



2024 Environmental, Social and Governance Report



Dun An

2024

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



The Leader in Healthy, Comfortable Environments

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About the report

Overview of the report

This report is the 2024 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 reporting period covers January 1, 2024 to December 31, 2024. To enhance data comparability and content continuity, certain information has been appropriately extended beyond the reporting period. Going forward, DunAn will publish a Sustainability Report annually to regularly disclose its annual operational achievements beyond financial performance and to demonstrate its commitment to sustainable development through concrete actions.

Report Scope and Reliability

Automotive Thermal Management Technology Co., Ltd., and Zhejiang DunAn Electromechanical Technology Co., Ltd. The specific boundaries of the disclosed information are illustrated in the figure below. For social performance indicators, except for supply chain security, all other metrics include DunAn and all its subsidiaries. All monetary amounts in this report are presented in Renminbi (RMB). The data used in this report is sourced from the company's annual reports, official documents, and statistical records. The Board of Directors of the Company guarantees that the contents of this report are true, accurate, and complete, without any false statements, misleading representations, or material omissions, and assumes individual and joint responsibility for the authenticity, accuracy, and completeness of the information disclosed.

Dimension	Indicator	Zhejiang DunAn Hetian Metal Co., Ltd. ("DunAn Hetian")	Zhejiang DunAn Machinery Co., Ltd. ("DunAn Machinery")	Zhejiang DunAn Thermal Technology Co., Ltd. ("DunAn Thermal")
Environmental Performance	Green Product Innovation	✓	✓	✓
	Energy Consumption	✓	✓	✓
	Green Product Innovation			✓
	Water Resource Consumption	✓	✓	✓
	Material Recycling and Utilization	✓	✓	
	Pollutant Emissions	✓	✓	
	Environmental Compliance Management	✓	✓	✓
	Ecological Risk Identification	✓	✓	✓
Social Performance	Product Quality Assurance	✓	✓	✓
	R&D Innovation and Intellectual Property Protection	✓	✓	✓
	Data Security and Customer Privacy Protection	✓	✓	✓
	Employees	✓	✓	✓
	Supply Chain Security	✓	✓	
Governance Performance	Integrity and Anti-Corruption	✓	✓	✓
	Anti-Unfair Competition	✓	✓	✓
	Tax Compliance	✓	✓	✓

Dimension	Indicator	DunAn Automotive Thermal Management Technology Co., Ltd. ("DunAn Automotive Thermal Management")	Zhejiang DunAn Electro-Mechanical Technology Co., Ltd. ("DunAn Electro-Mechanical")
Environmental Performance	Green Product Innovation	✓	✓
	Energy Consumption	✓	✓
	Green Product Innovation	✓	✓
	Water Resource Consumption	✓	✓
	Material Recycling and Utilization	✓	✓
	Pollutant Emissions		✓
	Environmental Compliance Management	✓	✓
	Ecological Risk Identification	✓	✓
Social Performance	Product Quality Assurance	✓	✓
	R&D Innovation and Intellectual Property Protection	✓	✓
	Data Security and Customer Privacy Protection	✓	✓
	Employees	✓	✓
	Supply Chain Security		
Governance Performance	Integrity and Anti-Corruption	✓	✓
	Anti-Unfair Competition	✓	✓
	Tax Compliance	✓	✓

Basis for Report Preparation

- United Nations Sustainable Development Goals (SDGs)
- Global Reporting Initiative (GRI) Sustainability Reporting Standards
- Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 3 – Preparation of Sustainability Reports
- Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 17 – Sustainability Reporting (Trial)

Report Access and Communication

This report is published in the form of an electronic version in simplified Chinese and English, which can be found on the Company's website. If you have any suggestions or questions about this report, you are welcomed to contact us by email (dunanhj@dunan.cn).

Message from the Chairman

Global climate change continues to pose increasingly urgent and stringent demands on the green and low-carbon transformation of the refrigeration industry. As a refrigeration and environmental solutions provider with nearly four decades of technological heritage, DunAn Environment launched the “Super Silent” electronic expansion valve in 2024, integrating 87 patented technologies to successfully overcome the persistent noise challenge in the VRF (Variable Refrigerant Flow) sector. We also advanced our “energy-efficient, green, and eco-friendly” product strategy, leading the industry toward a more sustainable future.

In 2024, thanks to our continuously enhanced product capabilities and operational excellence, DunAn Environment achieved another record-breaking performance in both revenue and profitability. It was also a landmark year in our sustainability journey. We participated in the international EcoVadis sustainability rating and were awarded a Bronze Medal—an affirmation of our alignment with global standards in sustainable development.

Strengthening the Core of Governance: Integrity as the Foundation for Sustainable Growth

In 2024, we continued to refine our ESG governance framework by establishing a dedicated Sustainability Committee and embedding ESG principles into all aspects of corporate governance, management, and execution. These actions have laid a strong institutional foundation for our sustainable growth. Through enhanced compliance and risk management, improved information disclosure, and strengthened investor relations, we have further raised the standard of our corporate governance. In key areas such as anti-bribery and anti-monopoly practices, we conducted over 10,000 specialized training sessions covering all members of our senior management team. We firmly believe that sound governance not only safeguards our growth trajectory but also enables DunAn to establish a core competitive advantage in the global marketplace.

Sustainability as Our Shield: Building a Healthier Environment Through Harmony with Nature

We took proactive steps in 2024 to optimize our energy structure by increasing the adoption of renewable energy sources, such as solar power, to reduce carbon emissions. By improving production processes and resource recovery systems, we enhanced water recycling efficiency and reduced waste from copper materials and pallet packaging, ensuring the efficient use of resources. At the same time, we strengthened our environmental compliance systems and enhanced pollutant monitoring and management mechanisms to ensure all emissions meet national standards—putting our green development philosophy into tangible practice.

Responsibility as Our Anchor: Creating Shared Value Through Inclusive Growth

DunAn remained committed in 2024 to achieving mutual success with all stakeholders. Through ongoing product innovation and service excellence, we created long-term value for our customers. Globally, a total of 887 patent (397 overseas) applications were filed. A total of 463 patents (108 overseas) were granted. By the end of the year, the total number of granted patents reached 3,738 (292 overseas). This demonstrates our unwavering pursuit of technological innovation. On the people front, we cultivated an equal and inclusive workplace and supported employee growth through flagship training programs such as the “Three Eagles Talent Development Program” and the “Blue Force Initiative.” In our supply chain, we built a sustainable ecosystem that ensures security and resilience, protects the interests of small and medium-sized partners, and achieves mutual benefit and shared success.

To our valued stakeholders, every step of DunAn Environment’s progress has been made possible through your trust and support. Looking ahead, we will continue to align with the “2030 Sustainable Development Goals,” remain driven by innovation and excellence, and work hand in hand with you to tackle new challenges, unlock greater opportunities, and co-create a greener, better, and more sustainable future.

Fang Xiangjian
Chairman, Zhejiang DunAn Artificial Environment Co., Ltd
Apr. 2025



About Us

Company Overview

Zhejiang DunAn Artificial Environment Co., Ltd. envisions becoming a “leader in healthy and comfortable environments” and upholds the mission of “improving energy efficiency and optimizing the environment.” With years of dedicated focus in the refrigeration industry, the company’s core business spans three major areas:

- **Component Manufacturing:** Production of refrigeration valves, heat exchangers, and pressure vessels for residential and commercial air conditioners, heat pumps, cold storage, and refrigeration applications.
- **Equipment Manufacturing:** Development of commercial central air conditioning systems and specialized HVAC solutions for nuclear power, purification, rail transit, energy storage, and cold chain systems.
- **New Energy Vehicle Thermal Management:** Manufacture of core components for thermal management systems in new energy vehicles.

The company was listed on the Shenzhen Stock Exchange in 2004 (stock abbreviation: DunAn; stock code: 002011).

Economic Performance

Total Assets

RMB **12.153** billion

Operating Revenue

RMB **12.678** billion

Net Profit

RMB **1.040** billion

Total Tax Payment

RMB **491** million

Corporate Culture

To be a leader in healthy and comfortable environments

To improve energy efficiency and optimize the environment



Integrity, Respect, and Professionalism

With continuous innovation as the “Dun”, customer value as the “An”

Industrial Presence

The company has established subsidiaries or sales offices in North America, Europe, Japan, South Korea, Thailand, India, and Malaysia, with a manufacturing facility located in Thailand.



5 R&D Layout

R&D Centers in Hangzhou, Diankou, Wuhu, Zhuhai and Thailand

18 Production bases

Zhuji2, Thailand2, Hangzhou, Zhuhai2, Zhongshan, Nantong2, Suzhou, Hefei, Wuhu, Nanchang, Chongqing, Tianjin, Shijiazhuang, Changsha

9 overseas companies or sales offices

There are overseas companies or sales offices in North America, Europe, Japan, South Korea, Thailand, India, Malaysia and other places



Technological Strength

As a global leader in the refrigeration components industry, the company is a strategic partner to numerous well-known air conditioning manufacturers worldwide, with its core products consistently ranking among the top in global production and sales volumes. Innovation is regarded as the driving force behind the company's development, continuously enhancing its core competitiveness in technology and quality leadership. The company is equipped with a Nationally Accredited Enterprise Technology Center, a National Postdoctoral Research Station, an Academician Workstation, a CNAS-certified laboratory, and a National Full-Performance Testing Center for Central Air Conditioning. It has established a robust core technology support system with independent intellectual property rights. To date, the company has participated in the drafting and revision of 101 national and industry standards, and has been honored with prestigious awards such as the National Quality Award, National Innovative Enterprise Pilot, Second Prize of the National Science and Technology Progress Award, and the China Patent Excellence Award.

The company has actively participated in the drafting and revision of **101 national and industry standards**, including:

- Direct-acting Electronic Expansion Valves for Air Conditioners
- Solenoid Valves for Air Conditioning and Refrigeration
- Copper Refrigerant Stop Valves for Air Conditioning
- Electronic Expansion Valves for CO₂ Refrigeration Systems
- Solenoid Valves for CO₂ Refrigeration Systems
- Rooftop Air Conditioning Units
- Vapor Compression Cycle Chillers (Heat Pump Units) – Part 1: Chillers (Heat Pumps) for Industrial, Commercial and Similar Use

Among these, the company served as the **lead drafting organization** for 18 standards.

DunAn is also the **first enterprise in China to independently develop and manufacture nuclear-grade chillers for nuclear power plants with proprietary intellectual property rights**. Additionally, it successfully completed the independent R&D of the **first domestically-produced AP1000 reactor top-mounted fan**, a key component for passive nuclear power plants.

Industry Position

The Company is a member of the Air-Conditioning, Heating, and Refrigeration Institute (AHRI) in the United States and the European Heat Pump Association (EHPA). It also serves as an executive director unit of the China Association of Refrigeration and Air-Conditioning Industry, a council member of the Chinese Association of Refrigeration, a member of the China Association for Quality, and a vice president unit of the Zhejiang Refrigeration and Air-Conditioning Industry Association.

Honors and Awards

National Quality Award

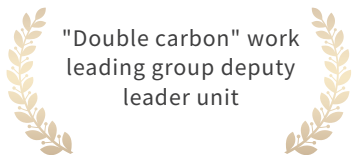
China Standard Innovation Contribution Award

Second Prize of National Science and Technology Progress Award

National innovative pilot enterprises

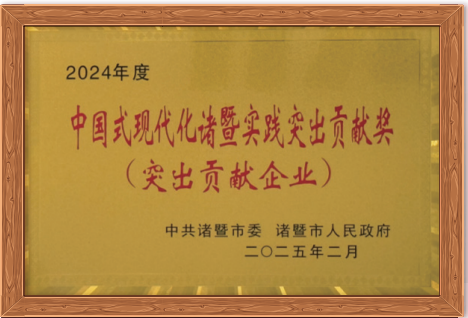
Leading low-carbon development enterprise

China Standard Innovation Contribution Award



ZHEJIANG DUN'AN ARTIFICIAL ENVIRONMENT CO LTD (GROUP)
Zhuji · 中国 | 通用机械生产

总分
➤ **65/100**
百分比
第 **81** 名



Strengthening the Core of Governance

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

This Section Addresses:the United Nations Sustainable Development Goals (SDGs)



Global Reporting Initiative Sustainability Reporting Standards (GRI Standards)

GRI 2	General Disclosures 2021
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)

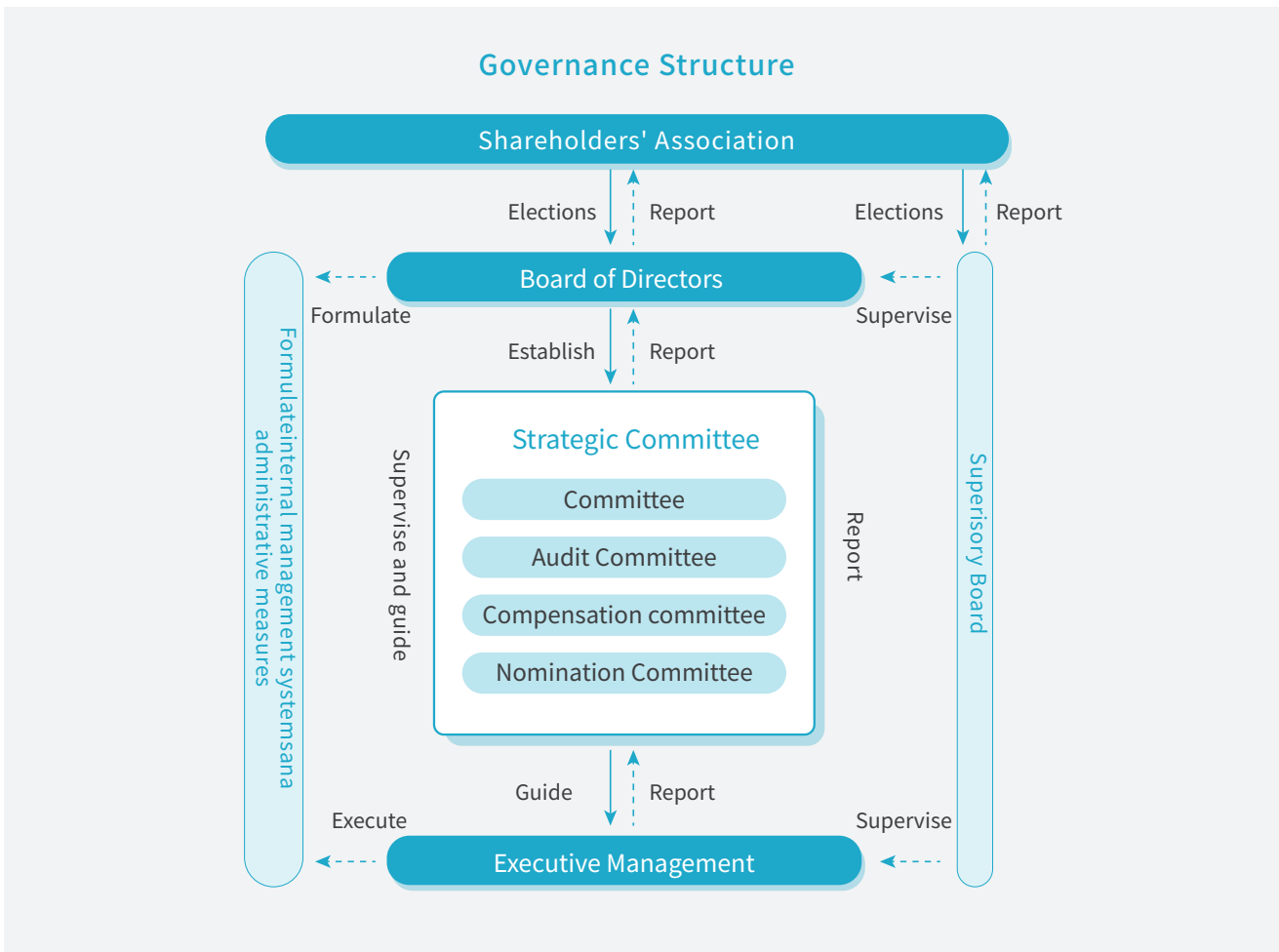
- Anti-commercial bribery and anti-corruption
- Anti-unfair competition

Corporate Governance

组织简介

In accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies, and other applicable laws, regulations, and normative documents, the Company has established and implemented a series of internal governance systems, including the Articles of Association and Rules of Procedure for Shareholders' Meetings. A governance framework comprising the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and the Executive Management has been put in place.

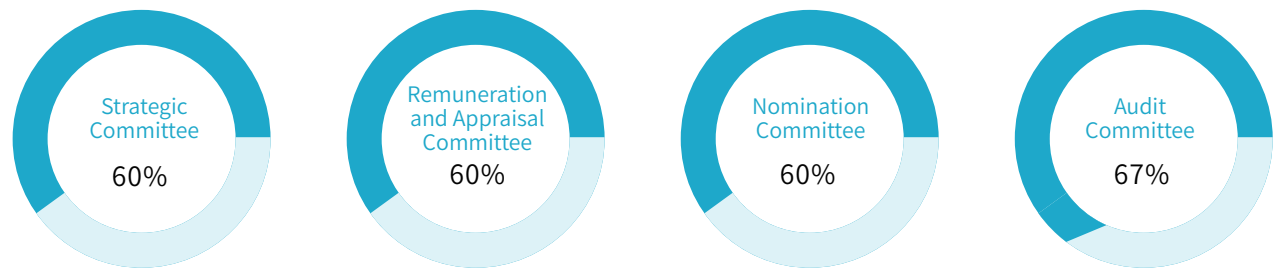
The General Meeting of Shareholders exercises its legal rights as stipulated by laws and the Articles of Association, including making decisions on major issues such as corporate strategy, significant financing, investments, and profit distribution. The Board of Directors, which is accountable to the shareholders, holds the power of strategic decision-making and has established several specialized committees under it: the Strategy Committee, the Remuneration and Appraisal Committee, the Nomination Committee, and the Audit Committee. The Executive Management is responsible for the Company's daily operations, executing the resolutions of the Board of Directors, implementing strategic objectives, and ensuring efficient and compliant corporate operations. Meanwhile, the Board of Supervisors, accountable to the shareholders, oversees the lawful performance of duties by directors and senior management. The Company continuously improves its corporate governance structure to fundamentally safeguard the legitimate rights and interests of shareholders and creditors.



Board Diversity

The Board of Directors is accountable to the General Meeting of Shareholders and operates in strict accordance with national laws, regulations, and the Company's Articles of Association. Drawing on extensive experience, the Board effectively oversees the Company's strategic direction, manages key risks, provides guidance to the management team, deliberates and approves major decisions, supervises business operations, and evaluates corporate performance. The Company lawfully and compliantly conducts director nomination procedures and exercises governance over their responsibilities. Emphasizing board diversity, the Company strives to enhance the representativeness of its Board in terms of gender, experience, qualifications, and professional background, thereby supporting more comprehensive and professional decision-making for the Company's development. As of the end of the reporting period, the Board of Directors consisted of nine members, including six non-independent directors and three independent directors.

The Proportion of Independent Directors in Each Specialized Committee under the Board is as follows:



In 2024, all of the directors, supervisors, senior management personnel, and key employees participated in continuous supervision training. The training covered regulatory requirements and key focus areas for ongoing supervision, reminders regarding information disclosure, standardized operations of listed companies, penalties and impacts of supervision violations, and case studies of enforcement actions related to continuous supervision.

Diligent Fulfillment of Duties

During the reporting period, the Company held a total of 4 General Meetings of Shareholders, 7 Board Meetings, and 4 Supervisory Board Meetings. All major decisions were made in accordance with the law through the Shareholders' Meeting, the Board of Directors, and the Supervisory Board. In this reporting year, the attendance rate of all directors at Board meetings reached 100%. Each specialized committee of the Board provided professional and objective opinions and suggestions within their respective areas of responsibility to the "Three Committees" (Shareholders' Meeting, Board of Directors, Supervisory Board), thereby offering strong support for the Company's sound decision-making.

Information Disclosure

Adhering to the mission of “creating value for customers, generating benefits for the enterprise, providing opportunities for employees, and contributing wealth to society,” the Company has established a standardized information disclosure system in accordance with relevant laws and regulations, as well as the disclosure requirements for listed companies set by the Shenzhen Stock Exchange. By implementing the Information Disclosure Management System, the Company fulfills its disclosure obligations, ensuring that all disclosed information is truthful, accurate, and complete. This guarantees shareholders and creditors the right to be informed about the Company’s operations and material matters. During the reporting period, the Company published a total of 115 announcements.

Information Disclosure Channels Securities Daily, Securities Times, and CNINFO(www.cninfo.com.cn)

Investor Relations Management

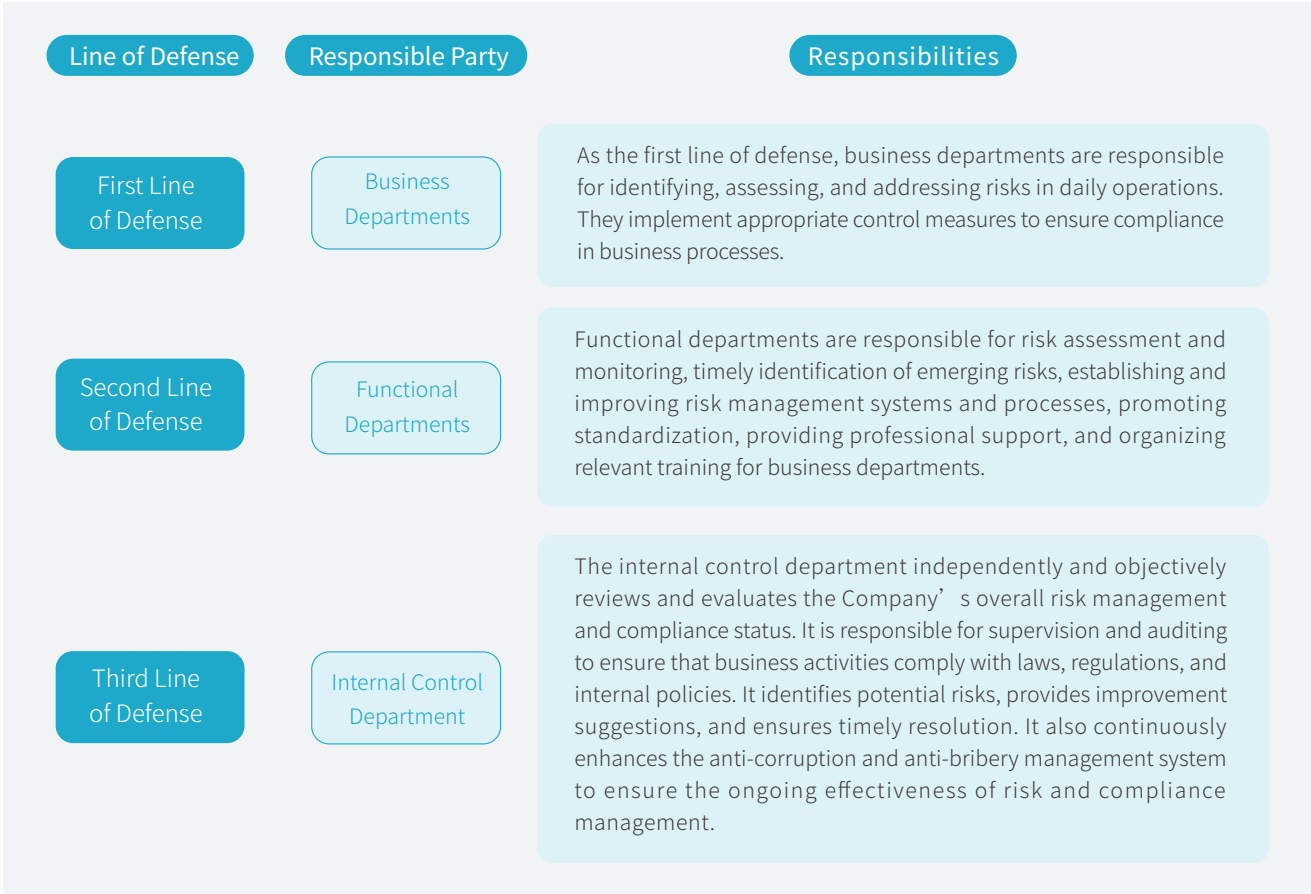
The Company continuously strengthens and improves its investor relations management. Through multiple channels such as the Interactive Platform, hotline, email, fax, and joint research activities, the Company maintains effective communication with investors—particularly small and medium-sized investors. By actively listening to their opinions and suggestions regarding business operations and future development, the Company fosters positive interaction and engagement. Efforts are made to ensure that investor relations are managed with integrity and professionalism, upholding the principles of fairness, impartiality, and transparency. The Company guarantees that all shareholders fully enjoy their legal rights and interests as stipulated by applicable laws, regulations, and rules.

Integrity and Compliance

Compliance Management

DunAn attaches great importance to compliance management and is committed to establishing a comprehensive, systematic compliance framework. The Company has formulated and issued a series of regulatory documents, including the Contract Management Regulations, Internal Audit Management Regulations, Case Management Measures, and Business Confidentiality Protection Regulations. Its compliance management efforts focus on areas such as bribery, production safety, environmental protection, and bidding compliance. In 2024, the Company experienced no major compliance-related risk incidents and was not involved in any significant litigation cases.

The Company has built a compliance management system centered around the "three lines of defense," fully integrating compliance requirements into every stage of its business processes. This approach has established a closed-loop risk prevention and control mechanism, thereby laying a solid foundation for the Company's sustainable development.



Enhancing Internal Control Systems

The Company strictly adheres to the Company Law of the People’s Republic of China, The basic norms of internal control and its supporting guidelines, as well as relevant requirements issued by regulatory authorities such as the China Securities Regulatory Commission (CSRC) and the Shenzhen Stock Exchange. Taking into account its own business characteristics and management needs, the Company has comprehensively established and continuously optimized its internal control system to ensure its effective operation and the absence of material deficiencies. The Company also continues to improve its risk management system by strengthening processes related to risk identification, assessment, response, and mitigation, along with training and crisis response measures. These efforts aim to promote the ongoing development of a comprehensive risk management framework.

Strengthening Internal Audit

To further standardize internal audit practices and enhance its supervisory and service role in improving the Company's operations, optimizing business processes, and elevating the levels of internal control and risk management, the Company formulated the Internal Audit System in accordance with the Regulations on Internal Audit Work issued by the National Audit Office, the Guidelines for Internal Audit Work of SME Board Listed Companies issued by the Shenzhen Stock Exchange, and the Articles of Association of Zhejiang DunAn Artificial Environment Co., Ltd.

In 2024, the Company conducted:

- 7 comprehensive operational audits,
- 2 economic responsibility audits for senior management during their term of office,
- 9 special audits on topics including receivables management, infrastructure project management, and automation equipment,
- 11 supervision and investigation reports, and
- 1 internal control evaluation report.

Fostering a Culture of Compliance

The Company actively promotes a culture of compliance through internal initiatives such as onboarding training for new employees and executive-level discussion sessions. Activities include legal updates, case studies, compliance reminders, and policy interpretation, all aimed at enhancing employees' awareness of compliance and their ability to prevent risks.

In addition, the Company provides accessible compliance consultation channels for employees. During the reporting period, the Company offered legal consultation services to employees on more than 100 occasions.

Promoting Integrity and Clean Governance

DunAn upholds the principle of integrity in business operations and is committed to building a clean and transparent business environment. In 2024, the Company launched a comprehensive clean-practices campaign, requiring senior executives, middle management, and employees in key positions (including procurement, infrastructure, finance, and treasury) to sign the Integrity Commitment Letter and submit the Self-Assessment Report on Integrity Practices. A family supervision mechanism was also introduced, encouraging employees' families to support ethical behavior through Messages from Family Members on Integrity in the Workplace.

In alignment with the DunAn Corporate Charter, the Company conducted a thorough inspection of its integrity-building efforts in 2024. All business units carried out self-inspections on issues such as familial relationships, gift and hospitality disclosures, misuse of company vehicles, improper use of personal vehicles for work, disciplinary actions, and internal notices. Based on the results, each unit submitted a Self-Assessment Report on Integrity Practices.

In 2024, the Company also organized targeted training for new hires and key personnel on topics such as anti-bribery, anti-monopoly, and international contracts. More than 10,000 participants received training, covering all members of our senior management team , thereby strengthening the Company’ s compliance and integrity capabilities.

Case-Based Training Anti-Corruption and Clean Governance

In December 2024, the Company organized a specialized training session on anti-corruption and clean governance. The training focused on key areas such as building mechanisms for power supervision, enforcing institutional discipline, and ensuring transparency in the exercise of authority. It served as a comprehensive introduction to the Company's integrity governance system.

By analyzing typical corruption cases, the training exposed the root causes and dangers of corruption. Senior internal leaders were invited to provide on-site commentary, extracting governance principles and methodologies with broad applicability. The initiative aimed to foster a culture of integrity, self-discipline, and clean governance throughout the Company.



Indicator	Unit	2024
Number of management personnel covered by anti-bribery and anti-corruption training	Person	50
Percentage of management personnel covered by anti-bribery and anti-corruption training	%	100
Number of employees covered by anti-bribery and anti-corruption training	Person	13735
Percentage of employees covered by anti-bribery and anti-corruption training	%	98.66
Total number of commercial bribery and corruption incidents	Case	2
Number of individuals disciplined for commercial bribery and corruption	Person	3

Whistleblowing Channels and Whistleblower Protection

The DunAn Corporate Charter clearly designates the internal control department as responsible for integrity oversight, supervising and inspecting the integrity performance of leadership teams and management personnel at all levels. To strengthen supervision by employees and stakeholders, the Company ensures multiple accessible whistleblowing channels. In addition to traditional methods such as company website, telephone, email, and physical suggestion boxes, the Company has also developed a digital integrity reporting platform. Whistleblowers can file complaints via the Company’ s WeChat Work platform or by scanning QR codes. These QR codes are also printed on business contracts, tender invitations, and business fax documents to partners, thereby enhancing supervision by both employees and external stakeholders and reinforcing a corporate culture of fairness, justice, and integrity.

The Company has established a reward mechanism to encourage reporting by offering appropriate incentives to individuals who provide critical leads. At the same time, strict measures are in place to protect whistleblowers: personal information is kept strictly confidential, and whistleblowing materials are classified as confidential documents. Retaliation in any form is strictly prohibited, and any such act will be subject to legal liability in accordance with national laws and regulations.

DunAn Whistleblowing Channels

Reporting Email: nkb@dunan.cn

Reporting QR Code:



Fair Competition

DunAn consistently upholds the principles of integrity, transparency, and fair competition. The Company strictly complies with the Anti-Unfair Competition Law of the People's Republic of China and other relevant laws and regulations, and is committed to fostering a healthy and sustainable market environment. All marketing and sales activities are based on the provision of truthful and accurate information, avoiding any false or exaggerated claims. Promotional materials undergo rigorous review to ensure compliance with legal and industry standards. The Company promotes fair competition, respects competitors, and firmly rejects actions that may disrupt market order. DunAn also respects and protects intellectual property rights—both its own and those of others—and strictly prohibits any unauthorized use. Regular supervision and evaluation are conducted on internal marketing activities and market behavior to ensure alignment with fair competition requirements. Violations of these principles are subject to strict accountability. These measures are designed to provide customers with trustworthy products and services while contributing positively to the sustainable development of the industry.

Indicator	Unit	2024
Amount involved in lawsuits or major administrative penalties due to unfair competition practices	RMB	0

Tax Compliance and Integrity

DunAn upholds the principle of compliant operations and strictly adheres to the Corporate Income Tax Law of the People's Republic of China, the Law on the Administration of Tax Collection, and other applicable tax laws and regulations. The Company fulfills its tax obligations in accordance with the law, ensuring truthful and compliant tax filings, and makes timely and full tax payments. Through responsible taxation, DunAn contributes to local economic development and broader sustainable growth.

The Company has been awarded an A-level tax credit rating, and was recognized as one of the Top 30 Tax-Contributing Private Enterprises in Shaoxing in 2024. Over the years, DunAn has also been repeatedly honored as a “Key Contributor Enterprise” in Zhuji City, recognizing its outstanding performance in honest tax compliance and its role in supporting regional economic progress.

ESG Governance

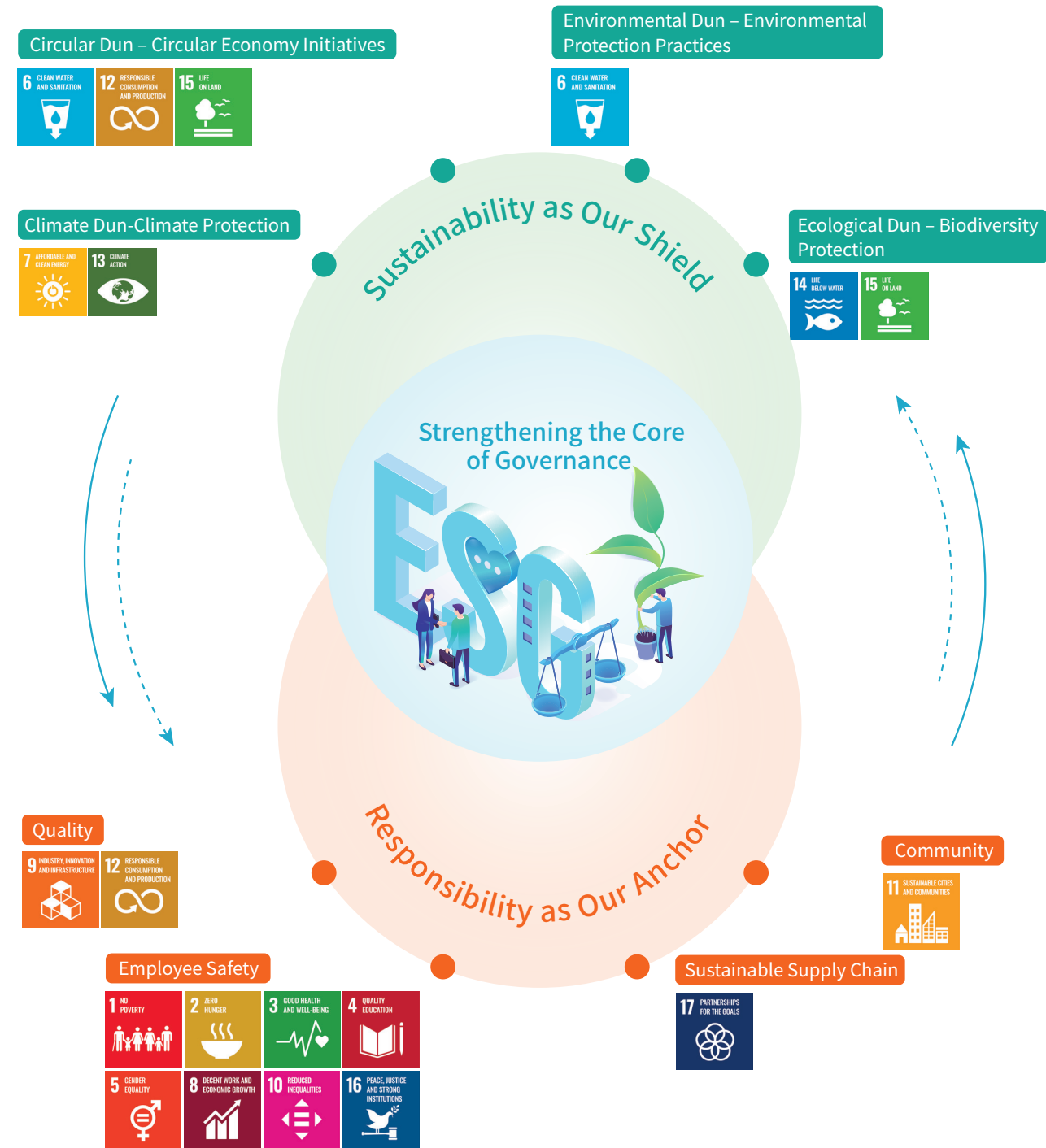
Governance and Strategy

DunAn attaches great importance to sustainable development and proactively manages the environmental and social impacts of its manufacturing and operational activities. Committed to becoming a “specialist in healthy and comfortable environment system solutions in the HVAC sector,” the Company integrates the concept of sustainability into its corporate strategy, daily management, and operations to achieve long-term value creation. In 2024, the Company further enhanced its ESG governance by issuing the Notice on the Establishment of the Sustainability Committee. A three-tier ESG governance structure was established, comprising the Board of Directors – Sustainability Committee – Functional Departments, with clearly defined ESG responsibilities at each level. This framework enables more scientific, professional, and systematic advancement of ESG governance, supporting the Company’s high-quality and steady development.



Forging Shields for Safety — Leading the Creation of Healthy and Comfortable Environments

In 2024, DunAn established a sustainable development strategy under the vision of “Forging Shields for Security—Becoming a Leader in Healthy and Comfortable Environments” Centered around a sound governance core, the strategy drives two key sustainability gears: “Sustainable Shield Forging” and “Responsible Security.” This approach involves the development of four sustainability shields—Climate Shield, Circular Shield, Environmental Shield, and Ecological Shield—to build a future-ready business model. At the same time, the company strives to create responsible value through “Product Security,” “Employee Security,” “Supply Chain Security,” and “Social Security.” DunAn actively supports the United Nations Sustainable Development Goals and contributes its strength to China’s “dual carbon” targets and global sustainable governance.



At the same time, DunAn has set its 2030 Sustainable Development Goals, clearly defining the responsible departments for each target. These goals have been integrated into the agenda of the company’s quarterly management meetings. By regularly reviewing the progress of key indicators, DunAn ensures the steady advancement of its 2030 sustainability commitments.

Strategic Positioning	Strategic Initiatives	2030 Goals and Targets	2024 Status
Sustainable Shield Forging Leading the construction of a healthy environment through nature-friendly approach	Forging the Climate Shield Supporting China’s Dual Carbon Goals	2030: Achieve a peak in greenhouse gas emissions (Scope 1 and Scope 2), with a 10% reduction compared to the 2021 baseline.	In Progress
		2030: Develop green products that contribute to emissions reduction across the value chain, with green product revenue accounting for 40% of total revenue.	In Progress
	Forging the Circular Shield Developing Circular Economy Models	2030: Achieve a water resource recycling rate of no less than 50%.	In Progress
		2030: Innovate recycling and reuse models for end-of-life products.	Initiated
	Forging the Environmental Shield Setting an Example in Environmental Safety	2030: Maintain zero incidents of environmental pollution and chemical spills on an ongoing basis.	In Progress
		2030: Continuously advance the development of green factories.	Initiated
	Forging the Ecological Shield Embracing a Nature-Friendly Future	2030: Integrate ecological principles into product R&D to develop nature-friendly products.	Initiated
Responsible Security Creating Diversified Value through Shared Prosperity	Product Security Becoming a Trusted Choice for Customers	2030: Reduce the nonconformity rate of delivered products by 50% compared to the 2021 baseline.	In Progress
		2030: Achieve an annual customer satisfaction score of ≥ 92 .	In Progress
	Employee Security Building a Reliable Career Platform for Employees	2030: Maintain zero major safety incidents; annual work-related injuries ≤ 45 cases.	In Progress
		2030: Achieve an employee satisfaction score of $\geq 90\%$.	In Progress
	Supply Chain Security Promoting a Respon- sible Supply Chain	2030: Ensure that 80% of contracts include clauses related to environmental, labor, and human rights standards.	In Progress
		2030: Ensure that $\geq 90\%$ of suppliers undergo on-site audits covering environmental and social responsibility.	In Progress
	Social Security Advancing Shared Development within Communities	2030: Enhance suppliers’ ESG performance by holding at least five relevant training sessions annually.	Initiated
		2030: Reach a 90% local employment rate.	In Progress
Sound Governance Core Laying a Solid Foundation for Long-Term, Steady Growth through Integrity-Driven Management	Corporate Governance Integrating Sustainability to Unlock Synergies	2030: Continuously promote board diversity by increasing the proportion of female directors.	In Progress
		2030: Continue to integrate sustainable development into corporate governance practices.	In Progress
	Business Ethics Responsible Operations that Inspire Trust	2030: Maintain zero tolerance for corruption and bribery, ensuring zero incidents occur.	In Progress
		2030: Eliminate violations of business ethics, including unfair competition, conflicts of interest, money laundering, and fraud.	In Progress

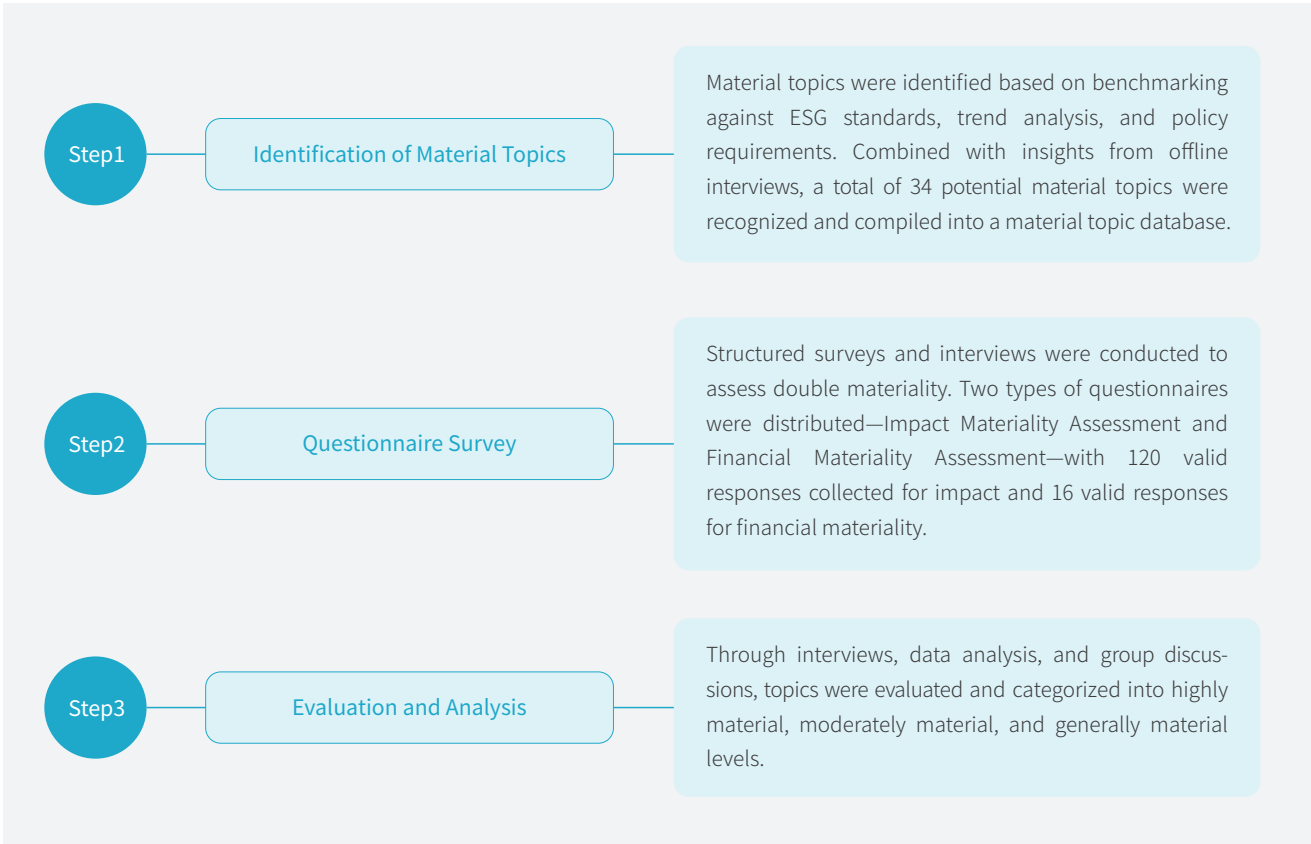
Stakeholder Engagement

Throughout its daily operations and service processes, DunAn actively expands communication channels with stakeholders. By establishing regular engagement mechanisms and conducting multi-channel, multi-format communication activities, the company strives to fully understand stakeholders’ expectations and needs. DunAn responds proactively to their concerns, fostering harmonious and stable stakeholder relationships.

Stakeholder	Communication & Engagement Methods	Key Concerns
Government and Regulatory Authorities	Government-enterprise communication and reporting Compliance disclosures	Corporate governance Business integrity and compliance Risk management Climate change response Emissions and waste management Employee rights
Shareholders and Other Investors	Regular announcements Earnings briefings Day-to-day communication Surveys Timely phone communication Investor meetings Results presentations Shareholder meetings	Climate change response Emissions and waste management Corporate governance Business ethics Risk management Innovation and intellectual property Sustainable procurement Product life cycle management
Customers	Social media Customer satisfaction surveys Complaint handling Surveys	Product life cycle management Customer relationship management Consumer health and safety Compliance and integrity Cyber and information security
Suppliers and Partners	Regular communication Supplier/partner websites Surveys	Cyber and information security Occupational health and safety Sustainable procurement Consumer health and safety
Employees and Other Workers	Occupational health and safety Talent attraction and retention Human rights protection Human capital development	Occupational health and safety Talent attraction and retention Human rights protection Human capital development
Industry Associations	Company website Industry communication and networking Surveys	Innovation and intellectual property Fair competition

Material Topic Assessment

DunAn identifies material ESG topics through benchmarking against relevant standards, trend analysis, and policy review. These insights, combined with key findings from offline departmental interviews, informed the development of the 2024 ESG Materiality Topic List. The selection process ensures that topics are aligned with compliance requirements, reflect industry relevance, and anticipate regulatory trends—while remaining tailored to the company’s specific characteristics. In 2024, a total of 34 potential material topics were identified. A double materiality assessment was conducted using a questionnaire-based evaluation method. Separate surveys were distributed to assess both impact materiality and financial materiality. By integrating quantitative analysis with qualitative judgment, the assessment process ensures scientific rigor and credibility.





Highly Material Topics

DunAn has identified 13 highly material topics, characterized by a high proportion of issues related to the governance dimension. Over half of these topics are associated with compliance and safety, reflecting the company's focus on resilient governance as a central theme in advancing sustainable development. Among them, corporate governance, tax integrity, and product quality and safety carry high levels of negative impact materiality, indicating a continued need to strengthen risk management. Conversely, innovation demonstrates significant positive impact materiality, suggesting opportunities to align innovation efforts with the company's values of "health and comfort" and "low-carbon and environmental protection", thereby exploring new sustainable business models.

Moderately Material Topics

A total of 17 topics fall within the moderately material category, primarily concerning environmental and social dimensions. Employee-related topics generally score higher in double materiality, while environmental issues tend to be rated more important by external stakeholders. Green product design and development, while categorized as moderately material, leans toward the higher end of the spectrum—potentially due to the lack of a clear association with sustainable business strategies. Moving forward, DunAn will continue to optimize the identification and transformation of material topics to better guide the company in addressing sustainable challenges, seizing opportunities, and building long-term competitive advantages.

Generally Material Topics

There are 4 topics identified as generally material: pollutant emissions, climate change response, philanthropy, and rural revitalization. Among these, pollutant emissions are a topic of high concern among stakeholders and carry significant negative impact materiality. This highlights the need for the company to strengthen internal awareness of sustainability and reinforce related risk management practices. Climate change response and rural revitalization align with broader sustainability agendas and national policy trends, and should continue to be monitored and better understood. Philanthropy, as a social contribution topic, warrants continued investment, with attention to external stakeholder feedback to inform strategic adjustments.



Sustainability as Our Shield

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

Response: The UN Sustainable Development Goals (SDGs)



The GRI STANDARDS

- ØGRI 301 Materials
- ØGRI 302 Energy
- ØGRI 303 Water and Effluents
- ØGRI 304 Biodiversity
- ØGRI 305 Emissions
- ØGRI 306 Waste

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 Dun-Climate Protection

Amid the severe global challenge of climate change, the increasing frequency of extreme weather events has had profound impacts on ecosystems, socio-economic systems, and human life. DunAn deeply recognizes the urgency and importance of addressing climate change and has made it a core component of the company’ s sustainable development strategy.

A dedicated Sustainability Committee has been established to formulate climate-related strategies, targets, and implementation plans, ensuring cross-departmental coordination and collaboration. Together, we actively advance actions to combat climate change, such as energy transition and green product development.

Climate analysis

Taking into account the industry attributes, value chain distribution and national macro policies, we selected the SSP5-8.5 scenario provided by the United Nations Intergovernmental Panel on Climate Change (IPCC) to conduct physical risk analysis, and the STEPS provided by the International Energy Agency to conduct transformation risk and opportunity analysis, to provide decision support for the company to address climate change and enhance its development resilience.

We have conducted a comprehensive analysis of the physical risks, transformation risks and opportunities. Among them, physical risks are categorized into acute risks and chronic risks, which may negatively affect the company's production operations, logistics and transportation, and inventory management. At the same time, we analyze transformation risks from four perspectives: policy and regulations, technology, market and reputation, discuss in depth the impact of various types of transformation risks on the company, and propose targeted countermeasures based on the nature of the risks and the company's specific situation. For transformation opportunities, we analyze them from three dimensions: energy layout, technological innovation and green investment, and discuss the positive impact of different opportunities on the company.

Below are the physical and transformational risks we have identified to focus on:

Physical Risks

Type	Negative Impact	Measures
Acute physical risk (short-term)		
High Temperature	Insufficient stability of power supply leads to interruptions in production operations, exacerbating fluctuations in the capacity utilization rate of enterprises Occupational health risks caused by extreme hot weather rise significantly, resulting in lower labor productivity and higher rates of workplace accidents Inadequate provision of firefighting infrastructure leads to insufficient emergency response capacity for fires and other emergencies, increasing the risk of property damage	Carry out temperature prediction and assessment, and formulate production and emergency response systems Reasonable shift scheduling and adequate provision of heat-prevention materials Improve fire-fighting initiatives, and strengthen fire-fighting inspections during the high-temperature period Improve emergency response plans, and carry out emergency response drills to enhance the effectiveness of risk response

Type	Negative Impact	Measures
Acute physical risk (short-term)		
Extreme Cold	Extreme cold temperatures reduce the stability of material storage, affecting production continuity Cold snaps cause transportation disruptions and disruptions in supply chain logistics Low temperatures cause infrastructure damage such as water pipes freezing and cracking	Formulate contingency plans for extreme cold to enhance the effectiveness of risk response Stockpile materials in advance according to weather forecasts to prevent supply disruptions Prepare spare production facilities to ensure steam supply in extreme cold
Desertification	Scarcity of fresh water resources leads to shortage of water for critical processes, disrupting production continuity Increased capital costs for purchasing raw water, exacerbating financial pressure	Comprehensively assessing and monitoring water use risks and improving emergency response mechanisms. Various bases are actively promoting water conservation and reuse projects to improve the recycling rate of water resources.
Floods	Flooding damages raw materials, equipment and production lines, significantly increasing the cost of repair and replacement Flooding damages transportation infrastructure, severely impeding the supply of raw materials and transportation of finished products.	Improve the flood emergency plan, reserve emergency materials for flood prevention and fight against floods, and strengthen the waterproof protection of key equipments. Build a diversified supply chain system to ensure stable supply of raw materials
Typhoon	Damage to infrastructure such as plants, equipment and warehouses, affecting production operations Increased investment in resources for disaster preparedness, relief and resumption of production, driving up operating costs.	Establishing a comprehensive typhoon warning and emergency response mechanism, and organizing regular safety evacuation drills for employees to enhance their emergency response capabilities The company has reinforced and protected its plants and key production equipment to ensure that they can withstand strong winds.

Type	Negative Impact	Measures
Chronic physical risks (medium, long term)		
Temperature	Rising temperatures accelerate the aging of mechanical and electronic components, shorten the lifespan of temperature-sensitive equipment, and increase the operational load of air conditioning and cooling systems—leading to higher energy consumption and operating costs.	Prioritize materials with excellent heat resistance and anti-aging properties during product design and selection to extend equipment life. Utilize sensors to monitor temperature and operating status in real-time, enabling early detection and response to anomalies to prevent equipment failure. Introduce intelligent control technologies to automatically adjust temperature and operation modes based on actual needs, reducing energy waste.




Type	Negative Impact	Measures
Chronic physical risks (medium, long term)		
Humidity	Increased humidity leads to excessive moisture absorption in raw materials, negatively affecting product quality and yield. It also accelerates corrosion of metal components, raising maintenance costs and frequency.	Install industrial dehumidifiers and optimize ventilation systems to maintain proper indoor humidity and prevent material and product damage. Apply surface protection measures, such as anti-rust oil coating, to protect metal components. Implement regular maintenance and inspection plans to detect and address signs of corrosion promptly, extending equipment lifespan.
Sea Level Rise	Rising sea levels may damage port infrastructure, disrupt surrounding transportation networks, and delay logistics for raw materials and finished goods.	Optimize supply chain layout by integrating climate change risks into supplier evaluations to ensure stable logistics and transportation. Diversify supplier sources to reduce reliance on specific ports or regions, minimizing disruption risks caused by extreme weather events.
Particulate Matte	Increased airborne particles can introduce impurities into key manufacturing processes, leading to higher defect rates and reduced product performance. Maintaining cleanroom standards also increases energy usage and equipment maintenance frequency.	Implement real-time air quality monitoring and adopt high-efficiency air purification technologies to ensure cleanroom conditions meet or exceed industry standards. Optimize workshop layout and production processes to minimize particle contamination and improve environmental control efficiency.

Transition Risks

Categories	Description	Duration	Response Measures
Policies and Regulations	With the acceleration of China's "dual carbon" policies, adjustments in carbon trading, green building standards, and renewable energy subsidies may increase compliance costs. Meanwhile, stricter international carbon tariffs and ESG disclosure requirements may affect expansion into overseas markets.	Medium to Long Term	Leverage national-level technical centers to proactively develop carbon capture and zero-carbon technologies. Establish a "policy-technology-market" synergy mechanism and incorporate carbon footprint accounting into supply chain management. Achieve green supply chain certification to address trade barriers.
Technology	Core technologies such as magnetic suspension systems and transcritical CO ₂ heat pumps face risks of obsolescence. Emerging solutions, like solid-state battery thermal management, may challenge current technologies.	Short to Long Term	Allocate significant annual R&D investment into frontier technologies. Focus on thermal management and low-GWP refrigerants. Implement a "patent pool + scenario-based application" strategy to strengthen IP barriers and speed up application in sectors like data centers and rail transit.

Categories	Description	Duration	Response Measures
Market	Customers increasingly prefer companies offering low-carbon products. Failure to meet these expectations may result in loss of market share. Rising traditional energy costs may further increase operational pressure.	Medium to Long Term	Increase procurement of green electricity and invest in photovoltaic and wind power systems. Actively engage with customers to address climate concerns with tangible actions.
Reputation	Stakeholders, including the public and investors, demand more active efforts to reduce carbon footprints and support sustainability. Inaction may reduce trust, impacting both revenue and company valuation.	Medium to Long Term	Ensure timely disclosure of ESG-related information in compliance with regulations. Regularly publish ESG reports to showcase environmental and social progress.

Transition Opportunities

<p>Energy Structure Optimization</p> <p>By leveraging distributed photovoltaics and energy storage as entry points, DunAn is building an integrated distributed energy network through the utilization of industrial waste heat and biomass energy. Based on our strengths in specialized environments such as nuclear power, rail transit, and data centers, we are developing zero-carbon energy bases to promote the localized consumption of green electricity in high-energy-demand scenarios.</p>	
<p>Technological Innovation</p> <p>We continue to advance refrigeration technologies with a focus on microchannel heat exchange and intelligent control algorithms. Our R&D efforts include the development of high-efficiency, low-carbon refrigerants and transcritical heat pump systems, leading the industry in energy efficiency standards. Collaboration with universities and research institutions accelerates the transformation of low-carbon technologies from lab to market. In parallel, we are enhancing our intellectual property portfolio and leading standard-setting initiatives.</p>	
<p>Green Investment</p> <p>Capitalizing on our extensive experience in the refrigeration industry and our technological advantages in renewable energy, we are deepening our green investment strategy. By aligning "technology-application scenarios-capital," we aim to establish a development model that radiates from the Yangtze River Delta core to the rest of the country, using technical barriers as a strategic moat.</p>	

Performance – Carbon Emissions

Indicator	Unit	2024	2023	2022
Scope 1	tCO ₂ e	11287	9838	8323
Scope 2	tCO ₂ e	24755	20785	18571
Total Emissions	tCO ₂ e	34593	30623	26894
Emission Intensity	tCO ₂ e/RMB million revenue	6.1	5.4	5.13
Carbon emission calculation is based on the "Corporate Greenhouse Gas Accounting and Reporting Guidelines – Power Generation Facilities (2022 Revised Edition)" by the Ministry of Ecology and Environment and the NDRC's "Trial Guidelines on GHG Accounting and Reporting."				

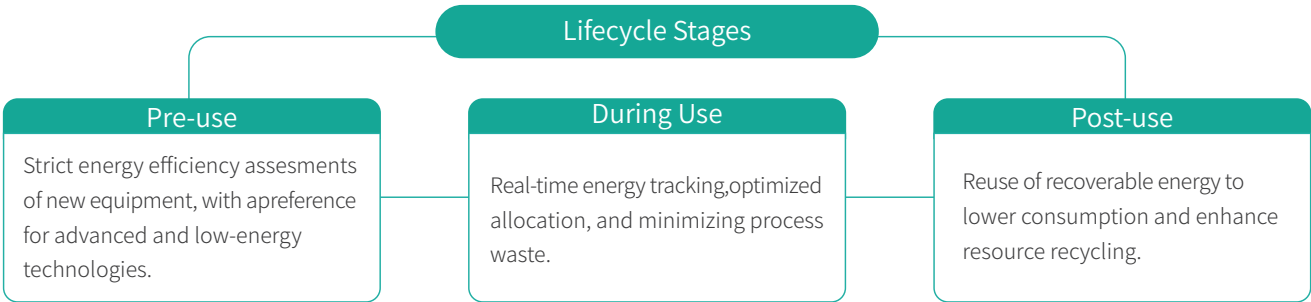
Energy Transition

To implement national energy conservation and emissions reduction policies and to continuously improve energy performance, DunAn has completed certification under national standard GB/T23331 for the Energy Management System. An energy management working group, headed by senior executives, is responsible for developing annual energy-saving plans and supervising performance, including participation in internal audits and reviews, and overseeing corrective and preventive actions.

In 2024, the company actively promoted energy transition by building distributed photovoltaic projects at its production bases to increase the use of clean energy. It also optimized production processes by adopting advanced technologies and equipment to enhance energy efficiency and reduce unit energy consumption.

Full Lifecycle Energy Management

DunAn implements full lifecycle energy management across all stages—before, during, and after energy use—building a scientific and efficient energy management system. This systematic and end-to-end strategy reduces operational costs and advances the company's sustainable development goals.




Energy-Saving Technology Upgrades

DunAn actively implements energy-saving retrofits to existing equipment. In 2024, the company launched two major initiatives.

Case

Heat Recovery from Air Compressors


In September 2024, the Zhuhai base installed a heat recovery system on air compressors, using recovered heat to power cleaning machines. The system saves 350,000 kWh of electricity and reduces CO₂ emissions by 184 tons annually.



Case

Insulation Upgrade for Brazing Furnaces

In 2024, insulation upgrades to brazing furnaces at multiple bases (DianKou, Wuhu, Zhuhai) improved thermal efficiency, reducing energy consumption by 10% and cutting CO₂ emissions by 656 tons annually.




Use of Renewable Energy

To support carbon reduction goals, the company actively uses renewable energy. In 2024, building on previously completed distributed solar installations, the company added 0.849 MW of new capacity.

Case

Thailand Solar Project

In August 2024, a new solar PV system with 0.849 MW capacity was installed at the Thailand base, reducing CO₂ emissions by 600 tons per year.



Energy Efficiency Performance

Thanks to these initiatives, the energy cost per RMB 10,000 of output at the Hetian plant dropped from RMB 279 in 2022 to RMB 211 in 2024—a 24.3% reduction.

Honor

In 2024, Zhejiang DunAn Electromechanical Technology Co., Ltd. was named a **National-Level Green Factory**.

Green Products

Guided by the mission to “improve energy efficiency and optimize the environment,” DunAn follows a green and energy-saving technology path. The company adheres to the philosophy of “green serving green, safety built on safety, professionalism serving professionals,” committing to environmental protection and sustainable development. Through continuous innovation, it aims to deliver environmentally friendly core technologies and premium products globally.

Case MPHX

A core product of DunAn’s low-carbon strategy, the micro-plate heat exchanger uses stacked composite plates, significantly enhancing heat transfer while reducing resource consumption. Compared to traditional microchannel exchangers, it reduces refrigerant charge by 48%, supporting low-charge flammable refrigerants and improving system safety and environmental performance. Its corrosion-resistant design surpasses industry standards with over 4,000 hours of acid salt spray resistance (SWAAT A3), extending lifespan and minimizing replacements.



Case Lead-Free Product Development

In response to the industry’s trend and demand for lead-free and environmentally friendly development, the company has elevated the stainless-steel transformation of its products to a strategic priority, aiming to provide customers with greener, low-carbon products that deliver greater customer value.

With 15 years of technical accumulation, DunAn has developed a highly mature stainless steel production process. Stainless steel products have been mass-produced across various product lines, including four-way valves, ball valves, solenoid valves, and tubing assemblies. Currently, stainless steel four-way valves account for over 25% of all four-way valves, and DunAn holds a 60% market share in this category — positioning the company as an industry leader.



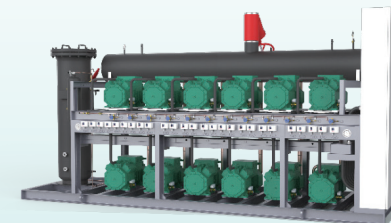
Case i-Super Integrated Chiller

Driven by eco-friendly principles, the Anjie i-Super uses advanced evaporative cooling and integrated design, eliminating the need for external cooling towers and pumps. It achieves 15% energy savings over traditional water-cooled systems and 35% over air-cooled systems. Certified by the China Refrigeration Society as an energy-efficient and eco-friendly product, it also features zero ozone-depleting potential.



Case Nanjing Grain Emergency Supply Center

This large-scale cold-chain logistics center required high environmental performance. DunAn designed a CO₂ cascade system integrated with heat recovery, multi-stage filtration, dynamic oil return, and thermal field simulation. The result is an efficient, safe, and green refrigeration system benchmark project.



Case Clean Heating for Relocated Communities

In Daming County, a clean energy heating project for 29 villages and 31,381 residents replaced coal and gas with air-source heat pumps across four heating communities and 13 pump stations. With a heating load of 39,662 kW and 991,605 sqm of heating area, the system delivers both ecological benefits and rural development support.



Circular Dun – Circular Economy Initiatives

Developing a circular economy is a proactive step toward a green societal transition and a key component of China’s dual-carbon strategy. In 2024, DunAn focused on water and materials recycling, with dedicated implementation led by the EHS Department and the Equipment Management Department. Looking forward, the company will strengthen full lifecycle product management through coordinated efforts between R&D and manufacturing departments to build a comprehensive green circular system.

Water Recycling

Water resource management is critical to environmental sustainability. During site selection for manufacturing bases, the company conducts thorough water risk assessments, prioritizing areas with strong water resource endowments and stable supply systems. Company-wide water-saving awareness is promoted, and water conservation practices are integrated across all operational phases. Technological innovation and precise management are used to maximize water-use efficiency.

Case

Industrial Water Reuse

- In 2024, DunAn Hetian actively advanced the circular utilization of industrial water resources as part of its commitment to sustainable development. Within the park, reclaimed water was subject to refined classification management and reused in multiple non-production scenarios such as restrooms, forming an innovative, closed-loop water management system.
- On the production side, the four-way valve division optimized its process flow by repurposing high-frequency welding cooling water for use in the cooling systems of flame welding and end-cap riveting steps, significantly improving water resource efficiency.
- Furthermore, the company continued to invest in water-saving technological upgrades, including the expansion of cooling water recycling systems, driving overall improvements in water use efficiency and supporting long-term environmental sustainability goals.

Case

Green Office Water Conservation

A company-wide campaign titled “Energy Saving Starts with Me” was launched. Requirements included:

- Shutting off water valves when not in use.
- Rapid response to leaks or overflows.
- Cultivating employee habits to turn off taps promptly and reduce water waste.

Performance – Water Use (2024)

Indicator		单位	2024
Water	Withdrawal	10000m³	38.86
	Discharge	10000m³	23.89
	Consumption	10000m³	14.97
Consumption Intensity		Tonne / 10k RMB	0.737

Materials Recycling

DunAn actively promotes raw material reuse, green packaging, and logistics. Recyclable materials are prioritized in production to reduce reliance on non-renewables, and lean management lowers scrap rates to minimize waste at the source. A sorting and recycling mechanism ensures recyclable materials are efficiently reused, reducing landfill and incineration impacts.

Case

Copper Scrap Recycling

- DunAn has a well-established copper scrap collection and reuse system.
- Collected copper fines and cuttings are returned to processing plants or other production stages.
- In 2024, a total of 11,548 tons of copper scrap was recycled, reducing mining activity and environmental impact.

Case

Pallet Reuse

- A pallet-sharing model was implemented in cooperation with suppliers and customers.
- Through reuse and repair, the reuse rate reached 90% in 2024.
- This reduced demand for new pallets, saving 180 m³ of timber and cutting 72 tons of solid waste.

Performance – Waste Recycling (2024)

Indicator		单位	2024
Waste Recycling	Total	Tonne	17910.89
	Rate	%	95.36

Environmental Dun – Environmental Protection Practices

DunAn integrates environmental protection into its core sustainability strategy. An EHS Management Department, led by senior executives, coordinates environmental compliance and initiatives across subsidiaries. Each business unit assumes primary responsibility for environmental targets, which are incorporated into performance evaluations to ensure accountability at every level.

As of the reporting period, all 17 subsidiaries have passed ISO 14001 Environmental Management System certification.



ISO 14001 Certification

Environmental Compliance

The company strictly adheres to China’s “Three Simultaneities” policy (design, construction, and operation of environmental facilities synchronized with main projects), ensuring pollution control systems are implemented in line with Environmental Impact Assessment (EIA) requirements and operating permits. DunAn continuously improves pollution treatment technologies, including wastewater, exhaust gas, and solid waste management. In 2024, all emissions met applicable discharge standards.

Company	No.	Certificate Issue Date	Certificate Expiry Date
DunAn Hetian	913306007652348458001U	2024-12-17	Val. until Dec. 31,2025
DunAn Hetian (No.1 xingan Road)	913306007652348458002Z	2023-7-18	Val. until Jul. 07,2028
DunAn Machinery	9133068114632514X5001U	2024-9-27	Val. until Dec. 31,2025
ZhuHai Huayu	91440400769345075Q	2024-4-11	Val. until Apr. 10,2029
DunAn (WuHu) ZhongYuan	91340221588859982Q001C	2023-12-19	Val. until Dec. 18,2028

Wastewater Management

The company places great importance on wastewater management and continuously optimizes water resource utilization efficiency by promoting cleaner production and water-saving technologies to reduce wastewater discharge. In our production processes, we implement water recycling and wastewater reuse measures—such as cooling water recirculation and reclaimed water reuse—to minimize the consumption of fresh water and the total volume of wastewater discharged.

To address wastewater from different sources, the company has established a categorized treatment mechanism and applies a variety of physical, chemical, and biological treatment processes to purify industrial effluents and domestic sewage accordingly. Advanced wastewater treatment technologies, including membrane separation and biochemical treatment, have been introduced to enhance treatment capacity and water quality stability.

All wastewater is subject to strict monitoring to ensure that pollutant indicators comply with national and local discharge standards. Regular third-party testing is also conducted to verify compliance. In addition, the company actively explores wastewater resource utilization by increasing the proportion of reclaimed water reuse, thereby reducing environmental impact and promoting the sustainable use of water resources.

Air Emissions Management

The company exercises strict control over air pollutant emissions and continuously optimizes its air emissions management system to enhance overall treatment performance. For pollutants generated during production—such as volatile organic compounds (VOCs), dust, and other contaminants—the company has established an efficient exhaust gas collection system and applies advanced purification technologies, including activated carbon adsorption, catalytic combustion, and low-temperature plasma treatment, to ensure effective pollutant removal.

At the same time, the company strengthens enclosure management to minimize fugitive emissions and optimizes production processes to reduce the generation of pollutants at the source. To further improve treatment efficiency, regular maintenance and technological upgrades of exhaust gas treatment equipment are carried out to ensure stable and efficient operation.

Additionally, the company has implemented a stringent monitoring mechanism to track air emission data in real time, ensuring that all emission indicators comply with national and local environmental regulations. The company also undergoes supervision and inspection by government authorities and third-party agencies. Through continuous improvement of air emissions control measures, the company has effectively reduced atmospheric pollutant emissions.

Solid Waste Management

The company manages solid waste in strict accordance with applicable laws and regulations concerning collection, storage, and outsourced disposal. Hazardous waste is entrusted to qualified third-party service providers for compliant treatment and disposal. General industrial solid waste is centrally collected and processed for comprehensive recycling, while domestic waste is regularly removed by sanitation services.

A well-established system for classified collection, treatment, and recycling of waste has been implemented to support resource recovery. The company promotes resource utilization of various types of waste generated during production and continuously improves its waste recycling rate.

Air Emissions

Indicator	Unit	2024
SOx	kg	796.7
NOx	kg	4621.5
VOCs	kg	5635.2

Water Discharge

Indicator	Unit	2024
Industrial Wastewater	M³	238922
Domestic Wastewater	M³	52400
COD	Tonne	3.440
NH3-N	Tonne	0.177
Total Nitrogen	Tonne	0.623
Total Phosphorus	Tonne	0.395
Due to inclusion as a key emission unit, this period’s COD data has been adjusted based on permit monitoring requirements, resulting in differences from historical data. The discrepancy is due to the company’s on-site wastewater treatment meeting municipal standards before discharge into the municipal system, which is now accounted as environmental discharge.		

Solid Waste

Indicator		Unit	2024
Total Waste		Tonne	18777.08
Include:			
General Waste	Total	Tonne	17910.89
	Intensity	Tonne / RMB 10k	0.01078
Hazardous Waste	Total	Tonne	870.19
	Intensity	Tonne / RMB 10k	0.00194

Environmental Risk Management

DunAn and its subsidiaries strictly comply with all applicable national and local environmental laws and regulations. A comprehensive self-monitoring system has been established to ensure that all pollutants are discharged in accordance with standards. The company has developed internal environmental monitoring plans and discloses relevant information via its pollutant discharge permits and public monitoring platforms, subject to supervision by regulators and the public.

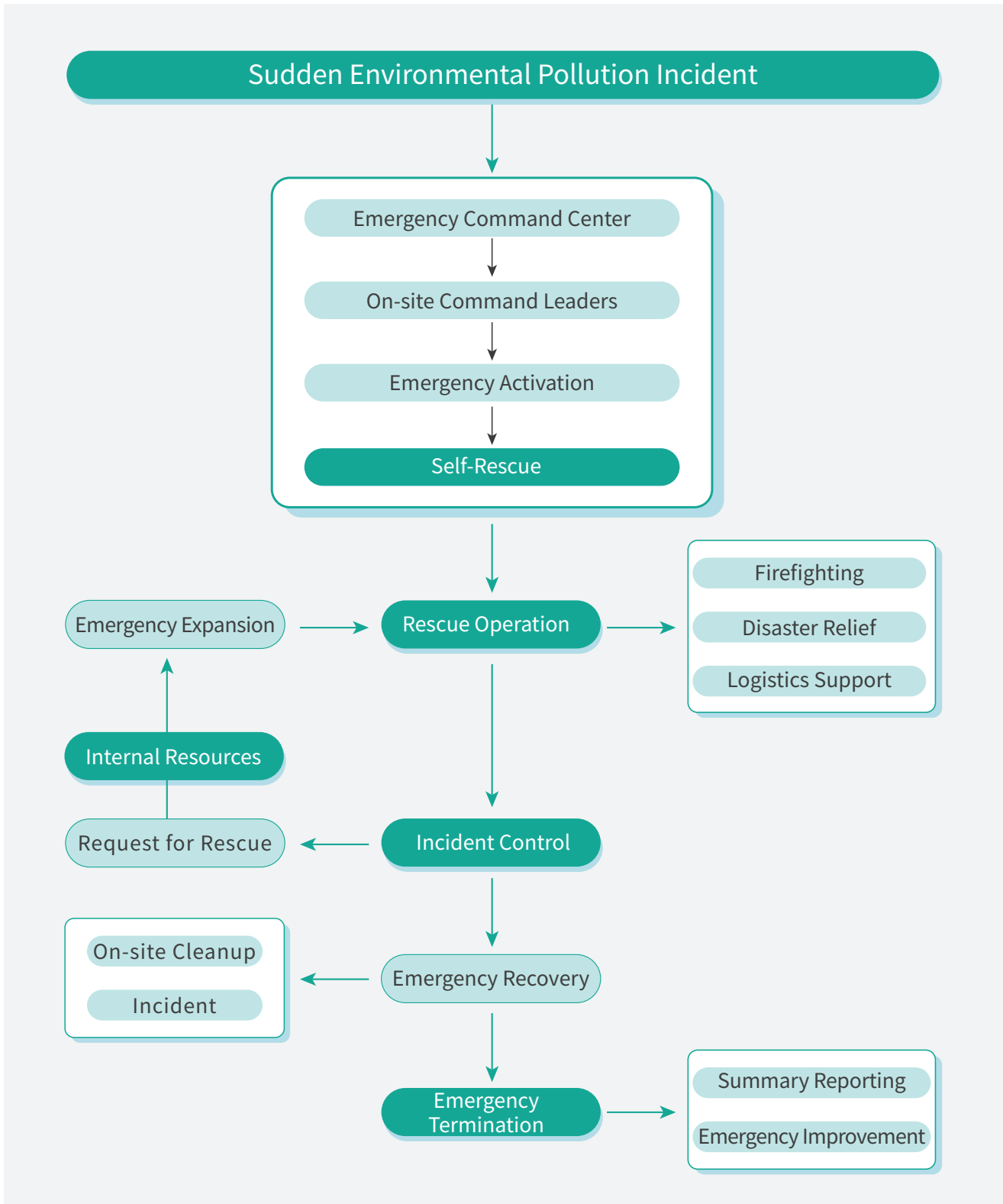
All pollution control facilities are under 24-hour real-time monitoring to ensure stable operation. Monitoring data are recorded and reported in real time, and any anomalies are promptly addressed. Automatic online monitoring systems are installed for key pollutants, and real-time emission data is connected to local environmental departments to ensure full transparency.

Third-party environmental monitoring agencies are regularly commissioned to verify data accuracy. All indicators during the reporting period complied with discharge standards, supporting the company’s commitment to green and sustainable development.

As required by law, DunAn has commissioned certified agencies to prepare emergency response plans for environmental pollution events. These plans have been filed with local environmental authorities, and emergency drills are held at least once annually to raise employee awareness and strengthen emergency response capabilities.

Company	Date of Preparation	Department	Filing Date	NO.
DunAn Hetian	2024-12	Zhuji Branch, ZHB	2024-12-12	330681-2024-106-M
DunAn Machinery	2024-6	Zhuji Branch, ZHB	2024-6-24	330681-2024-049-L
ZhuHai Huayu	2021-11	Jinwan Branch, ZHEE	2022-12-8	440404-2022-0223-M
DunAn (WuHu) ZhongYuan	2024-1	Wanzhi District Branch, WHEEB	2024-2-20	340221-2024-009-L

Environmental Risk Emergency Response Flowchart



Ecological Dun – Biodiversity Protection

Building an ecological civilization is essential to the well-being of the people and the future of the nation. DunAn seeks to contribute by developing innovative and eco-friendly product solutions under the “Nature-Friendly” concept. As sustainable development trends continue to evolve, products that support ecological values are expected to become increasingly important. The company will continue to monitor demand-side trends, increase R&D investment, and contribute to biodiversity protection with its technological expertise.

Biodiversity Conservation

DunAn is committed to maintaining the health and stability of ecosystems and protecting biodiversity. We promote the sustainable use of land and soil resources, minimize habitat disruption, and reduce the environmental impact of operations. We also require our supply chain partners to uphold sustainable development principles and to comply with international biodiversity standards and applicable regulations to ensure the long-term health of ecosystems.



Responsibility as Our Anchor

Creating Diverse Value through Social Prosperity

Chapter Responds to: United Nations Sustainable Development Goals (SDGs)



Global Reporting Initiative Standards (GRI STANDARDS)

- ØGRI 401 Employment
- ØGRI 402 Labor Relations
- ØGRI 403 Occupational Health & Safety
- ØGRI 404 Training & Education
- ØGRI 405 Diversity & Equal Opportunity
- ØGRI 406 Non-discrimination
- ØGRI 407 Freedom of Association & Collective Bargaining
- ØGRI 408 Child Labor
- ØGRI 409 Forced or Compulsory Labor
- ØGRI 308 Supplier Environmental Assessment
- ØGRI 413 Local Communities
- ØGRI 414 Supplier Social Assessment

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

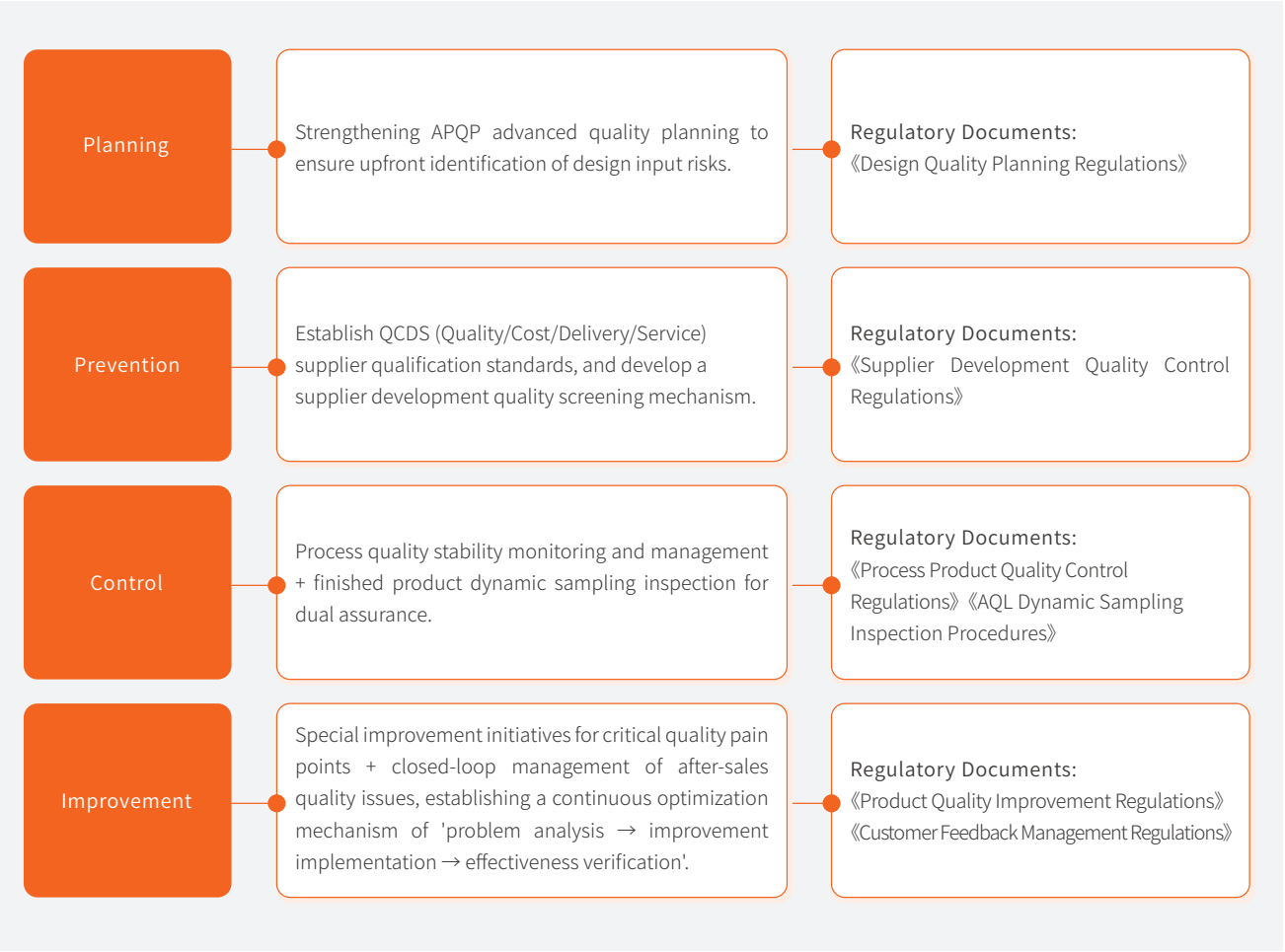
Product Security

Product Quality

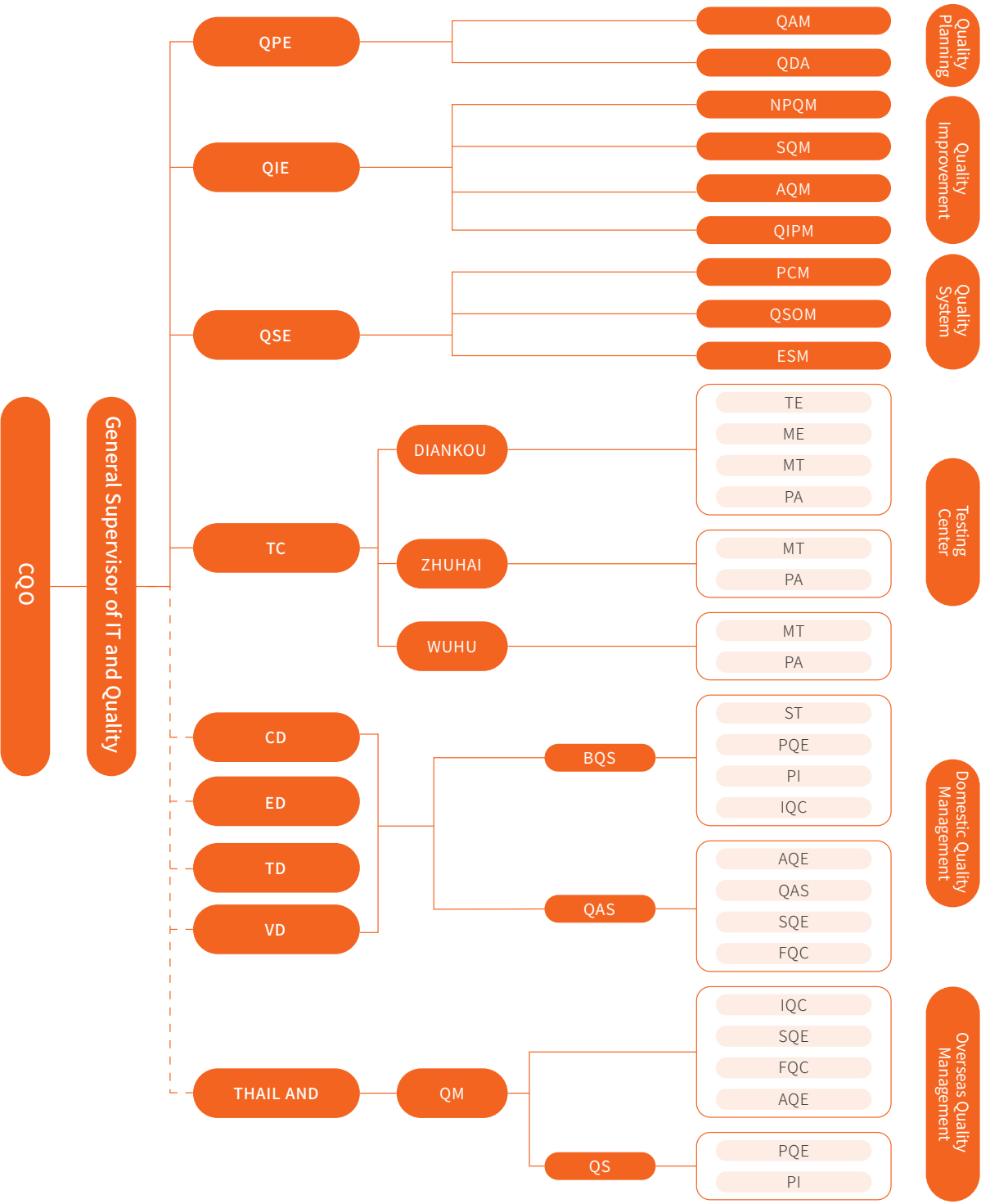
DunAn has deeply integrated the "Zero Defect" management philosophy into its ESG governance system, constructing a quality culture ecosystem centered on "Doing It Right the First Time." Through the establishment of a "Three-Leap" implementation path: Conceptual Layer: Deepening the core of Crosby's theory, creating a value transmission mechanism of "Zero Error in Work → Zero Defect in Products → Zero Waste in Operations." Operational Layer: Innovating quality control across the entire value chain, building a product lifecycle quality firewall based on the IATF 16949 system. Mechanism Layer: Developing a digital quality foundation, achieving penetrative management of quality data through the LIMS, DMS, LIMS system, and constructing a coupled system of quality performance and sustainability indicators.

Quality Management System

The company has established a quality management system covering the entire product lifecycle, forming a closed-loop mechanism of "Planning – Prevention – Control – Improvement." It systematically developed 28 core regulatory documents, creating a digital penetrative control network from design input to market feedback, ensuring systematic management of all quality elements.



To ensure comprehensive control from product planning to market feedback, the company has established a clear quality management framework.



Quality Management Assessment

DunAn has established a "Process Control – Special Breakthroughs – Pain Point Resolution" Trinity Quality Pledge System assessment system. Through process quality indicators (40% weight), it achieves systematic improvement in production yield, focusing on core parameters such as overall first-pass defect rate and quality loss rate. Special improvement indicators (30% weight) enable precise quality cost control, targeting key loss areas like scrap rate and leakage rate. TOP3 quality improvement projects (30% weight) address customer pain points, establishing a closed-loop mechanism of "Problem Discovery – Root Cause Analysis – Long-Term Resolution," driving continuous reduction in quality loss costs.

Quality Improvement

DunAn identified quality enhancement of its flagship commercial component product—the Solenoid Valve 6A Series—as a strategic priority, designating the "first-pass defect rate in comprehensive testing" as the key quality breakthrough metric. The company established clear improvement targets: while the defect rate benchmark for 2023 was set at 5000 ppm, actual performance achieved a remarkable reduction to 1246 ppm by 2024, surpassing all objectives. This achievement was supported by a systematic quality management framework fully compliant with IATF 16949 standards, ensuring sustainable product quality advancement.

Advanced Tool Integration

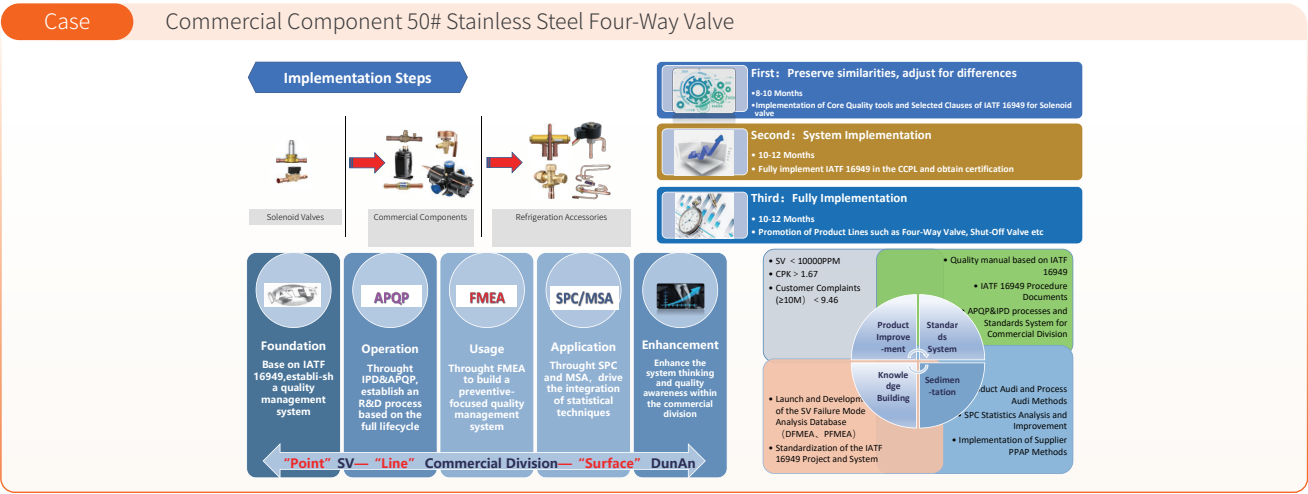
Embedding five core tools in key stages like product development (APQP), failure prevention (FMEA), and process control (SPC).

IATF 16949

IATF 16949: Deployed process-oriented IATF 16949 audits utilizing VDA 6.3 (process) and VDA 6.5 (product) standards.

Phased Implementation Approach

Executed through three progressive stages—initial pilot (solenoid valves), product line expansion (commercial components), and enterprise-wide deployment.



Quality Achievements & Industry Recognition

• QC Group Achievements


Honor

Reducing First-Pass Defects in Stainless Steel Four-Way Valve Brazing" and "Reducing Market Leakage Rate of Copper-Steel Mufflers" were awarded first prize at the "National Machinery Industry Quality Management Achievements Presentation Conference"



Honor

“Reducing DSF-9 Four-Way Valve Main Valve Welding First-Pass Defect Rate” was recognized as a breakthrough project case under the "National Lean Six Sigma Management Evaluation Criteria."



• Qualification Certification

Qualification

CNAS Laboratory Certification

The laboratory is certified under CNAS-CL01:2018, recognized in over 100 countries, including the U.S., EU members, Japan, Australia, Canada, South Korea, and Singapore.



Performance

Indicator	Unit	2024
Customer-end Product Recall	Case	0
Customer Complaint Rate per ¥10 Million Sales	Per ¥10 Million	1.95

Customer Service

DunAn consistently implements a "customer-first" development strategy, making customer value creation the core driver of sustainable development. The company has established a collaborative system where frontline needs drive R&D innovation and downstream processes optimize upstream workflows, ensuring accurate transformation of market insights into product-service solutions. Through continuous customer satisfaction management, the company has implemented regular customer satisfaction surveys while strictly protecting customer privacy and respecting customer rights. With its needs-oriented innovation mechanism and closed-loop service system, the company achieves efficient, full-chain coordination from market sensing to value creation, delivering more competitive solutions and continuously improving customer service standards.

Customer Satisfaction Survey

DunAn has designed and implemented customer satisfaction questionnaires for all refrigeration component product lines, covering all direct customers of the marketing centers to ensure 100% coverage of major accounts. The survey content includes product quality, technical support, comprehensive services, while also collecting customer feedback on future R&D directions, improvement needs and other suggestions. Survey results over the past three years have consistently shown customer satisfaction scores above 90 points. Through in-depth analysis of the feedback, the company identifies gaps with customer expectations, determines key factors affecting satisfaction, and continuously improves customer satisfaction levels.

Customer Feedback	Root Cause	Improvement Actions
<p>Increase inventory levels and improve product quality</p> <p>Enhance delivery timeliness and provide more high-quality products</p> <p>Maintain quality consistency, advance technical capabilities, and improve product reliability</p>	<p>Defects analysis:</p> <p>Surface defects: Mainly porosity in weld pools</p> <p>Leakage defects: Primarily at pipe/capillary joints and end cover welds</p>	<p>Corrective measures:</p> <ol style="list-style-type: none">1.Upgrade water quality for high-frequency welding with continuous monitoring2.Increase cleaning frequency for welding sleeves with inspector oversight3.Conduct comprehensive cleanliness inspection and optimization across automated production lines4.Systematically inspect all wire feeders, secure loose cylinders, and establish maintenance schedules5.Improve CPK values for pipe and main valve body dimensions6.Launch special project targeting first-pass welding defects as key improvement initiative7. Enhance detection reliability of performance testing equipment

Customer Privacy Protection

DunAn always prioritizes customer privacy protection, strictly complying with the "Personal Information Protection Law of the People's Republic of China" and other relevant laws and regulations to ensure the security and privacy of customer data. When conducting business cooperation with key partners, we insist on simultaneously signing commercial contracts and confidentiality agreements, ensuring all collaborations are bound by legally effective confidentiality terms. Additionally, the company has established specialized execution processes to protect important corporate data, clearly defining the usage scope and confidentiality requirements for critical data, and formulating relevant data management policies and standards. During this reporting period, no customer privacy breaches occurred at the company.

Regarding user-end information security, we implement access control to enforce employee intranet/extranet access management; deploy antivirus software for malware protection; install encryption systems to protect important data during transmission; and promote cloud desktops for key positions, enabling centralized data management and security control. Since 2021, we have participated annually in the "Cyber Shield" exercises organized by the Zhuji Municipal Public Security Bureau's Cyber Police Unit. Through the deployment of these core digital transformation infrastructures, we have built an enterprise digital work platform characterized by "security, agility, and sustainability."

Customer Recognition

Partial List of Honors Awarded to DunAn by Customers in 2024

No.	Award Title	2024
1	Leadership Award of the Year	Johnson Hitachi
2	Outstanding Contribution Award	Carrier HVAC North Asia
3	Quality Excellence Award	Songz Automobile
4	Excellent Proposal Award	Shanghai Fujitsu
5	Best Partner Award (Bronze)	LG Korea
6	Outstanding Partner Award	Walton Bangladesh
7	Best Quality Award of the Year	Sharp Thailand
8	Excellent Valve Supplier Award	Chongqing Gree
9	Excellent Tube Component Supplier Award	Chongqing Gree
10	Distinguished Strategic Supplier Award	TCL Zhongshan
11	Collaborative Partnership Award	TCL Zhongshan
12	Synergy Award	Anhui Phnix
13	Supplier of the Year Award	Sichuan Changhong
14	2024 Excellent Supplier Award	FAW Jiefang
15	Co-development Award	Yinlun Shares
16	Rising Supplier Award	Mateng Energy
17	Certificate of Appreciation	Shanghai Mitsubishi Electric
18	Premium Supplier Award	Gongqingcheng Zhonghuida



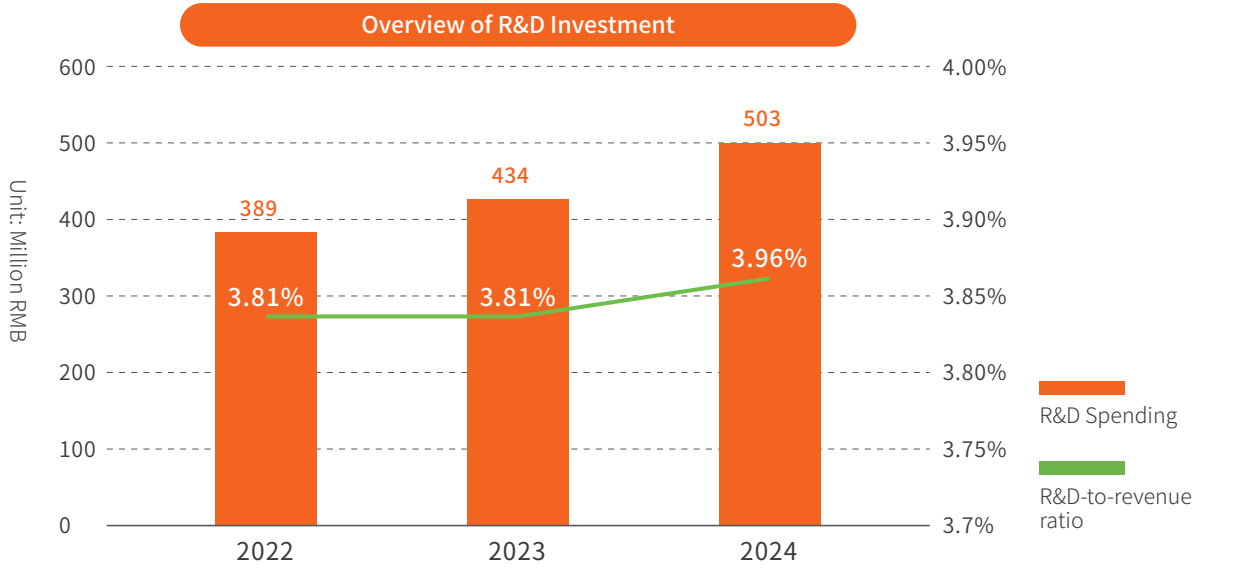
R&D-Driven Innovation

Innovation serves as the soul of corporate development and the primary driving force behind DunAn's growth. We vigorously promote an innovation culture, progressively establishing and refining an innovation institutional system. Through advancing key innovation projects, implementing technology roadmaps, developing innovation platforms, organizing innovation-related training programs, and conducting innovation award evaluations, we ensure sustained momentum in our innovation efforts.

Guided by the "Three Creations" spirit—Entrepreneurship, Initiative, and Innovation— we actively foster a company-wide innovation atmosphere that "encourages exploration, rejects mediocrity, dares to pioneer, and embraces openness." We adhere to the principle of substantially rewarding innovation, providing timely incentives to encourage continuous workplace innovation that enhances performance. We permit trial-and-error in reforms, innovation, and other endeavors that align with corporate interests.

Increase Innovation Investment

We possess a National Accredited Enterprise Technology Center, National Postdoctoral Research Station, Academician Workstation, CNAS-Certified Laboratory, and National-Grade Full-Performance Testing Center for Central Air Conditioning Systems. We have established a proprietary core technology support system, providing robust platform support for innovation. Additionally, we emphasize R&D team building by implementing an innovation "First-in-Command" accountability system, leveraging the leadership of top talents. We conduct regular training sessions and discussions on innovation knowledge and methodologies, cultivating a highly capable echelon of innovation professionals. Concurrently, we continuously increase investment in technological innovation, maintaining dedicated and segregated R&D funding that is prioritized, stable, and fully-resourced to guarantee innovation inputs.



Advancing Cutting-Edge Research



In pursuing an innovation-led future, DunAn enhances core competitiveness through technological innovation while boosting efficiency via business model and management innovation, driving industrial upgrading and enabling the company's healthy, sustainable, and sound development.

By leveraging platforms such as the National Technology Center and National Postdoctoral Research Station, we have established an open, industry-academia-research integrated technology operation platform. This strengthens independent R&D innovation capabilities, facilitates the development of forward-looking, high-tech products with significant market potential, and accelerates the industrialization of new technologies.

Case

Electric Large-Capacity Four-Way Valve


DunAn's large-capacity four-way valves have been market-validated for nearly 20 years, ranking first in global market share with widespread recognition. For 37 years since its establishment, DunAn has consistently focused on customer needs, continuously gaining insights into customer requirements and driving innovative R&D. The electric large-capacity four-way valve is an innovative product developed based on customer needs, featuring built-in sensors that enable directional process monitoring and self-diagnosis of faults. Its innovative structure achieves motor-driven operation and zero-pressure-difference switching, significantly enhancing product reliability. Driving green development through innovation and leading the future with technology, DunAn steadfastly adheres to the principle of "technology leadership, cost leadership, and service leadership," actively assuming dual-carbon responsibilities for the green and high-quality development of the industry.



Case

Ultra-Silent Electronic Expansion Valve

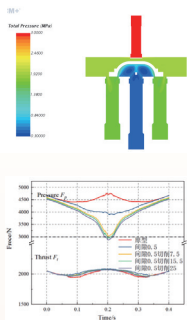
Noise has always been a persistent technical challenge in the VRV systems. Since 2016, DunAn has been conducting research on expansion valve noise reduction technology. In recent years, breakthroughs in noise reduction technology have continued, leading to the launch of more market-competitive silent products. In 2024, the company introduced an industry-first noise reduction solution, effectively reducing the noise level of air conditioning products without subcooling before the valve, achieving a reduction of 5-6 dB(A). The product is now a leader in the industry.



Case

Research on Vibration and Noise Reduction Technology for Four-Way Valves

To address vibration and noise issues during directional changes in typical four-way valve models, the company collaborated closely with Professor Wu Dazhuan's team at Zhejiang University. Through simulation analysis, signal processing, test verification and other methods, the research optimized the design of four-way valve sliders. This successfully resolved shaking and abnormal noise problems in brass four-way valves during directional changes, reducing their vibration acceleration from an original average of 13.36 m/s² to 5.86 m/s². Simultaneously, stainless steel four-way valves also showed significant improvement, with vibration acceleration decreasing from 18.24 m/s² to 12.62 m/s² while reducing reversing time by 30%, substantially enhancing reversing performance. Based on these achievements, three research papers were published and included in SCI, along with five invention patent applications filed.



Intellectual Property Protection

DunAn fully recognizes that protecting intellectual property safeguards its innovation capabilities and represents a critical dimension of fulfilling sustainable development and social responsibilities. The company has successively obtained certifications as a National Intellectual Property Demonstration Enterprise and for National Intellectual Property Management Systems, continuously enhancing end-to-end capabilities in IP creation, utilization, and maintenance. Building on this foundation, the company has issued the "Intellectual Property Management Standards," which stipulate patent application rewards to encourage independent innovation among R&D personnel, stimulate innovation potential, and make patents a "badge of honor" for researchers.

"Respecting others' intellectual property while protecting our own" remains our fundamental principle. While safeguarding our inventions, we have also established a patent early-warning system to continuously monitor and analyze patent applications within the industry. This helps avoid patent risks during product development, further improves the originality of our product designs, forms our own product patent portfolio, and strengthens post-market competitiveness.

Case

Intellectual Property Protection Training

DunAn has continuously strengthened its intellectual property protection system. In 2024, the company conducted stratified and categorized training for personnel with different functions. The intellectual property management team received 16 professional training sessions, significantly enhancing their professional capabilities in IP protection, utilization and risk management. Simultaneously, 5 specialized innovation protection training sessions were organized for R&D personnel, effectively raising IP awareness during the R&D process and improving protection capabilities for innovation outcomes, thereby providing solid safeguards for standardized management of technological innovation achievements.

Performance

DunAn has continuously increased investment in innovation team building and R&D, achieving outstanding results. In 2024 alone, the company filed 490 patent applications, including: 90 domestic invention patents, 359 utility model patents, 41 design patents, 90 PCT international applications. The company completed 397 overseas patent filings, with 108 patents granted in 2024.

Indicator	Unit	2024
R&D investment amount	10k RMB	50259.26
R&D investment/revenue ratio	%	3.96
Number of R&D personnel & ratio	Person/%	1498/10.76
Invention patents applied to core business	Item	392
Invention patent applications in reporting period	Item	487(397 overseas)
Invention patents granted in reporting period	Item	150(108 overseas)
Valid patents at the end of the reporting period	Item	3049(272 overseas)

Data Security

DunAn places high importance on data and information security. The company clearly defines the responsibilities of each department regarding data and information security while strictly complying with relevant laws and regulations. It has established and implemented information security management systems (including the "Network System Operation Management Regulations," "Network Information Security Management Regulations," "Instant Messaging Tools Management Measures," and "Computer Room Management Measures") to ensure data reliability, security, and confidentiality. During this reporting period, no data security incidents occurred.

Five Major Systems and Classified Protectio

DunAn has built a management system centered on ERP, CRM, PLM, BPM, and DMS, formulating comprehensive data security strategies under the Classified Protection 2.0 framework. Through strict access controls, data encryption, log auditing, and perimeter protection measures, the company effectively safeguards the integrity, confidentiality, and availability of information assets. The continuously improved information security system not only meets compliance requirements but also provides solid support for sustainable corporate development.

Infrastructure Development

The company has constructed a standardized data center compliant with national classified protection requirements, equipped with advanced backup UPS, emergency power stations, and environmental monitoring systems. It has also established an industrial-grade dedicated network ring, implemented local data multi-replica management, and deployed professional storage backup solutions. The company's data center is housed in a China Unicom IDC facility under a leasing agreement. This facility meets national 5A-level certification standards, ensuring stable and reliable power supply to fulfill the data center's continuous power requirements.

Case Public-Private Partnership for Data Security Emergency Drills

In 2024, DunAn deepened its collaboration with the Zhuji Municipal Public Security Bureau's Cyber Police Unit to enhance data security capabilities through "knowledge exchange + drills." In May, a government-enterprise security exchange was held to advance a "policy + technology + management" data security framework under the Cyber Police Unit's guidance. In August, authorized by the public security department, the company conducted practical penetration tests that simulated cyberattacks to comprehensively identify system vulnerabilities. Based on the assessment results, security policies were optimized to tangibly improve proactive defense capabilities.

Indicator		Unit	2024
Total Workforce		Person	13921
Gender Distribution	Male	Person	8962
	Female	Person	4959
Age Distribution	Under 30	Person	3965
	Aged 30-50	Person	8651
	Over 50	Person	1305
Education Distribution	Percentage of Employees with Associate Degree or Higher	%	27.45
	Master's degree or above	Person	163

Democratic Communication

The Company has established participatory communication as a cornerstone of corporate culture development, institutionalizing multi-channel employee engagement mechanisms. Through quarterly employee forums, we maintain direct dialogue platforms between management and frontline staff, ensuring all voices are heard and respected in organizational decision-making.

To broaden communication avenues, the company has established dedicated suggestion boxes enabling employees to submit feedback at any time regarding operational management, workplace conditions, and benefit policies. Complementing this, regular service satisfaction surveys are conducted to comprehensively understand staff needs and experiences. A closed-loop management system (collect → acknowledge → resolve → follow up) ensures every employee concern receives documented responses and actionable resolutions.

Compensation & Benefits

The Company consistently prioritizes employee well-being by continuously improving compensation and benefits systems, enhancing the quality of life care for employees, and ensuring their happiness. We are dedicated to creating a supportive and harmonious work environment. In future development, the Company will uphold its employee-centric philosophy, further refine the employee care and benefits framework, and foster an improved working and living environment for employees, ultimately fostering mutual growth and development for both the Company and its employees.

Employee Security

Equality & Respect

Adhering to employee-centric and equality-respecting principles, the Company strictly complies with applicable laws and regulations. We resolutely oppose all forms of illegal employment and forced labor practices, including child labor and human trafficking. Discrimination on race, ethnicity, skin color, ancestry, religion, political opinion, social origin, educational background, gender, household registration status, health condition, age, height, or language is strictly prohibited. These measures ensure full compliance in employment practices, effectively safeguarding human rights while guaranteeing workplace equality and safety for all employees.

Incentive Compensation

DunAn adheres to the "Four High Principles" (High Quality, High Responsibility, High Contribution, High Compensation). The company has established a competitive compensation system through methods such as position value assessment, employee capability review, performance evaluation, small-unit cost accounting, Innovation and Development Awards, and market salary benchmarking. This ensures that employee compensation levels are leading within the region and the industry, providing a competitive advantage.

At the same time, the company has further advanced the incentive system centered around the philosophy of "Rewarding Strivers, More Grain for More Effort." This system fosters a "shared understanding and responsibility" between the company and all employees, creating a community of shared interests that stimulates employee vitality and cohesion.

Welfare & Care

The Company has established a comprehensive welfare system for all employees, encompassing multidimensional protections to cultivate a work environment that prioritizes safety, health, security, and humanistic care.

Welfare system	Details
Living Benefits	<ul style="list-style-type: none">- Provides complimentary meals and company-subsidized housing for all employees- Allocates dedicated private suites for dual-career couples, ensuring comfortable living arrangements
Seasonal Care	<ul style="list-style-type: none">- Distributes heat allowance during summer months, complying with China's GB/T 4200-2022 High-Temperature Operation Standards- Implements shift rotation systems to mitigate heat exposure
Long-service Award	<ul style="list-style-type: none">- Presents customized commemorative gold coins at 5/10/15-year milestones- 2024 disbursement: RMB 3.03 million to 1,057 employees
Family Support	<ul style="list-style-type: none">- Operates Employee Mutual Aid Fund providing urgent financial assistance- 2024 interventions: 285 employees supported with RMB 2,249,100 disbursed


Case

Long-Service Recognition Case Study

DunAn launched the Employee Commemorative Awards Program in 2022. In 2024, we implemented the following tiered recognition system:

- 48g gold coins awarded to 1 employee with 30+ years of service
- 35g gold coins granted to 35 employees with 25+ years of service
- 24g gold coins presented to 63 employees with 20+ years of service
- Total investment reached RMB 3.03 million, recognizing 1,057 employees.

During the annual conference, employees with 25+ years of service were honored through dedicated ceremonies and public recognition. This initiative strengthens cultural identity, demonstrates respect for employees' dedication, and enhances team cohesion and organizational belonging.



Well-being & Engagement

The Company prioritizes employees' quality of life by organizing diverse activities such as outdoor team-building, cultural competitions, and festive celebrations. Through these engagements, employees unwind and rejuvenate outside of work, fostering mutual understanding. Team cohesion is continuously strengthened through shared joy and collaborative experiences.

Case

Migrant Children Support Program, Heartwarming Initiative




During the 2024 summer break, the Company partnered with the Diankou Labor Union to launch a “Migrant Children Support Program”, addressing childcare challenges for migrant workers' children. This initiative created a safe learning and recreational environment for the migrant children, and offered structured programs, including academic tutoring, interest development, and safety education. Meanwhile, this initiative has significantly strengthened migrant workers' sense of identity and belonging toward the Company, enabling them to focus more securely on their work. Through these compassionate actions, the Company not only demonstrates its social responsibility but also fosters a more harmonious workplace environment.



Case

Women's Day, Blooms of Care

The Company values care for female employees, heartfelt greeting are extended annually on International Women's Day. On March 8, 2024, every female employee received thoughtfully arranged flowers, symbolizing respect and care. Activities including handicraft workshops and themed lectures were organized, where employees engaged in open exchanges and talent showcases. Within this warm, joyful atmosphere, participants profoundly experienced the care of the organization, further strengthening their sense of belonging and team cohesion.



Case Total Dedication, Fueled by Our Spirit

The Company hosts 1-2 major basketball tournaments every year, showcasing the sport's vitality and promoting values of teamwork, perseverance, and progress. In 2024, we partnered with leading DianKou enterprises to organize inter-company friendship leagues to facilitate exchanges between enterprise labor unions, enrich employees' cultural engagement, enhance workforce dynamism, and ignite a collective ethos of collaborative striving and competitive excellence.



Case Harmony of Dreams, Voices Shaping Tomorrow

In September 2024, DunAn celebrated its 37th anniversary at its Zhuji (Diankou) headquarters, where 16 group and individual performers from functional departments and business units converged. Through musical performances spanning genres from pop anthems to timeless classics, they embodied artistic passion while narrating stories of camaraderie, aspiration, and human connection. Each vocal expression and stage movement radiated individuality, transforming melodies into enduring memories that echoed the company's enduring spirit.



Case Into Wild Peaks, Autumn Trails Unfold

Embracing winter's charm through seasonal exploration, the company's labor union organized a November 2024 hiking event themed "Mountain Trails & Autumn Strolls". Participants traversed two renowned trails in the Kuaiji Mountain Range, Xuedou Ridge and Zoumagang Ancient Pass. Beyond scenic vistas, the ascent fostered colleague bonds while epitomizing the DunAn ethos: "Perseverance at life's ascents, navigational resolve at critical junctures" through challenging terrain.



Career Growth

The Company is committed to fostering a culture of lifelong learning, continuously refining a multi-path talent development system and promotion mechanisms. These initiatives support employees at all levels in achieving sustained, effective self-improvement and professional advancement. By empowering individuals to excel with vitality and self-transcendence on the global industry stage, we collectively advance the corporate vision of becoming "the expert of healthy and comfortable environment system solutions within HVAC industry".

Empowering Growth & Development

To enhance systematic and sustainable training, the Company has established a competency-based training roadmap aligned with role requirements and talent development objectives. This framework guides annual training implementation through:

- Digital Role-Specific Curricula: Structured online programs based on job requirements strengthen core competencies through essential knowledge/skill mastery
- Leadership Pipeline Programs: Three Eagles Development Program (managerial capacity building) and Blue Talent Corps Program (technical specialist cultivation)

These initiatives ensure effective knowledge transfer and continuous improvement, maintaining precise alignment between learning content and business imperatives.

Case Three Eagles Development Program

The Three Eagles initiative employs a 70-20-10 development model (70% on-the-job practice, 20% mentor-ship, 10% classroom training) to cultivate high-potential talents with strong ambition and learning agility, building a leadership pipeline for future business core teams.

Eaglet Program: Targeting new graduates, this program immerses recruits in DunAn's history, culture and core values, and clarifies behavioral expectations of a DunAn employee. And the program will help new graduates accelerate their school-to-work transition through training on company organization, market layout, product know-how, and business unit rotations.

Elite Eagle Program: Selecting high-potential junior employees, the program develops top-performing frontline staff into business specialists, cultivate section-manager candidates through management fundamentals training, so to strengthens mid-level talent successions.

Senior Eagle Program: Empowering outstanding section managers, the program builds strategic leadership capability. It will enhance sustainable management competencies via challenging operational assignment and decision simulations workshops and create a middle-management talent reservoir to drive business objectives.

Case

Blue Talent Corps Program

As DunAn advances in precision manufacturing and high-end equipment production, skilled technicians are pivotal to maintaining technological leadership and enabling the automation and intelligent manufacturing transition. The Blue Talent Corps Program provides frontline employees and vocational graduates with advancement pathways through:

Selection Criteria:Targeting associate/vocational diploma holders (including interns and graduates) from production lines

Development Framework:

- Workshop immersion
- Technical curriculum mastery
- Cross-functional rotations
- Apprenticeship mentoring

Career Specialization Tracks:

- Equipment maintenance technicians
- Production supervisors
- Quality assurance specialists
- Technical service engineers
- Process optimization analysts

This initiative systematically cultivates operational expertise and managerial competencies while building sustainable talent reserves for organizational growth.

Case

Function-Specific Competency Development

To align training with job requirements and equip employees with essential skills, the Company implemented targeted competency programs across key functions in 2024:

Manufacturing System Training: Focused on production teams, this program enhanced managerial critical thinking, strengthened cross-functional collaboration, motivated high-performance team culture so to improve quality control and production site management.

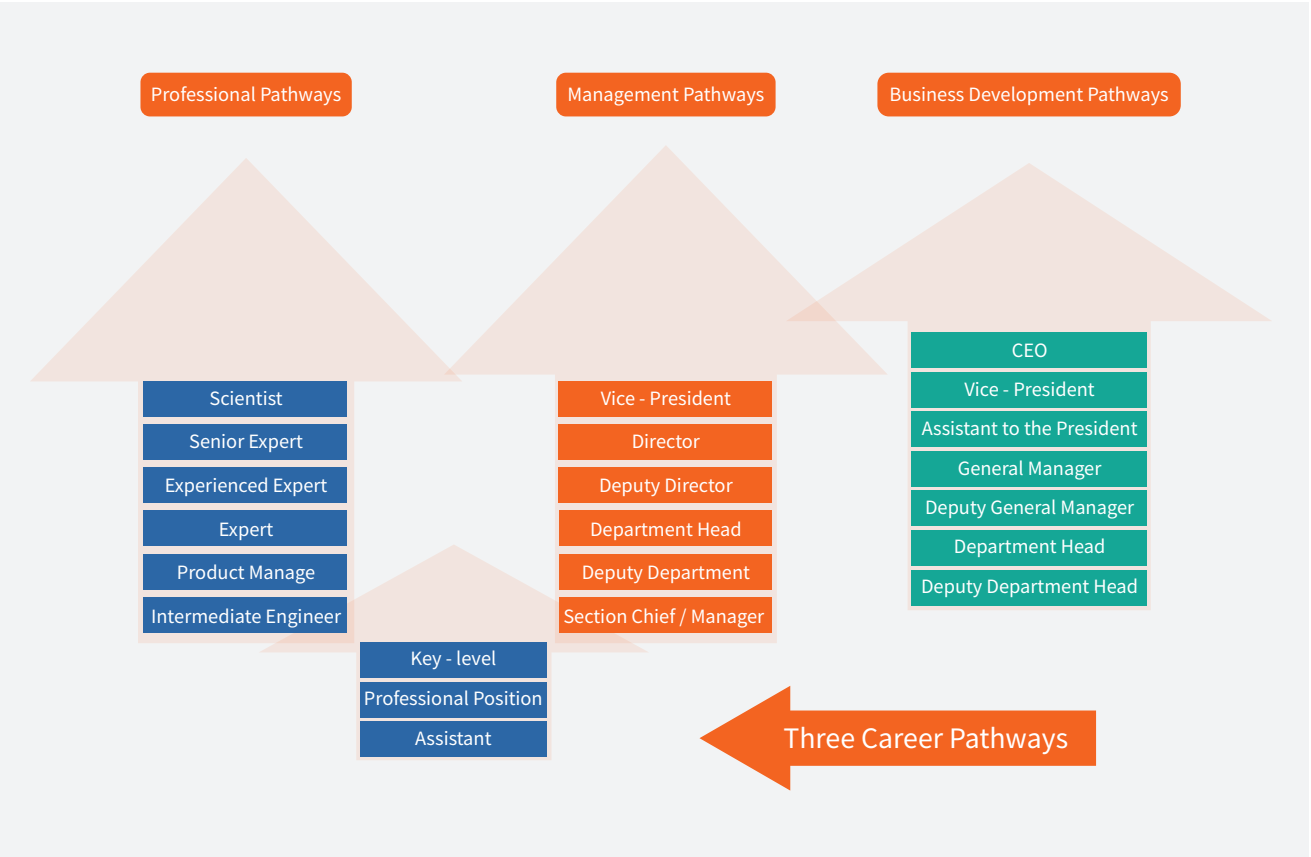
Supply Chain Training: Focused on procurement teams, this program focused on systemic risk identification and global supply chain management strategies.

Quality Management Training: Focused on quality management team, this program covers foundational quality standards, and data-driven quality analytic methodologies.

Indicator	Units	2024
Training Participants	Person-time	39980
Average Training Hours per Employee	Hour	6.2
Training Coverage Rate	%	100
Training Investment	10k RMB	269.2

Career Progression & Performance Management

The company has established three career development Pathways: Professional Pathway (technical expertise), Management Pathway (leadership roles), Operations Pathway (business stewardship). This multi-path system transcends traditional administrative promotion constraints, providing specialized advancement routes for technical professionals. Senior technical experts attain compensation packages comparable to executive leadership. For instance, the Technical Pathway progression spans from Junior Technician to Chief Scientist, with top-tier technical compensation exceeding presidential-level remuneration, fundamentally redefining conventional single-Pathway career systems.



The company implements a Balanced Scorecard-based organizational performance framework, cascading strategic objectives to departmental and individual levels to ensure effective execution. In the Incentive Architecture, the Company insists on business unit reform, including independent operation, accounting and evaluation by customer segment, region and product line. Incentive schemes are continuously refined across production, marketing, and functional units to deepen enterprise-wide business ownership. And meanwhile, the first-phase employee stock ownership plan has been launched to stimulate employees’ engagement and innovation, fueling sustainable corporate advancement.

Professional Skills Development

To advance technical competencies and career progression, the Company has established Technical Proficiency Evaluation Framework, including Role-specific criteria for engineers and frontline staff (including Welding Technician Certification Protocol). And Multi-dimensional assessment is adopted, including efficiency metrics, product quality outcomes, industry certifications and professional honors. The Company cultivates a craftsmanship ethos emphasizing mastery through deliberate practice, rejection of short-termism, and sustained specialization and incremental refinement. In order to motivate the passion of employees, the Company organized Skill Enhancement Initiatives, including annual Skills Mastery Competitions across all function departments (from production to management), and Cross-departmental technical exchange platforms.

Case



Forging Core Competencies, Cultivating Craftsmanship

In October 2024, the Company organized its annual Skills Excellence Initiative, leveraging competitions to drive training and knowledge exchange across technical teams. Key outcomes included:

Corporate-Level Competitions: 14 events engaging 702 participants, with 41 technical experts recognized

Business Unit Competitions: 50 specialized contests involving 1,810 participants, awarding 217 divisional honors

Participants spanned front line production staff, technical specialists, and functional managers, collectively demonstrating organizational technical prowess through hands-on skill demonstrations and process optimization challenges.




Health & Safety Assurance

The EHS Management Department oversees the planning, implementation, inspection, and evaluation of corporate safety operations. General managers across business units are accountable for enforcing management protocols within their respective divisions. Employees are required to strictly adhere to safety regulations and actively participate in safety training and initiatives. The company has established Safety Inspection and Performance Management Regulations to monitor and audit safety compliance across all units, to conduct routine checks on employee behavior, environmental conditions, and equipment maintenance, to drive continuous improvement in process safety performance through data-driven analysis.




Occupational Health & Safety Protection

Occupational health and safety constitute the organization's lifeline and employees' fundamental right. The Company prioritizes workforce well-being by adhering to safety-first, prevention-focused, and holistic management principles, committed to safeguarding employees' physical and mental health while preventing work-related hazards.




Health Check-ups

- Conduct comprehensive annual health screenings for all employees, with recent enhancements in cardiac health screenings through increased investment to proactively identify and mitigate potential health risks.




Risk Assessment

- Implement ongoing occupational health risk evaluations to systematically identify, assess, and control workplace hazards, ensuring operational environment safety.



Protective Equipment

- Provide compliance-certified personal protective equipment (PPE) tailored to diverse operational conditions, guaranteeing safety across all work scenarios.



Emergency Preparedness

- Deliver certified first aid training to employees, achieving 100% department-level response coverage. Deploy automated external defibrillators (AEDs) strategically across facilities, enabling immediate emergency response capabilities.

Case

Advancing Humanitarian Care through Cardiac Health Initiatives

In 2024, demonstrating humanitarian commitment, the Company:

Enhanced Health Screenings: Introduced specialized cardiac health evaluations in annual checkups

Emergency Readiness: Aligned with the "Golden 4-Minute" response standards, the Company deployed 16 AED units across production zones and offices, and established 18 first aid stations.

Certified Training: Conducted CPR/AED certification programs for production supervisors, facility managers, and security personnel, achieving 100% trainee qualification, and promoted the "First Aid for All, by All" principle to all employees.



Facility Security Assurance

The Company maintains a professional security team and continuously enhances its comprehensive security system. Conducting year-round patrols across offices, production floors, and employee residential zones, we safeguard personnel safety while fostering secure working and living environments.

Performance Metrics

Indicator		Unit	2024
Safety Production Investment		10k RMB	677.80
Safety Training	Total Hours	Hour	17490.5
	Persons Hours	Hour	1.66
Work Injury Insurance	Investment	10k RMB	619.90
	Coverage Rate	%	100
Safety Liability Insurance	Investment	10k RMB	13.41
	Coverage Rate	%	50
Occupational Health & Injuries	Occupational Disease Incidence	%	0
	Work-related Fatalities	Person	0
	Lost Workdays Due to Injuries	Day	3751.5
	Lost Time Injury Frequency Rate		1.96

Supplier Management Strategy

DunAn has established a scientific and effective supplier management strategy, covering key dimensions from accurately developing high-quality suppliers, maintaining good supply-demand cooperation relationships, strictly evaluating to ensure supply quality, to comprehensively controlling risks to ensure supply stability, providing supply assurance for the company's steady development.

Supply Chain Security

Sustainable Supply Chain

DunAn actively practices the concept of green development by regularly assessing the environmental performance of suppliers, urging strict compliance with environmental regulations, and striving to reduce pollution and resource waste during production. At the same time, the company vigorously promotes green innovation in the supply chain, working closely with suppliers to jointly develop a series of sustainable solutions, covering areas such as recycling of renewable resources, application of energy-saving equipment, and research and development of recyclable packaging.

In terms of social responsibility, DunAn has signed the “Supplier Code of Conduct” with suppliers to ensure they strictly adhere to labor laws, effectively safeguard the legitimate rights and interests of their employees, and create a safe and healthy working environment for employees in the supply chain. Additionally, the company closely monitors various social responsibility issues within the supply chain, firmly opposes improper practices such as child labor, excessive working hours, and forced labor, and is committed to building a responsible supply chain.



Access Review

- To ensure the quality of supplier cooperation and meet sustainable development requirements, the following access qualification review standards are set:
Independent legal entity with advanced and reasonable product process technology, complete production, testing, and experimental equipment.
ISO9001 and ISO14001 system certifications from third-party certification bodies, in compliance with RoHS and REACH management standards.
Provision of environmental compliance-related materials, which is a necessary condition for access.
Good production and financial status, significant price advantages, and potential for healthy development.
Enterprise managers and employees have a good quality concept and awareness of quality improvement.



Evaluation and Appraisal

- To further optimize the supply chain and ensure the stable and efficient operation of the company, DunAn strictly follows the “Supplier Performance Management Measures” to standardize and strengthen the performance evaluation and implementation of external purchase and outsourcing suppliers. Suppliers are comprehensively managed and evaluated regularly from multiple dimensions such as cost, delivery, quality, technology, and service according to the “Supplier Performance Evaluation Rules.” Through a systematic and standardized evaluation process, suppliers are encouraged to continuously improve, ensuring they can continuously provide high-quality products that meet the company's requirements while maintaining reasonable prices and high cost-effectiveness.
Based on the evaluation results, the company will strictly implement subsequent follow-up measures. Suppliers with excellent performance will be given more cooperation opportunities and incentive policies; suppliers with issues will be promptly communicated with and assisted in developing improvement plans, setting reasonable rectification deadlines, and continuously following up on rectification progress; for suppliers with ineffective rectification or long-term non-compliance, measures such as reducing orders, suspending cooperation, or even eliminating them will be taken to promote the overall improvement of supplier levels and achieve continuous optimization of the supply chain.



Exit Mechanism

- During cooperation, if a supplier's comprehensive performance score is below 60 points (Grade D) for two consecutive quarters, their supply quota for the next quarter will be canceled, and cooperation qualifications will be terminated. At the same time, the company has formulated the “Supplier Blacklist Management Measures,” which clearly stipulate that during the performance period of cooperation, if a supplier engages in illegal, irregular, breach of contract, dishonesty, or poor performance behaviors, they will be included in the blacklist and permanently disqualified from supplying after supplier application investigation or company verification.

Case

Enhancing Quality Management Concepts and Co-creating Green Suppliers

On June 12, 2024, DunAn held a supplier coaching meeting at the Diankou base, focusing on three major themes: upgrading quality management, co-building a green supply chain, and analyzing market trends. Through concept promotion, path exploration, and case analysis, the company encouraged suppliers to optimize management processes, implement environmental protection measures, and strategically layout the market, aiming to strengthen collaborative efficiency, enhance comprehensive competitiveness, and achieve mutual benefits and win-win results in sustainable development between the company and suppliers.



Indicator		Unit	2024
supplier evaluations	Total number	Item	287
	Number of suppliers assessed for social impact	Item	73
	Number of suppliers assessed for environmental impact	Item	73
Number of unqualified suppliers eliminated		Item	21
Number of major risk and impact events		Item	0
Number of supplier training sessions held annually		Session	1
Number of supplier participants in training		Person	68

Supply Chain Risk Management

DunAn has established a supply chain risk management system focused on legal compliance and sound business operations. At the legal level, the company signs a "Basic Supply Agreement" with all qualified suppliers, emphasizing the legal compliance of suppliers. This helps prevent fraudulent contracts, intellectual property infringements, commercial bribery, and other illegal activities. Suppliers that may cause legal disputes, economic liabilities, or reputational damage are included in the non-cooperation list.

At the operational level, the company rigorously evaluates the financial health of suppliers during the onboarding process. This ensures that suppliers have sufficient cash flow, a reasonable debt-to-equity ratio, and stable profitability. By doing so, the company effectively prevents supply interruptions or product quality issues caused by poor supplier management, thus safeguarding the continuity and stability of the company's production and operations.

This dual-control mechanism, through proactive prevention and dynamic monitoring, significantly enhances the supply chain's resilience to risks.

Equal Treatment of SMEs

DunAn actively practices corporate social responsibility and is committed to building an equal and win-win supply chain ecosystem. The company establishes a fair and transparent procurement mechanism, strictly implements the "Quota Management Measures" and "Supply Chain Performance Management Measures," providing equal market participation opportunities for SMEs. Specific measures include: lowering procurement thresholds, simplifying approval processes, reducing participation barriers for SMEs; establishing long-term stable strategic cooperation relationships, providing technical support and professional training to help SMEs enhance core competitiveness. In addition, the company adheres to the "three guarantees" principle: ensuring legal and standardized operations, ensuring timely and quality delivery, and ensuring payment according to agreements, creating a healthy and sustainable development environment for SMEs.

Indicator	Unit	2024
Accounts payable (including notes payable)	10k RMB	389118.38
Proportion of accounts payable (including notes payable) to total assets	%	32.02
Amount of overdue payments	10k RMB	0
Amount of overdue payments to SMEs	10k RMB	0

Social Security

Community Engagement

Local Operations and Employment

DunAn places great emphasis on local employment, recognizing it as a key intersection between business development and social contribution. The company actively integrates into local markets and establishes strong ties with diverse talent pools. By recruiting local professionals through multiple channels, DunAn not only creates a wide range of high-quality job opportunities, but also effectively boosts local employment, income levels, and quality of life.

At our overseas facilities, local operations are equally prioritized. For example, at the Thailand plant, local employees accounted for 98% of the production workforce by the end of 2024, significantly enhancing team stability and market responsiveness.

Case

Embracing Thai Cultural Traditions

In Thailand, DunAn has deeply integrated into the local community by respecting and celebrating traditional Thai festivals. This culturally aligned operational approach has strengthened both economic and social outcomes. DunAn Thailand fully observes all national holidays, including Makha Bucha Day, Songkran Festival, and the birthday of King Rama X. Employees are granted full leave during these eight key festivals, enabling them to participate in temple offerings, Loi Krathong ceremonies, and other local customs.

Local Procurement

While advancing localized operations, DunAn also emphasizes deep integration with local industrial chains. The company prioritizes local suppliers in its procurement processes. For example, 72% of outsourced processing units in Zhuji are sourced locally. This strategy effectively reduces supply chain costs and transportation risks while supporting the coordinated development of local industries and enhancing regional economic competitiveness.

Public Welfare and Philanthropy

Elderly Care Programs

DunAn has remained steadfast on the path of philanthropy. Every year during the Spring Festival, the company extends warmth and care to five administrative villages in Diankou Town, providing gifts and support to over 900 elderly residents aged 70 and above, as well as disadvantaged families. These efforts help ensure that vulnerable groups feel valued and cared for during traditional holidays.

Case 27 Consecutive Years of Community Support

Since 1998, DunAn has remained committed to poverty alleviation and community care for 27 consecutive years—a reflection of the company’s deeply rooted values. What may seem like a small task for a large enterprise has become a long-standing tradition at DunAn. These sustained efforts are not only an expression of our corporate culture, but also a sincere and proactive fulfillment of our social responsibility.



Educational Support Programs

For the past 20 years, DunAn has consistently supported higher education for underprivileged students, helping 30 high school students and 227 university students pursue their academic dreams. This enduring commitment reflects the company’s belief that compassion not only warms hearts, but also unites communities and contributes to a better society.

Case 20 Years of Academic Sponsorship, 257 Students Supported

Facilitated by the local Working Committee for the Care of the Next Generation, 2024 marked the 20th year of DunAn’s educational sponsorship for students from underprivileged families in Zhuji. The initiative, themed “Love Helps Realize Dreams,” not only addresses essential livelihood and educational needs but also demonstrates care, empathy, and unity in action—underscoring its significance as a meaningful public welfare program.



Indicator	Unit	2024
Total philanthropic donations	10k RMB	44.79

KPI Table

Energy

Indicator		Unit	2024
Energy Use Profile			
Total energy consumption		Tce	16936
Energy Consumption (by Type)			
Diesel		L	13704
Natural Gas		M³	3173456
LGP		M³	0
Non-renewable Electricity Purchased		10,000 kWh	10328
Renewable Electricity Purchased		10,000 kWh	582
Proportion of Renewable Electricity		%	5.3
Direct Energy Consumption		Tce	16936
Indirect Energy Consumption		Tce	0
Energy Intensity		Tce/10k RMB	0.025
Clean Energy Usage			
Total Clean Energy Consumption		MWh	5820
Energy Consumption (by Type)			
PV Power Generation		10,000 kWh	582
Proportion of PV Power		%	6.0
Natural Gas		M³	3173456

Water resource

Indicator		Unit	2024
Water	Withdrawal	10000m³	38.86
	Discharge	10000m³	23.89
	Consumption	10000m³	14.97
Consumption Intensity		Tonne / 10k RMB revenue	0.737

Climate Protection

Indicator	Unit	2024
Environmental Protection Investment and Environmental Tax	10k RMB	1,250.15
Environmental Pollution Incidents	Time	0
Penalty Amount	10k RMB	0

Carbon Emissions

Indicator	Unit	2024
Total Emissions	tCO2e	34593
Scope 1	tCO2e	11287
Scope 2	tCO2e	24755

Air Emissions

Indicator	Unit	2024
SOx	kg	796.7
NOx	kg	4621.5
VOCs	kg	5635.2

Water Discharge

Indicator	Unit	2024
Industrial Wastewater	M³	238922
Domestic Wastewater	M³	52400
COD	Tonne	3.44
NH3-N	Tonne	0.177
Total Nitrogen	Tonne	0.623
Total Phosphorus	Tonne	0.395

Solid Waste

Indicator		Unit	2024
Total Waste	Tonne	Tonne	18777.08
Include:			
General Waste	Total	Tonne	17910.89
	Intensity	Tons / 10k RMB	0.01078
Hazardous Waste	Total	Tonne	870.19
	Intensity	Tons / 10k RMB	0.00194

Waste Recycling

Indicator		Unit	2024
Waste Recycling	Total	Tonne	17910.89
	Rate	%	95.36

Environmental Compliance

Indicator	Unit	2024
Amount of Major Environmental Penalties During the Reporting Period	10k RMB	0

Note:
The disclosure boundaries for Energy, Water resources, Carbon emissions, and Water Discharge performance : Dunan Hetian, Dunan Machinery, Dunan Thermal Technology, Dunan Automotive Thermal Management, Dunan Electro-Mechanical.
The disclosure boundaries for Air emissions performance : Dunan Hetian, Dunan Machinery, Dunan Electro-Mechanical.
The disclosure boundaries for solid waste and Waste Recycling performance : Dunan Hetian, Dunan Machinery, Dunan Automotive Thermal Management, Dunan Electro-Mechanical.

Social KPI

Employee

Indicator		Unit	2024
Total Workforce		Person	13921
Gender Distribution	Male	Person	8962
	Female	Person	4959
Age Distribution	Under 30	Person	3965
	Aged 30-50	Person	8651
	Over 50	Person	1305
Education Distribution	Percentage of Employees with Associate Degree or Higher	%	27.45
	Master’ s degree or above	Person	163

Training

Indicator	Unit	2024
Training Participants	Person-time	39980
Average Training Hours per Employee	Hour	6.2
Training Coverage Rate	%	100
Training Investment	10k RMB	269.2



Health & Safety Assurance

Indicator		Unit	2024
Safety Production Investment		10k RMB	677.80
Safety Training	Total Hours	Hour	17490.5
	Persons Hours	Hour	1.66
Work Injury Insurance	Investment	10k RMB	619.90
	Coverage Rate	%	100
Safety Liability Insurance	Investment	10k RMB	13.41
	Coverage Rate	%	50
Occupational Health & Injuries	Occupational Disease Incidence	%	0
	Work-related Fatalities	Person	0
	Lost Workdays Due to Injuries	Day	3751.50
	Lost Time Injury Frequency Rate		1.96

Product and Service

Indicator		Unit	2024
Customer-end Product Recall		Case	0
Customer Complaint Rate per ¥10 Million Sales		Per ¥10 Million	1.95

R&D-Driven Innovation

Indicator		Unit	2024
R&D investment amount		10k RMB	50259.26
R&D investment/revenue ratio		%	3.96
Number of R&D personnel & ratio		Person/%	1498/10.76
Invention patents applied to core business		Item	392
Invention patent applications in reporting period		Item	487(397 overseas)
Invention patents granted in reporting period		Item	150(108 overseas)
Valid patents at the end of reporting period		Item	3049(272 overseas)

Data Security and Customer privacy

Indicator		Unit	2024
Data Security Incidents		10k RMB	0
Customer Privacy Breach Incidents		10k RMB	0

Supply Chain Security

Indicator		Unit	2024
supplier evaluations	Total number	Item	287
	Number of suppliers assessed for social impact	Item	73
	Number of suppliers assessed for environmental impact	Item	73
Number of unqualified suppliers eliminated		Item	21
Number of major risk and impact events		Item	0
Number of supplier training sessions held annually		Session	1
Number of supplier participants in training		Person-time	68

Fair Treatment of SMEs

Indicator		Unit	2024
Accounts payable (including notes payable)		10k RMB	389118.38
Proportion of accounts payable (including notes payable) to total assets		%	32.02
Amount of overdue payments		10k RMB	0
Amount of overdue payments to SMEs)		10k RMB	0

Social Contributions

Indicator		Unit	2024
Total philanthropic donations		10k RMB	44.79

Governance KPI

Indicator		Unit	2024
Total number of board members		Person	9
Board members by gender	Male	Person	9
	Female	Person	0
Board members by professional /educational background	Industry experts	Person (Independent Director)	1
	Legal experts	Person (Independent Director)	1
	Financial experts	Person (Independent Director)	1
Average tenure of board members		Year	2.70
Proportion of independent directors on the board		%	33.33
Proportion of independent directors on the Audit Committee		%	66.67
Proportion of independent directors on the Remuneration Committee		%	60
Proportion of independent directors on the Nomination Committee		%	60
Number of board meetings held		Time	7
Attendance rate of board members		%	100
Number of Audit Committee meetings held		Time	3
Number of Remuneration Committee meetings held		Time	2
Number of Nomination Committee meetings held		Time	2
Supervisory Board members	Total Number	Person	5
	Shareholder representative supervisors	Person	3
	Employee representative supervisors	Person	2

Anti-Corruption and Clean Governance

Indicator	Unit	2024
Number of management personnel covered by anti-bribery and anti-corruption training	Person	50
Percentage of management personnel covered by anti-bribery and anti-corruption training	%	100
Number of employees covered by anti-bribery and anti-corruption training	Person	13735
Percentage of employees covered by anti-bribery and anti-corruption training	%	98.66
Total number of commercial bribery and corruption incidents	Case	2
Number of individuals disciplined for commercial bribery and corruption	Person	3

Anti-Unfair Competition

Indicator	Unit	2024
Amount involved in lawsuits or major administrative penalties due to unfair competition practices	RMB	0

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Feedback Form

Thank you for reading DunAn's Environmental, Social and Governance (ESG) Report. If you have any comments or suggestions during your reading, please feel free to let us know. Your feedback will help us further improve our sustainability management 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 Staff	<input type="radio"/>
Industry Associations	<input type="radio"/>

Your Contact Information：

Your Feedback：

Questions	Very Good	Good	Average	Poor	Very Poor
Your overall evaluation of this report					
Does the report reflect DunAn’ s significant impacts in ESG aspects?					
Your overall evaluation of information disclosure in this report					
Your overall evaluation of the content and layout design of this report					

What other aspects would you like to learn about through DunAn’ s ESG Report?

(Fill in your suggestions or interests)