer privacy and commercial information. The company implements simultaneous signing of contracts and confidentiality agreements, ensuring the security and controllability of customer information through access control, process supervision, and technical safeguards, thereby effectively protecting the legitimate rights and interests of customers.

Strategy

The company incorporates the enhancement of customer value and service experience into its core development strategy, adhering to a customer demand-oriented approach. Through efficient response, precise services, and closed-loop improvements, it continuously enhances the competitiveness of its products and services.

With customer satisfaction as the core focus, the company transforms market insights and customer feedback into research and development directions, service optimization, and product upgrades. This drives the transformation of services from passive response to proactive empowerment, building a long-term, stable, mutually trusting, and win-win customer cooperation ecosystem, thereby continuously enhancing the company’s market competitiveness and brand value.

Impact, Risk, and Opportunity Management

Through systematic customer service and closed-loop demand management, the company promptly captures market opportunities and enhances customer loyalty while effectively mitigating risks related to service quality and customer information security. By conducting comprehensive customer satisfaction surveys, the company accurately identifies areas for improvement and continuously optimizes its products and services. A full-process customer privacy protection mechanism has been established to strictly prevent risks such as information leakage and misuse. During the reporting period, no customer privacy breach incidents occurred.

• Customer Recognition

Overview of Honors Awarded to DunAn Environment by Customers in 2025 (Partial)

Serial Numbe	Award-Winning Project	Issuing Authority
1	Annual Outstanding Supplier	Munters USA
2	Annual Outstanding Partner	Sichuan Changhong
3	Cost Transformation Award	Shanghai Daikin
4	Outstanding Quality Partner Award	LG Korea
5	Strategic Partner Award	Hisense Group
6	Outstanding Strategic Supplier	TCL Industries Holdings
7	Execution Silver Award	Johnson Controls
8	Outstanding Partner Award	Bosch
9	LG Group Strategic Partner Award	Nanjing LG
10	Best Performance Import Award	LG India



Metrics and Targets

The company has established a closed-loop management system for customer service and satisfaction, continuously improving service quality and customer experience. Over the past three years, customer satisfaction survey scores have remained above 92 points. During the reporting period, there were no customer complaints, no regulatory violations, and no information security incidents.

Indicators	Unit	2025	2024	2023
Incidents of violations of product and service information and labeling regulations	Number	0	0	0
Customer Satisfaction	Score	94.11	93.27	92.27
Customer Complaints	Times	0	0	0
Customer complaints per billion revenue	Times	0	0	0

R&D Driven

Governance

The company designates the Technology Management Department as the unified centralized department responsible for technology research and development, project management, standardization management, and technical knowledge management. It oversees the implementation of various technical management tasks, establishes and refines R&D management systems, provides professional technical services, supervises and guides technical management activities across business units, and coordinates external technical collaborations.

The company implements an IPD (Integrated Product Development) R&D management system centered on market demand. It establishes a multi-department integrated portfolio management decision-making center responsible for reviewing R&D project investments, forms product development execution teams accountable for the entire commercial success of products, and divides the R&D process into four stages—concept planning, development, verification, and release—with strict review points set at each stage.

In terms of institutional management, the company has formulated 27 technical management systems, including the "Product/Platform Development Management Process," and built a standardized management platform covering the entire R&D process. It has refined the "Technical Project Incentive Management Regulations" to establish a differentiated R&D incentive mechanism, stimulating the innovation vitality of technical talent. Simultaneously, the Intellectual Property Department takes the lead in improving the full-chain management of intellectual property, issuing the "Intellectual Property Management Standards" to align intellectual property management with national and international standards. The company has obtained relevant certifications and conducts specialized training on patent mining, thereby constructing a comprehensive patent protection system.

Strategy

The company places technological innovation at the core of its development, incorporates research and development (R&D) as a driver into its corporate development strategy, responds to national policy directions, and promotes industrial upgrading and sustainable corporate development through technological and product innovation. It adheres to continuously increasing R&D investment, optimizing the investment structure, improving the construction of technical talent echelons, introducing high-end technical experts, and solidifying the foundation for innovation. Leveraging platforms such as the National Technology Center and Postdoctoral Workstation, the company deepens industry-academia-research collaboration, focuses on core areas such as HVAC and refrigeration, advances cutting-edge technology research and core product iteration, while strengthening intellectual property protection. By standardizing innovation management with international standards, the company helps maintain its competitive advantage in core sectors and achieve efficient implementation of innovation outcomes.

Impact, Risk, and Opportunity Management

Through comprehensive R&D process control and systematic innovation, the company effectively manages risks related to R&D cycles, costs, and technology implementation, seizes opportunities in the industry's green, low-carbon, and efficiency upgrade trends, accelerates the transformation of cutting-edge technological achievements, and ensures that multiple core products reach internationally advanced/leading levels, forming significant technological and market advantage.

Innovative Technologies and Products

DunAn Environment consistently places technological innovation at the core of its development, actively responds to national policy directions, and drives industrial upgrading and corporate sustainable development through technology and product innovation. Leveraging platforms such as the National Technology Center and the Postdoctoral Workstation, the company deepens industry-academia-research collaboration to ensure the efficient achievement of technology R&D goals. In 2025, several core products developed by the company, including the "High-Efficiency, High-Airtightness, Low-Noise Metro Vehicle Air Conditioning System," the "Electronic Cleanroom Fresh Air Handling Unit (MAU)," and the "Ultra-Low-Temperature Intelligent Regulation Cascade Integrated Unit," passed expert industry reviews and were recognized as achieving internationally advanced or higher technical levels.

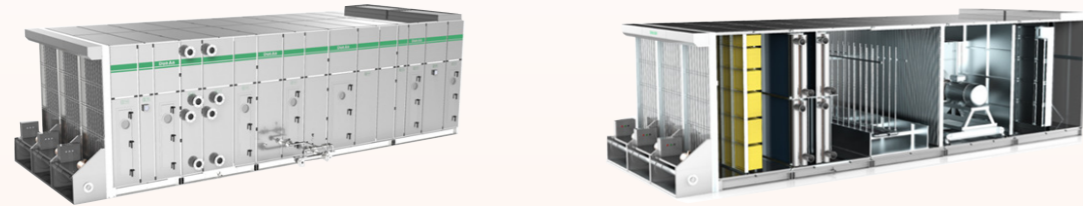
Cases High-Efficiency, High-Airtightness, Low-Noise Metro Vehicle Air Conditioning System

In May 2025, the "High-Efficiency, High-Airtightness, Low-Noise Metro Vehicle Air Conditioning System," jointly submitted by DunAn Environment, CRRC Nanjing Puzhen Co., Ltd., and Hangzhou Metro Group Co., Ltd., was evaluated by the expert committee of the Chinese Association of Refrigeration, and the technology was recognized as internationally leading. The project focused on the energy-efficient operation and healthy, comfortable design concept of metro vehicle air conditioning systems, conducting research on the energy efficiency, airtightness, noise, CO₂ concentration, and humidity control of the air conditioning units and systems: it developed a multi-tooth soft-seal technology for slanted interface end supply and return, solving the sealing challenge between the unit and the vehicle body, improving the overall vehicle airtightness and cabin pressure stability, reducing cabin noise, and enhancing passenger comfort; it proposed an active cold/heat recovery technology for air conditioning units, comprehensively utilizing DC inverter compressors, high-efficiency refrigerants, and multi-parameter coordinated control to reduce system operating power consumption and improve system energy efficiency; it established and implemented multi-objective coordinated control of cabin temperature, humidity, and CO₂ concentration, effectively improving cabin air quality.



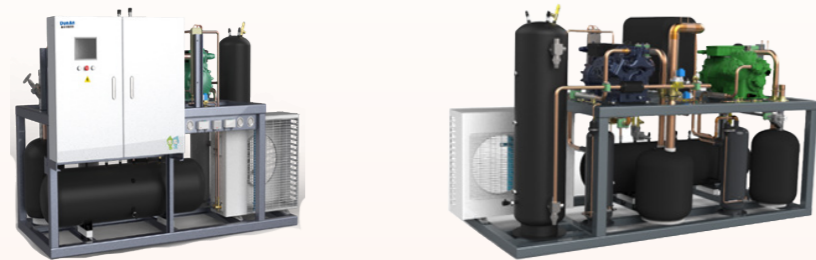
Cases Electronic Clean Fresh Air Handling Unit (MAU)

In May 2025, the company's independently developed "Electronic Clean Fresh Air Handling Unit (MAU)" was evaluated by the expert committee of the Chinese Association of Refrigeration, and the product technology was recognized as internationally advanced. The project focused on the energy efficiency and stable operation of fresh air clean air conditioning systems for high-end electronic equipment, conducting research on technologies such as air leakage rate, mechanical strength, thermal bridge factor, and heat exchanger air resistance: it developed large-diameter, low-air-resistance elliptical tube heat exchange technology, significantly improving heat exchange capacity and reducing flow resistance, with an overall air resistance reduction of 40%–60% compared to traditional round tubes. Additionally, the project developed an integrated design and manufacturing technology for external frame enclosures, effectively solving the challenges of low air leakage and low heat leakage in high-strength enclosures, achieving European standard Level 1 for enclosure thermal conductivity and thermal bridge factor; it also developed a top convex bypass structure, making full use of natural cooling sources to reduce the unit's annual operating energy consumption.



Cases Ultra-low Temperature Intelligent Regulation Cascade Integrated Unit

In May 2025, the company's independently developed ultra-low-temperature intelligent cascade integrated unit underwent a rigorous evaluation at the provincial-level industrial new product review and appraisal meeting, where its technology was recognized as reaching internationally advanced levels. This product adopts a cascade design with low-temperature and high-temperature stages, achieving a minimum temperature of -65°C. It innovatively applies low-temperature hot gas bypass oil return technology to effectively prevent compressor liquid slugging. A liquid injection device is designed to coordinate liquid injection cooling with hot gas bypass control, significantly reducing compressor start-stop wear and energy consumption. Additionally, the development of low-load energy stepless regulation and coordinated control technology has notably improved energy efficiency.



Cases Ultra-Quiet Electronic Expansion Valve

In September 2025, the company's independently developed ultra-quiet electronic expansion valve underwent a rigorous evaluation at the provincial-level industrial new product review and appraisal meeting, where its technology was recognized as reaching internationally advanced levels. This product features a porous material noise reduction block installed before the valve, which adjusts the unsteady two-phase flow ahead of the valve, refines internal refrigerant bubbles, and prevents clogging by impurities. A fixed noise reduction block structure was developed to prevent welding blockages, simplifying design and manufacturing processes while enhancing product reliability. Based on these achievements, the company has obtained four utility model patents and filed three invention patents and one PCT patent application.



• Increase Innovation Investment

The company places great emphasis on technological research and development, continuously increasing R&D investment as a key support for enhancing core competitiveness. The scale of investment has steadily grown, and its structure has been continuously optimized. In 2025, the company's R&D investment reached 5.35 billion yuan, a year-on-year increase of 6.42%, accounting for 4.10% of operating revenue. Moreover, all R&D investment was expensed, demonstrating the company's unwavering commitment to continuous innovation.

In terms of R&D team development, in 2025, the company continued to refine its technical talent structure and attract high-end talent. Five technical experts with doctoral degrees or higher were recruited, effectively addressing the shortage of high-end technical R&D personnel and capabilities. This provides a solid foundation for technological iteration and product innovation, helping the company maintain a competitive edge in core sectors and facilitating the efficient implementation of innovative achievements.

• R&D Innovation Incentives

To stimulate the innovation vitality of technical talents and support the implementation of the innovation-driven development strategy, the company enhances the "Technical Project Incentive Management Regulations" to establish a scientific and reasonable incentive mechanism for technical talents. During the implementation of incentives, a differentiated model is adopted: product development projects receive incentives through "development incentives + sales commissions," while technology R&D and process development projects are incentivized based on the direct economic benefits generated. Additionally, the final incentive amount for each project is comprehensively determined by combining the project management quality coefficient, which is calculated based on project progress, cost targets, and performance goals. Incentives are distributed in a standardized manner after public announcement and approval, effectively motivating the technical talents' enthusiasm and creativity, thereby providing strong institutional support for the company's technological innovation and development.

• Intellectual Property Protection

DunAn Environment regards intellectual property protection as a crucial dimension for safeguarding corporate innovation capabilities and fulfilling sustainable development and social responsibilities. The company has successively obtained certifications as a National Intellectual Property Demonstration Enterprise and for its National Intellectual Property Management System, continuously enhancing its capabilities across the entire chain of intellectual property creation, utilization, and maintenance. Building on this foundation, the company issued the "Intellectual Property Management Standards," which specify reward amounts for patent applications, encouraging R&D personnel to innovate independently, stimulating innovation potential, and making patents a "badge of honor" for developers.

In terms of standardization, the company simultaneously promotes the alignment of intellectual property management with national and international standards: it has obtained certification for GB/T 29490 "Intellectual Property Compliance Management Standards" and issued the accompanying "Intellectual Property Management Manual" to facilitate the implementation of these standards. In December 2025, the company also obtained Level 3 evaluation certification for ISO 56005 "Innovation and Intellectual Property Management Capability" and certification for ISO 56001 "Innovation Management Systems." This demonstrates the company's core orientation of standardizing innovation management with international standards and continuously deepening innovation-driven development.



The company consistently upholds the core philosophy of "respecting others' intellectual property rights and protecting our own intellectual property rights." While strengthening the protection of our own inventions and creations, we have established a comprehensive patent early warning system to promptly monitor and analyze patent application trends within the industry, thereby mitigating patent risks during product development. Simultaneously, we focus on enhancing the originality of product design and building a robust product patent layout system to further strengthen the core competitiveness of our products after they enter the market.

Cases Specialized Training in Patent Mining

In 2025, the company's Intellectual Property Department continued to organize specialized training in patent mining, focusing on integrating industry and competitor patent dynamics into the research and development process. This training guides technical personnel in analyzing technology trends, identifying product patent risks, and proactively uncovering patentable innovations. To date, 8 product lines have completed patent mining for 23 designs/products, resulting in the layout of 156 patents. This effort has preliminarily established a product-centric patent protection system. This achievement marks the company's transition from passive patent protection to proactive patent layout, solidifying an intellectual property barrier for the protection of technological innovation outcomes and the enhancement of market competitiveness.

Metrics and Targets

The company establishes a closed-loop management system for R&D targets based on the "Technical Project Management Regulations." R&D plans and targets are formulated annually, integrating the company's strategic planning, technological upgrade requirements, and market orientation. At the end of each year, the R&D project metrics and completion timelines for the following year are defined, reviewed, approved, and then implemented. To ensure the execution of R&D plans and targets, the company follows the process of "annual planning—project initiation review—project execution—project summary." Project teams advance R&D according to the plans and targets, while the Technology Management Department tracks progress, target achievement rates, and other metrics. Upon project completion, a review is conducted for closure, forming a closed-loop management system.

In 2025, the company achieved significant R&D results, carrying out a total of 465 product, technology, and process R&D projects throughout the year, with a target achievement rate of 93.4%, successfully meeting the annual R&D goals.

Indicator	Unit	2025	2024	2023
R&D Investment Amount	CNY 10,000	53,487.55	50,259.26	43,370.74
R&D Investment as a Percentage of Main Business Revenue	%	4.10	3.96	
R&D Personnel and Proportion	People/ %	1,428/11.31	1,498/10.76	1,242/10.46

Metrics	Unit	2025	2024	2023
Invention patents applied to core business	Items	460	392	354
Patent applications during the reporting period	Items	705	887	692
Patents Granted During the Reporting Period	Items	666	463	456
Valid Patents at the End of the Reporting Period	Items	3,770	3,049	2,617
Software copyrights at the end of the reporting period	Number	90	81	58

Data Security

Governance

DunAn Environment has established a data security governance structure with clearly defined responsibilities and authorities. The Information Management Module of the Process IT and Quality Center serves as the dedicated management department, overseeing the company's data and information security work, and clarifying the territorial management responsibilities of each business department.

The company strictly complies with relevant laws and regulations such as the "Cybersecurity Law of the People's Republic of China" and the "Regulations on the Security Protection of Computer Information Systems of the People's Republic of China." It has established internal management systems including the "Network System Operation Management Regulations," "Network Information Security Management Regulations," "Management Measures for Instant Messaging Tools such as WeChat," and "Computer Room Management Measures." By strengthening technical protection and management innovation, the company comprehensively enhances its information security assurance capabilities.

Strategy

Data security serves as the cornerstone of the company's digital transformation and smart manufacturing strategy. To support the goal of "building an industry benchmark-level leading 'future factory,'" the company plans to invest over a hundred million yuan in special funds over the next three years at its smart manufacturing headquarters base. The core of this strategy is to deeply integrate security capabilities into the AI intelligent scheduling system, digital twin platform, and "5G+ Industrial Internet" scenarios. The aim is to transform security from a cost center into a core competitive advantage and trust asset that drives business innovation and safeguards smart manufacturing, through leading-edge digital and security integration.

Impact, Risk, and Opportunity Management

The company has strengthened data security and cyber risk prevention and control, actively cooperating with provincial, municipal, and county-level network protection initiatives, and continuously enhancing data security risk management. During the reporting period, the company proactively participated in cybersecurity attack and defense drills at various levels, deepened collaboration with public security cyber police departments, and enhanced capabilities in risk identification, emergency response, and proactive defense. This has fortified the security foundation for the stable operation of digital operations.

Cases Deepening Cyber security Practical Drills

In 2025, the company deepened its collaboration with the Cyber Police Brigades of Shaoxing City and Zhuji City, enhancing data security protection capabilities through the "exchange + drill" model. Throughout the year, the company successively joined the Shaoxing City Cybersecurity Self-Governance Alliance and participated in the Shaoxing City Cybersecurity Attack and Defense Drill, as well as the Zhejiang Provincial "Zhijiang Cast Net" Provincial Attack and Defense Drill. During these drills, the company conducted practical exercises focusing on four key dimensions: technical hardening, 7×24-hour personnel monitoring, emergency response drills, and review and rectification end-to-end risk management s. This comprehensive approach helped identify system vulnerabilities and optimize security strategies. The series of drills effectively tested and improved the company's proactive cybersecurity defense capabilities, providing a solid foundation for data security and digital operations.



Enhancing Data Security

In addition, the company continuously strengthens data security management by implementing tiered and classified controls for top-secret, confidential, secret, internal, and public data, building a multi-layered data security protection system to ensure data security and controllability. During the reporting period, no data security-related incidents occurred. To benchmark against the Classified Protection 2.0 standards and enhance data security protection capabilities, the company has developed specialized measures in three key areas —network boundary protection, encryption and permission management, and internet usage regulation—continuously improving the security protection system.

Key Areas	Important Measures
Network Boundary Protection	Upgrade firewalls, IDS/IPS, and other equipment, refine access control policies, establish monitoring platforms to prevent external intrusions and illegal data transmission
Encryption and Permission Management	Implement full-process encryption for core sensitive data, establish a hierarchical and classified permission system, conduct regular audits and clean up redundant permissions, and set up an audit system to ensure traceability of operations
Internet Usage Standards	Establish online behavior guidelines, deploy control devices to block violations, and conduct security training to enhance employee compliance awareness

Metrics and Targets

Indicator	Unit	2025	2024	2023
Amount involved in data security incidents	CNY 10,000	0	0	0
Amount involved in customer privacy breach incidents	CNY 10,000	0	0	0

Employee Well-being

Equality and Diversity

The company adheres to the principles of people-oriented and equal respect, strictly complies with relevant laws and regulations, resolutely opposes any form of illegal employment and forced labor, including the use of child labor and human trafficking, and strictly prohibits discriminatory behavior based on factors such as race, ethnicity, color, ancestry, religion, political views, social background, learning style, gender, household registration, health status, age, height, or language. It ensures that all employment practices are legal and compliant, respects and protects human rights, and provides guarantees for the equality and safety of employees in the workplace.

Overseas Operations Compliance

DunAn Metals (Thailand) consistently prioritizes achieving efficient and inclusive cross-cultural communication in its overseas operations. It is committed to safeguarding the rights and interests of overseas employees, enhancing operational efficiency, and promoting cultural integration through systematic language support.

At the system and tool level	Core information systems such as SAP have been localized and optimized. In addition to the original Chinese and English interfaces, Thai and Burmese language options have been added, allowing employees to switch as needed to ensure smooth business processes.
In terms of documentation and visual communication	All internal documents, notices, and management standards are officially released in both Chinese and Thai. Various signs and guidance boards within the factory area uniformly use Thai, English, and Chinese to ensure clear, comprehensive, and unambiguous information delivery.
At the capacity-building level	Regular language training programs are organized to specifically enhance the foreign language application skills of overseas employees, fundamentally supporting their development and breaking down communication barriers.

Cases DunAn Metals (Thailand) Hosts New Year Blessing Event to Promote Sino-Thai Cultural Integration

In January 2026, coinciding with the eve of the Chinese Lunar New Year and the beginning of the Thai New Year, DunAn Metals (Thailand) grandly held a New Year blessing event themed "China and Thailand, One Family, Welcoming the Auspicious Dragon Year Together" to enhance the friendship between Chinese and Thai employees and promote the cultures of both countries. The event skillfully integrated traditional Chinese Spring Festival customs with local Thai blessing culture, creating a strong festive atmosphere in a foreign land and showcasing the positive image of Chinese enterprises taking root, sprouting, and integrating overseas.



Indicator	Unit	2025	2024	2023
Total number of employees	People	12,631	13,921	11,870
By Gender				
Male	People	8,319	8,962	7,861
Female	People	4,312	4,959	4,009
By Age				
Under 30	People	3,227	3,965	3,555
30 to 50 years old	People	8,140	8,651	7,322
Over 50 years old	People	1,264	1,305	993
By Education Level				
Proportion of College Degree and Above	%	28.9	27.5	25.6
Master's Degree and Above	People	183	163	127
Other				
Recruited Veterans	People	169	126	91
Proportion of Recruited Veterans	%	1.3	0.9	0.8

Democratic Communication

DunAn Environment regards employee democratic communication as a crucial cornerstone of corporate culture development, establishing diversified employee communication and feedback mechanisms to ensure that employees can conveniently and transparently express their demands and safeguard their legitimate rights and interests. The company has built a systematic employee participation system: organizing specialized training sessions monthly, holding employee forums quarterly, and conducting team-building travel activities every six months. This creates a direct dialogue platform between management and employees, ensuring that their opinions and demands are fully heard and respected.

Simultaneously, the company conducts specialized surveys on employee engagement and satisfaction every six months to comprehensively understand employee needs and experiences. In 2025, the engagement survey result was 8.5 points (out of 10), and the satisfaction survey result was 7.28 points (out of 10). Based on the survey findings, the company continuously optimizes management practices around employee needs and development, steadily enhancing employee satisfaction and well-being.

• Smooth Employee Grievance Mechanism

The company has established standardized procedures for reporting, investigation, verification, and feedback. Each reported case is assigned to a dedicated person for follow-up, ensuring that every issue receives a response and is properly addressed. This enables every employee and stakeholder to exercise their supervisory rights with peace of mind, collectively fostering a clean and upright corporate environment.

The company has established a reward mechanism to provide appropriate incentives to whistleblowers who provide important leads, encouraging employees and stakeholders to report violations of business ethics. At the same time, the company places emphasis on whistleblower protection. The reporting channel platform is equipped with strict information encryption and anonymous processing mechanisms to ensure that the personal information and content of whistleblowers receive the highest level of security protection throughout the entire process. Whistleblowing materials are managed as confidential documents, and retaliation against whistleblowers is strictly prohibited. Once verified, serious actions will be taken, and in severe cases, the matter will be referred to judicial authorities for handling and corresponding legal liability will be pursued.

Compensation and Benefits

The company always prioritizes employee well-being and is committed to ensuring a happy life for employees by continuously improving compensation and benefits, enhancing the quality of life care, and striving to create a warm and harmonious working environment. In future development, the company will continue to uphold the people-oriented philosophy, continuously optimize and improve the employee care and benefits system, create a better working and living environment for employees, and achieve mutual growth and development for both the company and its employees.

Benefits System

DunAn Environment offers all full-time employees a comprehensive benefits package, designed to foster a safe, healthy, secure, and supportive workplace.

Welfare System	Specific Content
Life Benefits	Provide employees with free meals and accommodation. In particular, couples are assigned single rooms, fully considering their living needs and ensuring they live comfortably and at ease.
Seasonal Care	During the scorching summer, high-temperature subsidies are distributed to help employees cope with the heat and ensure their work and living quality in high-temperature environments.
Long-Term Service Incentives	At significant career milestones such as 5, 10, and 15 years of service, commemorative gold coins of varying grades are awarded to employees in recognition of their long-term dedication and contributions. In 2025, a total of 7.3023 million yuan worth of gold coins was distributed, benefiting 1,125 employees.
Family Support	An Employee Mutual Aid Fund has been established to provide timely financial assistance to employees and their families in the event of emergencies or economic hardships, helping them overcome difficulties together. In 2025, the fund supported 295 employees, with a total expenditure of 2.2902 million yuan.

Compensation and Incentives

DunAn Environment adheres to the implementation of the "Four High Principles" (high quality, high responsibility, high contribution, high treatment), while establishing a competitive compensation system through methods such as job value assessment, employee capability inventory, performance evaluation, small-unit accounting, innovation and development awards, equity incentives, and market salary benchmarking. This ensures that employees' compensation levels maintain a leading position and competitive advantage within the region and industry. Simultaneously, the company deeply advances the construction of an incentive system centered on "strivers, producing more and sharing more," fostering a community of shared interests between the company and all employees based on "shared understanding, shared responsibility, shared creation, and shared benefits," thereby stimulating employee vitality and cohesion.

Cases Launch of Long-Term Equity Incentive Plan

To further establish and improve DunAn Environment's long-term incentive and restraint mechanism, the company has formulated and implemented a long-term incentive plan. This aims to attract and retain outstanding talent within the company (including subsidiaries), fully mobilize the enthusiasm of directors, senior management, middle management, and core technical (business) personnel, effectively integrate the interests of shareholders, the company, and employees, and encourage all parties to jointly focus on the company's long-term development.

In 2025, the company launched the second phase of its long-term incentive plan, namely the 2025 Restricted Stock and Stock Option Incentive Plan. A total of 10,075,000 restricted shares were granted to 365 eligible incentive recipients at a grant price of CNY 7.05 per share. Additionally, a total of 4,770,000 stock options were granted to 44 eligible incentive recipients at an exercise price of CNY 14.10 per share.

Career Growth

To build a talent pipeline that aligns closely with the company's development strategy and achieve dynamic optimization and efficiency enhancement of the talent structure, the company has progressively improved its employee training system and career advancement pathways. To better achieve dynamic alignment between talent and business needs and fully activate the value of internal talent, in 2025, the company conducted specialized talent inventory assessments for key positions. These assessments precisely evaluated the status of core talent reserves and identified gaps in competency dimensions, providing scientific support for talent selection, development, and allocation decisions.

Implementation of Talent Inventory

DunAn Environment utilizes talent inventory as a core management tool to achieve dynamic alignment between talent and business operations and to build a dynamic talent team. The company conducts comprehensive talent assessments by systematically evaluating employees' educational backgrounds, performance, competency qualities (based on an internal model comprising 7 primary competencies and 19 secondary competencies), and development potential, employing methods such as 360-degree evaluations and the nine-box grid to accurately identify and develop internal talent.

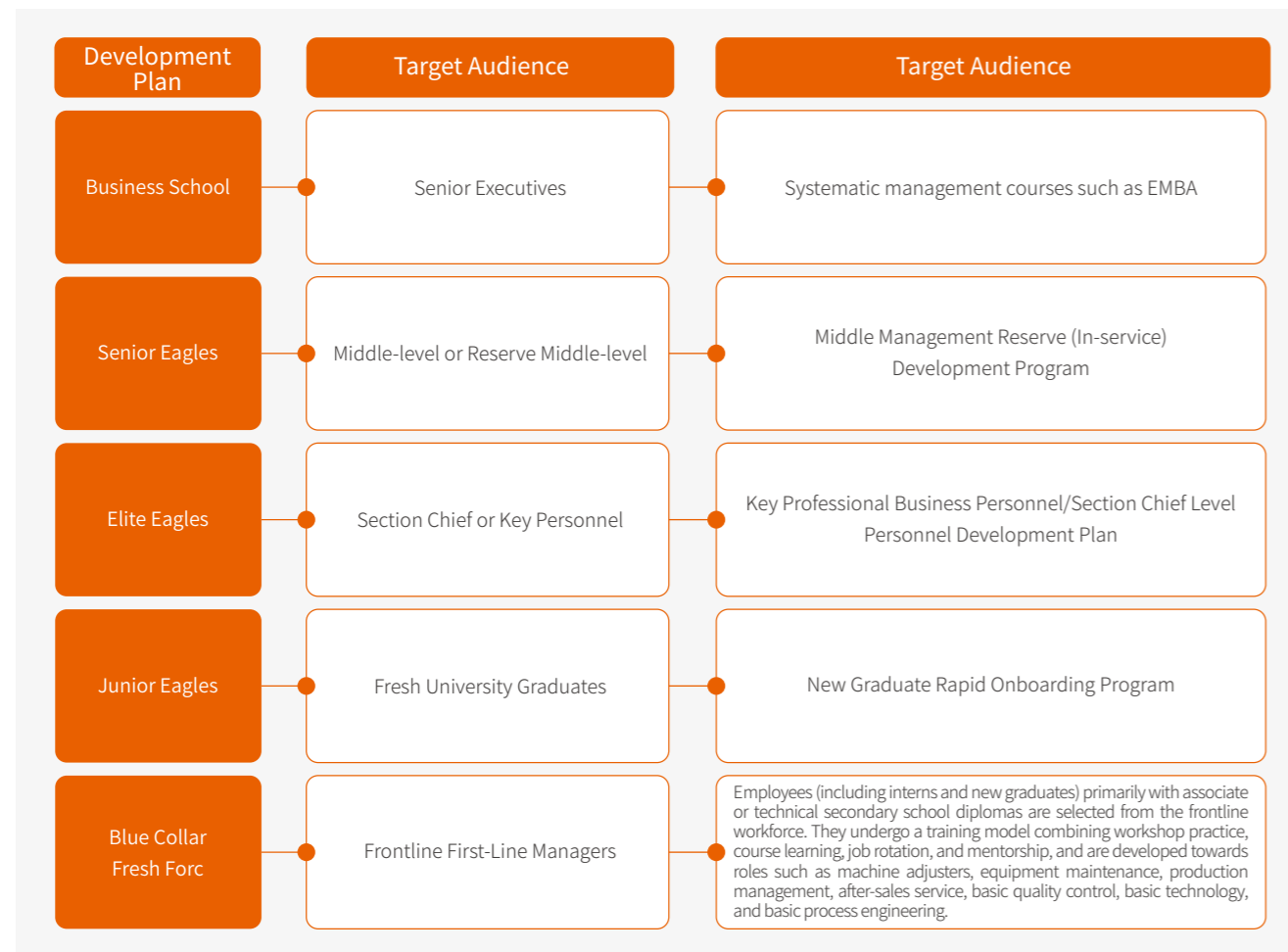
Based on the comprehensive talent map generated from the inventory, the company has formulated targeted talent development plans. In December 2025, the company completed an inventory of over 900 core personnel, systematically assessed the health of talent pipelines and future gaps across various business units, and accordingly provided specialized development plans, career advancement opportunities, and incentives for core backbone employees and high-potential talent, ensuring that talent strategies effectively support business development.

Empowerment for Growth and Development

To solidify the talent foundation, the company has systematically established a training system tailored for professional backbone employees and potential talent. This system is divided into a reserve talent cultivation plan and a professional talent enhancement and advancement plan, aiming to accelerate the professional growth and organizational integration of talent, thereby providing solid and reliable talent support for the company's sustained leadership in future development.

• Talent Reserve Development Plan

From the Blue New Force program for grassroots technicians to the Three Eagles Development Plan and Business School Enhancement Program for management personnel, we systematically and hierarchically cultivate core managers and experts capable of meeting future challenges, ensuring a continuous and high-quality supply of talent for key positions.



• Professional Talent Enhancement and Development Program

Guided by the core principle of "Professional Excellence, Empowering Business," the program focuses on systematically enhancing the core professional capabilities and business collaboration efficiency of employees across all lines. Based on the unique responsibilities, competency models, and future development needs of different functions —such as technology R&D, marketing, manufacturing operations, quality management, human resources, financial management, and supply chain management—different curriculum systems and teaching methods are designed.

Target Groups	Courses
Technical Line	Stainless Steel and Corrosion in Engineering, Error-Proofing and Fool- Proofing, FMEA Application, Prevention of Intellectual Property-Related Risk Points, IPD, etc.
Sales Line	New Product and Product Knowledge Promotion, etc.
Manufacturing Line	Cost management, equipment efficiency improvement, lean management, 5S management and elimination of eight major wastes on site, internal operations sharing, etc.
Quality Line	Basic statistical concepts, measurement system analysis, statistical process control, hypothesis testing, process capability analysis, etc.
Quality Process Engineer	Project Management, Raw Material Studies, SOP Fundamentals, Six Sigma Series Courses, etc.
Operations Line	Operations Management, Planning Management, etc.
Supply Chain Line	Enhancement of Business Procurement Personnel Capabilities, Procurement Game Management Strategies, Sharing of Supply Chain Management Practices, etc.
Finance Line	Business Operations and Cost Management in Manufacturing Enterprises, Understanding Enterprise Operation Logic from a Financial Perspective, Financial Management in Business Departments.
Human Resources Line	Human resource management for business departments, job value assessment, training as interviewers, course design and development, etc.
EHS Line	First aid certification training, safety administrator certification training, etc.

Cases Manufacturing System Training Strengthens Production Management Capabilities

In December 2025, DunAn Environment organized a specialized training course for the manufacturing system. The training invited outstanding internal management personnel to deliver lectures. The quality head of the Zhuhai base, integrating Gree's Perfect Quality Model and Zero-Defect Culture, guided participants to internalize quality awareness and achieve continuous improvement. The Vice President was also invited to share practical experiences in decentralized management, illustrating effective pathways to drive lean improvement starting from cost control. (Vice President Lou Jiayang, through sharing practical experiences in decentralized management, analyzed effective pathways for driving lean improvement starting from cost control.) This training systematically enhanced the professional capabilities of the manufacturing system participants, helping to translate the training outcomes into the entire production process. It provided talent support for the company's implementation of the "Craftsmanship and Intelligent Manufacturing" strategy and the improvement of production management efficiency.



Cases Senior Eagles Cultivation Program Strengthens Middle Management Capabilities

In August 2025, the third phase of DunAn Environment's Senior Eagles Cultivation Project commenced at the Diankou Base. The project focuses on enhancing the comprehensive management capabilities and professional competence of middle-level cadres, helping them tackle complex work challenges and support the organization's steady development. The curriculum is designed around a middle-level competency model, covering modules such as risk identification and control, logical thinking, and more. The first phase includes courses on "Internal Control Risk Identification and Management," "Problem Analysis and Resolution," and "EHS Management." This initiative is a key measure in the company's talent pipeline development, providing a platform for growth and exchange for middle-level managers. All courses will be completed in six phases over the next two years.



Cases Quality and Process Engineer Training Program Conducts Supplier Visit Practices

In November 2025, DunAn Environment organized technical personnel and trainees from the Quality Process Engineer Training Program to visit its core supplier, Jintian Group, for a tour. This activity was a key component of the Quality Process Engineer Training Program, focusing on the integration of theory and production practice. Participants visited the exhibition hall and the copper tube and copper bar production workshops, gaining a direct understanding of the entire copper material manufacturing process and transforming abstract theories into concrete knowledge. This visit broadened the trainees' industry perspectives, helping them accurately grasp technical parameters and enhance their ability to handle quality issues.



Vocational Skills Development

The company is committed to establishing a vocational skills development system that covers all employees, providing them with diverse and tiered growth pathways.

For management personnel, we clarify the promotion path for professional positions through technical level assessments, and combine it with knowledge competitions and professional skills competitions to promote learning through competition. This approach drives the deep integration of management practices and professional technical capabilities, continuously enhancing their comprehensive problem-solving abilities. For frontline employees, we have established detailed skill level assessment guidelines (including the Welding Technician Level Assessment Management Measures), categorizing by job type and level, determining different skill-based salaries, and clearly outlining the career development ladder for skilled talent.

The company adopts a "training, practice, and competition" development model, organically integrating daily training, on-the-job practice, and competitive showcases to foster a positive atmosphere of "competing, learning, striving, and surpassing." This approach stimulates the intrinsic motivation of all employees to learn techniques and delve into skills.

Cases Human Resources Knowledge Competition Enhances Professional Competence

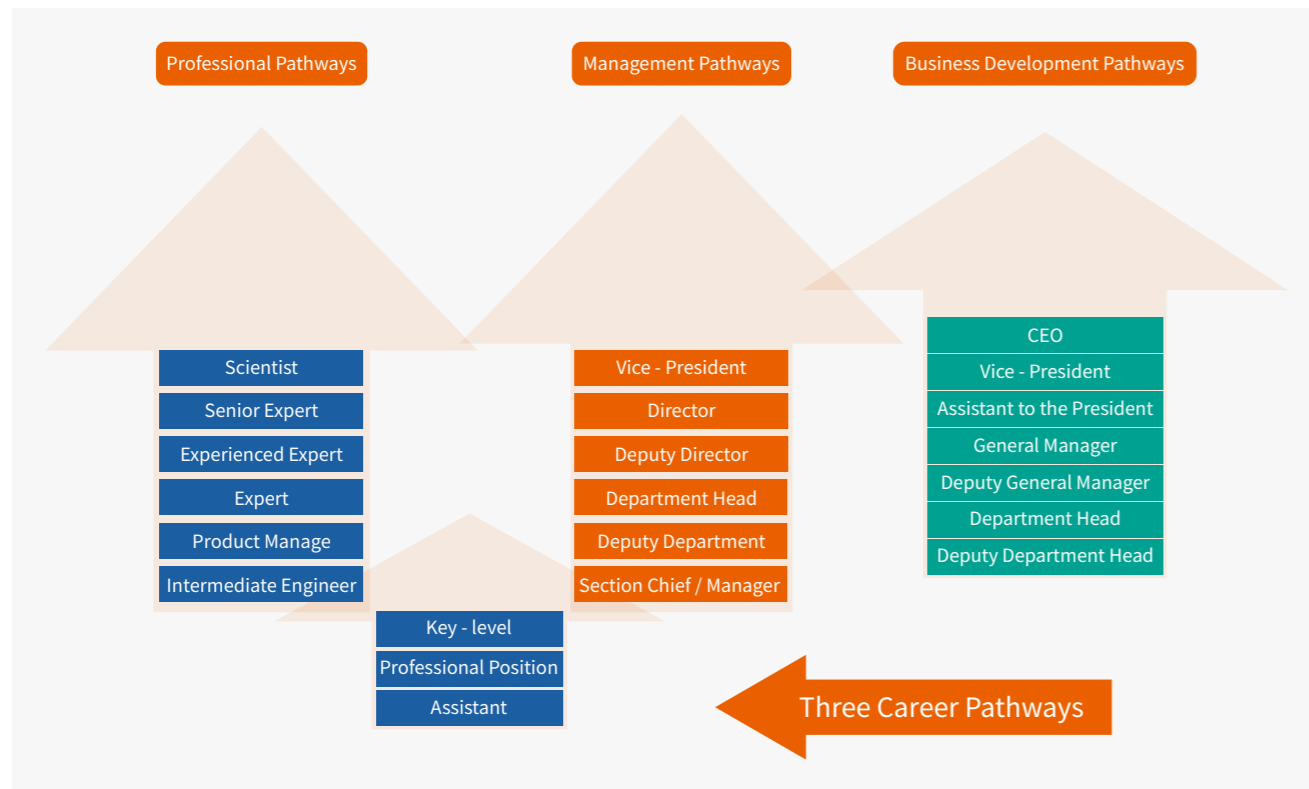
In November 2025, DunAn Environment organized a practical knowledge competition on human resources. The competition conducted a comprehensive assessment covering commonly used HR regulations, business knowledge, and departmental rules and regulations, incorporating professional question-answering and case defense sessions. A total of 53 HR practitioners participated in the event, with 6 outstanding contestants advancing to the finals for defense. The competition effectively enhanced the professional competence and comprehensive performance capabilities of the HR team. The company will continue to carry out professional capacity-building activities to solidify talent support for sustainable development.



Indicators	Unit	2025	2024	2023
Training Person-Times	People	29,253	39,980	33,385
Average Training Hours per Person	Hours	3.9	6.2	5.9
Training Coverage	%	100	100	100
Training Investment	CNY 10,000	237.7	269.2	225.2
Training Investment per Billion Yuan in Revenue	CNY 10,000	1.82	2.12	1.98

Promotion and Performance Management

The company has established a three-track career development pathway—professional track, management track, and business track. This mechanism breaks through the limitations of administrative promotion, providing a favorable career development path for professionals and technical personnel. Senior professionals and technical personnel can enjoy compensation packages equivalent to those of senior management. For example, the evaluation levels in the technical track can range from "trainee technician" to "scientist," with the highest compensation for technical personnel potentially surpassing that of the president level, completely breaking away from the traditional single administrative development channel. Additionally, different job levels are set within the same job grade. Even without a change in job grade, an increase in job level is considered a promotion and comes with correspondingly better compensation.

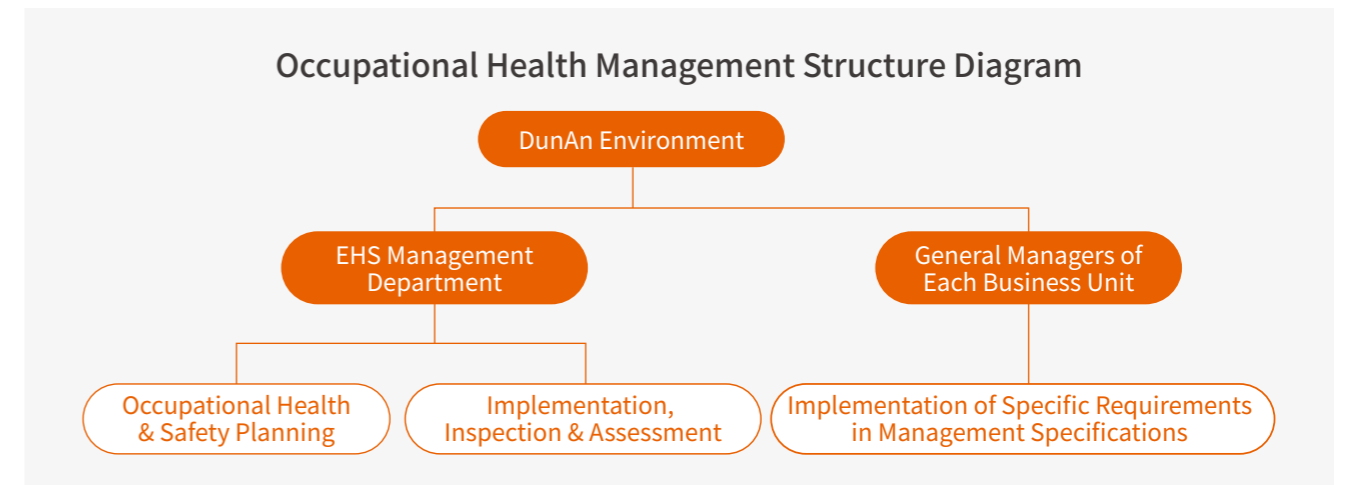


At the performance management level, the company adopts a Balanced Scorecard framework for organizational performance management, which is cascaded down to departmental and individual performance to ensure the effective implementation of the company's strategic goals. In terms of incentive schemes, the company adheres to the transformation of smaller business units, operating, accounting, and assessing independently by customer, region, and product. It enhances incentive schemes for various production lines, marketing, technology, and functional departments to further embed the concept of full-staff engagement in operations. Additionally, the company has launched an (its first) equity incentive plan, aimed at motivating all employees and fostering creativity, thereby injecting momentum into the company's long-term development.

Health Protection

Governance

DunAn Environment enhances occupational health management. The company's EHS management department is responsible for the planning, implementation, inspection, and assessment of occupational health and safety work. The general managers of each business unit are responsible for implementing the specific requirements of management standards. At the institutional level, the company has established core systems such as the "Labor Protection Equipment Management Measures," "Occupational Health and Safety Management Regulations," and "Environmental, Occupational Health and Safety Monitoring and Measurement Management Regulations," providing standardized guidelines for various tasks.




Strategy


The company prioritizes employee occupational health and safety, adhering to the principle of "safety first, prevention first, and comprehensive management." It upholds a people-oriented approach, utilizing systematic, regular, and all-staff management as key measures to comprehensively safeguard the physical and mental health of employees and ensure workplace safety. This approach aims to prevent safety and occupational health risks, providing a solid foundation for the sustainable operation of the enterprise and the peace of mind of employees at work.

Impact, Risk, and Opportunity Management


Occupational health and safety are the lifeline of an enterprise and the fundamental rights of employees. DunAn Environment consistently places the occupational health and safety of employees at the forefront, striving to ensure their physical and mental well-being during work and to prevent and protect them from harm caused by the occupational environment.

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Risk Investigation

 - Continuously conduct occupational health risk assessments to identify and control potential hazards in the working environment, ensuring workplace safety.
- 

Labor Protection

 - Provide employees with standard-compliant labor protection equipment to ensure safety in various working environments.
- 

Health Check-ups

 - Regular comprehensive health check-ups are provided to employees, with the addition of cardiac health screening items. Increased investment has been made to promptly identify and prevent potential health risks.
- 

First Aid Training

 - Employees are organized to participate in first aid training and obtain relevant certifications, enhancing their emergency response capabilities. First aid equipment, such as automated external defibrillators (AEDs), is deployed in the workplace to ensure timely response in emergency situations.

Cases Optimize factory lighting to reduce visual fatigue among employees

In May 2025, adhering to the principle of humanistic care and focusing on employee occupational health and work experience, the company systematically optimized the lighting environment in the factory. Through professional measurement and data analysis of illumination levels in various work areas, scientifically designed, high-efficiency, and energy-saving LED industrial and mining lights were deployed accordingly. Additionally, 1500W high-brightness searchlights were used to enhance lighting in key areas. This renovation significantly improved lighting uniformity and visual comfort, effectively reducing visual fatigue among employees and alleviating eye discomfort caused by prolonged work.



Occupational Health Management System Certification

Sixteen companies under DunAn Environment, including DunAn Hetian, DunAn Machinery, DunAn Electro-Mechanical, DunAn Thermal Technology, and DunAn Vehicle Thermal Management, have obtained occupational health management system certification, systematically implementing a people-oriented management philosophy.

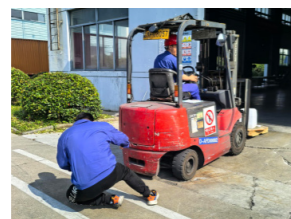


Emergency Management

The company consistently prioritizes occupational health, safety, and production safety as key focuses of ESG management, regularly conducting emergency drills that cover all factory areas and positions. In 2025, the company focused on conducting a series of practical drills for high-risk scenarios such as heatstroke emergency response, hazardous chemical leakage prevention and control, fire safety, work at heights, confined space operations, and vehicle-related injuries. These drills comprehensively tested the feasibility of emergency plans, the availability of emergency supplies, and the collaborative response capabilities of personnel.



Heatstroke First Aid Drill



Vehicle Injury Emergency Drill



Fall-from-Height Emergency Drill



Fire Evacuation Drill

Indicators and Targets

Indicator	Unit	2025	2024	2023
Work Safety Investment	CNY 10,000	673.79	677.80	824.40
Work Safety Investment as % of Operating Revenue	%	0.0517	0.05346	0.0724
Total Duration of Safety Training	Hours	9,958	17,490.5	23,423
Average Duration of Safety Training per Person	Hours	1.45	1.66	2.17
Work-related Injury Insurance Investment Amount	CNY 10,000	496.44	561.15	289.28
Work-related Injury Insurance Coverage Rate	%	100	100	100
Investment amount in work safety liability insurance	CNY 10,000	6.26	4.15	6.89
Coverage rate of work safety liability insurance	%	27.28	30.00	29.41
Occupational disease cases	People- times	0	0	0
Work-related fatalities	People- times	0	0	0
Work-related lost workdays	Days	3,343.00	3,751.50	4,344.50
Days Lost Due to Work-Related Injuries per Billion in Revenue	Days	26.65	29.59	38.17
Injury Rate per Million Work Hours	%	1.51	1.96	2.17

Care and Support

To systematically advance employee care and support initiatives, DunAn Environment has established the labor union as the core driving entity, building an institutionalized and standardized long-term working mechanism. The labor union strictly adheres to the organizational structure and responsibility processes defined in the "Labor Union Management Standards," transforming specific tasks such as assistance and relief, humanistic care, and cultural and sports activities into sustainable and assessable standardized service projects. This ensures that care resources are precisely focused on employees' urgent needs and difficulties, continuously improving service quality and effectiveness. Consequently, at the organizational level, the labor union is solidly established as a trusted "Home for Employees."

Support for Employees in Difficulty

The company places great importance on supporting employees in difficulty by establishing a mutual aid fund. This fund focuses on urgent situations such as sudden family hardships, major illnesses, and unexpected changes, providing timely and precise assistance along with financial relief. It effectively helps employees and their families facing difficulties to overcome challenges and navigate tough times together, fully leveraging the role of mutual aid and warm-hearted support. In 2025, the company's mutual aid fund disbursed a total of 2.2902 million yuan, benefiting 295 employees cumulatively.

Indicator	Unit	2025	2024	2023
Employees Assisted	People	295	285	207
Employee Assistance Investment Amount	CNY 10,000	229.02	224.91	191.29
Employees in Difficulty Assisted per Billion Yuan of Revenue	People	2.26	2.25	1.82

Care for Female Employees

The company consistently places high importance on safeguarding the rights and interests of female employees and providing humanistic care. It enhances the care service system for female employees, offering a series of warm-hearted services focused on physical and mental health, rights protection, family support, and career development, effectively enhancing their sense of belonging and well-being. On March 8, 2025, the company meticulously organized a themed commemorative event for International Women's Day, paying tribute to the strength of women and conveying organizational care through fun activities and warm-hearted gestures. Additionally, on August 1, 2025, the company organized free HPV screening services for female employees, safeguarding their health. These practical measures demonstrate the company's respect, care, and sense of responsibility toward female employees.

Cases "Spring Breeze for Miles, Graceful as You" Women's Day Event

On March 8, 2025, DunAn Environment organized a series of activities, including "Going to the Grassroots, Saluting Women in Their Prime" and "Entering the Farm, Enjoying Spring Outings and Flower Appreciation." The company thoughtfully prepared flowers for all female employees, personally delivering greetings and gratitude, allowing female colleagues to feel respect and warmth in their work. At the same time, leisure outdoor activities were organized, enabling employees to enjoy spring outings, appreciate flowers, relax, and relieve stress. These activities not only enhanced team cohesion but also strengthened employees' sense of belonging.



Diverse Employee Activities

In 2025, the company organized diverse employee activities centered around cultural and sports entertainment, team cohesion, interest expansion, and holiday care, including holiday celebrations, cultural and sports competitions, and outdoor team-building events. These activities enriched employees' cultural and recreational lives, fostered a positive, united, and harmonious work atmosphere, effectively enhanced team cohesion and employees' sense of belonging, and further strengthened the company's centripetal force and cultural vitality.

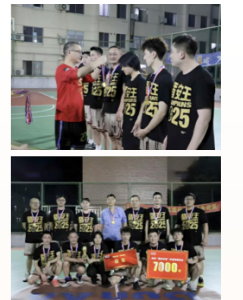
Cases Industry-Enterprise Collaboration, Harmonious Village Health Run

In April 2025, the first "Industry-Enterprise Collaboration · Harmonious Rural Village" health run in Diankou Town was held in Shibe Village, with over 300 employees from enterprises and institutions in the town participating. DunAn Environment organized a running team of more than 40 employees to enthusiastically take part. The team members collaborated and competed fiercely along the 8-kilometer course, with all members successfully completing the race and achieving excellent results, showcasing the company's employees' positive, resilient, and determined spirit. Participating in local cultural and sports activities not only reflects the company's commitment to employee care, enriching their leisure lives, and safeguarding their physical and mental health, but also enhances enterprise-local integration and contributes to the construction of harmonious rural villages.



Cases "Building Dreams on a New Basketball Journey" Basketball Tournament

In September 2025, the "Building Dreams on a New Basketball Journey" DunAn Environment Cup Basketball Tournament concluded successfully at the DunAn Garden Court. As a key initiative for employee care and corporate culture development, the event provided a platform for staff to communicate and showcase their talents. It highlighted the united, striving, and positive spirit of the employees, conveyed the collaborative and progressive ethos of sports, strengthened team cohesion, and enriched the spiritual and cultural lives of the staff.



Cases "Carbon Trailblazer" Green Field Hiking Activity

In September 2025, DunAn Environment organized the "Carbon Trailblazer" Green Field Hiking Activity, held simultaneously at Yuhuang Mountain and Jiuxi as part of the company's 8th-anniversary celebration series. The activity integrated litter cleanup, environmental protection promotion, and the distribution of initiative cards to advocate low-carbon concepts. Over 140 employees from the Diankou and Zhuji factory areas participated, with more than 20 support team members ensuring safety throughout the event. By incorporating ecological and environmental protection into the corporate culture, the activity enriched employees' leisure lives, enhanced team cohesion, and actively fulfilled the company's social contribution for sustainable development.



Cases "Chasing Light, Celebrating Achievements" Garden Party Event

From September 22 to 25, 2025, the company held a series of garden parties as part of its anniversary celebrations, simultaneously taking place at the three major factory sites: DunAn Hetian, DunAn Vehicle Thermal Management, and DunAn Electro-Mechanical. The activities combined professionalism, fun, and commemorative elements, providing a platform for all employees to relax, interact, and share. This event enriched the employees' cultural and recreational life, alleviated work pressure, further enhanced team cohesion and employees' sense of belonging, and, in an innovative way, paid tribute to the company's 38-year development journey, conveying corporate warmth and uniting all employees in their collective efforts.



Cases "Gathering in Light, Uniting as One Team" Open-Air Movie Screening Event

In December 2025, DunAn Environment organized an open-air movie screening event titled "Gathering Hearts Through Light and Shadow, Building Teams Together." Employees and their families were invited to watch an outstanding domestic animated film, experiencing the collision of traditional culture with heartfelt warmth. During the event, special snacks were provided, creating a relaxed and harmonious cinematic atmosphere. This activity enriched the spiritual and cultural lives of employees and their families, enhanced family warmth and team cohesion, and contributed to the inheritance of China's excellent traditional culture.



Supply Security

Sustainable Supply Chain

We firmly oppose inappropriate practices such as child labor, excessive working hours, and forced labor, and are committed to building a responsible supply chain. DunAn Environment extends the concepts of sustainability and responsible governance comprehensively to the supply chain, striving to establish a sustainable partner ecosystem. We not only regularly assess suppliers' environmental performance, urging them to comply with regulations and reduce pollution and resource waste, but also actively promote green innovation collaborations. Together, we develop solutions such as renewable resource utilization, energy-saving equipment, and recyclable packaging. At a broader ESG management level, we sign the "Supplier Code of Conduct" with our suppliers, clarifying their responsibilities in areas such as business ethics, labor rights, safety and health, and environmental protection. Additionally, we conduct systematic ESG evaluations through the "Supplier Social Contribution Questionnaire," continuously driving improvements in supply chain accountability and jointly strengthening the foundation for a sustainable value chain.

Dimensions Management Requirements for Suppliers

- Environment (E)**
 - Comply with all applicable environmental regulations to ensure compliant operations
 - Implement specific measures to manage pollutant emissions, reduce energy consumption, and minimize resource waste
 - Promote circular economy practices, such as waste recycling and resource utilization
- Social (S)**
 - Safeguarding the legitimate rights and interests of employees, providing a safe and healthy working environment, prohibiting the use of child labor and forced labor
 - Establishing fair employment, compensation, and promotion systems, prohibiting discrimination
 - Respecting and protecting intellectual property rights, engaging in fair competition
 - Proactively managing the social and environmental risks within the supply chain
- Governance (G)**
 - Establish business ethics and codes of conduct, and publicly disclose social contribution commitments
 - Set up clear management bodies or responsibilities to promote ESG initiatives
 - Develop and implement anti-corruption and anti-bribery policies along with internal whistle blowing mechanisms
 - Incorporate ESG-related performance into internal management and assessment indicators

Indicators	Unit	2025	2024	2023
Total number of suppliers assessed	Number	285	287	230
Suppliers undergoing social impact assessment	Number	85	73	60
Suppliers Conducting Environmental Impact Assessments	Number	85	73	60

Supplier Management Strategy

DunAn Environment has established a systematic, full-lifecycle supplier management system. This strategy is based on precise development, linked by strategic win-win cooperation, driven by dynamic assessment, and safeguarded by risk prevention and control. It runs throughout the entire supplier collaboration process, aiming to build a safe, stable, and sustainable supply chain, providing solid support for the company's sustainable growth.



Access Review

To ensure the quality of supplier collaboration and meet sustainable development requirements, the following access qualification review standards have been established:

- Possess independent legal entity status, with advanced and reasonable product process technology, and complete production, testing, and experimental equipment.
- Pass ISO9001 and ISO14001 system certifications from third-party certification bodies, and comply with RoHS and REACH management standard requirements.
- Provide environmental compliance-related materials, which are necessary conditions for access.
- The production, operation, and financial status are good, with significant price advantages and potential for healthy development.
- Enterprise managers and employees possess a strong quality mindset and awareness of quality improvement.



Assessment and evaluation

The company implements a full-cycle closed-loop management mechanism for external procurement and outsourcing suppliers based on the "Supplier Performance Management Measures" and "Supplier Performance Evaluation Rules."

1. Standardized Evaluation and Multi-Dimensional Control

- Basis: Strictly adhere to the company's management measures and evaluation rules.
- Dimensions: Conduct comprehensive quantitative evaluations regularly across five core dimensions: cost, delivery, quality, technology, and service.

2. Goal-Oriented

- Encourage suppliers to enhance, ensuring high-quality products, reasonable prices, and high cost-effectiveness, thereby achieving overall optimization of the supply chain.

3. Result Application and Tiered Disposition (Closed-Loop Mechanism)

- Outstanding Performers (Incentives): Provide more cooperation opportunities and preferential policies.
- Questioner (Coaching): Communicate promptly, assist in developing rectification plans, set deadlines, and continuously track progress.
- Non-compliant (Elimination): For those who fail to rectify effectively or consistently fall short of standards, implement measures such as order reduction, suspension of cooperation, or elimination.



Exit Mechanism

1. Performance-Based Elimination Mechanism (Quantitative Standards).

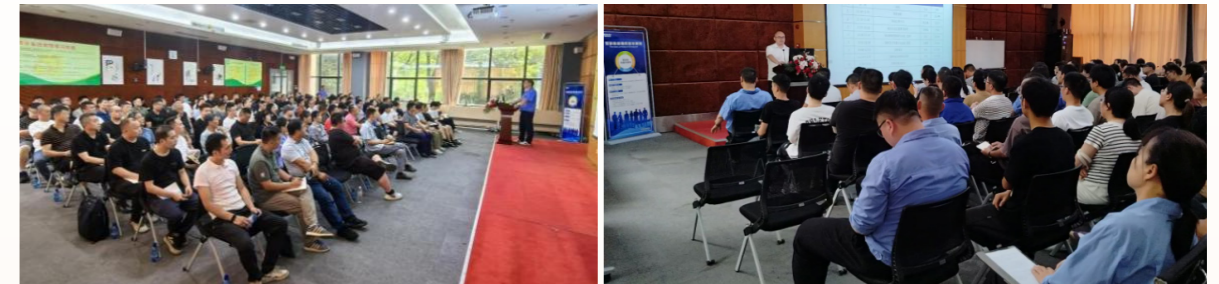
- Trigger Condition: Two consecutive quarters with a comprehensive performance score below 60 points (i.e., rated as D-level).
- Disposal Measures: Immediately cancel the supply quota for the next quarter and terminate the cooperation qualification.

2. Permanent Blacklist Ban Mechanism (Code of Conduct)

- Basis: "Supplier Blacklist Management Measures."
- Triggering Behavior: Existence of illegal, non-compliant, contractual breach, dishonesty, or severe failure to perform obligations.
- Identification Process: Initiated upon supplier application for investigation or upon company verification and confirmation.
- Disciplinary Measures: Inclusion in the blacklist and permanent revocation of supply qualification.

Cases Enhancing Quality Management Philosophy, Co-creating Green Suppliers

In June 2025, DunAn Environment held a supplier guidance meeting at its Diankou base, focusing on three major themes: quality management upgrades, green supply chain co-construction, and market trend analysis. Through concept promotion, pathway discussions, and case studies, the meeting aimed to drive suppliers to optimize management processes, implement environmental protection measures, and proactively plan for market changes. The goal was to enhance collaborative efficiency, improve overall competitiveness, and achieve mutual benefits and win-win outcomes for both the company and its suppliers in sustainable development.



Indicator	Unit	2025	2024	2023
Disqualified Suppliers Eliminated	Number	17	21	15
Significant risk and impact events in the supply chain	Number	0	0	0

Conflict minerals management

During the supplier qualification review stage, DunAn Environment has comprehensively strengthened its conflict minerals control mechanism by formulating a procurement statement that prohibits the use of conflict minerals. All potential suppliers are required to formally sign and submit the "Declaration on Non-Use of Conflict Minerals" to commit to their supply chain compliance. Simultaneously, in-depth due diligence is conducted by having suppliers complete a detailed "Conflict Minerals Questionnaire" to trace the origin of minerals and their smelting pathways, ensuring the identification and blocking of minerals from conflict regions at the source. This approach institutionalizes compliance checks and moves them to the forefront.




Supplier Empowerment Training

DunAn Environment is committed to building a "symbiotic and win-win" supply chain ecosystem, comprehensively supporting supplier growth through three core pillars: digital empowerment, technical collaboration, and capacity building. On one hand, leveraging intelligent platforms to break down information barriers enables shared demand forecasting and automated business processes, reducing operational costs for partners. On the other hand, in-depth specialized training and on-site guidance are provided, covering areas such as zero-defect management, green manufacturing, and compliance operations. This disseminates industry standards and management best practices while offering supply chain financial support and joint innovation mechanisms. These efforts help suppliers enhance their core competitiveness and risk resilience, transforming them from mere delivery partners into trusted strategic collaborators.

In 2025, we comprehensively upgraded our supplier empowerment system, deeply integrating the "zero-defect" quality philosophy into partner growth plans. Throughout the year, we focused on organizing and conducting comprehensive zero-defect management training for suppliers. Through systematic methodology introduction, Cases reviews, and practical exercises, we assisted suppliers in identifying quality risks at the source, optimizing process controls, and building preventive quality management systems.

Cases Supplier Zero Defect Project Empowerment

In June 2025, DunAn Environment conducted a training session on the zero-defect concept for suppliers in the first half of the year. A total of 138 representatives from 116 core suppliers participated on-site, while over 80 suppliers joined the training online. The session was led by the executive team leader of DunAn Environment's Zero Defect Group, who focused on explaining the core principles, implementation methods, and application cases of the zero-defect concept. The training emphasized the four core principles of zero-defect management and provided practical guidance for suppliers based on the company's experience. This initiative established a platform for communication and learning between the company and its suppliers, strengthened quality awareness and collaboration, and laid the foundation for deepening the practice of the zero-defect concept and jointly improving supply chain quality.



Indicator	Unit	2025	2024	2023
Annual supplier training sessions conducted	Sessions	4	1	2
Participants organized for supplier training	People-times	238	68	70

Supplier Risk Management

DunAn Environment has established a supply chain risk management system centered on legal compliance and operational stability. Through a dual control mechanism of legal and operational oversight, the company achieves proactive prevention and dynamic supervision, significantly enhancing the supply chain's risk resilience.

At the legal level, the company signs a "Basic Supply Agreement" with all qualified suppliers, focusing on the legal compliance of suppliers to prevent illegal activities such as contract fraud, intellectual property infringement, and commercial bribery. Suppliers that may cause legal disputes, economic compensation, or reputational damage are placed on a non-cooperation list.

At the operational level, the company strictly evaluates the financial health of suppliers during the supplier qualification process, ensuring they have sufficient cash flow, reasonable debt-to-asset ratios, and stable profitability. This effectively prevents supply disruptions or product quality issues caused by poor supplier operations, safeguarding the continuity and stability of the company's production and operations.

Digital Management

In 2025, the company comprehensively deepened its digital supply chain management system by successfully launching the SRM online bidding platform. Through open, fair and transparent bidding rules and full-process data traceability, human intervention factors were completely eliminated, ensuring fairness and transparency in procurement competition. Additionally, the company issued a supplier data protection statement, strictly defining the boundaries of data collection and committing to never misuse or disclose suppliers' core business data to third parties, thereby safeguarding the legitimate rights and interests of partners with a robust digital security barrier.

Cases Driving Supply Chain Digital Collaboration and Efficiency Enhancement with the SRM System

In July 2025, DunAn Environment held a project summary meeting for its SRM system. This project focused on sustainable supply chain management and the implementation of ESG governance principles, utilizing digital means to optimize procurement and quality control. Specifically, procurement management achieved online sourcing and supplier bidding, reducing the inquiry cycle by 40%, lowering procurement costs, and enabling seamless integration with internal BPM and SAP systems. Quality management established a foundational model for supplier quality lifecycle management, digitizing related business processes, promoting the transition from paper-based data to information systems, strengthening supplier compliance control, and ensuring supply chain quality, safety, and sustainability.



Equal Treatment of Small and Medium-sized Enterprises

DunAn Environment actively fulfills its corporate social contribution and is committed to building an equal and mutually beneficial supply chain ecosystem. The company establishes fair and transparent procurement mechanisms, strictly implements the "Quota Management Measures" and "Supply Chain Performance Management Measures," and provides equal market participation opportunities for small and medium-sized enterprises (SMEs). Specific measures include lowering procurement thresholds, simplifying approval processes, and reducing barriers for SME participation; establishing long-term and stable strategic partnerships, offering technical support and professional training to help SMEs enhance their core competitiveness. Furthermore, we consistently adhere to the "Three Guarantees" principle: ensuring lawful and compliant operations, ensuring timely delivery of quality products in specified quantities, and ensuring payments are made as agreed, thereby fostering a healthy and sustainable development environment for SMEs.

Indicator	Unit	2025	2024	2023
Balance of accounts payable (including notes payable) at the end of the reporting period	CNY 10,00	352,856.89	389,118.38	334,616.72
The proportion of accounts payable (including notes payable) balance to total assets at the end of the reporting period	%	28.71	32.02	31.03
Amount of overdue unpaid payments at the end of the reporting period	CNY 10,00	0	0	0
Amount of overdue unpaid payments to small and medium-sized enterprises at the end of the reporting period	CNY 10,00	0	0	0

Social Contribution

Industrial Development

As a leading chain enterprise in the industry, DunAn Environment takes on its responsibility to drive industrial development through capacity layout and technological innovation.

Beyond building its own manufacturing network, the Company leverages its role as a leading company in the industry to promote the coordinated upgrading and green transformation of the regional industrial chain.

Collaborative Construction of Overseas Industrial Chains

The company uses its new base in Thailand as a pivot to proactively plan the regional supply chain ecosystem. In 2025, upon the opening of the thermal heat exchanger and automotive thermal management base, the company immediately convened core suppliers to discuss localized support. The aim is to guide upstream partners to establish nearby operations, shorten logistics distances, reduce carbon emissions across the entire chain, and thereby create a more efficient and resilient localized supply network, driving the joint development of the upstream and downstream industrial chain in Southeast Asia.

Green Technology Empowers the Industrial Chain

The company leverages its core products to support the low-carbon transformation of downstream industries. DunAn Electro-Mechanical, as a key thermal management partner for NIO's battery swap stations, has applied its liquid cooling technology to thousands of swap stations nationwide. Both parties plan to deepen cooperation in next-generation battery swap stations, ultra-fast charging, and integrated energy storage scenarios, using innovative thermal management solutions to empower NIO in building a more reliable green energy replenishment network, thereby promoting sustainable development in the transportation sector at the end-use application stage.

Participation in Standard Setting

DunAn Environment actively participates in the formulation and revision of national and industry standards. In 2025, the company led the development of the industry standard "Stainless Steel Refrigerant Piping Components for Refrigeration Systems and Heat Pumps" and undertook the revision of the industry standard "Four-Way Electromagnetic Reversing Valves for Heat Pumps."

As of 2025, the company has cumulatively led or participated in the drafting and revision of 104 national and industry standards, serving as the primary drafting unit for 20 of them. Due to its outstanding performance in standard innovation and technological research and development, the company has received two "China Innovation Contribution Awards" and has also been honored with multiple accolades, including the "National Quality Award," "National Innovation Pilot Enterprise," "Second Prize of the National Science and Technology Progress Award," and "China Patent Excellence Award."

Cases

Leading the formulation and revision of two refrigeration and air conditioning industry standards

On May 23, 2025, DunAn Environment hosted the working meetings for the formulation of two industry standards: JB/T "Four-Way Electromagnetic Reversing Valves for Heat Pumps" and JB/T "Stainless Steel Refrigerant Piping Components for Refrigeration Systems and Heat Pumps." The focus was on the technological upgrading of core heat pump components and the innovation of copper-alternative materials. The revision and formulation of these two standards can promote domestic components to benchmark against international standards, achieving full-chain autonomy and control from materials to components. At the same time, by replacing copper pipes with stainless steel, the pressure on copper resources can be alleviated, energy efficiency can be improved, and the safety and controllability of the industrial chain, as well as the sustainable use of resources, can be supported.



Promoting Industry Communication

In 2025, the company deeply participated in industry-wide exchange activities in the fields of refrigeration, air conditioning, heat pumps, and thermal management. It actively collaborated with upstream and downstream enterprises, research institutes, and industry associations, engaging in multi-dimensional dialogues around core topics such as technological innovation, green and low-carbon development, and talent cultivation. This continuously expanded the boundaries of industrial cooperation and strengthened the foundation for synergistic development within the industry ecosystem.

Cases

HVAC Industry Exchanges at Home and Abroad

In 2025, the company actively participated in global industrial exchanges in the HVAC&R and new energy thermal management sectors, showcasing at exhibitions including the ACREX India, CR Expo, FrioCal Brazil, ATC New Energy Vehicle Thermal Management Technology Exhibition, CBEE China Commodities International Trade Fair, and IAA Mobility Germany. These engagements targeted markets in South Asia, China, Latin America, and Europe, where the company presented its green refrigeration technologies and low-carbon solutions while sharing sustainable development practices. By deepening technical collaboration, aligning standards, and promoting low-carbon concepts, the company continues to expand global industrial cooperation, supporting high-quality synergistic development within the industry and enhancing its international brand influence and competitiveness in sustainability.



Cases Supporting Industry Talent Development

In November 2025, at the National Annual Conference of the Refrigeration and Air Conditioning Industry, the company, in collaboration with the China Refrigeration and Air Conditioning Industry Association, officially launched the "Mastering the Core: Experts on Heating and Cooling" project. This initiative brings together authoritative industry experts to create popular science short videos on refrigeration technology through intuitive animations and systematic knowledge content. At the event, the company donated the first batch of teaching aids to multiple universities and research institutions, including Tsinghua University and Zhejiang University, fostering collaborative innovation between industry, academia, and research. The project effectively supports the cultivation of technical talent in the industry, deepens university-enterprise cooperation and technology dissemination, provides talent support and innovation momentum for the sustainable growth of the industry, and fulfills corporate social contribution.



Globalization and Local Operations

DunAn Environment adheres to the coordinated development of global expansion and localized operations, deeply integrating into local development. The company attracts outstanding local talent through diverse channels, providing abundant and well-matched employment opportunities for the region. This effectively promotes regional employment, enhances residents' income and quality of life, and actively fulfills social responsibilities while maintaining stable operations, contributing to the development of local society and people's livelihoods.

Indicator	Unit	2025	2024	2023
Local employees (referring to the local city) [based on registered residence location]	People	3,945	4,508	3,518
Proportion of local employees (referring to the local city) [based on registered residence location]	%	30.9	32.4	29.6
Employing foreign employees	People	1,237	1,600	817
Percentage of Foreign Employees	%	9.8	11.5	6.9

Smooth Overseas Promotion

DunAn Environment focuses on localized development overseas, improving the career advancement system for foreign employees. The promotion mechanism for (foreign) employees to management positions adopts a "recommendation + competitive selection" approach. For example, at DunAn Metals (Thailand), the management structure explicitly requires that Thai managers at the section chief level and above account for no less than 35% of the total number of personnel at that level. As the localization process accelerates, this proportion continues to be optimized and increased. Frontline grassroots management has been fully localized, including the training of skilled employees and the development of grassroots teams.

Promoting Overseas Exchange

The company regularly organizes multicultural exchange activities by planning theme celebrations and special holiday care events that involve all employees. This allows Chinese and foreign staff to enhance emotional bonds through mutual blessings and experiencing folk customs.

Cases DunAn Metals (Thailand): Celebrating Thai Lunar New Year Together

In April 2025, coinciding with the traditional Thai New Year, Songkran, DunAn Metals (Thailand) held solemn ceremonies of "Bathing the Buddha" and "Sprinkling Water to Bless Elders" to respect local cultural customs and enhance emotional integration between Chinese and Thai employees. Management from both Chinese and Thai sides, dressed in floral shirts, received water-sprinkling blessings from younger employees in turn. Chinese and Thai staff gathered together, welcoming the arrival of the Buddhist year 2568 amidst splashing water and joyful laughter, composing a harmonious and integrated symphony of friendship.



Tax Contributions

Honest tax payment is a crucial guarantee for the healthy and long-term development of an enterprise. The company enhances relevant rules and regulations, clarifies key tax-related points such as invoice compliance, tax obligations, and liability, and monitors and compares data information in critical areas including supplier qualification, contract execution, and invoice approval, achieving full-process Risk Management. For higher-risk areas such as export tax rebates and related-party transaction pricing, the company implements closed-loop management of tax-related matters from business initiation to account closure.

The company has consistently received an A-grade rating in tax credit evaluations. Over the past three years, it has been recognized as an "Outstanding Contribution Enterprise for Sustainable Growth" in Zhujiaji City and ranked among the "Top 30 Tax-Contributing Private Enterprises in Shaoxing in 2024" by the Shaoxing Municipal Taxation Bureau of the State Taxation Administration and the Shaoxing Federation of Industry and Commerce, in recognition of its outstanding contributions to honest tax payment and local economic development. In 2025, the total taxes and fees declared and paid in Shaoxing amounted to 510.1353 million yuan, representing a year-on-year increase of 3.93%.

Indicator	Unit	2025	2024	2023
Tax Payment Amount	CNY10,000	51,013.53	49,084.54	44,816.85

Public Welfare and Charity

DunAn Environment actively engages in public welfare and charity work, focusing on assistance and support as its core direction. It places particular emphasis on aiding the elderly, alleviating poverty, and supporting education, addressing the most practical, urgent, and fundamental needs of disadvantaged groups. Through precise identification, timely assistance, and compassionate relief, the company provides essential support such as basic living security, medical aid, and temporary help to those in need. This continuous effort helps secure the baseline of people's livelihoods, conveys social warmth, and enhances the sense of fulfillment, security, and happiness among disadvantaged individuals. In 2025, DunAn Environment extended New Year greetings and blessings to 1,009 individuals aged 70 and above, 29 households facing difficulties, and 2 households in extreme poverty. Additionally, the company has cumulatively provided financial support to 30 high school students and 230 university students.

Cases Fostering Talent with Love, Realizing University Dreams Together

In August 2025, the "Love Helps Talent, Together Realizing the University Dream" student aid ceremony was successfully held at the Zhuji Municipal Committee of Retired Cadres. DunAn Environment has been carrying out student aid actions for families in difficulty for 21 consecutive years. With the assistance of the Zhuji Municipal Committee for Caring for the Next Generation, a total of 30 high school students and 230 university students have been supported to complete their studies. Through practical actions, the company fulfills its social contribution, promoting educational equity and local talent cultivation.



Cases Warming the Year's End, Extending Holiday Greetings

On the Laba Festival and the eve of the Chinese New Year in 2025, DunAn Environment carried out a care and poverty alleviation visit activity, delivering holiday greetings and blessings to 1,009 elderly individuals aged 70 and above, 29 households facing difficulties, and 2 households in extreme poverty. The company has consistently conducted such public welfare activities for 28 consecutive years, actively fulfilling its social responsibilities, promoting the fine tradition of respecting the elderly and aiding the needy, and genuinely caring for the livelihood security of vulnerable groups.



Indicator	Unit	2025	2024	2023
Amount of Public Welfare and Charitable Donations	CNY 10,000	41.83	44.79	40.36
Community public welfare investment per 100 millions revenue	CNY 10,000	0.32	0.35	0.36

Key Performance Table

Greenhouse Gas Emissions

Indicator	Unit	2025	2024	2023
Scope 1	tCO ₂ e	16,164.76	17,449.77	16,152.22
Scope 2	tCO ₂ e	52,684.37	51,263.15	41,090.18
Total emissions	tCO ₂ e	68,849.13	68,712.93	57,242.4

Energy

Indicator	Unit	2025	2024	2023
Basic Information on Energy Usage ¹				
Total Energy Consumption	tce	27,987.45	27,932.08	23,269.27
Including: By Energy Type				
Coal	Tonnes	0	0	0
Gasoline	Liters	0	0	0
Diesel	Liters	286,904	43,940	237,331
Natural Gas	m ³	4,139,705	4,735,157	4,218,085
Liquefied Petroleum Gas	m ³	177,251	184,149	165,170
Non-Renewable Electricity Purchased	10,000 kWh	17,425.882	16,955.802	13,590.987
Renewable Electricity Procurement	10,000 kWh	0	0	0
Renewable Electricity Proportion	%	0	0	0
Direct Energy Consumption	tce	6,571.04	7,093.40	6,565.94
Total indirect energy consumption	tce	21,416.41	20,838.68	16,703.32
Energy use intensity (e.g., per unit of output)	Tce/unit	0.033	0.032	0.030
Clean energy usage ²				
Total Clean Energy Consumption	MWh	12,953.92	11,995.00	11,797.55
Proportion of Total Installed Clean Energy Capacity	%	100	100	100
Breakdown by Energy Type:				
Photovoltaic Power Generation	10,000 kWh	1,295.392	1,199.500	1,179.755
Proportion of Photovoltaic Power Generation	%	6.92	6.61	7.99
Natural Gas	m ³	4,139,705	4,735,157	4,218,085
Natural gas proportion	%	19.67	22.55	24.11
Wind energy	MWh	0	0	0
Wind Energy Proportion	%	0	0	0

Note 1: The statistical scope of the above energy data includes DunAn Hetian, DunAn Machinery, DunAn Thermal Technology, DunAn Electro-Mechanical, DunAn Vehicle Thermal Management, Zhuhai Huayu, and Wuhu Zhongyuan.

Note 2: The statistical scope of the above clean energy data includes DunAn Hetian, DunAn Machinery, DunAn Thermal Engineering, DunAn Electro-Mechanical, DunAn Vehicle Thermal Management, Zhuhai Huayu, and Wuhu Zhongyuan.

Water Resources

Indicator ³	Unit	2025	2024	2023
Water Withdrawal	10,000 tonnes	86.307	96.771	84.194
Drainage volume	10,000 tonnes	27.611	35.146	30.840
Water consumption	10,000 tonnes	58.696	61.625	53.354
Recycled water usage	Tonnes	14231959	12631213	9559298
Recycled water ratio	%	94.28	92.88	91.91

Note 3: The statistical scope of water resource-related data includes DunAn Hetian, DunAn Machinery, DunAn Thermal Technology, DunAn Electro-Mechanical, DunAn Vehicle Thermal Management, Zhuhai Huayu, and Wuhu Zhongyuan.

Recycling

Indicator ⁴	Unit	2025	2024	2023
Total Waste Recycled	Tonnes	19,752.36	17,910.89	17,748.94
Waste Recycling Rate	%	96.52	95.36	95.89

Note 4: The statistical scope of the above waste recycling-related data includes DunAn Hetian, DunAn Machinery, DunAn Thermal Technology, DunAn Electro-Mechanical, and DunAn Vehicle Thermal Management.

Environmental Compliance

Indicator ⁵	Unit	2025	2024	2023
Environmental Protection Investment	CNY 10,000	665.25	687.39	676.84
Environmental Pollution Incidents	Cases	0	0	0
Environmental Pollution Penalty Amount	CNY 10,000	0	0	0

Note 5: The statistical scope of the above environmental compliance-related data includes DunAn Hetian, DunAn Machinery, DunAn Thermal Technology, DunAn Electro-Mechanical, and DunAn Vehicle Thermal Management.

Waste water

Indicator ⁶	Unit	2025	2024	2023
Total Industrial Wastewater	m ³	158,961.16	197,262.63	155,794.03
Total Domestic Wastewater	m ³	60,431	52,400	55,370
Chemical Oxygen Demand (COD)	Tonnes	3.9239	6.1542	5.5207
Ammonia Nitrogen (NH ₃ -N)	Tonnes	0.048	0.125	0.063
Total Nitrogen (TN)	Tonnes	1.5087	1.427	1.4362
Total Phosphorus (TP)	Tonnes	0.0153	0.0443	0.0321

Note 6: The statistical scope of the above wastewater-related data includes DunAn Hetian, DunAn Machinery, and DunAn Electro-Mechanical.

Exhaust Gas

Indicator ⁷	Unit	2025	2024	2023
Particulate Matter (PM)	Kg	5913.9	4,504.4	/
Sulfur Oxides (SO _x)	Kg	747.5	796.7	753.0
Nitrogen Oxides (NO _x)	Kg	4,391.5	4,621.5	4,319.9
Volatile Organic Compounds (VOCs)	Kg	5,053.6	5,635.2	4173.7

Note 7: The statistical scope of the above exhaust gas-related data includes DunAn Hetian, DunAn Machinery, DunAn Thermal Technology, DunAn Electro-Mechanical, and DunAn Vehicle Thermal Management.

Waste

Indicator ⁸	Unit	2025	2024	2023
Total Waste Generation	Tonnes	19,752.36	19,123.24	17,748.94
Total amount of non-hazardous solid waste	Tonnes	19,064.54	18,252.68	17,020.8
Non-hazardous solid waste intensity	Tonnes/CNY10,000	0.0276	0.0235	0.0238
Total hazardous waste	Tonnes	687.82	870.55	728.14
Hazardous waste intensity	Tonnes/CNY10,000	0.00096	0.00112	0.00102
Total amount of hazardous waste generated per billion yuan of revenue	Tonnes	9.12	/	/

Note 8: The statistical scope of the above waste-related data includes DunAn Hetian, DunAn Machinery, DunAn Thermal Technology, DunAn Electro-Mechanical, and DunAn Vehicle Thermal Management.

Biodiversity

Indicator ⁹	Unit	2025	2024	2023
ECRL-related Incidents in Operations	Cases	0	0	0
Ecological Governance Investment Funds	CNY 10,000	20.45	20.45	25.50
Greening Area	Hectare	4.18	4.18	4.99
Green Space Ratio	%	11.47	11.47	13.69

Note9: The above biodiversity-related data statistics include DunAn Hetian, DunAn Thermal Technology, and DunAn Electro-Mechanical.

Product Quality and Customer Service

Indicator	Unit	2025	2024	2023
Violations of product and service information and labeling regulations	Cases	0	0	0
Customer satisfaction	Points	94.11	93.27	92.27
Customer Complaints	Times	0	0	0
Customer Complaints per Billion in Revenue	Times	0	0	0

R&D Innovation

Indicator	Unit	2025	2024	2023
R&D Investment Amount	CNY 10,000	53487.55	50,259.26	43,370.74
R&D Investment as a Percentage of Main Business Revenue	%	4.10	3.96	3.81
R&D Personnel and Proportion	People/ %	1,428/11.31	1,498/10.76	1,242/10.46
Invention Patents Applied to Core Business	Items	460	392	354
Patent applications during the reporting period	Items	705	887	692
Patents granted during the reporting period	Items	666	463	456
Valid Patents at the End of the Reporting Period	Items	3,770	3,049	2,617
Software copyrights at the end of the reporting period	Pieces	90	81	58

Employee Training and Development

Indicators	Unit	2025	2024	2023
Training Person-Times	People	29,253	39,980	33,385
Average Training Hours per Person	Hours	3.9	6.2	5.9
Training Coverage	%	100	100	100
Training Investment	CNY 10,000	237.7	269.2	225.2
Training Investment per Billion Yuan in Revenue	CNY 10,000	1.82	2.12	1.98

Employee Structure

Indicators	Unit	2025	2024	2023
Total number of employees	People	12,631	13,921	11,870
By gender				
Male	People	8,319	8,962	7,861
Female	People	4,312	4,959	4,009
By Age				
Under 30	People	3,227	3,965	3,555
30 to 50	People	8,140	8,651	7,322
Over 50 years old	People	1,264	1,305	993
By educational background				
Proportion of college degree or above	%	28.9	27.5	25.6
Master's degree or above	People	183	163	127
Others				
Recruited Veterans and Demobilized Soldiers	People	169	126	91
Proportion of Recruited Veterans and Demobilized Soldiers	%	1.3	0.9	0.8

Occupational Health and Safety Production

Indicators	Unit	2025	2024	2023
Safety Production Investment	CNY 10,000	673.79	677.80	824.40
Proportion of safety production investment to operating revenue	%	0.0517	0.05346	0.0724
Total duration of safety training	Hours	9,958	17,490.5	23,423
Average safety training hours per person	Hours	1.45	1.66	2.17
Work-related injury insurance investment amount	CNY 10,000	496.44	561.15	289.28
Work-related Injury Insurance Coverage	%	100	100	100
Investment Amount in Work Safety Liability Insurance ¹⁰	CNY 10,000	6.26	4.15	6.89
Work Safety Liability Insurance Coverage	%	27.28	30	29.41
Occupational disease cases	People- times	0	0	0
Work-related fatalities	People- times	0	0	0
Workdays lost due to occupational injuries	Days	3,343.0	3,751.5	4,344.5
Workdays lost due to occupational injuries per billion in revenue	Days	25.65	29.59	38.17
Injury rate per million man-hours	%	1.51	1.96	2.17

Note 10: During this reporting period, the data for the 2024 work safety liability insurance was updated and corrected.

Care and Support

Indicators	Unit	2025	2024	2023
Employees Assisted	People	295	285	207
Employee Assistance Investment Amount	CNY 10,000	229.02	224.91	191.29
Employees in Need Assisted per Billion in Revenue	People	2.26	2.25	1.82

Supply Chain Management

Indicators	Unit	2025	2024	2023
Annual supplier training sessions held	Sessions	4	1	2
Supplier personnel organized to participate in training	People-times	238	68	70
Total number of suppliers assessed	Number	285	287	230
Suppliers undergoing social impact assessment	Number	85	73	60
Suppliers conducting environmental impact assessments	Number	85	73	60
Unqualified suppliers eliminated	Number	17	21	15
Events with significant risks and impacts in the supply chain	Cases	0	0	0

Equal treatment of small and medium-sized enterprises

Indicators	Unit	2025	2024	2023
Balance of accounts payable (including notes payable) at the end of the reporting period	CNY 10,000	352,856.89	389,118.38	334,616.72
Proportion of accounts payable (including notes payable) balance to total assets at the end of the reporting period	%	28.71	32.02	31.03
Amount of overdue unpaid payments at the end of the reporting period	CNY 10,000	0	0	0
Amount of overdue payments to small and medium-sized enterprises at the end of the reporting period	CNY 10,000	0	0	0

Globalization and Local Operations

Indicators	Unit	2025	2024	2023
Local employees (referring to the local city) [based on registered residence]	People	3,945	4,508	3,518
Proportion of local employees (referring to the local city) [based on registered residence]	%	30.9	32.4	29.6
Employing Foreign Employees	People	1237	1600	817
Proportion of Foreign Employees	%	9.8	11.5	6.9

Public Welfare and Charity

Indicators	Unit	2025	2024	2023
Amount of charitable donations	CNY 10,000	41.83	44.79	40.36
Community Public Welfare Investment per Billion in Revenue	CNY 10,000	0.32	0.35	0.36

Corporate Governance

Indicators	Unit	2025	2024	2023
Total number of board members	People	9	9	9
Standard deviation of age of directors, supervisors, and senior management ¹¹	Years	6.58	8.44	8.66
Average tenure of board members ¹²	Years	2.12	2.70	2.01
Proportion of independent directors	%	33.33	33.33	33.33
Proportion of independent directors serving as independent directors in more than 3 listed companies	%	0	0	0
Proportion of independent directors on the Strategy Committee	%	60	60	60
Proportion of independent directors on the Audit Committee	%	67	67	67
Proportion of independent directors on the Remuneration and Appraisal Committee	%	60	60	60
Proportion of Independent Directors on the Nomination Committee	%	60	60	60
Board Members by Gender				
Male	People	7	9	9
Female	People	2	0	0
Board Members by Professional/Educational Background				
Industry Experts	People	1(Independent Director)	1(Independent Director)	1(Independent Director)
Legal Expert	People	1(Independent Director)	1(Independent Director)	1(Independent Director)
Financial Expert	People	1(Independent Director)	1(Independent Director)	1(Independent Director)
Board of Directors Performance				
Board Meetings Held	Times	12	7	4
Board Member Attendance Rate	%	100	100	100
Strategy Committee Meetings and Motion Approval Rate	%	100	100	100
Audit Committee Meetings and Resolution Approval Rate	%	100	100	100
Remuneration and Appraisal Committee Meetings and Resolution Approval Rate	%	100	100	100
Nomination Committee Meetings and Resolution Approval Rate	%	100	100	100

Note 11: Standard deviation of the ages of directors, supervisors, and senior management: This is calculated based on the actual ages of all directors, supervisors, and senior management in office at the end of the reporting period, as of the reporting date.

Note 12: Average Tenure of Directors, Supervisors, and Senior Management: The arithmetic mean of the actual tenure of all directors, supervisors, and senior management still in office at the end of the reporting period, calculated from the date of their appointment to the end of the reporting period.

Anti-Commercial Bribery and Anti-Corruption

Indicators	Unit	2025	2024	2023
Total number of senior management personnel covered by anti-commercial bribery and anti-corruption training	People	50	50	43
Percentage of senior management personnel covered by anti-commercial bribery and anti-corruption training	%	100	100	100
Total number of employees covered by anti-commercial bribery and anti-corruption training	People	12,581	13,735	11,872
Percentage of employees covered by anti-commercial bribery and anti-corruption training	%	98.90	98.66	100.00
Total number of commercial bribery and corruption incidents	Cases	2	2	1
Disciplinary Actions for Commercial Bribery and Corruption Incidents ¹³	People	3	3	1

Note 13: The disclosed incidents of commercial bribery and corruption, as well as the number of individuals subject to disciplinary actions in this report, are based on statistics compiled in accordance with the company's "Employee Conduct Management Standards." These statistics cover violations and responsible parties confirmed through internal investigations and handled according to regulations. During the reporting period, none of the related incidents met the threshold for criminal prosecution.

Anti-Unfair Competition

Indicators	Unit	2025	2024	2023
Amount Involved in Litigation or Significant Administrative Penalties Due to Unfair Competition Practices	CNY10,000	0	0	0

Tax Data

Indicators	Unit	2025	2024	2023
Tax Payment Amount	CNY10,000	51,013.53	49,084.54	44,816.85

Security and Privacy Protection

Indicators	Unit	2025	2024	2023
Amount involved in data security incidents	CNY10,000	0	0	0
Amount involved in customer privacy breach incidents	CNY10,000	0	0	0

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About This Report		/	GRI 2: General Disclosures 2021
Management Statement		Company Basic Information	GRI 2: General Disclosures 2021
About Us		Company Basic Information	GRI 2: General Disclosures 2021
Governance Framework	Corporate Governance	Self-Disclosed Topics	GRI 2: General Disclosures 2021 GRI 207: Tax 2019
	Integrity and Compliance	Anti-Commercial Bribery and Anti-Corruption Anti-Unfair Competition	GRI 205: Anti-Corruption 2016 GRI 206: Anti-competitive Behavior 2016
	ESG Management	Stakeholder Engagement Due Diligence	GRI 2: General Disclosures 2021 GRI 3: Material Topics 2021
Environmental Sustainability	Climate Action	Addressing Climate Change Energy Utilization	GRI 305: Emissions 2016 GRI 302: Energy 2016
	Circular Economy	Circular Economy Water Resource Utilization	GRI 301: Materials 2016 GRI 303: Water and Effluents 2018
	Environmental Management	Environmental Compliance Management Pollutant Emissions Waste Management	GRI 305: Emissions 2016 GRI 306: Waste 2020
	Biodiversity & Ecosystems	Ecosystem and Biodiversity Conservation	GRI 101: Biodiversity 2024
Responsible Operations	Product Responsibility	Product and Service Safety and Quality Innovation-Driven Data Security and Customer Privacy Protection	GRI 416: Customer Health and Safety 2016 GRI 417: Marketing and Labeling 2016 GRI 418: Customer Privacy 2016
	Employee Well-being	Employees	GRI 401: Employment 2016 GRI 403: Occupational Health and Safety 2018 GRI 404: Training and Education 2016 GRI 405: Diversity and Equal Opportunity 2016 GRI 406: Non-discrimination 2016 GRI 407: Freedom of Association and Collective Bargaining 2016 GRI 408: Child Labor 2016 GRI 409: Forced or Compulsory Labor 2016
	Responsible Supply Chain	Supply Chain Security Equal Treatment of Small and Medium-sized Enterprises	GRI 308: Supplier Environmental Assessment 2016 GRI 414: Supplier Social Assessment 2016
	Social Contribution	Rural Revitalization Social Contribution	GRI 203: Indirect Economic Impacts 2016 GRI 204: Procurement Practices 2016 GRI 413: Local Communities 2016
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Feedback Form

Thank you for reading DunAn Environment's Environmental, Social, and Governance (ESG) Report. If you have any comments or suggestions while reading the report, please do not hesitate to share them, as they will help us further improve the company's sustainability management efforts in the future.

You are from:

Government and Regulatory Agencies	<input type="radio"/>
Shareholders and Other Investors	<input type="radio"/>
Customers	<input type="radio"/>
Suppliers and Partners	<input type="radio"/>
Employees and other personnel	<input type="radio"/>
Industry associations	<input type="radio"/>

Your contact information:

Your feedback:

Issue	Excellent	Good	Fair	Poor	Very Poor
Your overall evaluation of this report					
This report can reflect DunAn Environment's significant impact on the environment, society, and corporate governance					
Your overall evaluation of the level of information disclosure in this report					
Your overall evaluation of the textual content and layout design of this report					

What additional information would you like to learn about from DunAn Environment's Environmental, Social, and Governance (ESG) report?