

2025

INOVANCE

INOVANCE SUSTAINABILITY REPORT



Advancing industrial technology for a better world

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About this Report

This report is the 6th sustainability report (From 2020 to 2023, under the title of "Environmental, Social and Governance (ESG) Report") of Shenzhen INOVANCE Technology Co., Ltd. (hereinafter referred to as "INOVANCE," "the Company" or "we"). The report systematically presents INOVANCE's sustainable development philosophy, management systems and specific actions, and provides information on the Company's ESG performance, target progress and achievements in 2025. The report aims to respond to the concerns of stakeholders and strengthen communication and interaction with them to continuously promote sustainable development.

Scope of Report

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

Time Period

The report releases annually with information and data spanning the period from January 1, 2025 to December 31, 2025. For any information and data beyond this time frame, explanations will be placed where it is involved.

Reporting Standards

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

- Shenzhen Stock Exchange (SZSE)'s *Guidelines of Shenzhen Stock Exchange for Self-discipline Regulation of Listed Companies No.17 - Sustainability Report (Trial)* (hereinafter referred to as the "Guidelines No.17")
- Shenzhen Stock Exchange (SZSE)'s *Self-regulatory Guidelines No.3 for Companies Listed on Shenzhen Stock Exchange - Preparation of Sustainability Reports* (hereinafter referred to as the "Guidelines No.3")
- Hong Kong Stock Exchange (HKSE) *Listing Rules Appendix C2 Environmental, Social and Governance Reporting Code*
- Global Sustainability Standards Board (GSSB)'s *GRI Sustainability Reporting Standards* (hereinafter referred to as the "GRI Standards")
- International Sustainability Standards Board (ISSB)'s *Sustainability Disclosure Standard: General Requirements for Disclosure of Sustainability-related Financial Information* (IFRS S1) and *Sustainability Disclosure Standard: Climate-related Disclosure* (IFRS S2)
- United Nations Sustainable Development Goals (UN SDGs)

Data Description

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

Reliability Assurance

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

Access to Report

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

External Assurance

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

Design Description

The design elements of the cover and internal pages of this report are generated by AI.

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Chairman's Message

INOVANCE has designated 2025 as its "Ecosystem Year." Amidst a complex and volatile international trade environment and evolving geopolitical tensions, the Company maintains that building a global, healthy, and sustainable business ecosystem remains the wellspring of momentum for continuous corporate advancement. The Company is committed to strengthening ecosystem development across four dimensions to enhance sustainable growth driving forces: On the client front, we actively establish joint innovation and collaborative problem-solving mechanisms with customers across industries, deepening our "Two Enhancements and Four Conservations", and Dual Safety" framework while ensuring robust intellectual property protection. On the product front, the Company advocates for defining eco-design as one of the foremost considerations in product design. On the supplier front, joint innovation and corporate governance serve as the primary and secondary criteria for supplier selection. On the talent front, we always uphold that talents lay the foundation for manufacturing. We continue to build talent cultivation scenarios through school-based education, talent discovery platforms via developer competitions, and employment pathways through the "Huiying Initiative".

Centering on its "2850" and "3030" decarbonization targets, the Company has strengthened energy management and systematically implemented technical optimizations and energy efficiency enhancement measures. By accelerating the development of green manufacturing facilities with remarkable success, Suzhou INOVANCE was officially awarded the 2025 National "Green Factory". During the year, the Company established the Digital Energy Business Division to accelerate the transformation into a world-leading integrated energy and decarbonization solution provider, and its Intelligent Robotics Business Division, leveraging the Company's long-standing accumulation across diverse industrial scenarios and technical capabilities, with the ambition to become a global leader in intelligent robotics and solutions. The Company actively contributes to shaping sustainable supply chains, having joined 12 industry-leading enterprises in launching the "Supply Chain Sustainability Initiative" to foster the development of a supply chain ecosystem that balances sustainability, resilience, and competitiveness.

The Company consistently upholds the principle of "People First", identifying and managing human rights compliance risks while earnestly safeguarding employees' legitimate rights and interests. Guided by the "Customer-Centric" philosophy, the Company focuses on customer satisfaction, strengthening quality initiatives across customer touchpoints, product standards, and system excellence to continuously elevate service levels. In 2025, 80% of clients expressed their satisfaction with the Company's products and services. As for R&D innovation, The Company consistently implements the management approach of "developing one generation, stockpiling the next, and pre-researching the future." The Company has established the integrated innovation model ICAMA and introduced the R&D philosophy of "Making Industry Simpler" to drive efficient management and innovative practices throughout the entire R&D process. In collaboration with ecosystem partners, the Company launched the "Huiying Initiative," delivering over 1,400 professionals to the industrial chain and contributing to the coordinated development of the industrial ecosystem.

The Company continues to strengthen compliance infrastructure to underpin robust corporate development. This year, the Company launched a dedicated anti-unfair competition management initiative, conducting risk assessments on false advertising and commercial defamation. The Company newly established the Export Control and Sanction Compliance Committee to systematically review regulatory requirements, identify relevant products, and build management frameworks—ensuring all business activities remain legally compliant. Concurrently, in accordance with the new Company Law requirements, the Company has enhanced corporate governance, optimized governance structures, and refined internal policies based on the latest independent director management regulations and Hong Kong Stock Exchange standards. Since its IPO, the Company has maintained an exemplary record in information disclosure, receiving multiple recognitions from the China Association for Public Companies for best practices in the Board of Directors and the Board Secretary performance.

Looking ahead, we will actively seize the opportunities presented by AI technological transformation and the green energy transition to drive technological innovation and industrial upgrading. With customer value at our core, the Company will pursue green, digital, and intelligent development as strategic pillars, striving for continuous improvement in product and service quality and efficiency. We will join hands with employees and ecosystem partners to jointly advance high-quality development in the industrial sector, steadily progressing toward our vision of becoming a globally influential benchmark for sustainable development in the field of industrial automation and new energy.



Chairman and President
Xingming Zhu

Introduction to INOVANCE



Company Profile

INOVANCE is a globally leading, innovation-driven industrial technology group. Keeping pace with the era of industrial intelligence and energy transformation, and drawing upon its deep technical foundation and sustained cutting-edge innovation in automation, digitalization, and intelligentization, the Company has established a collaborative business ecosystem underpinned by common core technologies, covering industrial automation and digitalization, electric vehicle powertrain systems, intelligent robotics, digital energy management, and other sectors. Committed to delivering intelligent, efficient, green, and safe integrated products and solutions to global customers, the Company drives the advancement of industrial civilization through technology breakthrough and real-world deployment.

Vision & Mission

Advancing industrial technology for a better world

Core Values

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

Year of incorporation **2003**

Stock Code **300124.SZ**

Listed Stock Exchange **SZSE**

Headquarter **Shenzhen, Guangdong Province, P.R.China**

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

Core Business

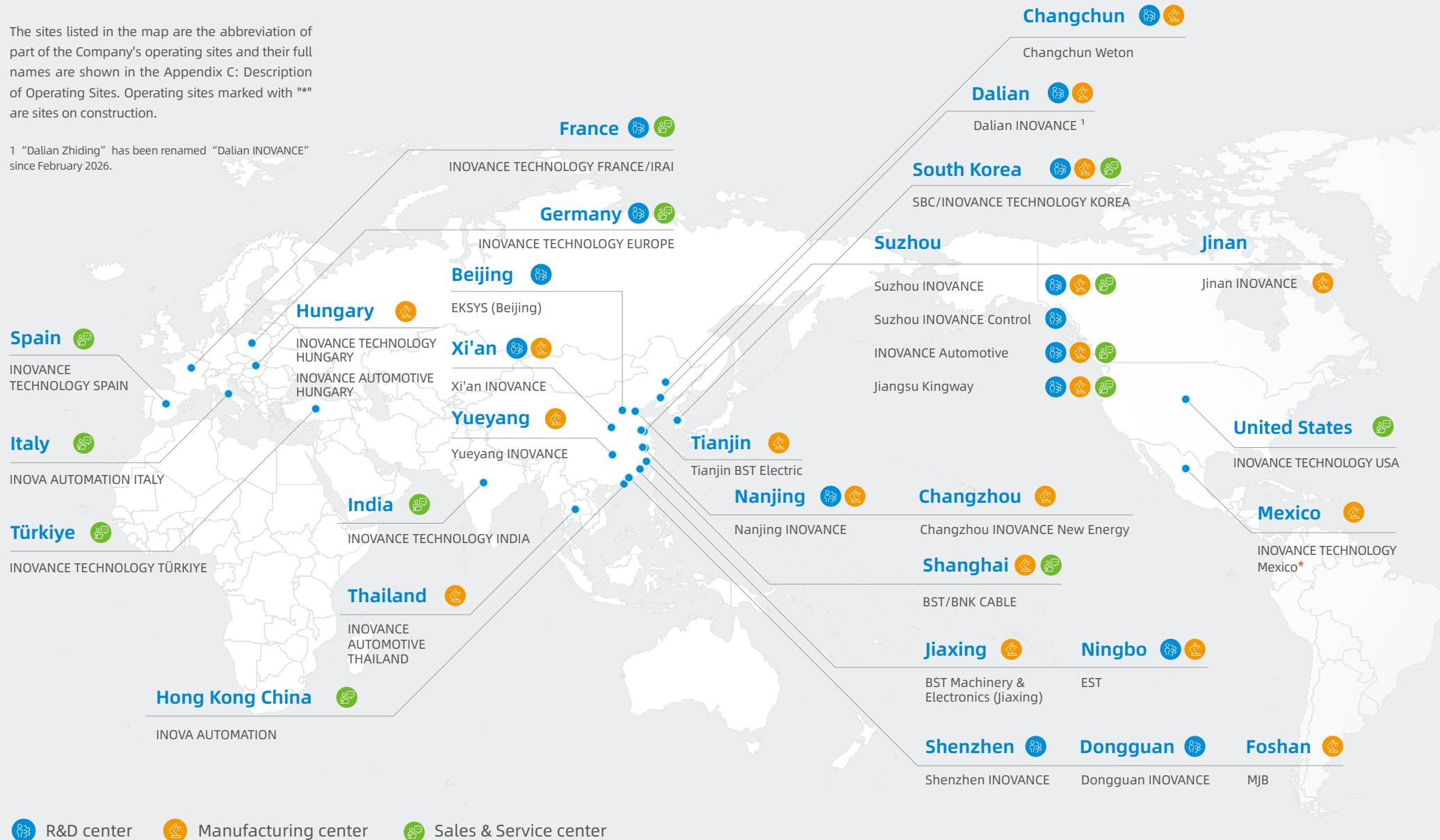
The Company primarily provides industrial customers with products and solutions including variable frequency drives, servo systems, PLCs, HMIs, CNCs, high-performance motors, precision machinery, pneumatic components, sensors, and industrial vision systems. The electric vehicle powertrain business centers on electric drive systems and power supply systems. The intelligent robotics business encompasses two main domains: industrial robots and humanoid robots. The digital energy business features core hardware products including energy storage inverters and all-in-one energy storage units, alongside digital tools for energy management and operations such as the digital energy management platform.

I Business Layout

INOVANCE has over 91 branches in Suzhou, Shanghai, Changzhou, Nanjing, Yueyang, Xi'an, and Hong Kong, China, and a number of R&D centers in Shenzhen, Suzhou, Xi'an, Nanjing, and Stuttgart in Germany.

The sites listed in the map are the abbreviation of part of the Company's operating sites and their full names are shown in the Appendix C: Description of Operating Sites. Operating sites marked with "*" are sites on construction.

1 "Dalian Zhiding" has been renamed "Dalian INOVANCE" since February 2026.



Annual Achievements

Indicator		2025	Unit
Economic Performance	Revenue	45,104.84	Million RMB
	Net profit attributable to shareholders of the listed company	5,050.00	Million RMB
	Basic earnings per share (EPS)	1.87	RMB per share
	Total assets	71,314.39	Million RMB
	Weighted average ROE	16.34	%
Environmental Performance	Operational GHG intensity	4.41	tCO ₂ e/RMB 1 million Revenue
	Avoided GHG emissions	18,799,030	tCO ₂ e/year
	Total renewable energy consumption	40,884.24	MWh
	Energy saved from new energy saving projects	1,756.48	MWh/year
	Amount of recycled waste	10,016.20	Tons
Social Performance	R&D investment	4,255.77	Million RMB
	Proportion of R&D investment	9.44	%
	Number of new patent applications	622	/
	Amount of Employee Training Hours	1,086,999.90	Hours
	Coverage rate of social insurance	100	%
	Number of participants in safety training sessions	27,710	Person-times
Governance Performance	Number of independent directors on the Board of Directors	3	Persons
	Number of investor investigation reception	Over 6,000	Person-times
	Number of major incidents violated laws and regulations	0	Time

Awards	Awarding Unit
Included in "Best Practice Award for Sustainable Development among Listed Companies 2025"	Association of China Listed Companies
Included in "TIME 2025 Best Companies for Sustainable Growth"	TIME Magazine
Included in Fortune China ESG Impact List 2025	Fortune Magazine
Included in 2024-2025 Forbes China Sustainable Development Industrial Enterprises	Forbes China
Included in "China ESG 50 List 2025"	Forbes China
Included in S&P Global's Sustainability Yearbook 2025 (China Edition)	S&P Global

ESG Rating

MorningStar Sustainability ESG Risk Score	S&P Corporate Sustainability Assessment (CSA) Score
24.9	52
CDP Rating -----	
Climate Change B (Management Level)	Water Security B- (Management Level)
Supplier Engagement A- (Leadership Level)	

Sustainability Management



INOVANCE has fully integrated ESG management into daily operations and governance. Through measures including refining its ESG governance structure, formulating core ESG strategies, strengthening stakeholder engagement, and optimizing materiality issue management, the Company continuously enhances its ESG management capabilities and drives the deepening and implementation of sustainable development principles.

Sustainability Governance

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

Board of Directors

It is the highest decision-making and supervisory body, and is responsible for comprehensive oversight of the Company's ESG affairs, providing strategic guidance for sustainability development, and exercising ultimate decision-making authority over relevant strategies, goals, and major issues.

Executive Management Team (EMT)

Comprising board members and senior executives, it is responsible for reviewing and deciding on major management matters, including the implementation and performance of sustainability strategies.

Sustainability Office

As the executive department under the Sustainable Development Committee, it is responsible for promoting the implementation of key ESG management measures, including those addressing climate change.

Sustainability Committee

It is responsible for formulating the Company's sustainability strategy, reviewing ESG risk identification results and developing risk response strategies, guiding all first-level departments and subsidiaries in ESG management and tracking their progress, and reviewing the Company's sustainability disclosure. The Sustainability Committee keeps improving the Company's sustainability system, facilitates cross-functional and cross-process ESG coordination, and holds regular meetings to report the progress and performance of the Company's ESG management to the EMT, and to listen to their opinions and suggestions.

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

Material Topics Management

Stakeholder Engagement

Stakeholders' expectations and demands are the source and motivation for us to improve our sustainability performance. We respect and safeguard the legitimate rights and interests of all stakeholders, striving to establish long-term and stable communication mechanisms through various online and offline channels.

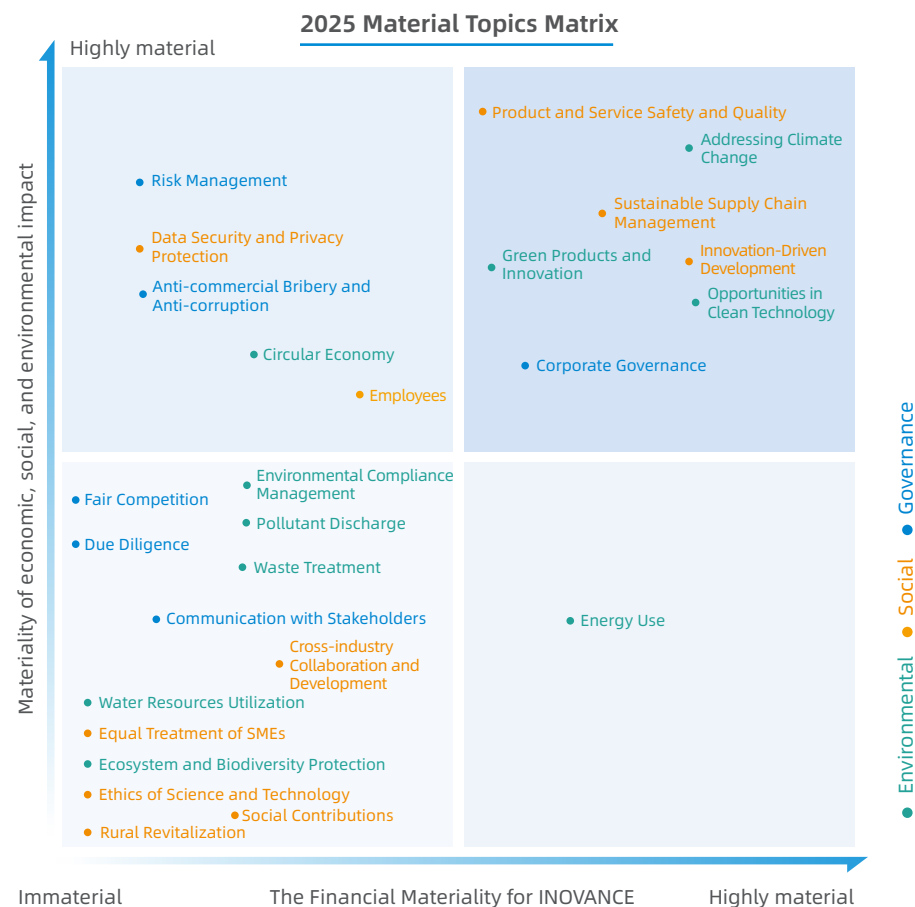
In 2025, the Company actively engaged with shareholders and investors, customers, employees, government and regulatory authorities, suppliers and partners, and community representatives on sustainable development matters to gather their in-depth feedback and understand their expectations and suggestions on ESG management.

Stakeholders	Key Topics of Concern	Engagement Methods
 Shareholders and investors	Innovation-Driven Development Product and Service Safety and Quality Green Products and Innovation Employees Opportunities in Clean Technology Addressing Climate Change	General Meeting of Shareholders Earnings presentations Special announcements "Investor Relations" column on the Company's official website "Sustainable Development" column on the Company's global official website "INOVANCE's Investor Relations" official WeChat account Investor Relations email Sustainability Office email Investor engagement activities (daily communication, roadshows, SZSE's interactive platform, investment strategy sessions, online communication) Stakeholder surveys Issuer platform developed by rating agencies
 Clients	Addressing Climate Change Opportunities in Clean Technology Risk Management Sustainable Supply Chain Management Product and Service Safety and Quality	Industry exhibitions On-site visits Stakeholder surveys Assessment and communication Training Media and advertisement

Stakeholders	Key Topics of Concern	Engagement Methods
 Employees	Employees Anti-commercial Bribery and Anti-corruption Product and Service Safety and Quality Data Security and Privacy Protection	Workers' representative congress President's Mailbox Complaint hotline Whistleblower mechanism Employee satisfaction survey "INOVANCE Circle" internal forum Stakeholder surveys Official website and WeChat official account Internal communication posts Third-party recruitment platforms
 Government and regulatory bodies	Innovation-Driven Development Product and Service Safety and Quality Data Security and Privacy Protection Employees Waste Treatment Circular Economy	Information disclosure Institutional visits Official correspondence Meetings and forums
 Suppliers and partners	Sustainable Supply Chain Management Product and Service Safety and Quality Innovation-Driven Development Fair Competition Addressing Climate Change Anti-commercial Bribery and Anti-corruption	Stakeholder surveys Sustainable supply chain survey Supplier audit Supplier conferences Industry exhibitions Conferences and forums
 Community representatives	Social Contributions Rural Revitalization	Community public welfare projects Employee volunteering services Online and offline communication Stakeholder survey

Analysis of Material Topics ►

INOVANCE places great importance on the impact of material topic management on its sustainable development. The Company conducts materiality analysis annually. In 2025, based on domestic and international sustainability policies and regulations, the latest regulatory guidelines, peer practices, and external expert advice, the Company formulated a list of material topics. Following the principle of dual materiality, topic evaluation methods included stakeholder surveys and expert reviews. After assessment, the report's material topics remained unchanged from the previous year. The Company compiled the materiality matrix for the year based on the evaluation results. More information on the analysis methodology of material topics can be found in the section "Analysis of Material Topics" in *INOVANCE's 2024 Sustainability Report*.



Description of 2025 Material Topics

The table below presents the material topics for 2025 identified through topic assessment and analysis, along with their definitions, boundaries, and locations of relevant disclosures in the report. Here, "boundary of material topics" refers to the segments within the value chain that may be significantly impacted by the topic after preliminary identification. These are initially categorized as "supply chain", "production and operations", and "products and services".

No.	Dimension	Topic	Topic Boundary			Topic Definition	Chapter Location
			Supply Chain	Production and Operations	Products and Services		
1	Environmental	Addressing Climate Change	○	○	○	The Company takes measures to mitigate the negative impacts of climate change and adapt to its potential challenges. These include reducing direct and indirect GHG emissions from production and operations, reducing emissions across the value chain, assessing and managing risks posed by climate change (such as extreme weather events and supply chain disruptions), and enhancing climate resilience.	Addressing Climate Change
2	Social	Innovation-Driven Development	○	○	○	This section covers the Company's management system development and milestone achievements in R&D, including innovation management systems, R&D investment, key technology R&D plans, R&D platform development, intellectual property protection, innovation incentives, and innovation culture.	R&D Innovation Management
3	Environmental	Opportunities in Clean Technology		○	○	The Company gains comprehensive insights into market opportunities arising from the green and low-carbon transition in key sectors such as energy, industry, construction, and transportation. Through innovation and R&D of new products and product portfolios, the Company provides clean technology-related products and solutions to respond to these opportunities.	Capturing Clean Technology Opportunity
4	Social	Product and Service Safety and Quality	○	○	○	The Company ensures that its products and services comply with applicable laws and regulations, industry standards, and customer requirements in terms of product safety and quality, and meet the standards and requirements for personal and property safety. This includes relevant goals, management systems, capacity building, and cultural development related to product safety and quality management.	Strict Product Quality Control
5	Social	Sustainable Supply Chain Management	○			The Company manages supply chain risks to ensure supply chain security and stability. This includes building supply chain management systems such as supplier entry standards covering sustainability issues, supplier classification and grading, supplier risk assessment and performance assessment, supplier GHG emission reduction plans and actions, responsible procurement practices, and cooperation with suppliers to advance sustainable supply chains.	Sustainable Supply Chain
6	Environmental	Green Products and Innovation	○	○	○	Through full lifecycle management of products, the Company adopts the philosophy of "material conservation, simplified processes, minimal packaging, and modular functions" to reduce resource consumption during raw material procurement and production, improve product energy efficiency, and lower energy use during product usage, thereby reducing GHG emissions throughout the product lifecycle.	Green Products and Innovations
7	Governance	Corporate Governance		○		The Company promotes standardized operations and scientific, standardized, and transparent corporate governance by establishing an effective governance structure.	Strengthening Corporate Governance
8	Environmental	Energy Use		○		Based on industry characteristics and operational realities, the Company builds an energy management system. By conducting energy usage assessments, setting energy-saving and renewable energy utilization targets, and implementing energy-saving upgrades and renewable energy adoption plans, the Company aims to use energy resources efficiently and continuously reduce the environmental impact of our business activities.	Strengthening Energy Management

No.	Dimension	Topic	Topic Boundary			Topic Definition	Chapter Location
			Supply Chain	Production and Operations	Products and Services		
9	Governance	Risk Management	○	○		The Company executes risk management processes across all aspects of its business operations, establishes a sound risk management system, and manages risks and ensures compliance related to economic, environmental, and social matters.	Risk Management
10	Social	Employees		○		Talent Attraction and Retention: the Company strives to attract and retain talent by offering a comfortable work environment, fair and transparent recruitment processes, competitive compensation and benefits, clear development pathways and promotion opportunities, and specialized incentive policies. Employee Rights and Well-being: the Company strictly complies with laws, regulations, and international conventions to respect and protect employees' lawful rights and interests, fosters a diverse, inclusive, and equitable work environment, and establishes various welfare measures to improve employees' and their families' quality of life. Employee Training and Development: The Company provides platforms for vocational training and capacity building, develops training systems for skills enhancement and career development, supports employees' all-round growth from the perspectives of job roles, market needs, and future trends, and regularly offers career development guidance and training performance assessments. Occupational Health and Safety: The Company establishes an occupational health and safety management system to ensure safe production and employee health. This includes the identification and control of hazards or risks, safety production assessments, safety training, and occupational health management.	Employee Development Guarantee
11	Environmental	Circular Economy	○	○	○	In accordance with laws, regulations, and our business nature, the Company engages in activities such as reduction, reuse, and recycling during production and distribution. These include establishing a circular economy management system, formulating circular economy policies and plans, implementing circular economy measures, and evaluating progress and outcomes.	Green Products and Innovation
12	Social	Data Security and Privacy Protection	○	○	○	Based on industry attributes and the nature of its operations, the Company identifies key operational processes involving data security and privacy protection, establishes a data security and privacy protection management framework, formulates relevant management systems, improves infrastructure, develops emergency response plans for data breaches or security incidents, implements data system security protection, regularly reviews and evaluates the data and privacy-related management systems, and conducts specialized training on data security and privacy protection.	Information Security Management
13	Governance	Anti-commercial Bribery and Anti-corruption	○	○		During operations and management, the Company adopts a series of measures and procedures to prevent, identify, and address commercial bribery and corruption in accordance with relevant laws, regulations, and international standards. These include formulating and implementing anti-bribery and anti-corruption systems, assessing and managing risks related to bribery and corruption, setting control objectives, carrying out internal control and compliance reviews, conducting employee training and awareness programs, and establishing effective supervision and whistleblowing mechanisms.	Compliant Operations

ESG Due Diligence

INOVANCE is accelerating the establishment and refinement of its ESG due diligence mechanisms. Through due diligence, the Company identifies material risks related to sustainable development and formulates response plans to comprehensively enhance its risk management capabilities. The Company has implemented due diligence programs covering multiple ESG-related areas, including green supply chains, business ethics, environmental protection, human rights, occupational health and safety, and conflict minerals.

The Company prioritizes internal sustainability audits at high-significance sites and newly established sites. In 2025, the Company conducted sustainability internal audits at 5 key operating sites including BST, Yueyang INOVANCE, Nanjing INOVANCE, MJB, BST Machinery & Electronics (Jiaxing) , focusing primarily on 3 areas: labor rights protection, occupational health and safety, and energy management. Energy management audits were conducted primarily to provide improvement recommendations, supporting key operating sites in optimizing their energy mix and improving energy efficiency. A total of 44 issues were identified in occupational health and safety and labor rights, with an 82% issue closure rate. INOVANCE Automotive, a subsidiary, conducted on-site due diligence visits to metal component suppliers, including assessments of human rights risks.

Governance: Compliant and Robust Governance



INOVANCE consistently adheres to the philosophy of "efficient operation, governance first." Strictly complying with all regulatory requirements, we continuously refine the Company's governance structures and mechanisms to build a robust and efficient governance framework. The Company regards compliant and stable operations as the fundamental baseline for sustainable business development. Upholding the principles of integrity and compliance, we consistently strengthen risk management and due diligence mechanisms, optimize internal control systems, and enhance business ethics management to drive standardized, steady, and sustainable growth.

Strengthening Corporate Governance

Corporate Governance System ▶

INOVANCE strictly complies with the requirements of the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Governance for Listed Companies in China*, the *Rules Governing the Listing of Shares on the Shenzhen Stock Exchange GEM*, and other laws, regulations, and normative documents. We have established a corporate governance structure comprising the General Meeting of Shareholders, the Board of Directors, and EMT. While we value democracy and human rights, we insist on the centralization of authority and pursuit of harmony in diversity for decision-making, thus forming a governance mechanism with clearly defined rights and liabilities, mutual coordination and checks and balances while ensuring management that is efficient, scientific and transparent.

General Meeting of Shareholders

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

Board of Directors

As the Company's decision-making organization for operation and management, the Board of Directors is responsible for the General Meeting of Shareholders. The Board of Directors has established the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee to provide specialized advisory opinions to the Board within their respective fields. Board members serving on committees have expertise in accounting, financial management, and industry knowledge, ensuring proper functioning of the committees.

In order to ensure the scientific and rational decision making of the Board of Directors, we consider the diverse backgrounds of the members of the Board, including gender, age, industry experience, professional acumen and other relevant factors. The Company's Board of Directors comprises 9 directors, including 3 independent directors (accounting for 33%) and 1 female director (accounting for 11%). The Board members engage in various fields such as electrical engineering and automation, machinery, finance, accounting, etc., and have industry experience, knowledge and risk management capability necessary to perform their duties, thus supporting the Board of Directors make appropriate decisions while ensuring the Company's long-term sustainable development.

Note: More details on the Board of Directors and corporate governance can be found in "Corporate Governance" of the *INOVANCE 2025 Annual Report*.

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

In 2025, in accordance with the amendments to the *Administrative Measures for Independent Directors of Listed Companies* issued by the China Securities Regulatory Commission, the Company concurrently revised its internal regulations concerning the management of independent directors. Responding to the standards of the *Company Law of the People's Republic of China (2023 Revision)*, the Company no longer maintains a Board of Supervisors and has transferred the relevant functions to the Audit Committee of the Board of Directors.

Investor's Right Protection ▶

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

Information Disclosure Management

The Company fulfills its information-disclosure obligations in accordance with the law, implements the principle of "truthfulness, accuracy, completeness, timeliness and fairness" continues the effort to standardize and refine the information-disclosure process while enhancing the quality, broadening and ensuring the transparency of information disclosure so as to protect the legitimate rights and interests of investors. Since its listing, the Company has been the only ChiNext-listed enterprise to achieve an A rating in the information-disclosure assessment of SZSE for 15 consecutive years. For more details on our information disclosure management mechanisms, please refer to the "Information Disclosure" section of the *INOVANCE 2024 Sustainability Report*.

Shareholder Engagement

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

During the reporting period, the Company hosted a total of 453 visits from domestic and international investment institutions—including brokerage firms and investment funds—as well as individual investors, engaging with over 6,000 participants. The primary topics of discussion included business operations, industry development trends, the competitive landscape, and future strategic priorities.

Return to Investors

The Company takes the *Articles of Association* and other institutional documents as the basis for the protection of shareholders' rights and returns. While maintaining timely, fair, and healthy communication with investors, the Company has been rewarding them through a sound dividend distribution plan to ensure the long-term value of their investment. As of the end of the reporting period, the Company has paid cash dividends of RMB 7,945 million cumulatively

Integrity and Compliance Operation

Risk Management ▶

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

In 2025, the Company strengthened its risk management and steadily advanced related initiatives. We continued to reinforce risk identification and response in key areas, with a particular focus on refreshing risk maps for domains such as supply chain and human resources. We embedded KCP, SOD, and CT plans into newly released processes to enhance the effectiveness of internal controls within those processes. Furthermore, we organized and conducted CT testing and SOD certifications to verify the execution efficiency of control measures. For critical risks, the Company implemented risk monitoring to assess changes in risk levels. Through RT electronic workflows, we strengthened business self-improvement and accountability loops to ensure that significant risks are effectively managed.

Risk Management Framework

The Company has formulated the "Three Layers of Defense" risk control mechanism, and the Board of Directors which ultimately responsible for risk management authorizes EMT to identify and manage company level risks. Additionally, it guides each area in the conduct of risk management and control and clarifies the risk management responsibilities in each layer and department so as to prevent systematic risks. For details on the Company's "Three Layers of Defense" for risk management, please refer to the "Risk Management Framework" section of the *INOVANCE 2024 Sustainability Report*.

Risk Management Mechanism

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



Internal Control

In accordance with the *Basic Internal Control Norms for Enterprises* and the relevant guidelines of the stock exchange, the Company has established a series of internal control management systems, including the *Internal Control System*, *Internal Control Evaluation System*, and *Identification Procedures for Internal Control Defects*. The Company has built a process-based internal control system centered on 5 dimensions: business objective achievement, asset and fund security, operational efficiency, compliance, and reporting. Methodologies and tools such as KCP, SOD, and CT plans are embedded into each business process. Simultaneously, internal control tools such as CT testing and SOD certification are utilized for assessments, providing continuous and critical information on the effectiveness of internal control measures to enhance the Company's internal control management. In 2025, the Company prioritized special audits on finance, compliance, internal control, significant procurement, and construction project management, providing audit recommendations for business process optimization.

Risk Culture Development

The Company organizes annual special training and examinations on risk control and built a risk control knowledge platform library to provide comprehensive, one-stop access to risk control knowledge for the business end and enhance the risk management awareness of all staff. During the reporting period, the Company organized risk control training sessions, covering topics such as internal control design for processes, CT, and risk panoramas and maps, with a total of 212 employee participants.

Compliant Operations ►

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

Compliance Management System

The Company strictly complies with all applicable laws and regulations in the jurisdictions where it operates. We have issued standardized documents such as the *Business Conduct Guideline* and the *Management Procedures of CSR and Business Ethics*. Furthermore, the Company has formulated and implemented institutional policies, including the *Conflict of Interest Management Measures*, the *Employee Discipline Policy*, and the *Workplace Accountability Management System*. These documents regulate corporate operating activities and employee conduct, requiring all personnel to strictly uphold business ethics. In 2025, the Company updated the *Business Conduct Guideline*.

Employee violations are categorized into economic, business, and behavioral violations. Through specialized policies—including the *Workplace Accountability Management System*, the *Employee Discipline Policy* and the *Gift Acceptance Policy*—we further restrict any employee behavior that violates laws, regulations, or internal systems related to business ethics.

Category of Violation	Description of Violation	Accountable Department and Disciplinary Action
Economic Violation	Violation for personal gain	The Audit Department is responsible for accepting complaints or reports and conducting investigations to collect evidence. The Oversight Investigation Team provides accountability recommendations based on the investigation results and performs approvals in accordance with accountability procedures.
Business Violation	This includes violations across all business processes, as well as information and network security violations	The Business Operations Management Department or relevant business supervisors are responsible for accepting complaints or reports, conducting investigations, and supervising improvements. The first tier AT respectively provides accountability recommendations based on the investigation results and performs approvals in accordance with accountability procedures.
Behavioral Violation	Violations of daily work discipline and labor attitude requirements	The HR is responsible for accepting complaints or reports, conducting investigations, and supervising improvements. The first tier AT respectively provides accountability recommendations based on the investigation results and performs approvals in accordance with accountability procedures.

During the reporting period, the Company strengthened the development of its internal systems and implemented relevant requirements in areas such as trade compliance, anti-money laundering, conflicts of interest, connected transactions, responsible marketing, intellectual property, and data compliance.

Trade compliance

The Company establishes standard contract templates covering seven major systems to ensure compliance with all types of commercial and trade practices, monitors trade policies and regulations in real time, and updates compliance requirements annually, and promotes their application across all business processes.

In 2025, centering on the relevant export control compliance requirements, the Company established an Export Control and Sanctions Compliance Committee. We systematically interpreted relevant export control laws and regulations, and conducted a comprehensive review to identify whether the Company's products fall within the scope of export control lists. For products included in the control scope, the Company implemented tag and label management within its systems. Regarding the export control regulations of overseas countries, the Company researched and determined whether overseas products are subject to controls. Furthermore, we promptly informed relevant personnel of the potential impact that China's export restrictions may have on imports for overseas factories.

Anti-money laundering

The Company conducts anti-money laundering-related compliance risk assessments, integrates anti-money laundering-related requirements in procurement activities covering production materials, assets, frameworks and services, and checks the authenticity and legality of transactions through supplier certification, contract confirmation, invoice audit, and verification of sporadic receipts to strengthen the supervision of economic behaviors.

Conflict of interest

The Company establishes a conflict of interest system, sets up different management requirements according to different job positions and levels, and requires an internal conflict of interest declaration.

Connected transactions

The Company has established the *Decision-making System for Connected Transactions*. In 2025, we updated and revised this system in alignment with the latest regulatory requirements to further ensure the fairness and impartiality of the Company's decision-making regarding connected transactions.

Responsible marketing

The Company carries out responsible marketing management in accordance with the *Advertising Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, and relevant industry regulations, and requires the provision of truthful, accurate, effective, and easy-to-understand information about product features to customers. The Company conducts annual status communications with marketing-related departments while performing routine inspections to verify promotional compliance.

For detailed information on intellectual property protection and data compliance management, please refer to sections "R&D Innovation Management" and "Information Security Management." For details regarding anti-corruption compliance management, please see the "Anti-corruption and Integrity Building" in this chapter; for anti-unfair competition details, please refer to the "Anti-Unfair Competition" in this chapter.

Developing a Culture of Compliance

The Company regularly organizes study sessions on the Business Conduct Guideline and other relevant systems, while conducting specialized training for key personnel in the process. Additionally, we conduct regular and specialized compliance training for all employees, and continuously improve the compliance awareness of the management and employees through publicity, training, examination and other methods.

Whistleblowing Mechanism

Whistleblower Handling Procedures



Initiate investigations upon receiving whistleblower reports



Hold relevant personnel and departments accountable



Responsible departments carry out rectification of internal control issues

The Company strictly protects the personal information of whistleblowers, prohibits the disclosure of whistleblower identities, and forbids any form of retaliation. Individuals found to be disclosing whistleblower information or retaliating against whistleblowers are subject to severe disciplinary action.

Anti-corruption and Integrity Building

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

• Integrity Reporting

The Company has formulated the *INOVANCE Anti-fraud Whistleblower System* to standardize the management of anti-corruption reporting, set up an anti-corruption whistleblower hotline and email, and promoted them through the Company's official website, "Integrity INOVANCE" official WeChat account, posters and other ways to establish accessible anti-corruption whistleblowing channels, and to ensure fair, effective, and timely handling of any potential corruption incidents. Additionally, through its *Incentive Plan for Anti-fraud Whistleblowers*, the Company encourages employees, suppliers, and other partners to participate in anti-corruption supervision.

• Employee Integrity Management

The Audit Department, as the unit responsible for receiving anti-corruption leads and whistleblower reports, conducts anti-corruption audits based on the provided information to ensure the accuracy, independence, and fairness of the investigation results. Employees found violating anti-corruption and integrity rules are subject to disciplinary actions under the *Workplace Accountability Management System* and *Employee Discipline Policy*, including D-rating in performance evaluations, termination of labor relationship, restitution of improper gains, or compensation for losses. For acts suspected of violating laws or constituting crimes, the Company will legally transfer the case to judicial authorities for handling. During the reporting period, the Company revised and updated the *Gift Acceptance Policy*, adding new requirements that prohibit the acceptance of electronic transfers and cash in external business dealings. Furthermore, we improved the Company's integrity account and the reporting channels for the concealment or non-registration of gifts received.

• Supplier Integrity Management

The Company adopts a "zero tolerance" approach towards corruption and commercial bribery, promoting responsible governance through the construction of an anti-corruption system and the cultivation of a culture of integrity. Anti-corruption regulations for employees are included in the internal business ethics guidelines. For suppliers, these requirements are included as standard clauses in the *Supplier Management Contract*.

The Company conducts regular annual communication and training sessions on business ethics for suppliers, requiring them to adhere to ethical standards and eliminate any non-compliant or illegal activities. Each year, the Company holds an Employee Integrity Conference, requiring all personnel in positions with direct supplier contact to sign an Integrity Responsibility Statement. In 2025, the Company conducted business ethics surveys for some of the key suppliers, with a primary focus on anti-corruption and anti-bribery content. During the reporting period, the Company received no reports or complaints related to anti-corruption, nor did any incidents occur involving penalties from regulatory authorities due to violations of laws and regulations concerning corruption, bribery, extortion, or fraud.

• Building a Culture of Integrity

The Company continuously strengthened anti-corruption and integrity education for its employees through internal promotions, integrity training, and the promotion of Integrity Commitment Letter and other activities and methods, and promoted the construction of an integrity culture. During the reporting period, the Company conducted anti-commercial bribery compliance training sessions for frontline market employees, new hires, and mid-to-senior marketing management, with a combined training duration of 158 hours.

Anti-Unfair Competition

The Company strictly complies with the *Law of the People's Republic of China Against Unfair Competition* and other relevant regulations in its operating regions, advocates fair competition, prohibits malicious defamation, misleading statements, or insinuations against competitors, explicitly bans monopolistic practices, and rigorously reviews mergers and acquisitions to ensure fair and just market order.

In 2025, the Company conducted a comprehensive legal interpretation of the amendments to the *Anti-Unfair Competition Law of the People's Republic of China*. Specifically addressing the "equal punishment for both givers and receivers" provision, the Company plans to issue a Compliance Requirement Notice in 2026. This initiative will outline identified risk scenarios—such as tendering and procurement—to incorporate additional anti-corruption compliance requirements, accompanied by outreach and training activities.

In 2025, the Company launched a specialized compliance initiative regarding anti-unfair competition, categorized into two areas: false advertising and commercial defamation. Research and analysis indicate that the Company is fully compliant in both areas. The Company conducted targeted training and examinations for relevant business personnel to continuously strengthen their awareness of anti-unfair competition. During the reporting period, the Company received no reports or complaints concerning unfair competition, nor did any incidents occur involving administrative penalties from regulatory authorities due to unfair competitive practices.

Environmental: Green and Low Carbon Pioneer



Against the backdrop of the global low-carbon transition, INOVANCE drives its green transformation by addressing climate risks and seizing green opportunities. The Company continues to refine its energy and environmental management systems, optimize its energy structure, and advance energy conservation, emission reductions, and green supply chain development. Meanwhile, the Company integrates ecological principles into the full product lifecycle, enhancing resource efficiency and energy performance to empower industrial decarbonization through innovative solutions.

Addressing Climate Change

Climate Governance ►

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



Board of Directors

- Review and make decisions on the Company's climate change strategy, goals, and major matters.
- Monitor and management of the overall work related to climate change.
- Supervise the Company's climate-related information disclosure.



EMT

- Review the progress of climate action, quantified performance, and goals achievement status.
- Review related policies on climate and energy and provide guidance on relevant budgeting plans.
- Provide necessary resources and guidance for climate actions to relevant executive departments.



Sustainability Committee

- Review and make decisions on the Company's climate-related risks and opportunities, and formulate corresponding management measures.
- Report routine work matters to EMT periodically and present an annual climate work summary to the Board of Directors every April, along with submission of the annual sustainability report for Board review.
- The Sustainability Office is established to identify and analyze climate risks and opportunities at the executive level, provide guidance on climate actions, promote and publicize work on climate change response, and track the implementation of specific matters by relevant executive departments.



Departments, business divisions and subsidiaries

- Implement specific work plans to address climate change.

Climate Strategy ►

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

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



Identification and Response to Climate-Related Risks

Risk Category	Subcategory	Potential Impact Analysis	Impact Timeframe	Value Chain Stage Affected	Financial Impact	Addressing Strategy
Physical risk	Acute risk	Extreme weather events such as typhoons and floods may damage buildings at operating sites, affecting normal production operations and possibly triggering safety incidents.	Short-term, medium-term, long-term	Own operations	Revenue ↓ Asset value ↓	We develop emergency response plans for major disasters and emergencies such as typhoons, floods and snowstorms, establish extreme weather warning systems, and raise factory foundation levels in new plant construction to address risks from heavy rainfall and flooding.
		Extreme weather may cause supply chain disruptions, affecting normal production and delivery.	Short-term, medium-term, long-term	Supply chain Product delivery	Revenue ↓	We establish flexible office, production, and transportation mechanisms, and promote diversified supplier initiatives.
	Chronic risk	Rising sea levels may affect the normal operation and production of the Company's coastal facilities.	Long-term	Own operations	Operating cost ↑ Asset value ↓	We implement the multi-site production strategy, and optimize site selection for new facilities to reduce environmental dependency.
		Global temperature rise may increase the Company's cooling and energy consumption costs.	Short-term, medium-term, long-term	Own operations	Operating cost ↑	We optimize energy management systems, promote energy-saving projects, and develop and implement the "Central Cooling Station AI Smart Control" system to improve air conditioning system efficiency.
		Public health incidents caused by climate change may affect the Company's normal production.	Long-term	Own operations Supply chain	No substantial short-term impact	We develop an internal response plan for public health incidents such as major infectious diseases, and make preparations for medicines and supplies.
Transition risk	Policy and legal risk	Strict requirements for climate-related information disclosure	Short-term, medium-term	Own operations	No substantial short-term impact	We establish and improve information disclosure systems in accordance with regulatory requirements at operation locations.
		Domestic and international GHG regulations, such as carbon footprint control on exported products, impose higher requirements on corporate emission reduction and management.	Medium-term, long-term	Own operations Product sales	Operating cost ↑	We promote emission reduction initiatives, increase the share of renewable energy, and improve emission management at the organizational and product levels.
	Market risk	Customers prefer green and low-carbon products, thus raising the bar for supplier cooperation.	Long-term	Supply chain Product sales	Revenue ↓	We enhance product R&D to continuously improve green and low-carbon features and reduce the carbon footprint throughout the product life cycle.
	Technology risk	Energy-saving and carbon reduction technology falls behind market demands.	Medium-term, long-term	Own operations	Revenue ↓ Operating cost ↑ Financing difficulty ↑	We improve R&D management systems for energy-saving and carbon reduction technologies, and keep pace with technological advancements.
	Reputational risk	Negative climate-related publicity may damage the Company's reputation and affect product sales.	Long-term	Product sales	Revenue ↓ Financing difficulty ↑	We place importance on the Company's compliance with climate-related regulations and improve monitoring and management mechanisms for negative public opinions.

Identification and Capture of Climate-Related Opportunities

Opportunity Category	Potential Impact Analysis	Impact Timeframe	Value Chain Stage Affected	Financial Impact	Addressing Strategy
Changes in market demand	- As the global economy continues its low-carbon transition, market demand for energy-efficient products and solutions is steadily increasing. - The ongoing development of new-type power systems drives a continuous rise in the demand for energy storage. - As electricity pricing mechanisms become increasingly flexible, there is a growing requirement for companies to adaptively manage distributed energy and loads. This trend accelerates the demand for industrial and commercial energy storage, as well as energy management equipment and solutions.	Short-term, medium-term, long-term	Product sales	Revenue ↑	We strengthen the energy-saving attributes of our products through dedicated R&D activities. By establishing the Digital Energy Business Department, we provide customers with integrated energy and carbon solutions to capture emerging market opportunities.
Raised customer market entry threshold	Major domestic and international customers are raising green and low-carbon requirements for suppliers, giving competitive advantages to leading enterprises in supplier selection.	Medium-term, long-term	Product sales	Revenue ↑	We continuously improve product green and low-carbon attributes, reduce emissions from production operations, and ensure emissions information is verified and disclosed.
Structure adjustment of energy consumption	As reducing fossil fuel consumption and increasing renewable energy use have become social and industrial consensus, the Company's core products and solutions will help address key challenges in the development of new energy sectors.	Short-term	Product sales	Revenue ↑	We provide more efficient products and solutions tailored to customer pain points in the new energy sector, supporting the clean energy transition.
Building climate resilience	We enhance climate resilience to avoid or reduce potential financial losses.	Long-term	Own operations	Operating cost ↓	Our new production bases are constructed 100% in accordance with green factory standards to enhance climate risk resilience.
Improved ESG ratings	Climate-related management systems contribute to improved ESG ratings.	Medium-term	Own operations	Financing cost ↓	The Company actively participates in major ESG rating programs to improve performance and responsiveness, aiming for higher ratings.

Climate-Related Transition Strategy

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

Based on the 2025 results of climate risk and opportunity identification and analysis, the Company has developed its climate transition strategy in two dimensions to respond to climate risks and seize green opportunities:



Managing Climate Change Risks

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



Capturing Clean-Tech Opportunities

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

Climate-Related Transition Actions

In operations, the Company continuously diagnoses energy use to identify energy-saving opportunities and advances the optimization of production and operations management along with energy-saving retrofit projects. During the reporting period, the Company launched its first pilot purchase of green certificates. The Company plans to scale up the procurement of carbon credit products, including green electricity, green certificates, and CCERs, around 2028.

In supply chain management, the Company has analyzed the low-carbon management status of key suppliers, developed initial emission reduction targets and action plans, and incorporated "carbon peaking and carbon neutrality" criteria into supplier performance evaluations as bonus items. In 2025, the GHG emission intensity of the Company's key suppliers decreased by 3.90% compared to 2024.

In terms of opportunities in clean technology, to better capture the market potential arising from the green and low-carbon transition—particularly the low-carbon operations of industrial enterprises—the Company established the Digital Energy Business Department in 2025. It is positioned as a "highly vertically integrated energy and carbon solution provider," covering energy operations, source-grid-load-storage, multi-energy systems (cooling, heating, gas, electricity, and carbon), energy conservation, and production scheduling optimization. Through this department, we deliver full-lifecycle energy and carbon value to our customers.

Climate Resilience

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

Key uncertainties considered include:

Physical climate impacts

Frequency and intensity of extreme weather events, temperature changes, sea level rise, and public health incidents.

Policy and regulatory changes

National commitments under the Paris Agreement and their changes, and updates to ESG compliance requirements.

Market and technological changes

Impact of customer behavior changes on the Company's product sales, R&D investment and outcome uncertainties, renewable energy adoption, etc.

Supply chain resilience

Uncertainty around whether key suppliers can achieve GHG emission reduction targets.

Stakeholder expectations and behavior

Shifts in customer and investor expectations regarding climate response due to market conditions, and uncertainty in supplier cooperation and capability in executing climate-related requirements.

Financial impacts

Accuracy of climate related financial impact quantification, and uncertainty in the outcomes of green and low-carbon technology investments.

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

Short-term

Physical risk response: The Company has formulated emergency response plans for various types of disasters to ensure the continuity of its production and operations;

Green and low-carbon products: The Company continuously develops products that promote efficiency, conservation, and align with the needs of society's green and low-carbon transition, effectively meeting customer demand for sustainable products and solutions;

Establish the Digital Energy Business Department: Based on highly vertically integrated energy and carbon solutions—covering energy operations, source-grid-load-storage, multi-energy systems (cooling, heating, gas, electricity, and carbon), energy conservation, and production scheduling optimization—we deliver full-lifecycle energy and carbon value to our customers.

Medium-term

Low-carbon manufacturing and operations: The Company commits to reaching operational carbon peak by 2028. To reach this goal, the Company continues to advance measures such as enhancing energy efficiency, increasing the proportion of renewable energy usage, and managing product carbon footprints.

Low-carbon supply chain development: The Company plans to reduce the greenhouse gas emission intensity of its key suppliers by 30% by 2030, compared to a 2021 baseline. This target will be driven by supplier performance evaluations, technical support, and capacity-building training to empower suppliers in their decarbonization efforts.

Capturing clean technology opportunities: The Company is committed to securing and continuously strengthening R&D investment in sectors such as new energy vehicles, high-efficiency motors, energy storage products, and digital energy. Through these strategic focus areas, the Company strives to capture the growth opportunities arising from society's transition toward a green and low-carbon economy.

Long-term

Operational carbon neutrality: The Company commits to achieving carbon neutrality across its operations by 2050. It plans to consistently invest in low-carbon technology R&D and the procurement of clean facilities over the next 30 years, while strategically incorporating carbon capture and carbon sink projects to offset residual emissions.

Green supply chain: The Company maintains ongoing collaboration with key suppliers to jointly promote the development of green supply chains.

Climate-related Risk Management ►

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

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

Climate-related Metrics and Targets ►

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

Operational Carbon Neutrality Goal ("2850")		To achieve operational carbon peaking by 2028. and operational carbon neutrality by 2050.					
Interim Goals	Indicators	Base Year	2028	2030	2050	Progress	Status
Energy efficiency improvement	Energy efficiency improvement rate: Increase in energy use efficiency relative to the baseline year.	2021	≥ 25% improvement in energy efficiency	≥ 30% improvement in energy efficiency	--	During the reporting period, the Company implemented various energy-saving and consumption-reduction initiatives to enhance energy efficiency.	During the reporting period, the Company's energy efficiency showed a declining trend. This was primarily attributed to a decrease in product prices, the addition of significant new production capacity, and the fact that several energy-saving projects are still in the implementation phase.
	Energy management system coverage rate: Proportion of total energy consumption by certified units under ISO 50001 relative to the Group's total energy consumption.	--	≥ 80% coverage rate of energy management systems from 2028			During the reporting period, Yueyang INOVANCE obtained ISO 50001 certification.	As of the end of the reporting period, the coverage rate of the energy management system reached 24.72%.
	Comprehensive energy management platform coverage rate: Proportion of energy consumption by units using the comprehensive energy management platform relative to the Group's total energy consumption.	--	≥ 80% coverage rate of the comprehensive energy management platform from 2028			During the reporting period, Nanjing INOVANCE, Jinan INOVANCE, Xi'an INOVANCE, and Suzhou New Energy implemented the comprehensive energy management platform.	As of the end of the reporting period, the coverage rate of the comprehensive energy management platform reached 67.81%.
Energy structure optimization	Proportion of renewable energy use: Proportion of renewable energy consumption to the Group's total energy consumption.	--	≥ 10% proportion of renewable energy use	≥ 20% proportion of renewable energy use	--	During the reporting period, the Company commissioned 21.24 MW of new distributed photovoltaic capacity and purchased over 10,000 green certificates.	During the reporting year, the Company's renewable energy consumption accounted for 10.72% of the Group's total energy consumption, achieving the 2028 target ahead of schedule.

Supply Chain Emission Reduction Goal ("3030")	To reduce major suppliers' GHG Emission Intensity by 30% compared to 2021 by 2030 ("3030")						
Interim Goals	Indicators	Baseline Year	2026	2028	2030	Progress	Status
GHG emission intensity reduction	Average GHG emission intensity of key suppliers	2021	Include GHG emission intensity of major suppliers in performance assessments	Continuously strengthen assessment performance evaluation and increase weight of related metrics	Set supplier GHG emission intensity reduction as an exclusionary criterion	During the reporting period, the Company enhanced supplier engagement in emission reduction through performance assessments, advocacy, and training.	During the reporting period, the average GHG emission intensity of our key suppliers decreased by 3.90% year-on-year.
Empowerment for supplier emission reduction	Frequency of empowerment for supplier emission reduction	--	Conduct annual GHG emission surveys of key suppliers, and provide emission reduction guidance, training, and technical support			During the reporting period, we conducted one survey and carried out 9 onsite visits to key suppliers for energy-saving technical exchanges.	In progress

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

Emission Scope	Unit	2025	2024	2023
Scope 1 Direct emissions	tCO ₂ e	3,890.51	4,091.56	1,807.90
Scope 2 Indirect emissions (Location-based)	tCO ₂ e	194,831.55	145,330.93	122,716.43
Scope 2 Indirect emissions (Market-based)	tCO ₂ e	200,579.10	154,510.62	130,662.21
Scope 3 Other indirect emissions	tCO ₂ e	7,302,314.60	7,848,603.14	/
Total GHG emissions from operation	tCO ₂ e	198,772.06	149,422.49	124,524.33
GHG emission intensity in operation	tCO ₂ e per RMB million of revenue	4.41	4.03	4.09

Note: GHG emissions from operation = Scope 1 direct GHG emissions + Scope 2 indirect GHG emissions (Location-based).

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

Strengthening Energy Management

Annual Key Performance



Energy saved from new energy saving projects

1,756.48 MWh/year



Proportion of Renewable Energy Use

10.72%



Total GHG Emissions Reduced

18,167.06 tCO₂e



Total Energy Consumption Intensity

8.45 MWh per RMB million of revenue

Deepening Energy Management ►

Governance

INOVANCE has established a robust energy management framework, where the EMT is responsible for reviewing the Company's energy-related policies and guiding budget allocation for technical energy conservation and renewable energy initiatives. The Company has also established a Decarbonization Office, specifically dedicated to managing energy-saving affairs in manufacturing, while simultaneously overseeing the formulation and implementation of green factory standards, energy management digitalization, and supplier emission reduction initiatives.

Strategy

Energy management is a critical pillar for INOVANCE in achieving its climate goals. The Company conducts annual identification of energy-related risks and opportunities and analyzes energy utilization patterns. We use these insights to drive the continuous improvement of the energy management system, institutional building, technical energy conservation, and the utilization of renewable energy.

Risk Category	Risk Description	Direct Financial Impact	Addressing Risks
Policy and legal risk	Global regulatory bodies are continuously strengthening energy efficiency standards, GHG management, and energy audit requirements, leading to more stringent energy consumption control policies. If we exhibit low energy efficiency or rely heavily on high-carbon energy, the Company will face significant compliance pressure.	Operating cost ↑	The Company has established objectives for enhancing energy efficiency and optimizing its energy structure to consistently reduce GHG emissions intensity.
Technology risk	Low energy efficiency in the Company's production equipment and manufacturing processes may lead to a failure to meet future industry energy standards or customers' low-carbon procurement requirements.	Revenue ↓	The Company actively identifies energy-saving opportunities across all stages of production and manufacturing, promoting the application of energy-conservation technologies.
Price volatility risk	With the advancement of power market reforms, the fixed peak-valley pricing mechanism is gradually transitioning toward a market-based pricing system. Electricity prices will fluctuate in response to supply-demand dynamics, fuel costs, and policy adjustments, leading to a significant increase in the uncertainty of energy costs and exposing the Company to greater price volatility risk.	Operating cost ↑	The Company enhances energy efficiency to alleviate the burden of operational costs.

Opportunity Category	Opportunity Description	Direct Financial Impact	Addressing Opportunities
Energy conservation and reduction	We reduce energy consumption per unit of product by implementing technologies such as high-efficiency energy-saving equipment, intelligent optimization controls, and digital energy management systems.	Operating cost ↓	The Company continuously improves its energy management system to identify and capture opportunities for reducing energy costs.
Energy-efficient product	We develop high-efficiency industrial equipment and energy-saving solutions to meet customers' demands for energy conservation and carbon reduction, thereby enhancing the Company's product competitiveness.	Revenue ↑	The Company remains committed to driving innovation in green products and solutions to enhance its product competitiveness.

The Company has formulated management policies including the *ISC Energy-Saving Management Specification*, the *Green Factory Construction Specification*, and the *ISC Organizational Energy Consumption Accounting Specification*. From the perspective of energy conservation and consumption reduction in production processes, the Company sets specific construction and management standards and updates these policies in a timely manner based on technological trends. During the reporting year, Suzhou INOVANCE was awarded the national-level "Green Factory" honorary title.

Impact, Risk, and Opportunity Management

INOVANCE has established a closed-loop management process of “Identification - Assessment - Control - Supervision - Improvement” to systematically review energy usage across its manufacturing and operational stages. This involves identifying key factors such as energy consumption intensity, the proportion of renewable energy, and emission impacts. Every year, the Company conducts categorized assessments by combining quantitative data analysis with qualitative judgment to form a list of energy utilization risks and opportunities. Corresponding strategies are then formulated and integrated into the Company's routine operations.

At the management level, the Company integrates energy-related matters into its annual business planning and budget management processes. Through energy data monitoring, the Company conducts dynamic tracking and analysis to ensure that risks remain controllable and opportunities are identifiable, driving the continuous optimization of energy utilization toward refinement, high efficiency, and green development.

• Metrics and Goals

INOVANCE has established energy-related targets within its “2850” climate goals, which encompass energy efficiency improvement and energy structure optimization. For details, please refer to "Climate-Related Metrics and Goals."

During the reporting period, the Company's total comprehensive energy consumption reached 46,759.04 tons of standard coal, covering the use of direct energy such as gasoline, diesel, natural gas, and liquefied petroleum gas, as well as indirect energy such as electricity and steam. The Company continued to strengthen its use of renewable energy. During the reporting period, total renewable energy consumption reached 40,884.24 MWh, accounting for 10.72% of the Company's total energy consumption for the same period. GHG emissions reduced through energy decarbonization amounted to 17,211.62 tCO₂e, while GHG emissions reduced through energy-saving and emission-reduction measures totaled 955.44 tCO₂e. As of the end of the reporting period, the total installed capacity of renewable energy power generation facilities within the Company's operational scope reached 40.07 MW, of which 21.24 MW of distributed photovoltaic capacity was newly commissioned during the reporting year.

Strengthening Energy Conservation and Emission Reduction ▶

Upholding the management philosophy that "the greenest electricity is the electricity saved," INOVANCE actively identifies potential for energy-saving technical retrofits within its manufacturing processes. The Company reviews opportunities for equipment upgrades and continuously implements various categories of technical energy conservation and management optimization projects to steadily improve energy efficiency.

Implementation of Energy-Saving Technical Retrofits

Project	Introduction	Investment Amount (RMB 10,000)	Estimated Amount of Energy Saved (kWh/year)	GHG Emissions Reduced (tCO ₂ e/year)
Motor energy efficiency improvement project	The Infrastructure Construction Department replaced old motors in the factory area with the Company's self-produced high-efficiency MV31 series motors. In 2025, a total of 70 old motors were replaced, with a total capacity of 1,268 kW. The application scenarios cover main water pumps, fans, and other public auxiliary equipment.	110.00	450,000	262.22
Bearing cold pressing process introduction project	The Motor Process Department led the completion of the bearing cold pressing project, successfully applying the new "thermal-to-cold pressing" process on two production lines. The new process enables automated cold press fitting of bearings, avoiding the high energy consumption, exhaust emissions, and operational safety risks associated with traditional high-temperature heating assembly methods.	40.00	188,198	99.86

Project	Introduction	Investment Amount (RMB 10,000)	Estimated Amount of Energy Saved (kWh/year)	GHG Emissions Reduced (tCO ₂ e/year)
Rotor baking energy-saving technical retrofit project	Control Motor Workshop No. 3 addressed the baking process for rotor magnet insertion and dynamic balancing by optimizing carriers and retrofitting fixture plates. While ensuring the quality of glue curing, the Company successfully increased the number of units per baking cycle from 160 to 410.	0.50	112,249	59.56
UV curing oven lamp energy-saving technical retrofit project	The Electronic Assembly Center and the Drive and Control Center have continuously driven technological innovation in the conformal coating curing process, fully replacing traditional medium-and-high pressure mercury lamps with UV-LED light sources. The new process has achieved the objectives of improving curing efficiency, reducing energy consumption, extending service life, and lowering maintenance costs, with 56 units successfully implemented to date.	135.92	786,240	417.18
Wave soldering auto-start/stop energy saving project	To address energy waste caused by wave soldering machines remaining fully operational during non-production hours, the project team implemented real-time monitoring and automated start-stop protocols based on production schedules. This allows equipment to enter a low-power standby mode during idle periods.	/	64,860	34.41
Energy Efficiency Improvement Project for the Cooling Process After Baking of Heatsink Modules in Inverter Products	To address high energy consumption and thermal leakage in the post-baking cooling process of certain inverter cooling modules, the project implemented thermal insulation covers, optimized airflow direction, and reduced ionizing blower usage. By deploying an automatic control system, the team achieved automated equipment start/stop and point-to-point precision cooling.	0.08	8,827	4.68
Crane warning light energy saving improvement project	To address energy waste from crane warning lights remaining on 24/7, the Project Team optimized the control logic by interlinking the lights with the remote control; the lights now only activate during operation and shut off automatically when the remote is turned off, effectively eliminating idle energy loss.	/	15,070	8.00
Internal thread grinder comprehensive retrofitting project	By retrofitting the workhead with a direct-drive spindle, upgrading the diamond dresser rollers, reinforcing the machine bed, and adopting a gearbox direct-drive system, we significantly enhanced machining precision and transmission torque while reducing motor power from 16 kW to 5.5 kW.	10.00	131,040	69.53
Total		296.50	1,756,484	955.44

Energy Management Optimization

Category	Measures	Progress and Results
System improvement	Update energy management systems and regulations	The Company updated the <i>ISC Energy-Saving Management Specification</i> to incorporate fine-grained energy management requirements, including regional HVAC start/stop and temperature settings, as well as compressed air usage and regular leak detection protocols.
Green factory construction	Implement green factory construction standards	Both the Xi'an INOVANCE and Jinan INOVANCE facilities were constructed in strict accordance with green factory standards. Distributed photovoltaic systems were deployed to their maximum potential across the sites, significantly increasing the proportion of renewable energy usage. Key energy-consuming equipment, such as HVAC and compressed air systems, all meet the National Grade 1 Energy Efficiency Standard. Furthermore, an integrated energy management platform was established to enable line-level energy monitoring. By leveraging AI-driven HVAC optimization, coordinated compressed air control, and smart lighting adjustments, the platform has empowered the factories to achieve green, digital, and intelligent operations.
Energy audit	Conduct internal energy saving diagnoses for key energy-consuming operating sites	The Company conducted internal energy audits across five operating sites to identify on-site energy management issues and potential saving opportunities. A total of 41 management improvement recommendations were proposed, with 26 already implemented and the remaining 15 scheduled for continuous progression. Furthermore, a specialized rectification initiative addressing compressed air leakage was launched across these five sites, identifying a cumulative total of 134 leakage points.
Energy saving training	Conduct various energy-saving training sessions	The Company conducted a total of 10 training sessions focused on energy and decarbonization, covering topics such as energy conservation, carbon reduction, green factory standards, and product carbon footprints. The participants primarily included team leaders from various manufacturing centers and personnel involved in energy-saving management, reaching a cumulative total of 1,099 person-times.

Supporting Low Carbon Transition

Green Products and Innovation ▶

Committed to minimizing product environmental impact, INOVANCE puts forward "Two Enhancements and Four Conservations" and actively embraces the circular economy philosophy. Starting from the initial design phase, the Company systematically identifies opportunities for resource intensification across all production stages to maximize resource utilization efficiency.

Two Enhancements

Enhance production efficiency and product quality

Four Conservations

Conserve energy, materials, labor, and space

Governance

The R&D Management Department is responsible for formulating R&D strategic plans and continuously refining the management system to ensure that product development aligns with market demand and the Company's overarching strategy. Simultaneously, the department provides cutting-edge research and reliability verification for green products in areas such as product design, technical processes, and structural engineering. The Product Competitiveness Center shares underlying R&D resources with the R&D Management Department; by combining strategic insights with market research, it integrates sustainability requirements into the development process to enhance green competitiveness.

Strategy

As regulatory landscapes and market demands evolve, green transition and innovation of products present both potential risks and opportunities for value creation. In 2025, the Company further assessed the risks and opportunities associated with green products and innovation based on the current product portfolio.

Green Products and Innovation

Risk Type	Risk Description	Direct Financial Impact	Risk Response
Policy Risk	The introduction of product regulations, epitomized by the EU ESPR, may raise entry barriers for global markets. As similar policies are implemented and regulatory scopes expand, the Company's export products face increasing green compliance pressure.	Operational Cost ↑	The Company dynamically tracks international ESG regulatory developments to proactively arrange compliance measures.
Supply Chain Risk	Adopting more eco-friendly raw materials and components will lead to higher procurement costs, adding financial pressure to product innovation and impacting the R&D and manufacturing of green products.	Operational Cost ↑	The Company reduces raw material consumption and procurement costs through initiatives such as material conservation, functional modularization, and extreme lightweight.
Market Risk	Customer preferences have shifted towards sustainable offerings. A lack of product green competitiveness could result in reduced order volumes and a decline in market share.	Operating Income ↓	The Company integrates low-carbon philosophies into product development to meet evolving market demands.

Opportunity Type	Opportunity Description	Direct Financial Impact	Opportunity Response
Resource Savings	Through Life Cycle Assessment-based resource management, the Company reduces inputs of raw materials, energy, and labor, achieving mutual benefits in both environmental and economic aspects.	Operational Cost ↓	By adhering to Eco-design principles, the Company minimizes resource consumption across the entire product lifecycle, reducing dependency on and impact on natural resources. Simultaneously, lean management principles are applied to eliminate resource waste.
Product Upgrade	To address rising raw material costs, the Company seeks to optimize production processes or identify material substitutes without compromising performance. This strategy reduces production costs while facilitating product iteration and upgrading.	Operational Cost ↓	By optimizing production processes and improving material recovery and recycling rates, the Company upgrades products while ensuring quality.
Market Development	Through R&D innovation, the Company builds product green competitiveness, enabling green premiums and steadily increasing market recognition.	Operating Income ↑	The Company creates green value for customers by enhancing energy efficiency and innovating digital energy services.

• Strategy for Product Green Design

Adhering to the product design principle of "material conservation, process simplification, packaging minimization, and functional modularization", the Company reduces resource consumption across the product lifecycle, the dependency on natural resources and the impact on the ecosystem.

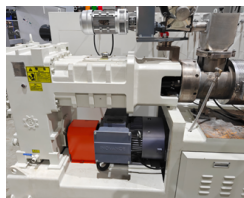
Material Conservation

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

Case

Miniaturization of Low-Voltage Motors

This year, the Company upgraded the application solutions for low-voltage motors used in parallel-shaft gearboxes. Taking the replacement of a conventional 160 kW AC induction motor with the MV33 series permanent magnet flat-wire motor as an example: as the MV33 series is significantly smaller and lighter than traditional induction motors, it can be integrated directly into the inner side of the parallel-shaft gearbox. This enables a compact design for the overall machinery, saving physical space and reducing resource consumption for downstream customers' applications.



Case

Plastic-for-Steel Substitution

The Company continues to accelerate the transition from metal components to plastic parts, a process that now covers metal components with rigorous requirements for strength, precision, and electromagnetic shielding. During the reporting year, through this "plastic-for-steel" scheme, the Company has successfully achieved a 35% weight reduction for the cross-coupling encoder cover of a specific product and an 81% weight reduction for the louvers of a specific cabinet-type unit.

Case

Lightweight Design of Single-Stage On-Board Chargers

INOVANCE Automotive has debuted the first 22kW single-stage On-Board Charger, which achieves a weight reduction of over 50% compared to conventional products, with the lightweight design unlocking significant space potential. Furthermore, the deep integration of single-stage topology and soft-switching control technology has pushed peak efficiency beyond 98.3%, effectively lowering charging costs for users.



Packaging Minimization

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

Case

Packaging Material Substitution

The Company is progressively transitioning from wood and plastic to paper-based alternatives in product packaging. As of the end of the reporting period, paper-to-wood and paper-to-plastic substitution schemes have been implemented across approximately 30% of products on sale, representing a 10% increase over the previous year. Notably, these sustainable packaging solutions have been applied to nearly 50% of all newly-developed products. Thanks to the successful implementation of these schemes, the Company reduced plastic and wood consumption by approximately 10 tons and 50 tons respectively this year.

Functional Modularization

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

Case

PCB Package Miniaturization

Through the optimization of packaging and layouts in PCB design and process enhancement, the Company has achieved higher product density, reduced PCB surface area, and lowered raw material consumption.

Actively practicing the principles of the circular economy and adopting lean management practices, the Company avoids resource waste and improves the rate of product recovery and recycling. The Company is progressively exploring and promoting optimal solutions that harmonize economic growth with environmental benefits.

Case

Optimization of Smart Mobile Tool Carts

To address two critical challenges in tool and accessory management within manufacturing workshops—namely, the complexity of tool specifications leading to poor identification and accidental outflow, and the inefficiencies caused by "superficial inspections" (checking without verifying)—the Company developed an in-house Smart Tool Management Solution based on RFID technology. Furthermore, the solution tackles time-consuming tool searches across production lines and significant productivity losses due to excessive walking for small parts like screws. The core of this solution is a customized Smart Tool Cabinet that integrates tool storage with accessory dispensing. It features an optimized layout based on usage frequency and a mobile design for enhanced accessibility. By combining an in-house control system with RFID technology, the Company achieved visualized tool inspections, enabling "instant verification upon storage." Integrated LED status indicators (Green for returned / Red for unreturned) provide real-time visibility into tool availability and kit completeness. This system effectively eliminates the risk of tool outflow and drastically reduces time wasted on searching for tools or retrieving accessories.

Case

Launch of "Refurbished Equipment Shop" on "My INOVANCE" to Enhance Product Reuse Rate

In 2025, the "My INOVANCE" online shop officially launched the "Refurbished Equipment Shop" service. This initiative provides customers with immediate access to high-quality, original factory-refurbished equipment to replace malfunctioning or damaged ones.

Impact, Risk and Opportunity Management

The R&D Management Department and the Product Competitiveness Center regularly conduct insight activities. Through interpreting regulatory policies, attending industry exhibitions, engaging in university collaborations, participating in academic conferences, conducting literature research, and tracking market dynamics, they gain insights into changes in product technology R&D and market demand, assess risks and opportunities for products in green and low-carbon transformation and innovation, produce relevant insight reports, guide green product design and performance optimization, and support the company's product decision-making.

Metrics and Targets

Target(s)	Target Year	Metric(s)	Target Process During the Reporting Period
The packaging for new products has achieved a 50% reduction in foam usage.	2025	Reduction rate of plastic usage in product packaging	Achieved
The MD630 series features a 30% reduction in overall product volume.	2025	Product volume reduction rate	Achieved

Capturing Clean Technology Opportunity ▶

Annual Key Performance

Newly Avoided GHG Emissions

18,799,030 tCO₂e

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

53.33%

Governance

The EMT makes annual R&D decisions by integrating insights from "Dual Carbon" targets and comprehensive product market research. The R&D Management Department is responsible for formulating strategic R&D plans, defining objectives and plans for clean technology development, and coordinating the reserves of both frontier technologies and application-oriented technologies. By sharing underlying R&D resources with the R&D Management Department, the Product Competitiveness Center enhances the product green competitiveness and optimizes integrated energy solutions.

Strategy

Clean technology serves not only as a critical technology pillar for climate action but also as the strategic foundation for reshaping energy systems and industrial landscapes. To better capitalize on clean technology opportunities and empower green business upgrades, the Company prioritizes industry insights, builds proactive frontier and application-oriented technology reserves, and ensures robust risk management throughout the R&D process.



Opportunities in Clean Technology

Risk Type	Risk Description	Direct Financial Impact	Risk Response
Standard Risk	Rising energy efficiency standards in the industry may lead to the risk of inventory obsolescence for products that no longer meet future requirements.	Operating Income ↓	The Company dynamically tracks the evolution of industry energy efficiency standards, anticipates the direction of standard upgrades in advance, and proactively participates in the formulation of industry standards.
Technology Risk	Technological uncertainty risks stemming from frontier clean technology R&D include, but are not limited to, the disruption of technology roadmaps, generational technology leaps, and difficulties in unifying technical standards.	Operating Costs ↑	Adhering to the open innovation model to diversify technological development risks, the Company adopts an agile "small steps, fast iterations" approach to accelerate technical validation and updates.
Market Risk	Shifting customer preferences are moving toward products and solutions that are green, energy-efficient, and cost-effective.	Operating Income ↓	Aligning with customer needs, the Company establishes leading energy-saving products and solutions, providing clients with quantified demonstrations of green, energy-saving, and cost-reduction value.

Opportunity Type	Opportunity Description	Direct Financial Impact	Opportunity Response
Leading Standard	By building and applying clean technology reserves, the Company can take the lead in establishing frontier technology standards and leading industry-wide innovation.	Operating Income ↑	The Company proactively engages in the drafting and formulation of clean technology standards, actively applies for technical patents, and builds reserves of frontier technologies in advance.
Product Upgrade	Through R&D, iteration, and application of clean technologies, the Company upgrades existing products and solutions to enhance their green competitiveness.	Operating Income ↑	The Company integrates Eco-design principles throughout the product life cycle, continuously enhancing energy efficiency to secure a competitive edge in the market.
Market Opportunity	Through clean technology R&D and innovation, the Company creates value in terms of energy saving, efficiency enhancement, and cost reduction, facilitating the expansion into new markets.	Operating Income ↑	Leveraging its clean technology capabilities, the Company is expanding into application scenarios such as energy storage and digital energy, transitioning from a hardware provider to a system solution provider.

Impact, Risk and Opportunity Management

The Company monitors shifts in R&D and market demand on a regular basis and formulates strategic insights by systematically assessing potential risk exposures and strategic windows of opportunities in clean technology. These strategic insights allow the Company to define clear technology roadmaps, iteration paths, and application plans, thereby driving clean tech innovation and generating sustainable value.

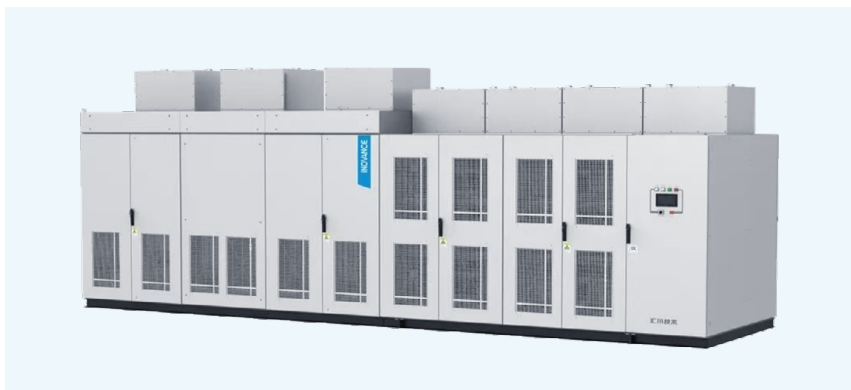
Metrics and Targets

Target	Target Year	Metric	Target Process During the Reporting Period
The Company focuses on technologies that deliver energy savings, efficiency enhancements, and cost reductions for customers, ensuring these advancements are seamlessly integrated into our products and solutions.	2025	Advance clean technology research and development	The target has been achieved. During the reporting period, the Company completed the primary development of the hybrid SiC high-speed AC drive.

Case

INOVANCE's Smart Ventilation Solution Delivers Dual Value of Safety and Energy Efficiency for Mining Operations

At a national-level smart demonstration mine in Indonesia, previous drive units were unable to adapt to the local grid, leading to multiple unplanned shutdowns of the main surface fans and severely threatening production safety. Prioritizing intrinsic safety alongside the energy-saving requirements of mine ventilation systems, INOVANCE introduced a technical innovation that minimizes human intervention and enables unmanned operation. The system features built-in AI algorithms for predictive health monitoring of core components and supports one-click emergency response during power failure events. Leveraging the leading flux-linkage closed-loop vector control technology, the HD90 achieves an ultra-high speed regulation accuracy of $\pm 0.02\%$. This facilitates a transition from "broad-brush" extensive air supply to "precision-targeted" smart ventilation, effectively eliminating wasted energy and achieving global energy efficiency.



Case

INOVANCE Empowers Green Upgrades in Laser Dust Extraction

The high temperatures generated during laser cutting vaporize metal into suspended particles with diameters of less than 1 micron. This ultra-fine dust poses health risks and compromises equipment precision. Traditional extraction equipment typically relies on line-operated asynchronous motors running at full frequency, using dampers to regulate airflow—a method that causes significant energy waste. Asynchronous motors have a narrow high-efficiency zone, and their efficiency drops sharply when operating away from the rated point; furthermore, damper regulation increases system resistance, further driving up energy consumption.

To address these industry pain points, INOVANCE's MV3X series low-voltage industrial permanent magnet synchronous motors utilize high-performance magnetic materials to reach the IE5 energy efficiency standard, improving efficiency by 5%-10% compared to traditional asynchronous motors. Paired with the MD630 series low-voltage AC drive, the motor maintains high efficiency within a load range of 25%-120%. Additionally, the system integrates INOVANCE's intelligent energy-saving algorithms, which monitor load changes in real-time and automatically optimize operating parameters to ensure the system remains in its optimal energy-consumption state.



Case

INOVANCE's Zero-Carbon Solution for the Chemical Industry Wins "Environmental Pioneer" Award in Asian Coatings Sector

As a pillar of the national economy, the chemical industry is also characterized by high energy consumption and emissions. Green transformation in this sector often faces challenges such as continuous process flows, harsh reaction conditions, insufficient synergy between equipment and energy management, and unclear technical pathways. As a provider of integrated deep-decarbonization solutions for energy-intensive industries, INOVANCE utilizes its InoCube-FEMS "Zero-Carbon Brain" platform as the core. By combining integrated carbon-energy management with "Energy Storage+" peak shaving, the Company systematically promotes energy structure optimization and operational upgrades while ensuring power security and process stability. This approach achieves maximum manufacturing efficiency with minimal energy consumption, delivering direct value in energy saving, carbon reduction, cost optimization, and operational stability. The solution was honored with the "Environmental Pioneer" Award at the 2025 Asian Coatings Innovative Technology Frontier Forum.

Scope 4: Avoided GHG Emissions

The Company has quantified the carbon reduction benefits of various product categories launched in 2025 based on business operations. These benefits are categorized into Direct Avoided GHG Emissions and Collaborative Avoided GHG Emissions. For details regarding the definition, calculation methodology, and allocation rules of Scope 4, please refer to the relevant sections in the 2023 report titled "Scope 4: Avoided GHG Emissions."

According to incomplete statistics and calculations, the Scope 4 avoided GHG emission effects generated by INOVANCE's products and solutions launched in 2025 are as follows:

Category	Application Classification	Avoided GHG Emissions (tCO ₂ e/year)
Directly Avoided GHG Emissions	Application of AC drive products across various industries, including air conditioners, air compressors, textile machinery, lifting equipment, and fans and pumps	5,882,633
	Application of hydraulic servo systems across various sectors, including hydraulic stations, bending equipment, and forging equipment	324,393
	Application of high-efficiency permanent magnet synchronous motors in industries such as fans and pumps, injection molding machines, textiles, and rail transit	95,832
	Application of regenerative AC drives across various industries, including test benches, large transmission equipment, elevators, etc	72,215
	Power-related applications, currently referring specifically to shore power systems	57,630
Collaboratively Avoided GHG Emissions	Application of wind power pitch control systems and yaw systems in wind power generation equipment	9,618,647
	Application of traction converters and asynchronous traction motors in subways, light rail, and trams	33,374
	Application of electric drive systems, motors, powertrains, and vehicle-mounted charging systems in electric passenger vehicles	843,202
	Application of electric drive systems, motors, powertrains, and vehicle-mounted charging systems in electric business vehicles	1,653,848
	Application of electric drive systems, motors, powertrains, and vehicle-mounted charging systems in electric engineering mechanics	217,255
Total		18,799,030

Since 2023, through innovation in products and solutions, INOVANCE has cumulatively avoided 79,940,419 tCO₂e of GHG emissions for society¹.

Category	2023	2024	2025
Directly Avoided GHG Emissions	5,844,416 tCO ₂ e	5,341,677 tCO ₂ e	6,432,704 tCO ₂ e
Collaboratively Avoided GHG Emissions	4,904,111 tCO ₂ e	9,106,227 tCO ₂ e	12,366,326 tCO ₂ e

I Protecting the Natural Environment

INOVANCE strictly complies with environmental laws and regulations in all jurisdictions where it operates. The Company continuously refines its environmental management system, identifies and mitigates environmental risks, and maintains strict control over pollutant emissions. The Company is committed to protecting local ecosystems and biodiversity while minimizing the environmental impact of the Company's production and business activities.

Annual Key Performance 



Significant Environmental Violation
0 case

Compliant Environmental Management ▶

The Company's EHS Department oversees all environmental management activities across the Group's business units, serving as the highest authority for environmental governance. The EHS Department is responsible for environmental impact assessments regarding the construction, renovation, and expansion of plant areas. The EHS Department manages the disposal of pollutant emissions (including exhaust gas, sewage, solid waste, and noise), conducts environmental risk identification, organizes emergency drills, and delivers environmental protection training. For the supply chains of key factories, dedicated management personnel are assigned, while other factories are managed by specialists at the factory headquarters.

1. The cumulative total of avoided GHG emissions is calculated by aggregating the annual increments year by year; the total volume as of the end of the period is the sum of the increments from the current and all previous years.

The Company and its subsidiaries are committed to strengthening their Environmental Management Systems, regularly identifying environmental risks, and developing emergency response plans for significant environmental hazards. In 2025, INOVANCE's environmental management focused on "emission reduction and waste minimization." As of the reporting period end, a total of 13 key operating sites had obtained ISO 14001 certification, accounting for 68.42% of all certified sites. During the reporting period, the subsidiary Suzhou INOVANCE was honored as a "Gold Medal enterprise of Suzhou Municipal Corporate Environmental Self-Inspection and Self-Correction Service Platform" for 12 consecutive months.

Target	Target Year	Metric	Target Process During the Reporting Period
0 Environmental Incident	2025	Number of environmental incidents occurred	Achieved. During the reporting period, no environmental incident occurred.

Pollutant Emission Management ▶

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

Sewage Emissions

The Company annually commissions third-party institutions to conduct water quality sampling and monitoring. All sewage is collected via municipal pipeline networks and discharged into municipal sewage treatment plants for professional treatment. To reduce emissions at the source, the Company has implemented sensor-activated faucets for domestic water use and displayed water conservation posters across facilities to advocate for water saving and reuse, thereby minimizing domestic wastewater discharge. The Company reduces wastewater discharge through process optimization. During the reporting period, the Company upgraded the PCB cleaning process by adopting ultrasonic and dry ice cleaning technologies, resulting in a reduction of 71.7 tons of waste liquid emissions compared to 2024.



Waste Gas Emissions

The Company collects exhaust gases through sealed pipelines and commissions third-party institutions annually to conduct regular emission monitoring. These gases are treated through dedicated facilities (such as high-efficiency dust filtration and activated carbon adsorption for VOCs). To reduce VOCs emissions at the source, the Company replaces solvent-based cleaning agents with water-based alternatives and substitutes solvent-based impregnating varnishes with solvent-free versions.

Waste Management



General Industrial Solid Waste

The Company systematically classifies general industrial solid waste, which is centrally collected from workshops, transported to designated warehouses, and subsequently entrusted to qualified third-party units for compliant disposal. The Company reduces general industrial solid waste generation by minimizing packaging waste during transit and shipping, and by utilizing recyclable or reusable packaging containers.



Hazardous Waste

Hazardous waste is uniformly collected from workshops and stored in dedicated warehouses with clear classification and zoning, before being legally transferred to certified third-party institutions for professional disposal. Through process improvements and cleaning/purification techniques, the Company actively reduces the generation of hazardous waste and enhances recyclability and utilization rates.

Water Resource Management ►

The Company has established a comprehensive water resource management system covering both office and production environments. In office areas, the use of water-saving fixtures is mandatory, complemented by awareness campaigns to foster water conservation habits among employees. For manufacturing facilities, new plants are required to be equipped with rainwater harvesting systems, while existing plants undergo regular water balance testing and retrofitting for water recycling. By installing flow meters and conducting regular data collection, the Company continuously monitors water use efficiency.

In 2025, INOVANCE used the Aqueduct Water Risk Atlas developed by the World Resources Institute (WRI) to assess water-related impacts at the newly-added operating sites. Based on water-related dependencies, impacts, risks, and opportunities, the Company identified sites located in water-stressed areas and strengthened water-saving management at those sites.

Biodiversity Protection ►

In 2025, INOVANCE utilized the biodiversity impact assessment tool—developed by the Shan Shui Conservation Center and the Center for Nature and Society at Peking University—to evaluate species distribution and proximity to protected areas within a 5 km radius of the key operating sites. This year, 17 key manufacturing sites located in Mainland China were included in the assessment. During the reporting period, no significant biodiversity risks were identified within the 5 km radius of the assessed operating sites.

Species Impact Assessment

Assessment results indicate that within a 5 km radius of our subsidiary, Xi'an INOVANCE, there are 1 Critically Endangered species and 1 Vulnerable species. Within a 5 km radius of INOVANCE Nanjing, there are 1 Vulnerable species. Other key operating sites have national Class II Protected Animals and Three Types of Protected Wildlife within their 5 km radius.



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Protected Areas Impact Assessment

Among the 17 key operating sites assessed, none are located within a 5 km radius of National Parks or World Natural Heritage Sites. However, Yueyang INOVANCE is adjacent to Internationally Important Wetlands, Nature Reserves, and Nature Parks, while 6 other key operating sites are situated near Nature Parks. Moving forward, we will strengthen ecological monitoring and conservation efforts around these critical locations.

Basic Information		Protected Areas Impact Assessment				
No.	Operating sites	National Parks	Nature Reserves	Natural Parks	World Natural Heritage Sites	Internationally Important Wetlands
1	Suzhou INOVANCE	0	0	2	0	0
2	INOVANCE Automotive	0	0	2	0	0
3	Changzhou INOVANCE New Energy	0	0	0	0	0
4	Yueyang INOVANCE	0	1	1	0	1
5	BST	0	0	0	0	0
6	Nanjing INOVANCE	0	0	1	0	0
7	Jiangsu Kingway	0	0	0	0	0
8	BST Machinery & Electronics (Jiaxing)	0	0	0	0	0
9	Dalian INOVANCE	0	0	1	0	0
10	BNK CABLE	0	0	0	0	0
11	EST	0	0	0	0	0
12	Changchun Weton	0	0	0	0	0
13	MJB	0	0	2	0	0
14	Jinan INOVANCE	0	0	0	0	0
15	Xi'an INOVANCE	0	0	0	0	0
16	Tianjin BST Electric	0	0	0	0	0
17	Suzhou INOVANCE New Energy	0	0	2	0	0

Social: Promoting Social Welfare



Prioritizing customer success and driven by R&D and innovation, the Company focuses on customer satisfaction, strictly controls product quality and safety, and enhances customer service levels. The Company cares about employee growth and development, safeguards the fundamental rights and interests of employees in accordance with the law, and creates an excellent platform for professional career development. Furthermore, the Company actively practices ecological construction and social responsibility, working with partners across the industry chain to jointly build a green, inclusive, and responsible industrial ecosystem.

I Customer First

Upholding the core value of "Customer first" and the service philosophy of "Customer-Centricity," INOVANCE focuses on customer satisfaction, product quality, and user experience to empower our customers' success.

Strict Product Quality Control ►

With the vision and mission of "Promoting Industrial Civilization with Excellent Quality," and guided by the "Dual Full Cycle, Dual Safety" principle, the Company benchmarks against global best practices. We are dedicated to achieving zero-defect management across the entire value chain, building a platform-based organizational capability centered on prevention, and comprehensively enhancing the quality of our products, solutions, and services.

Annual Key Performance



Customer Quality Audit
Pass Rate

100%



Customer Quality Issue Long-term
Thorough Resolution Rate

96.50%

Governance

INOVANCE adopts a model of centralized group planning and localized management, requiring all subsidiaries to adhere to the fundamental principle of "the same INOVANCE, the same quality." The Company's quality management architecture is composed of both physical and virtual organizational structures.

Physical Organizations

EMT: The EMT is the highest decision-making body for quality management. The management team is responsible for cross-departmental alignment on quality issues and providing resource support.

Quality Management Department: Acting as the administrative authority in the quality domain, the Quality Management Department serves as the driving engine and the ultimate guarantor of the Company's quality management. Its responsibilities encompass customer quality, product quality, and system quality.

Virtual Organizations

Quality Professional & Technical Committee: This virtual organization coordinates and plans the development of quality engineering capabilities across the quality domain and quality-related business sectors. Its goal is to promote the cross-functional application of quality engineering capabilities, establish quality standards within job competency frameworks, and elevate the Company's overall quality engineering proficiency.

R&D Quality Task Force: To support the implementation of the quality strategy and achieve world-class quality standards, the Company has established R&D Quality Task Forces within each product R&D center. These teams proactively conduct quality activities and capability building to enhance customer satisfaction. The task forces are designed to respond rapidly to market issues, efficiently resolve common internal business problems, and ensure continuous quality improvement.



Strategy

Based on the requirements from the internal/external environment dynamics and business development, the Company monitors product quality and safety risks and makes risk response plans in advance.

Product Safety and Quality

Risk Type	Risk Description	Direct Financial Impact	Risk Response
Safety Compliance Risk	The risk to personal safety arising from products failing to meet newly issued laws, regulations, or industry standards in a timely manner across the stages of design, manufacturing, application, and commissioning.	Operating Costs ↑	The Company comprehensively identifies and eliminates safety risks to ensure personal and property safety across all scenarios. In 2025, the scope of "Product Safety" was expanded to include "Customer Application Scenario Safety," aiming to identify and mitigate safety risks within diverse customer use cases from both design and application perspectives.
Material Quality Risk	Geopolitical factors have posed threats to global supply chains. To ensure the stability of material supply, the Company may undertake supply chain shifts and seek alternative material suppliers. This process introduces the risk that the quality of newly introduced alternative materials may not meet expectations in the short term.	Operating Income ↓	Starting from the design phase, the Company incorporates application conditions, design specifications, and material characteristics to optimize the entire process—from material certification and supplier management to incoming inspection and production testing—through full-system and component-level teardowns. Supplier management has been extended to Tier-2 and Tier-3 suppliers, broadening the scope and refining requirements for process management.
Software Development Quality Risk	Due to shifting market demands and the rapid advancement of AI technology, software development faces requirements for multi-version development and rapid iteration within tight schedules. This may lead to the risk of software quality failing to meet customer expectations in a timely manner.	Operating Income ↓	The Company initiated software improvement projects focused on version iteration and enhancement. By implementing digital and intelligent upgrades in software modularization and automated testing, the Company has significantly improved software development quality.

Opportunity Type	Opportunity Description	Direct Financial Impact	Opportunity Response
Cost Optimization	Strengthening upfront quality management will reduce after-sales product failure rates and recall costs.	Operating Costs ↓	The Company is reinforcing physical quality management by establishing a Product Lifecycle Management mechanism and solidifying end-to-end management of product quality.
Brand Premium	Enhancing product quality and safety will effectively bolster customer trust and brand loyalty, enabling the Company to transcend homogeneous price competition.	Operating Income ↑	The Company is strengthening customer-oriented quality management, focusing on satisfaction, improving the closure rate of after-sales quality issues, and solidifying closed-loop management of customer satisfaction.
Market Accessibility	By continuously institutionalizing technical requirements for quality and safety standards and acquiring more safety compliance certifications, the Company facilitates entry into high-end overseas markets and advances global strategic layout.	Operating Income ↑	Aligning with world-class technical requirements and standards, the Company actively pursues product quality and safety compliance certifications to accelerate access to international high-end markets.

• Corporate Quality Management Strategy



INOVANCE QUALITY POLICY

- Aiming to meet the requirements of global customers, based on the principle of matching customer business processes.
- Focusing on key issues, key characteristics, and key people.
- Full participation, prevention oriented, do it right the first time, efficient response.
- Building a high-quality industrial chain.
- Achieving customer value through excellent quality.

In 2025, INOVANCE's quality management strategy focuses on "Key Personnel Management" and the promotion of the "Performance Excellence Model."

Key Personnel Management

The Company identifies key activities throughout the process and the personnel responsible for them. In collaboration with HR, competency assessments are conducted through talent reviews to identify skill gaps and generate improvement plans, solidifying the competency loop. Quality Business Partners evaluate duty performance through metrics to secure the achievement of business goals, ultimately completing the individual incentive within the HR framework.

Performance Excellence Model Promotion

The Company utilized applications for government quality awards to improve organizational quality excellence. In 2025, an organizational maturity diagnosis was conducted based on GB/T 19580 to evaluate improvement opportunities in operational and physical quality dimensions.



Composition of INOVANCE Quality Management

- **Customer Quality:** Focuses on customer satisfaction and enhances the closed-loop management of customer satisfaction.
- **Product Quality:** Focuses on physical product quality and strengthens the end-to-end management of product quality.
- **System Quality:** Focuses on system and operation quality, continuously improve the maturity of management systems to elevate operational quality and brand for quality excellence.

In 2025, INOVANCE carried out key initiatives across 3 dimensions: Customer Quality, Product Quality, and System Quality.

Customer Quality

The Company developed a Customer Quality Scenario Database. From the perspective of customer equipment, we mapped out scenarios where quality issues are likely to occur throughout the lifecycle of INOVANCE products. These include extreme environments, limit conditions, safety-critical scenarios, and customized/industry-specific requirements. This data serves as a lever for proactive design for quality, ensuring that business activities are governed by the need to fulfill the demands of these quality scenarios.

Product Quality

The Company systematically identified risks related to product and service operational safety across the fields of quality, R&D, solutions, integrated design, and service. By formulating preventive measures, we promoted the implementation and institutionalization of end-to-end safety management—from scenario definition and product development to selection, engineering delivery, and service.

System Quality

The Company invited a third-party expert team to diagnose our organizational maturity according to the Criteria for Performance Excellence. Methods included questionnaires, on-site interviews, and document reviews. The diagnostic report serves as the foundation for the full-scale rollout of the Quality Management Excellence Model. During the reporting period, INOVANCE Suzhou was included in the Jiangsu Provincial Quality Credit Rating AA-Level Enterprise list.

• Product Quality Management Strategy

INOVANCE implements product life-cycle quality management, covering 5 major phases: product development, material procurement, manufacturing, and market service. For more details, please refer to the "Product Life-cycle Quality Management" section of the *INOVANCE 2024 Sustainability Report*. In 2025, the Company released 5 new documents, including *Quality Education System Construction and Implementation Process*, *Quality Culture Construction Process*, *Assessment and Improvement of Hardware Failure Rate Achievement*, *PPAP Planning and Submission Audit*, and *Early Failure Containment Management*.

The Company has established a full-process supplier quality control system and a tiered/classified supplier management mechanism, covering supplier onboarding audits, material quality management, quality performance management, and performance improvement coaching. Specifically, the Company implements differentiated quality management strategies for material quality. Through material quality risk ratings, the Company performs tiered and classified assessments and management of quality risks associated with manufacturers' components. Based on special material characteristics, quality requirements, and quality targets, the Company establishes material quality management strategies by category. These special characteristics are decomposed into the supplier's production, processing, and inspection stages for control. Through PPAP and change/variance management, the Company ensures process capability stability and material consistency to better meet customer requirements for product quality. For more details, please refer to the "Supplier Quality Management" section of the *INOVANCE 2024 Sustainability Report*.

In 2025, the Company launched Supply Chain Zero-Defect Management through deep cross-functional collaboration. By aligning quality philosophies, cultural awareness, process rules, and methodological tools with zero-defect requirements, the Company proposed the "Do It Right the First Time" goal. The Company has established a prevention-oriented, reusable mechanism for continuous improvement to support the implementation of quality management strategies. During the reporting period, the Company completed 755 supplier audits, consisting of 6 desktop audits and 749 on-site audits.

• Product Security Management Strategy

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

In 2025, the Company strengthened product safety management through system updates, scenario construction, and preventive management:

System Updates

The Company updated the *New Product Quality Planning - Safety Planning Guidelines*, clarifying the definition of safety issues, handling processes, debriefing requirements, and full-process safety management rules for new products.

Scenario Construction

The Company established an industrial equipment safety scenario database, formulating targeted design preventive measures and on-site delivery safety management measures during the development process.

Preventive Management

The Company developed a proactive safety prevention management system, establishing processes, specifications, and standards for safety management across product development, solution development, engineering delivery, and field service to ensure the safety of product development and service operations.

During the reporting period, the subsidiary INOVANCE Automotive launched the "Zero Safety Breakdown, Zero Fire" special initiative addressing safety breakdowns in new energy vehicles. By leveraging hardware upgrades, AI diagnostics, and cross-domain deep integration, the subsidiary improved the quality of die-cast parts and reduced the probability of related accidents. In 2025, the number of safety breakdowns per million units for INOVANCE Automotive's products decreased by 57.81% year-on-year.

Impact, Risk and Opportunity Management

INOVANCE categorizes product quality and safety risk management into proactive management and reactive management. Proactive management involves actively identifying and controlling quality risks during the product development and production stages, while reactive management utilizes feedback from the customer and market ends to identify potential quality risks in advance.

Product Quality and Safety Risk

Proactive Management

Development Phase: Conducting process management for product design and development to review quality risks during the development process.

Production Phase: Identifying risks through online production data analysis and early warnings; holding regular production quality meetings to identify and assess core risks in current production.

Reactive Management

Customer Feedback: The ITR system provides data on the frequency, impact severity, and classification of quality issues, which serves as foundational data for quality risk identification and assessment.

Maintenance Data: Analyzing potential product quality issues through maintenance data to identify potential quality risks ahead of time.

The Company has established an escalation management mechanism for resolving quality issues. Under this framework, quality issues occurring within their respective functional areas are initially led by Tier-3 departments for resolution (Level 1). Issues that remain unresolved at the first level are escalated to the Tier-2 management organization (Level 2). If the second level fails to reach a resolution, the quality issues are further escalated to senior management (Level 3) for final settlement. The Company adopted the "721" principle for hierarchical quality management—resolving 70% of issues at the Level 1, 20% at the Level 2, and 10% at the Level 3 – to improve efficiency.



Metrics and Targets

Target	Target Year	Metric	Target Process During the Reporting Period
The Company continuously conducts third-party satisfaction surveys, and the overall satisfaction increases year-on-year.	2025	Customer Satisfaction	The target has been achieved. 80% of customers were satisfied with the Company's products and services.
Customer quality issue long-term thorough resolution rate is over 96%.	2025	Customer quality issue long-term thorough resolution rate	The target has been achieved. The customer quality issue long-term thorough resolution rate has reached 96.50% during the reporting period.
Customer quality audit pass rate reaches 100%.	2025	Customer quality audit pass rate	The target has been achieved. The customer quality audit pass rate has reached 100% during the reporting period.

Quality Assessment

The Company conducts internal quality management audits and third-party supervisory audits annually according to ISO 9001, customer requirements, and industry standards. These efforts aim to identify areas for quality improvement and ensure that products consistently meet customers' quality management requirements.

Audit Category	Audit Description	Progress During the Reporting Period
External Audit	Including third-party audits (such as system audits and product compliance audits) and customer audits.	Third-party Audit: The third-party organizations spent over 200 cumulative days conducting audits based on projects and orders. This year, Jinan INOVANCE obtained ISO 9001 certification. Our engineering mechanics business achieved the IATF 16949 certification. Customer Audit: The Company accepted 158 customer audits with a 100% pass rate.
Internal Audit	Focusing on the Company's internal quality management system and process audits.	In 2025, the Company implemented 15 internal audits, including QPA and QSA audits.

Honor and Recognition

01 The PLC control system has become the first industrial control system in China to obtain production line-level functional safety certification.

02 Industrial robots have successfully passed EN ISO 13849-1 (PL d) functional safety certification and EN ISO 13849-2 validation certification.

03 The Energy Safety Laboratory has been officially recognized as an Accepted Compliance Testing laboratory by TÜV SÜD.



01



02



03

Improving Customer Services ►

Governance

Driven by the continuous enhancement of customer satisfaction, the Technical Service Center is responsible for after-sales maintenance, the management of technical service providers, and customer training. The Technical Service Center supports internal product quality improvement by collaborating with the Quality Management Department. Through the ITR system, it triggers the identification and resolution of reverse quality issues, collectively improving customer satisfaction.

Strategy

INOVANCE adheres to a "Customer-Centric" service philosophy, focuses on customer satisfaction, enhances user experience, and proactively monitors potential risks during the service process to provide high-quality service to customers.

Product and Service Safety and Quality

Risk Type	Risk Description	Direct Financial Impact	Risk Response
Contractor Operational Safety Risks	Contractors may face field operational safety risks when providing after-sales services to customers.	Operating Costs ↑	During the reporting period, the Company required over 70% of key service providers to submit specific credentials for after-sales technical services, including High-Voltage/Low-Voltage Electrician Certificates and evidence of personnel insurance coverage. In the future, this requirement will be extended to all after-sales technical service providers.
Field Operational Safety Risks	Technical service personnel may also encounter field operational safety risks while performing after-sales support for clients.	Operating Costs ↑	The Company has formulated multiple standard operating procedures for field safety, upgraded safety protection equipment, and conducted 2 specialized safety training sessions. Furthermore, 19 safety operation guidelines were released under the "Delivery, Commissioning, and Service Safety Manual."
The Risk of Failure to Provide Timely Customer Service	As overseas customers demand higher standards of service, failure to meet service response lead times may result in the loss of future orders.	Operating Income ↓	The company has established a comprehensive set of metrics to monitor service timeliness, while progressively expanding service network coverage and enhancing the professional proficiency of service personnel.

Opportunity Type	Opportunity Description	Direct Financial Impact	Opportunity Response
Resource Reuse	By repairing returned parts, the Company can bolster spare parts inventory, extend product lifespans, and improve resource utilization efficiency.	Operating Costs ↑	The Company provides channels for the repair and refurbishment of customer-returned parts, supporting product longevity and improving resource utilization rates.
Product Repurchase	Providing high-quality after-sales service and ensuring the timely resolution of issues helps build customer trust, which in turn facilitates product repurchases.	Operating Income ↑	INOVANCE will continue to cultivate a more professional service team, build a more robust service network, and provide diverse service channels to ensure superior service quality, ultimately strengthening customer trust and brand loyalty.

Impact, Risk and Opportunity Management

The Technical Service Center monitors product quality and customer service issues through a reverse management mechanism. By collecting daily customer feedback and maintenance data, the Center conducts monthly service reviews to analyze potential product quality concerns and performs assessment of major potential risks annually to develop corresponding mitigation measures.

Metrics and Targets

Target	Target Year	Metric	Target Process During the Reporting Period
The coverage of key technical service providers' special qualification assessment is over 70%.	2025	The coverage of key technical service providers' special qualification assessment.	Achieved. During the reporting period, 73% of key technical service providers have passed the qualification assessment.
The coverage of key technical service providers' special qualification assessment reaches 100%.	2026		The reporting period has not yet reached.

• More Professional Service Team

The Company has established a customer service team consisting of direct employees, service providers and certified partner engineers. In 2025, Technical Service Center and INOVANCE Academy co-built a service capability certification system and provided capability certification to service providers.



For Customer Service Personnel (including Service Providers)

Internal Training: **828** sessions with participants over **9,000** person-times.
 Service Provider Training: **7** sessions with participants over **428** person-times.
 Safety Training: **2** sessions with participants over **900** person-times.
 Specialized Training for Overseas Warranty Partners, End Users, and Agents: **57** sessions with participants approximately **504** person-times.
 During the reporting period, a total of **894** training sessions were conducted, with cumulative participation exceeding **11,000** person-times. **411** service provider personnel successfully obtained professional certification.



For Core Customer Service Staff

During the reporting period, the Company conducted customer service training, in which 41 core customer service staff in total participated.



For Frontline Service Staff

During the reporting period, the “Golden Seed” capability development program was launched. The training sessions included online self-learning, offline in-person mentorship and assessment. **83** frontline service staff attended the program.



• More Comprehensive Service Network

INOVANCE is committed to providing comprehensive and timely service and technical support to global customers, continuously expanding the coverage of domestic and international service networks. As of the end of the reporting period, 211 and 44 new service sites were added to the domestic and overseas networks, respectively. The total number of service sites has reached 719 in China and 112 internationally.

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

7 repair centers

685 service providers

19 regional spare parts centers

4 service stations

4 elevator authorized stores

Overseas Service Network (as of the end of the reporting period)

11 subsidiaries and offices

16 repair centers

65 joint warranty centers

20 spare parts centers

• More Diverse Service Channels

The Company actively explores and maintains diversified customer service channels by integrating online and offline touchpoints. Online channels include the 400 customer service hotline, intelligent customer service, and the "My INOVANCE" App, while offline channels consist of a widespread network of service outlets.

In 2025, "My INOVANCE" APP successfully launched the Field Service Digitization (ITR+) Project. This initiative integrates the entire service satisfaction workflow, achieving end-to-end closed-loop management from initial service requests to satisfaction feedback. This function provides robust support for managing service satisfaction and efficiency.

"My INOVANCE" App

Number of registered users

179,800

Number of active users

55,400

Service shop's transaction volume increased by

400% year-over-year

Case

INOVANCE Inclusive Design Innovation Continuously Enhances User Experience

In 2025, INOVANCE further strengthened the application of the "Human-Centered Design" philosophy within its product user experience framework.

Proactive Care: By leveraging multi-dimensional perception—including facial recognition, voice, and environmental sensing—the system can anticipate user needs and synchronize with whole-house intelligence. It proactively provides personalized experiences, such as Elderly Mode and holiday themes, achieving a leap from "passive response" to "proactive care."

Inclusive Design: Elevator control panels utilize multi-sensory interaction, simplified user interfaces, and interactive guidance. This ensures that users of all ages and backgrounds can operate elevators with ease and convenience.

Safety Assurance: The Intelligent Emergency Rescue System enables real-time positioning and activation of rescue protocols. It alleviates user anxiety through video and voice communication, while added physical override buttons provide dual safety layers, creating a comprehensive and secure travel experience.

Human Factors Analysis: 3D Human Factors Simulation was applied during the assembly and disassembly design of the 430kW String PCS for the first time. Through reachability analysis, we ensured operational feasibility, while fatigue analysis was used to evaluate design rationality and occupational safety.

• Customer Satisfaction Survey

The Company continuously conducts customer satisfaction surveys to identify focal points of customer concern and determine the key drivers of satisfaction. During the reporting period, the Company commissioned a third-party institution to perform a satisfaction survey. The results indicate that 80% of customers expressed satisfaction with our products and services.

• Customer Complaints and Resolution

The Company has established an efficient Issue-to-Resolution (ITR) process. Through a tiered and classified handling mechanism—comprising Level 1 technique service engineer, Level 2 technical support engineer,

and Level 3 R&D engineer—we ensure timely response to customer demands. This system drives the rapid resolution of feedback, minimizes the negative impact of issues, and promotes continuous improvement in product quality.

• Customer Privacy Protection

INOVANCE attaches great importance to customer privacy protection and has established rigorous information access management. We commit to collecting, accessing, using, or disclosing customer data only for legal and appropriate business purposes, and strictly under the premise of explicit customer consent. During collaboration with customers, we strictly adhere to customers' rules and regulations, prudently protecting their assets, including trade secrets, intellectual property, process technologies, and information assets. During the reporting period, there were no incidents of customer privacy or information leakage. In 2025, the Company completed information security assessments for the "My INOVANCE" App, "Fenglin," and other mobile applications, all of which were awarded the "Level 2 Cybersecurity Multi-Level Protection Scheme" certification.

Innovation Driven Development

Innovation is the core driving force of INOVANCE's development. The Company adheres to independent innovation, leveraging advanced technology and industry experience to provide customers with intelligent and precise integrated products and solutions. Meanwhile, the Company attaches great importance to information security and privacy protection, effectively safeguarding the data security of all stakeholders.

R&D Innovation Management ►

INOVANCE places a high priority on R&D innovation, viewing technological innovation as the primary driver of development. The Company is committed to continuously creating value for customers and helping them achieve business success by providing innovative solutions and services.

Annual Key Performance



R&D Investment

4,255.77 million RMB



Number of R&D Personnel

7,670 persons



R&D Investment as a percentage of total revenue

9.44%



R&D personnel as a percentage of total number of employees

28.10%

Governance

The Company's R&D Management Department leads the work related to R&D innovation. This department continuously monitors the advanced innovation methods, methodologies, and technologies of global industries and benchmarking companies, integrating cutting-edge innovation concepts into the Company's strategic planning and introducing them into the R&D system. R&D Management Department identifies issues in existing R&D processes, designs and promotes the construction of new process systems to achieve business transformation and efficiency enhancement. Furthermore, the R&D Management Department formulates R&D strategies and manages the strategy development of various business units, ensuring that the R&D direction aligns with the Company's overall strategy and market demand through annual insights into markets, technologies, customers, and competition.

Strategy

R&D innovation is key to the Company maintaining its competitive edge and achieving sustainable development. During the reporting period, the Company continued to maintain a consistent ratio of R&D investment and formulated its R&D strategy through the DSTE framework. The Company actively integrates global resources and leverages regional technological advantages, forming a complementary global R&D layout across multiple R&D centers including Shenzhen, Suzhou, Xi'an, Nanjing and Stuttgart in Germany etc.

R&D Innovation

Risk Type	Risk Description	Direct Financial Impact	Risk Response
Technological Risk	Technical uncertainty risks arising from frontier R&D, including but not limited to the disruption of technical roadmaps, technological generational leaps, difficulties in unifying technical standards, and technical achievements failing to reach expected conversion rates.	Operating Costs ↑	The Company adheres to open innovation to diversify technical exploration risks, and adopts a "fast-iterative" model to rapidly conduct technical verification and iteration.

Opportunity Type	Opportunity Description	Direct Financial Impact	Opportunity Response
Production Efficiency Improvement	Through R&D innovation, the Company optimizes production processes, enhances production efficiency, and reduces operational costs.	Operating Costs ↓	The Company is accelerating the digital and intelligent transformation, introducing emerging technologies to enhance production efficiency.
Product Upgrades	Through research, iteration, and application of technology, the Company upgrades existing products and solutions to maintain their competitive edge.	Operating Income ↑	The Company adopts an agile development mechanism integrated with customer needs to accelerate the application and conversion of technical achievements.
Market Opportunity	The Company creates technical premiums for its products and solutions through R&D innovation, which contributes to increasing corporate revenue.	Operating Income ↑	The Company adheres to digital-intelligent innovation, technological innovation, and AI+ innovation to drive the upgrade and evolution of existing products and solutions.

R&D Innovation Philosophy

In 2025, INOVANCE proposed the R&D innovation philosophy of "Making Industry Simpler," aiming to simplify industrial systems and human-system interactions through technological innovation. System simplicity includes simplicity in hierarchy, elements, and connectivity; interaction simplicity includes simplicity in tasks, processes, and cognitive load.

R&D Innovation Strategy

In 2025, INOVANCE continues three major R&D innovation strategies and directions: "Digital and Intelligent Innovation," "Technology Leadership Innovation," and "AI+ Innovation," while clarifying the annual innovation priorities for each strategy.

Digital and Intelligent Innovation

Internal Efficiency Enhancement: Combining digital and intelligent solutions with Knowledge Engineering. Knowledge Engineering improves the efficiency of employee training and application, while digital and intelligent systems enable data-driven business and tool digitalization, further boosting operational efficiency through intelligence.

External Product Intelligence: Products are designed with intelligent features, allowing customers to complete programming and interface configuration through natural language, conversational interaction, or graphical interfaces. By presenting documents and guidance in a more intuitive and concise manner, the Company optimizes customer experience, reduces learning costs, and enhances product utilization efficiency.

Technology Leadership Innovation

Frontier Technological Innovation: Carrying out fundamental theoretical and exploratory research to provide technical reserves for long-term strategies.

Application-Oriented Technological Innovation: Focusing on industry best practices and deployable solutions to support the "hero product" strategies of various business units.

AI+ Innovation

AI Platform Construction: Building a scalable and reusable AI development platform to support industrial scenario applications.

Development of Core AI Algorithms: Tackling key technologies such as natural interaction and edge intelligence, and integrating industrial mechanisms to improve the usability of AI.

AI Scenario Implementation: Focusing on R&D and manufacturing scenarios, developing a series of AI agents that integrate industrial mechanisms with AI technology. Building an industrial AI agent marketplace and coupling it with the industrial software ecosystem to drive commercial scale growth.



2025 INOVANCE Innovation Conference

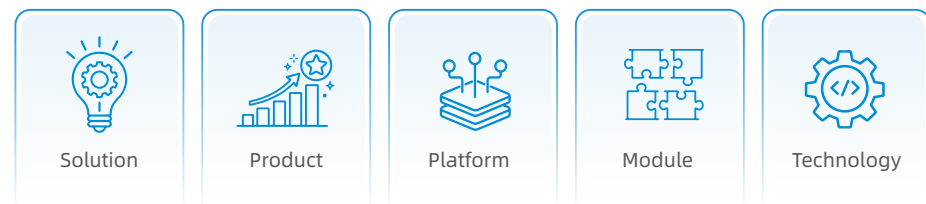
• R&D Innovation System

In 2025, the Company implemented the "Three Generations" management approach and a five-level R&D capability system to identify technology generations and clarify the scope of R&D capability.

"Three Generations" Management Approach

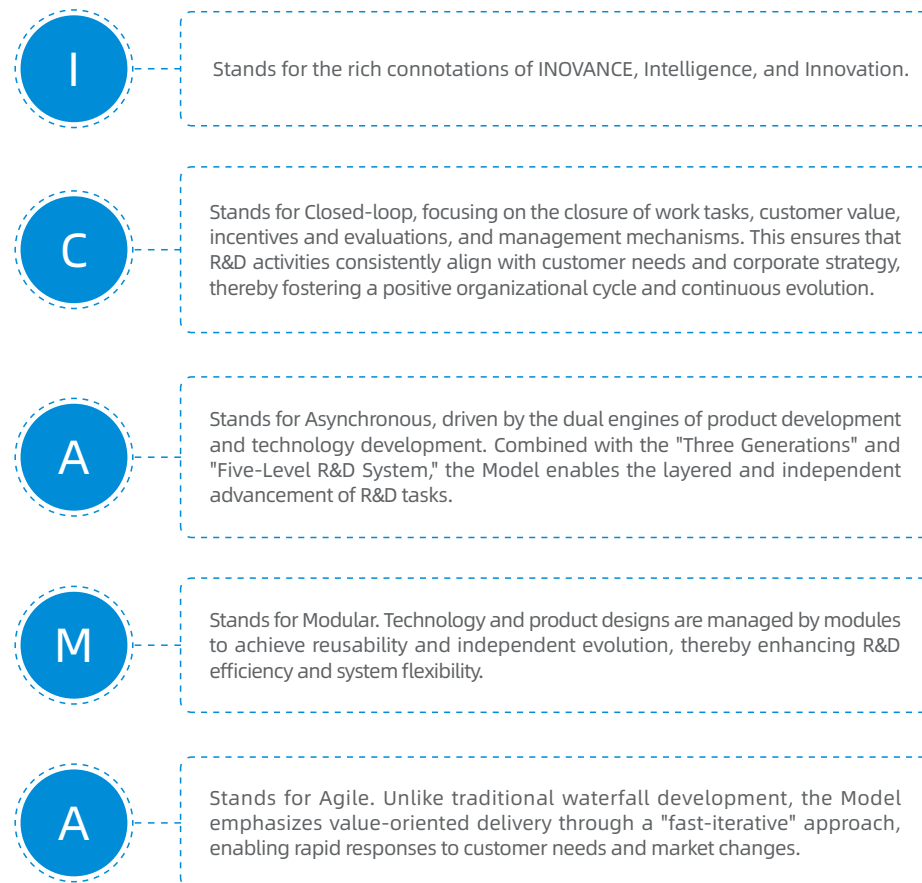
Developing One Generation	Stockpiling the Next Generation	Pre-researching the Future Generation
Focusing on current business requirements, the Company rapidly advances the R&D of deployable technologies and products.	The Company builds reserves based on foreseeable future technology and product trends, ensuring comprehensive preparation for mid-term R&D.	The Company explores frontier, fundamental, or potentially disruptive technologies to provide technical reserves for long-term strategic positioning.

Five-level R&D Capability System



• R&D Innovation Model

In 2025, the Company established the systematic innovation model ICAMA to drive efficient management and innovative practices throughout the entire R&D process.

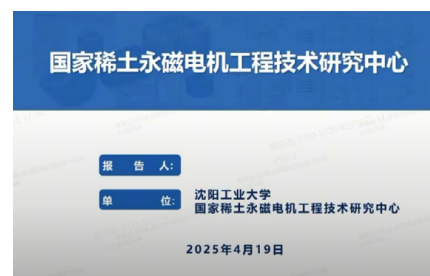


• Innovation Incentive Mechanism

To stimulate the innovative vitality of employees and cultivate a deep corporate culture of innovation, the Company has established multiple internal innovation awards to commend outstanding personnel and distinguished experts. For innovative achievements that cannot be immediately identified in the short term, the Company has also implemented a retrospective incentive mechanism to ensure the fairness and accuracy of rewards. To better motivate R&D personnel in scientific and technological research, the Company separates technology development from product development, ensuring independent investment, processes, and decision-making for technology development.

• Collaboration for Open Innovation

INOVANCE actively builds an open innovation ecosystem, engaging in multi-level technical cooperation with universities, research institutes, and industry chain partners. The Company regularly organizes innovation seminars, collaborating with experts from academia and industry to analyze technological trends. Meanwhile, joint laboratories have been established to promote the application of frontier technologies in products. The subsidiary, INOVANCE Automotive has collaborated with Southeast University on power semiconductor devices and systems for new energy vehicles. Additionally, through collaborative innovation with supplier partners, the Company successfully developed a new type of magnesium alloy with both corrosion resistance and creep resistance properties.



INOVANCE conducted research and discussions with Shenyang University of Technology regarding key technologies for permanent magnet motors.



INOVANCE engaged in research and discussions on high-efficiency drive system technologies with a Fellow of the Royal Academy of Engineering and Professor from the University of Sheffield, UK.

Impact, Risk and Opportunity Management

The Company manages R&D innovation risks and opportunities through roadmap guidance, pain-point closure, and forward-looking layouts. The Company decodes technical directions via product roadmaps to ensure alignment between R&D and strategy, mitigating the risk of disconnection. Based on market feedback and historical quality issues, the Company drives process improvements to systematically eliminate known risks. By applying methodologies such as "Six Perspectives and Three Determinations" to insightfully track technology trends, the Company conducts cross-sector innovation and promotes the conversion of frontier technologies, actively capturing growth opportunities.

Metrics and Targets

Target	Target Year	Metric	Target Progress During the Reporting Period
The Company's R&D investment is approximately equal to 10% of revenue.	2025	R&D investment as a percentage of total revenue	During the reporting period, R&D investment as a percentage of total revenue has reached 9.44%.

Case

INOVANCE HD3X High-Performance Medium Voltage Drive System Wins Petroleum Equipment Technological Innovation Award

The "Haiyang Shiyou 696" is a highly integrated, automated, and digitized fracturing vessel. It is designed to meet new demands such as large-scale fracturing operations across all Chinese sea areas and batch fracturing operations for multiple offshore wells. This vessel holds significant strategic importance in filling the gaps in China's offshore oilfield fracturing technology and engineering sectors. The Company's self-developed HD3X high-performance medium voltage drive system features a modular integrated design and carries the CCS marine standard certification, meeting the operational requirements of various complex working conditions across different sea regions. This technology successfully overcame high-precision power control challenges for offshore fracturing equipment, empowering China's first large-scale fracturing vessel to achieve high-precision operations.



Case

INOVANCE Launches iFA, China's First Fully Integrated Industrial Automation Software Platform

Following 5 years of independent R&D and technical collaboration, INOVANCE launched iFA, China's first fully integrated industrial automation software platform. The iFA platform not only enables fully integrated development ranging from devices to processes and entire production lines, but also integrates deeply with the process standardization platform InoQuickPro and the digital platform InoCube, achieving seamless connectivity between OT (Operational Technology) and IT (Information Technology). Integrating functions such as design simulation, virtual commissioning, and production operations, iFA possesses robust programming, monitoring, and control capabilities. It is dedicated to achieving seamless development, implementation, monitoring, and operation across the entire process—from raw materials to finished products and from individual equipment to complete production lines. Through the iFA platform, all electronic control systems will possess complete and unified digital models, realizing factory-level interconnectivity and IoT integration in a true sense. This helps users quickly and cost-effectively meet flexible manufacturing needs, including multi-variety, small-batch, and large-batch production.



Case

INOVANCE Resolves Metal Plate-Making Industry Challenges through Hardware-Software Collaborative Innovation

The metal plate-making industry has long faced challenges such as the inability to connect MES systems with laser cutting equipment, the inability to modify laser cutting system source codes, and the inability to further break through laser cutting efficiency limits. The Company developed its own laser cutting operating system plugins, which are compatible with mainstream industrial communication protocols, achieving seamless docking between MES systems and laser cutting equipment. The system plugins utilize an open-source architecture, enabling independent and controllable iterative upgrades for laser cutting production lines. Meanwhile, the laser cutting system software is pre-configured with communication interfaces to link robots; enterprises can independently connect processes such as cutting, sorting, and distribution into intelligent assembly lines, increasing single-line resource utilization by 30%. Through the algorithmic fusion of the MTS4000-LP-H control platform and the high-speed servo system, single-axis servo motor speeds have exceeded 100m/min and the acceleration reached 2G, improving the overall cutting rate by 30%-50% compared to peer products.



During the reporting period, the subsidiary INOVANCE Automotive actively participated in the development and publication of 3 national standards and 3 group standards.

National Standards

GB/T 37133-2025 *High Voltage Connection Systems for Electric Vehicles*
GB/T 46011.1-2025 *Road Vehicles—General Requirements for Greenhouse Gas Management—Part 1: Terms and Definitions*
GB/T 46011.2-2025 *Road Vehicles—General Requirements for Greenhouse Gas Management—Part 2: Product Carbon Footprint Labeling*

Group Standards

TCES 434-2025 *Performance Grades for Drive Motor Systems of Electric Vehicles—General Requirements*
TCES 435-2025 *Dynamic Performance Grades and Test Methods for Drive Motor Systems of Electric Vehicles*
TCES 436-2025 *Electromagnetic Index Grades and Test Methods for Drive Motor Systems of Electric Vehicles*

During the reporting period, the Company filed 626 new patent applications, received 412 patent grants, and obtained 195 software copyright approvals. In 2025, Nanjing INOVANCE Technology R&D Center Co., Ltd. was recognized as a National High-Tech Enterprise, becoming the third entity within the Company to receive this designation.

Case

INOVANCE's Yarn Winding and Forming Control System and Method for Two-for-One Twisters Wins the "China Patent Excellence Award"

Traditional electronic forming algorithms for two-for-one twisters often result in a pronounced "shoulder effect" during winding and forming, and are prone to surface overlapping. INOVANCE has optimized and upgraded the yarn winding and forming control system and method for two-for-one twisters. This system allows for easy adjustment of the shoulder effect through parameters and features an automatic timed activation of the anti-overlapping function. All functions are fully embedded within the servo drive, thereby reducing PLC costs. At the same time, the system utilizes parameters solidified within the servo drive. Through fine-tuning during the production process, the system automatically prevents the shoulder effect and activates anti-overlapping functions during operation. This eliminates the need for manual intervention, saves time, and prevents issues arising from human error. In May 2025, this system and method were honored with the "China Patent Excellence Award" presented by the China National Intellectual Property Administration.



INOVANCE's design innovation won 5 international awards in 2025

Intellectual Property Protection

INOVANCE strictly abides by relevant laws and regulations, including the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, and the *Copyright Law of the People's Republic of China*. The Company has developed and established a comprehensive intellectual property system, including the *Intellectual Property Management Manual*, *Intellectual Property Risk Management Procedures*, *Intellectual Property Dispute Resolution Management Procedures*, and *Intellectual Property Incentive Procedures*. The Company has established a Patent Committee to collaborate with the intellectual property and legal departments in systematically carrying out the creation, protection, utilization, and management of intellectual property.

The Company respects and protects the intellectual property rights of others and has established internal intellectual property management systems to ensure legal compliance. The Company respects industry rules and conducts intellectual property searches and verification before engaging in activities such as product development, procurement, financing, and overseas market expansion to mitigate infringement risks. Furthermore, the Company carries out patent and trademark enforcement to combat counterfeiting and forgery in the market.

Information Security Management

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

Annual Key Performance



Major Information Security Incident
0 Case



Timely Fix Rate of IT Vulnerabilities
95%



BitSight Daily Average Score
777.74 (Industry Leading)



Number of Subsidiaries Newly Certified ISO 27001
2

Information Security Governance Structure

The Information Security Department is the responsible body for the daily management of information security within the Company. The Information Security Department is responsible for formulating information security management strategies, monitoring and analyzing internal information transmission behaviors, conducting security inspections of outsourcing factories, workshops, and laboratories, and guiding the integration of new business scenarios into the Company's information security management system to ensure that security measures are effectively implemented. The Information Security Department reports annually to the EMT, which provides direction and makes major decisions regarding information security.

During the reporting period, the Company established the Information Security Compliance Committee, composed of senior executives. Major information security-related violations (Level-1 or controversial violations) are reported to this committee for final adjudication.

Information Security Strategic Goal

INOVANCE and its subsidiaries adhere to the principle of "one network, one security strategy, protecting customer trade secrets." Based on the information security management principles such as client interoperability, server-side access, and differing regional client and server access, the Company sets the baseline goal of avoiding significant information security incidents. It continuously builds and enhances the information security management system based on ISO/IEC 27001:2013. In 2025, the Company focused on promoting information security compliance in its overseas operations, ensuring the management system is adapted to local requirements. The Company has implemented the information security management system in its Hungarian and German sites and is advancing the development of related systems in Turkey, South Korea, and Japan. The subsidiary INOVANCE Automotive successfully passed the TISAX re-audit.

During the reporting period, the Company updated 5 sets of regulations, including the *Information Security Rewards and Penalties Provisions*, *Information Security Management Standards for Outsourcing Factories*, *Wireless Network Construction Security Management Standards*, *Security Data Management*, and the *Information Security Incident Management System*.

Target	Target Year	Metric	Target Process During the Reporting Period
The detection cycle for major information security violation incidents is less than 11 days	2025	Detection Cycle for Major Information Security Violation Incidents	Achieved. The detection cycle for major information security violation incidents is 8.9 days.
Zero major information security incidents	2025	Number of Major Information Security	Achieved. There were no major information security incidents during the reporting period.
Zero major IT security incidents	2025	Number of IT Security Incidents	Achieved. There were no major IT security incidents during the reporting period.

Information Security Risk Control

IT Security Management

The Company continues to strengthen the construction of the "Zero Trust" IT security protection system, ensuring full-process trustworthiness for user terminal authorization, network access, and access to applications and data. During the reporting period, the Information Security Department, IT Security Department, and Legal Department jointly conducted collective inspections of overseas IT applications, formulated a self-inspection list for application launches, and performed spot checks on the information security status of launched applications. More information about IT security management organization structure and system building, please refer to the IT Security section of the *INOVANCE 2024 Sustainability Report*.

Solution Updates

The Company identifies and updates business confidential information assets annually. The Information Security Department reviews corresponding information security protection solutions based on information scenarios and protection status, checking for vulnerabilities and ensuring coverage for new scenarios.

Emergency Response Management

Based on the *Information Security Incident Management System*, the Company conducts violation tracing, evidence fixation, and factual clarification. It utilizes legal, compliant management and technical means to respond rapidly to information security incidents until they are properly resolved.

Information Security Audit

The Company conducts routine monthly information security audits and issues corresponding reports. The Company also performs information security audits for departing employees, covering all staff except for production line workers and specific subsidiaries.

Information Security Culture Promotion

The Company strengthens its information security culture by organizing regular annual training and examinations for all employees. New hires and outsourced personnel must undergo information security training, and various business departments conduct irregular specialized training sessions for information security officers. During the reporting period, the Company organized 26 information security training sessions, with a 100% examination pass rate.

Employee Development Guarantee

INOVANCE adheres to its core value of "Valuing Contributors" and upholds a "people-oriented" approach. We protect employees' rights and interests, enhance their well-being, and are committed to fostering a diverse, equal, inclusive, and trust-based workplace. We strengthen workplace safety management and provide a healthy and safe working environment for our employees. We also place great emphasis on talent development, maintain clear and open career advancement channels, and work together with our employees to achieve shared growth.

Employee Rights and Welfare Protection ►

Equal, Diverse and Inclusive Workplace

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

Annual Key Performance



Proportion of female employees
24.25%
(only included those employed by subsidiaries in the Chinese mainland)



Proportion of female management
19.76%



Proportion of overseas employees

1.88%

Employee Interests Protection

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

• Human Rights Risk Identification and Management

INOVANCE places great emphasis on protecting the legitimate rights and interests of its employees and ensures compliant labor practices. We have established multiple communication channels, such as the President's Office mailbox, to facilitate employee grievance and anonymous reporting mechanisms. Regular labor rights reviews are conducted to ensure a healthy, safe, and equitable working environment. In 2025, human rights risk assessments and audits were completed at 5 key operating sites, as part of our commitment to fostering a human rights-respecting and responsible employment environment.

• Equal Employment and Freedom of Occupation

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

• Prohibition of Child Labor

In accordance with the *Business Conduct Guideline*, we are firmly committed to prohibiting the employment or support of child labor under any circumstances. During recruitment, we verify the authenticity of candidate information through background checks and official identification documents. Additionally, the Company has developed a *Child Labor Remediation Flowchart*. If an incident of inadvertent child labor employment is discovered, we will promptly take remedial measures such as providing appropriate medical treatment and compensation, encouraging the child to continue compulsory education, or arranging their return to their place of origin, depending on their physical condition and education level. During the reporting period, no incidents of illegal child labor occurred.

• Opposition to Forced Labor

We respect human rights and the free rights of employees, including freedom of career choice, freedom of employment, freedom of resignation, freedom to refuse overtime work, and freedom of movement. We prohibit all forms of modern slavery or human trafficking, including forced labor, labor in lieu of debt or mortgage, bonded labor, and involuntary prison labor. Any act that restricts labor freedom is prohibited, such as withholding employees' salaries, benefits, personal property or identity documents. No incidents of illegal forced labor occurred within the Company during the reporting period.

• Anti-Discrimination and Anti-Harassment

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

• Collective Bargaining and Freedom of Association

The Company respects employees' legal rights and is committed to safeguarding employees' legal rights to freedom of association, unionization, and participation in collective bargaining. We continue to strengthen the workers' representative congress system and labor union structures, enhance democratic corporate

governance, and foster harmonious labor relations. All full-time employees under labor contracts may participate in collective bargaining to jointly review policies concerning compensation, working hours and leave, occupational health and safety, employee benefits, and training. As of the end of the reporting period, the *Collective Contract* and *Wage Collective Negotiation Agreement* covered 96.93% of employees.

• Compensation, Working Hours, and Holidays Management

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

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

Employee Welfare and Care

Based on employees' five levels of needs—basic, safety, belonging, respect, and self-actualization needs, the Company has established a progressive and tiered employee welfare and care system that exceeds statutory requirements. Through customized programs, it systematically covers employees' needs throughout their entire career cycle, achieving stepped development from basic security to value enhancement.

• Holiday Family Care

The Company attaches importance to work-life balance. A variety of facilities are available on site, including staff canteens, cafés, gyms, libraries, nursing rooms and relaxation rooms, providing employees with diverse options. Themed care gift packages are provided for traditional festivals such as the Dragon Boat



Festival, Mid-Autumn Festival and Spring Festival. In addition, the Company organizes a wide range of activities, including Mid-Autumn music festivals and family days, to enrich employees' leisure and cultural life. To encourage employees to develop healthy work and living habits, the Company supports employees with shared interests in voluntarily establishing various lifestyle associations, such as badminton, basketball, football, photography, chorus and yoga associations, which regularly hold events and competitions. These efforts help foster a harmonious and healthy team atmosphere within the Company.

• Physical and Mental Health Care

The Company places great emphasis on the physical and mental health of its employees. In terms of employee's physical health, the Company arranges annual medical check-ups, organizes regular health lectures, and conducts a series of health education activities. In terms of employee's mental health, the Company has been operating an Employee Assistance Program (EAP) since 2023. Through various initiatives, it enhances employees' awareness of mental health management and helps them cultivate a positive mindset. The Company has established an EAP counseling room at its Suzhou INOVANCE, launched a "Hui Xinqing" (Wellness Mood) column on the Feishu platform to share daily stress-relief tips, and regularly provides on-site psychological counseling services. Together, these comprehensive mental health services effectively help employees manage and alleviate work-related stress.

2025 EAP Implementation Status



Individual Employee Psychological Counseling

A total of 481.5 hours of counseling were provided to 111 employees throughout the year.



Employee Care Watch Program

Continuous care watch (addressing long-term sick leave, serious illnesses, etc.) was provided to 115 employees. As of the end of the reporting period, 87 cases had been properly closed, while 28 remained under active care.



Group Employee Counseling Sessions

Multiple mental health awareness and stress reduction activities were conducted, reaching over 9,800 employees. These initiatives effectively enhanced employees' understanding of physical and mental health, promoting a happy and healthy work-life balance. Additionally, 30 articles on mental health were distributed, receiving over 420,000 views.



In 2025, the Company implemented the "Employee Care Golden Seed Program". A total of 116 outstanding employees were trained as Employee Care Golden Seeds, undergoing skills development, assessment, certification, and participation in care watch activities. The overall closure rate for care and prevention efforts reached 84.54%. At the end of 2025, the Company conducted a performance review and summary for the Golden Seeds, selecting 10 "Outstanding Ambassadors". The program has received widespread recognition both internally and externally. The relevant Suzhou INOVANCE organization has been accredited as a "Suzhou Professional Third-Party Mediation Organization" and a "Suzhou AAA Reputation Guarantee Unit".

• Assistance for Employees in Need

The Company has established a comprehensive employee care system. A long-term care mechanism has been set up for 115 employees requiring long-term sick leave. Through its Care Fund, the Company provides targeted assistance to employees in need and their immediate family members, with a total of over RMB 243,900 disbursed in 2025. It has also integrated internal and external resources to build a support network, providing timely assistance to employees encountering sudden hardships.

• Female Employee Care

The Company headquarters, in collaboration with multiple bases, launched a series of events tailored for female employees. These activities included floral design, scented candle wax making, weaving art, and pearl painting. The Company partnered with hospitals to establish a dedicated reservation channel for HPV vaccines, and customized female-specific physical examination packages. Through the dual tracks of art therapy and health management, the Company safeguards the physical and mental health of every female employee.

Employee Communication and Feedback

INOVANCE has established a variety of accessible online and offline communication channels and an effective employee communication mechanism. The Company carefully listens to employee concerns, provides timely feedback and responses, and ensures that employee feedback is properly closed.

Workers' Congress and Trade Union

The Company has established a Workers' Representative Congress system and has set up trade union organizations in accordance with legal provisions. These bodies fully play their role in democratic decisionmaking, management, and supervision to ensure all employees' rights to be informed, to participate, to express themselves, and to supervise. They also promote the institutionalization, standardization, and proceduralization of the Company's democratic management. By the end of the reporting period, the Company had established trade union organizations at 13 major operational locations, with the proportion of employees participating in trade unions accounting for 80.87% of the total number of employees.

Whistleblower Mechanism

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

Grievance and Complaint Mechanism

The Company has established a dedicated internal complaint system, and its *Business Conduct Guideline* contains clear provisions on the protection of whistleblowers. The Company has zero-tolerance for retaliation against whistleblowers and will impose severe accountability for any such violations.

President's Mailbox

The President's Mailbox provides an upward communication channel for all employees. It enables monitoring of managers at all levels and helps resolve real issues faced by employees. The mailbox also accepts reports of misconduct that violate the value of "Customer First". As of the end of the reporting period, the President's mailbox had received 67 letters of various types.

Talent Attraction and Retention ►

Talent Attraction and Recruitment

The Company has established a diversified talent recruitment system to attract and select outstanding talent through a wide range of channels. In 2025, the Company standardized the recruitment process for senior-level positions, brought in expert talents, and restructured its overseas localization human resources strategy. At the same time, the Company opened up competitive selection channels for leadership roles and established a flexible compensation system for senior-level positions.

Recruitment Category	Recruitment Overview
Campus Recruitment	The Company partners with universities to co-establish "INOVANCE Classes", joint laboratories, and provide application-based teaching scenarios in the industrial automation control field, sharing best practices to help students better understand the application of industrial automation products. During recruitment seasons, we engage in close collaboration with schools through the approach of "sending teaching to the door" on career development and industry insights to enhance our attractiveness to graduates. For production line staff recruitment, we cooperate with various vocational colleges to carry out order-based training programs, integrating part of the professional training into school curricula to enhance students' understanding of actual work scenarios. We also provide career guidance to help students prepare for employment.
Social Recruitment	For high-level talent, the Company follows a "careers attract people" strategy. We believe in the value and potential of talent and are committed to providing an environment full of opportunities and challenges, allowing outstanding talents to fully utilize the Company's platform to exert their abilities and achieve their career aspirations. For production line staff recruitment, we employ a variety of channels, including traditional online recruitment and emerging social media platforms. The use of diversified channels helps us reach a wider audience and attract talents suitable for the positions.
Internal Recruitment	To encourage internal talent mobility, nurture high-caliber talents with comprehensive capabilities, and meet the Company's demand for interdisciplinary talents to support business development, the Company launched the "Ocean Current Program", an initiative to promote internal talent mobility. Employees who meet basic requirements such as length of service and performance criteria may apply for internal transfers via the internal "I Want to Apply" platform, including submitting resumes and inquiring about job information.

Case

Huiying Initiative - Empowering the "Industrial Chain" through the "Talent Chain"

As a key component of INOVANCE's intelligent manufacturing talent ecosystem, the "Huiying Initiative" represents an important practice in the synergistic development of the "position - course - certification" industry-education integration ecosystem. It aims to systematically and on a large scale supply high-quality skilled talents who are "job-ready upon employment" to partners across the company's ecosystem through ecosystem-wide collaboration, serving as a "talent supply chain" that closely connects educational institutions and industries.

In 2025, the "Huiying Initiative" held 60 recruitment events at universities nationwide, reaching 5,000 students and training over 2,000 participants. It also organized 25 job fairs, placing approximately 1,500 talents into the industrial chain. Positions covered included Electrical Assistant Engineer, Commissioning Engineer, Product Application Engineer, and Project Management Engineer, among others. With a high match between job requirements and talent skills, the Initiative was highly praised by partner organizations.



The Company strengthens its talent pipeline by prioritizing talent exchange and cooperation with top universities specialized in relevant fields in line with business needs. For overseas talent recruitment, the Company actively partners with universities in Guangxi, Yunnan, Beijing and other regions, recruiting international students studying in China and students majoring in minor languages to supplement the talent pool for overseas factories.



INOVANCE Wins Liepin's "Extraordinary Employer" Title



Suzhou INOVANCE Awarded LinkedIn "Most In Global Talent Attractive Employer" Title

Talent Retention and Motivation

The company places a high priority on talent reserves and building talent echelons, offering targeted retention measures for different categories of talent, continuously optimizing the cadre care mechanism, and has constructed a "contributor oriented" compensation system and incentive mechanism.

• Talent Retention and Care

The Company has established a talent retention and care system covering fresh graduates, socially recruited personnel, experts, and key position talents, so as to enhance their sense of identity and belonging and reduce the turnover of key talents.

Recruitment Category	Recruitment Description
Graduates	The Company has implemented a "Three-Year Fresh Graduate" plan. The HR digital system provides high-potential talent profiles and establishes a matching mechanism between high-potential talents and job positions. Through targeted and customized work assignments, the Company accelerates the development of key business talents. By aligning tasks with employees' strengths and competency areas, the Company ensures that their unique talents are fully utilized.
Social Recruitment Employees	A mentoring program is in place to help new hires integrate quickly and master their roles.
Experts	The Company implements a "One Axis, Four Lines" expert care framework—time as the main axis, supported by integration and value creation lines, along with motivation and development lines—to maximize expert contributions.
Key Role Talent	A targeted care mechanism is in place for employees in critical roles, coordinated by HRBP, department heads, and secretaries, to identify needs and follow through on actions.

• Employee Compensation Management

Employee compensation consists of five components: base salary, allowances, bonuses, long-term incentives, and statutory benefits. The Company has implemented a job evaluation and performance appraisal mechanism, reviewing employee job grades and compensation based on job evaluation standards, person-job fit results, and insights into external compensation competitiveness. The Company clearly favors high-performing contributors and is committed to providing employees with competitive compensation and benefits, continuously stimulating their vitality and creativity. During the reporting period, while maintaining overall control and adhering to compliance guidelines, the Company adopted a tiered and categorized approach with appropriate delegation of authority, empowering first tier organizations to independently carry out incentive and performance evaluation activities, including the authority to disburse incentive pay.

• Employee Performance Evaluation

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

Employee Incentive Programs



Equity Incentives

The Company continues to launch equity incentive plans, creating a mechanism for employees to share interests with the Company and motivate management teams, outstanding staff, and key talents. In 2025, the Company completed the partial grant of equity under the seventh phase of its equity incentive plan, marking the full completion of all grants under this phase.



Performance Bonus

The Company's compensation structure distinguishes between base salary and performance bonuses. While ensuring employees' basic income, performance bonuses serve to encourage work performance improvement.



Benchmarking and Recognition

The benchmark excellence recognition program includes both corporate-level and functional-level awards. The Company provides trophies and cash incentives to encourage employees to follow outstanding role models, thereby energizing the organization.



Standard Allowance

The Company regularly provides various subsidies and contribution-based incentives, including living subsidies, special post allowances, skill allowances, expatriate allowances, and contribution-based rewards such as mentor fees, talent referral bonuses, and lecturer fees.

Employee Training and Development ▶

Annual Key Performance

Amount of Employee Training Hours

1,086,999.90 hours

Average Training Hours per Employee

36.11 hours

Employee training coverage rate **100%**

Strengthen Talent Cultivation

The Company has issued and implemented a set of policies and procedures including the *Employee Training Management Procedure*, the *New Employee Training Operation Regulations*, the *Outsourced Training Management System*, and the *Course Management System* to ensure the standardized and effective operation of the employee training system. The Company has built a learning and development platform centered around "INOVANCE Academy", offering high-quality training programs and courses, nurturing excellent internal instructors, and consolidating organizational knowledge to provide employees with professional and high-value learning resources that meet their development needs. INOVANCE's training programs are categorized into five areas: new employee training, management talent training, professional talent training, technical talent training, and ecosystem talent training. For detailed information on the training system, please refer to the "Employee Training and Development" section of the *INOVANCE 2024 Sustainability Report*.

Case

INOVANCE Pilots a Skills Dojo to Help Employees Adapt to Digital Transformation

The Company piloted a Skills Dojo at its Suzhou factory, providing equipment maintenance, hands-on operations, certification, and on-site coaching for frontline employees. This initiative helps frontline employees adapt to equipment upgrades and digital transformation. A total of 150 frontline employee participants were recorded in this training program.



Case

INOVANCE Launches Joint Training Initiative for "Next-Generation Smart Manufacturing Talent" with Ecosystem Partners

In August 2025, at the award ceremony of the second "INOVANCE Cup" National Intelligent Automation Innovation Competition and the Intelligent Automation Technology Innovation and Talent Ecosystem Summit, INOVANCE, together with its industrial ecosystem partner enterprises and several renowned universities, jointly launched the "Next-Generation Smart Manufacturing Talent Joint Training" initiative, actively exploring innovative pathways for "industry-education integration and collaborative talent cultivation". This initiative focuses on systematically breaking down barriers among talent cultivation, technology R&D, and industrial application, aiming to build a new ecosystem for collaborative development. INOVANCE, along with representatives from more than 10 institutions as well as customer representatives from 12 leading enterprises in the industrial chain, jointly attended the launch ceremony.



• Training Satisfaction Evaluation

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

Post-training Evaluation

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

Post-completion Evaluation

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

• Internal Instructor Development

In 2025, the Company's lecturer system development focused on two main areas: "activating the lecturer ecosystem and unlocking value" and "enhancing tiered training and operational efficiency". The Company aimed to improve "lecturer-course matching, quality, and efficiency", deepening the principle of "recognize those who teach, and assign those who are recognized" by encouraging lecturers to take on teaching assignments before undergoing certification, thereby further optimizing the balance between recognition and deployment. At the same time, the Company focused on tiered and targeted training, delivering a total of 8 classes at beginner, intermediate, and advanced levels, training 313 lecturers and supplying professional lecturer resources across various systems.

During the reporting period, INOVANCE Academy launched a branded Teacher's Day event to enhance lecturers' sense of belonging and recognition. It upgraded lecturer evaluation and recognition mechanisms as well as related communications, fully mobilizing lecturer motivation. Through innovative training models and digital upgrades, the Academy diversified training channels and effectively accumulated standardized lecturer data.

Promote Talent Development

The Company has issued and implemented promotion management policies, including the *Qualification Management System* and the *Implementation Rules for Work Certificate Management*, serving as the guidelines for employee promotion and development. Based on job families, the Company has established comprehensive employee career development pathways, comprising four major career tracks: management talent, professional talent, project management talent, and skilled talent, providing clear paths for employee career development.

Each year, the Company conducts employee competency certification based on qualification standards to make employee capabilities visible. Through person-job fit assessments, the Company ensures optimal alignment between employees and positions. The Company also provides internal talent mobility mechanisms (such as the "Ocean Flow Plan") to enhance organizational flexibility and maximize talent utilization. Regular performance appraisals are conducted and serve as an important basis for employee promotion, development, and compensation adjustments.

The Company provides educational advancement support for skilled talent who have completed three months of service. Employees who successfully complete an approved educational advancement program and obtain their diploma are eligible for full tuition reimbursement. This program covers both associate and bachelor's degree levels.

Occupational Health and Safety ▶

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

Annual Key Performance



Occupational Disease Incident
0 Incident



Occupational Health check-ups Coverage
100%

Safety Production Management

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

• Occupational Safety Management Structure

The Company has established a complete top-down safety management structure, consisting of the EMT, the Work Safety Committee, and the Safety and Environmental Protection Department.

Decision-Making Level

EMT

Responsible for overall safety management and supervision, and for making decisions on safety matters.

Management Level

Work Safety Committee

The President serves as the Director of the Work Safety Committee, and heads of first-tier departments are primarily responsible for work safety. The Committee supports the implementation of work safety technical measures, the development of occupational disease prevention and monitoring plans, and the conduct of work safety inspections and supervision. Work safety is embedded into the performance appraisal indicators of management personnel.

Execution Level

Safety and Environmental Protection Department

Organizes and drives the implementation of the Company's work safety management strategies and objectives, advances specific EHS management activities, and assigns EHS specialists to major factories and subsidiaries to communicate and implement EHS requirements from headquarters.

The Company implements an all-employee safety responsibility system, linking executive compensation to occupational health and safety performance indicators. The Company requires contractors to sign an EHS management agreement, designates contractor project leaders to participate in safe work training, and conducts daily safety acceptance inspections.

• Occupational Safety Management Structure

The Company has issued 8 core EHS management policies and continues to improve its work safety policies. During the reporting period, the Company revised and updated several policies, including the *EHS Performance Appraisal Management Method for the R&D Management Department*, the *Laboratory Safety and 5S Management Regulation for the R&D Management Department*, and the *Safety Management Specification for Field Maintenance and Spare Parts*.

Key EHS Management Systems



During the reporting period, 1 additional subsidiary of the Company obtained recertification for Level 2 Work Safety Standardization. As of the end of the reporting period, 65.00% of the Company's significant operating locations were certified under the ISO 45001:2018 Occupational Health and Safety Management System.

• Safety Risk Management and Control

To effectively identify and control occupational health and safety risks, the Company has established hazard identification, assessment, and control procedures in accordance with management documents such as the Hazard Identification and Environmental Aspect Assessment System. Annually, the Company conducts regular identification and implements tiered and categorized controls for occupational health and safety risks arising from its activities, products, services, and operating conditions.

The company has established a multi-category, multi-level occupational health and safety internal review mechanism, conducting regular inspections weekly, monthly, and annually to identify safety risks at all sites and propose corrective measures for potential hazards, monitoring and following up on remediation.

The Company has developed corresponding risk control plans and management measures for different hazard levels. The "PDCA" (Plan-Do-Check-Act) working mechanism is adopted to continuously monitor and improve safety risks. During the reporting period, the proportion of operating locations where employee health and safety risk assessments had been implemented was 65.22%.

• Safety Emergency Drill

To rapidly respond to and effectively control various occupational health and safety incidents, minimizing personnel casualties and property damage from accidents, the Company has formulated and released the Production Safety Accident Emergency Rescue Plan. The Company regularly organizes emergency drills for all employees to enhance their capability to handle accident risks.

Summary of the on-site response exercise for chemical leakage incidents

Exercise scene

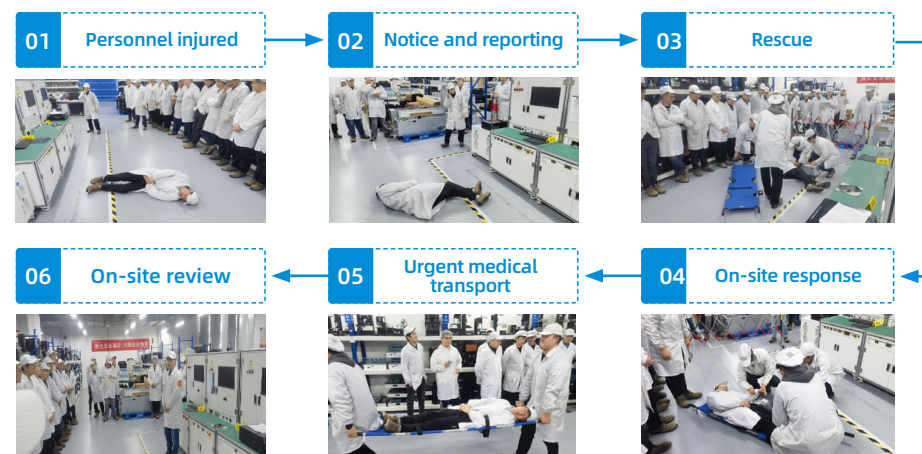
At 9.30am on March 14, 2025, alcohol leakage accident has occurred in the chemical storage facility. Relevant personnel immediately responded on-site in accordance with the emergency response plan.



Summary of the on-site response drill for electric shock injuries

Exercise scene

At 2pm on February 24, 2025, electric shock injury incident has occurred in the test area. Relevant personnel immediately responded on-site in accordance with the emergency response plan.



• Safety Education and Training

The Company regularly conducts safety education and training for all employees through a combination of online, offline, and practical drills. Training methods include online file sharing, safety examinations, onboarding training, special lectures, and on-site guidance to improve employees' safety skills, literacy, and awareness.

During the reporting period, the Company conducted 106 specialized safety training sessions covering hazard identification, special equipment operation, fire emergency response, chemical management, and mechanical and electrical equipment. The training covered full-time employees, contractor employees, and foreign personnel working on site, with a total of 27,710 safety training participations.

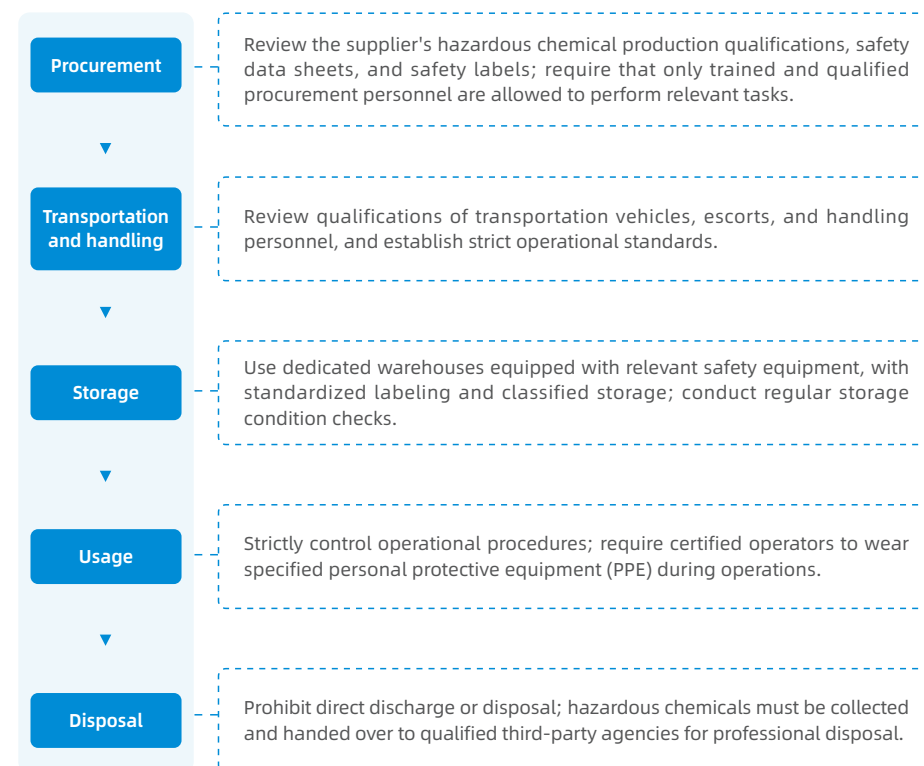
• Safety Indicators and Targets

Target	Target Year	Indicator	Achievement During Reporting Period
Zero major safety accidents	2025	Number of major safety accidents	Achieved
Zero environmental accidents	2025	Number of environmental accidents	Achieved
Zero EHS compliance penalties	2025	Number of EHS violations resulting in penalties	Achieved
Zero occupational diseases	2025	Number of occupational disease cases	Achieved
100% occupational health and safety audit pass rate	2025	Occupational health and safety audit pass rate	Achieved
Safety accident rate below 0.78‰ (This target coverage is excluded the Company's subsidiary INOVANCE Automotive)	2025	Reduction in safety accident rate	Achieved. Safety accident rate during the reporting period was 0.77‰

Hazardous Chemical Management

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

Lifecycle Management of Hazardous Chemicals



Occupational Disease Prevention

In terms of occupational disease protection, the Company deepens employee prevention and treatment, strictly implements the "Three Simultaneous" measures for occupational health, conducts annual monitoring of occupational disease hazard factors, implements occupational disease prevention engineering measures, and conducts regular on-site occupational disease hazard detection and occupational health-related hidden danger inspections annually, monitoring and rectifying occupational disease risks.



During the reporting period, the Company strengthened its focus on occupational disease prevention for employees in high-risk positions, ensuring that 100% of such employees received pre-employment, in-service, and pre-separation occupational health and safety examinations, with all examination costs fully covered by the Company. The Company provided PPE (Personal Protective Equipment) to employees in high-risk positions and explained relevant operating procedures and key points to them. For employees in high-risk positions who voluntarily left the Company without undergoing the required pre-separation occupational disease examination, the Company will send a reminder via registered mail within 90 days, clearly stating that the examination costs will be borne by the Company, to encourage such employees to complete the pre-separation examination.

Inclusive and Responsible Ecosystem Building

Sustainable Supply Chain ►

INOVANCE actively upholds the concept of responsible procurement and continuously strengthens its oversight of suppliers in areas including workplace safety, environmental compliance, labor rights protection, conflict minerals control, hazardous substances and chemicals management, as well as business ethics. The Company actively promotes the development of a localized supply chain, prioritizes deepening cooperation with local suppliers, and commits to treating all suppliers equally, especially small and medium-sized.

Annual Key Performance



Supplier ESG audit pass rate

100%



Annual Supplier Management Contract signing rate for new suppliers

100%



GHG emission intensity reduction for key suppliers compared to the previous year

3.90%

Governance

INOVANCE has established a well-defined sustainable supply chain governance framework with clear division of powers and responsibilities. The EMT oversees the overall planning of the Company's sustainable supply chain development, including defining the full life-cycle ESG management scope for the supply chain and formulating control strategies for various sustainability risks across the supply chain.

The Company has set up the Integrated Supply Chain Management Department to coordinate procurement and supplier management matters. Several subordinate divisions under the Department are responsible for targeted management operations in respective business areas.

Strategic Procurement Department

It is responsible for implementing sustainability-related requirements throughout the full life-cycle supplier management, including work safety, environmental compliance, labor rights protection, conflict minerals control and business ethics, as well as advancing the development of localized supply chains.

Decarbonization Office

It is responsible for the development of the green supply chain and driving suppliers' energy conservation and emission reduction initiatives.

Production & Quality Center

It is responsible for full-process quality control covering supplier selection through to product delivery.



Strategy

As the global political and economic situation becomes increasingly turbulent and the accelerated reconstruction of the global industrial chain, the Company keeps enhancing supply chain flexibility and adaptability to mitigate the potential risk of supply chain.

Risk Category	Risk Description	Direct Financial Impact	Risk Response
Supplier Compliance	If a supplier fails to comply with regulatory or corporate requirements in environmental protection, labor rights (e.g.child labor, forced labor), or work safety, the cooperation may be terminated or the supply chain adjusted, resulting in supply chain reset costs.	Operating Cost ↑	The Company has established a supply chain ESG management mechanism, clarified specific requirements for suppliers in all relevant aspects, and conducts supplier audits and due diligence to ensure compliance with relevant regulations.
Responsible Sourcing	The mining and trade of conflict minerals may involve armed conflicts, forced labor, or human rights violations. If relevant minerals are used in the Company's supply chain without due diligence, it may violate international compliance requirements or customers' sourcing policies and lead to termination of cooperation.	Operating Revenue ↓	The Company requires relevant suppliers to sign the <i>ConflictFree Minerals Commitment</i> .
Product Non-compliance	If unqualified hazardous chemical substances are used, this may violate environmental regulations or product compliance requirements, trigger environmental and health risks, disrupt the Company's normal operation, and result in fines.	Operating Cost ↑	The Company inspects hazardous chemical substances in materials during supplier quality audits and deploys RoHS rapid testing equipment.
Supply Chain Disruption	Over-reliance on cross-regional or overseas suppliers may lead to unstable supply chains due to geopolitical risks, trade restrictions, natural disasters or logistics disruptions, affecting the Company's production and delivery.	Operating Revenue ↓	The Company's domestic and overseas factories continuously promote the development of localized supply chains and increase the proportion of local procurement.

Opportunity Category	Opportunity Description	Direct Financial Impact	Opportunity Response
Market Expansion	Meeting the responsible sourcing standards of international clients and large enterprises helps strengthen cooperation relationships and brings more business opportunities.	Operating Revenue ↑	The Company has established a sustainable supply chain procurement system and continuously improved its supply chain ESG management standards.
Green Supply Chain	Suppliers' energy conservation, emission reduction and low-carbon product supply help reduce the Company's product carbon footprint, meet international supply chain requirements, and generate premium benefits for low-carbon products.	Operating Revenue ↑	The Company strengthens the construction of green supply chains, sets the "3030" target for supply chain emission reduction, and promotes its achievement.
Collaborative Innovation	Collaborate with suppliers to advance material improvement, process optimization and joint R&D, thereby enhancing production efficiency and product quality.	Operating Cost ↓	The Company deepens supply chain collaboration and works with partners to improve the industrial ecosystem.

Our supplier ESG management spans five phases—admission, maintenance, review, performance improvement, and phase-out—enabling dynamic monitoring and management of suppliers' sustainable practices. The management scope covers all key suppliers. The Company analyzes potential sustainability risks within the upstream supply chain by integrating relevant standards such as RBA. Based on the identification and assessment results, the Company develops sustainable supply chain audit and survey standards to ensure comprehensive coverage of all significant risks.

Supplier Admission

The Company conducts sustainability assessments for new suppliers, covering areas such as human rights, the environment, and safety. During the reporting period, all new suppliers completed ESG information collection and onboarding audits, and signed the *Supplier Management Contract*. Suppliers found with non-conformities during audits are required to complete corrective actions within a specified timeframe. If the rectification cannot be completed within the deadline, the Company will reduce the procurement share or terminate the business cooperation depending on the severity of the situation.

Supplier Maintenance

The Company regularly conducts sustainable supply chain surveys, covering green and low-carbon operation, anti-corruption and anti-bribery, labor rights protection, and information security. Among these, green and low-carbon operation is a key assessment item, and its evaluation results will affect suppliers' annual reviews.

Supplier Audit

The Company conducts annual audits of suppliers, including online assessments and on-site audits covering the suppliers' environment, health and safety, and business ethics.

Supplier Performance Improvement

The Company conducts management and assessment for key suppliers and all suppliers of its subsidiary, INOVANCE Automotive, with assessment criteria covering sustainable dimensions. The Company issues evaluation reports to support suppliers in continuously improving their relevant performance. In 2025, the Company organized empowerment training sessions for suppliers on the topic of *Implementation Standards for Environmental Management Substances* to support their ESG capacity building.

Supplier Phase Out

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

Impact, Risk and Opportunity Management

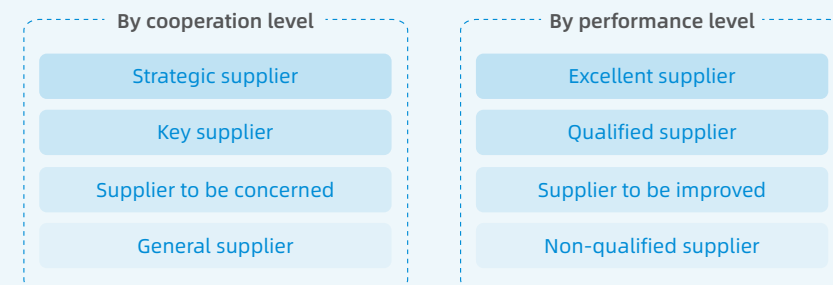
INOVANCE has established a sound sustainable supply chain risk management mechanism. It updates risk identification based on changes in the internal and external environment, assesses the status of various risks, and formulates risk response strategies accordingly. For specific risks such as supply chain security, conflict minerals, hazardous chemicals, business ethics, localized procurement, and equal treatment of small and medium-sized enterprises, the Company has implemented targeted control measures.

• Supply Chain Security Risk Management

With the volatile development of the global political and economic situation and the accelerated restructuring of the global industrial chain, enterprises need to continuously improve the flexibility and adaptability of their supply chains to address potential supply chain security risks. INOVANCE constructs an independent, controllable, safe and efficient supply chain by carrying out hierarchical management of suppliers, implementing hierarchical classification of suppliers, and establishing a sound Business Continuity Management (BCM) mechanism.

Supplier Classification

The Company conducts classification and statistics on the existing suppliers, and classifies the supplier levels according to the cooperation and performance dimensions. The Company formulated and issued the *Multi-Tier Supplier Management Standards*, which involved managing upstream raw materials for key materials, defining the scope of multi-tier supplier management, and setting management requirements based on technology, quality, supply, responsiveness, and cost.



Business Continuity Management

The Company has established an emergency response management and business continuity plan mechanism. By balancing growth, profitability and risk control, the Company mitigates losses and impacts on business operations caused by major risks or unexpected emergencies, ensures the continuity of product and service delivery, and supports the achievement of the Company's strategic objectives.

During the reporting period, the Company conducted classified inventory checks on materials and their suppliers, assessed supply trends for each material category on a quarterly basis, and reserved strategic materials in response to changes in supply trends. In terms of emergency drills, the Company carried out fire emergency drills at material suppliers in 2025 to enhance its emergency response capability against such risk incidents.

Local Procurement

To further enhance supply chain resilience and promote local economic development, INOVANCE has adopted strategies of "Local Development", "Supplier Relocation" and "Globalized Supply". The Company actively promotes the development of a localized supply chain and prioritizes expanding cooperation opportunities with local suppliers. In 2025, both domestic and overseas factories of the Company strengthened the construction of localized supply chains. Hungary INOVANCE has initially completed the establishment of local supplier networks, while the preliminary preparation for localized supply chains at Yueyang INOVANCE, Nanjing INOVANCE, Xi'an INOVANCE, and Jinan INOVANCE has also been finished. Going forward, INOVANCE will continue to implement the "Local for Local" strategy, increase the proportion of local procurement, and further improve overall supply chain resilience.

Supplier TQRDC Assessments

The Company conducts TQRDC assessments on suppliers annually, with monthly assessments on suppliers' quality and delivery, and semi-annual overall assessments on supplier TQRDC performance. TQRDC assessments are led by the Procurement Strategy Team, with support from SQE, technical, and execution procurement teams. The Procurement Strategy Team formulates an annual assessment plan and confirms the assessment list according to supplier categories and transactions, coordinating with SQE to execute the assessment, and ultimately rates suppliers as excellent, qualified, to be improved and non-qualified. For suppliers who do not pass the performance assessment, the Company carries out empowerment training to facilitate continuous improvement in supplier performance. During the reporting period, the Company assessed 237 suppliers in the TQRDC assessment, with a pass rate of 89.87%.

• Conflict Minerals Management

The Company explicitly commits to refraining from using conflict minerals including gold, tantalum, tungsten, tin and their derivatives produced in the Democratic Republic of the Congo and surrounding countries and regions. It stipulates in the *Supplier Management Contract* that all products manufactured by the Company comply with the Conflict-Free Sourcing Initiative (CFSI), and requires suppliers not to provide conflict minerals

and their derivatives sourced from the aforementioned conflict-affected regions. The Company mandates all component suppliers to sign the *Conflict-Free Minerals Commitment*, with a total of 242 suppliers completing the signing as of the end of the reporting period. Conflict mineral compliance assessments are also integrated into the admission review criteria for new suppliers. During the reporting period, the pass rate of suppliers' conflict mineral audits reached 100%.

• Hazardous Chemicals Management

Regarding the management of hazardous substances supplied by vendors, in compliance with the EU *Restriction of Hazardous Substances Directive* (RoHS), the Company conducts regular assessment and verification of hazardous substances through the Supplier Survey Report (SSR), Supplier Quality Process Audit (QPA), and Incoming Quality Control (IQC) at specified frequencies. In 2025, the Company added 10 additional control requirements covering the EU *Registration, Evaluation, Authorization and Restriction of Chemicals Regulation* (REACH). The Company is equipped with in-house rapid RoHS testing instruments to directly inspect hazardous substances in incoming materials. During the reporting period, the pass rate of incoming inspections for RoHS from suppliers reached 100%.

• Equal Treatment of SMEs

The Company attaches importance to building sound partnerships with suppliers and treats all suppliers with respect and equality. During the reporting period, in accordance with the information published on the "Credit China" website, the Company had no serious dishonesty records related to overdue unpaid amounts owed to small and medium-sized enterprises. As of the end of the reporting period, the Company's accounts payable (including notes payable) neither exceeded RMB 30 billion in balance nor accounted for more than 50% of its total assets.

Metrics and Targets

INOVANCE explicitly specifies comprehensive ESG requirements for suppliers in the *Supplier Management Contract*, which serves as the core pillar for building a sustainable supply chain. Whenever key contents of the *Supplier Management Contract* are updated, the Company requires suppliers to re-sign the document.

Target	Target Year	Metrics	Progress in Reporting Period
The signing rate of the <i>Supplier Management Agreement</i> among registered suppliers reaches 80%.	2025	The signing rate of the <i>Supplier Management Agreement</i> among registered suppliers.	Achieved. The signing rate of the <i>Supplier Management Agreement</i> among registered suppliers reaches 94.87%.
The signing rate of the <i>Supplier Management Agreement</i> for new suppliers onboarded in the current year reaches 100%.	2025	The signing rate of the <i>Supplier Management Agreement</i> for new suppliers onboarded in the current year.	Achieved. The signing rate of the <i>Supplier Management Agreement</i> for new suppliers onboarded in the current year reaches 100%.

Case

The 2025 Supplier Conference of INOVANCE was successfully held

In December 2025, the 2025 INOVANCE Supplier Conference, themed "Driving Quality through Digitalization, Expanding Global Reach, Co-creating the Future", was grandly held in Suzhou. Nearly 600 supplier partners from around the world gathered at the event to align on strategic consensus and embark on a new chapter of value co-creation. Through close collaboration with partners, the Company has established a three-tier global supply network and the subsidiary Suzhou INOVANCE has obtained ISO 22301 Business Continuity Management System certification. The full launch of the digital supply chain platform has advanced partnership collaboration from "Operational Coordination" to "Data-driven Synergy", fostering a new ecosystem for innovative development.



Building Industrial Ecosystem ►

INOVANCE's industrial ecosystem cooperation initiatives are centrally coordinated and advanced by the Ecosystem Strategy Development Department, with joint implementation across all business units. Adopting core strategies including "industry-education integration, industry-research integration, competition organization, joint development of talent ecosystems, and training empowerment", the Company promotes knowledge sharing and talent exchange throughout the industrial chain via both online and offline approaches. This strengthens ecosystem synergy and achieves win-win outcomes across the industrial ecosystem.

Ecosystem Development Strategy

Industry-Education Integration

Integrating industry cases and experience into the teaching curricula of partner universities to build a pipeline of professional talent for the industry.

Industry-Research Integration

Co-creating solutions with multiple core customers; establishing joint laboratories with suppliers and industry partners; engaging in research cooperation with several universities and establishing joint laboratories to tackle cutting-edge technologies.

Competition Organization

Actively organizing innovation competitions for students at universities and vocational colleges based on industry development trends.

Joint Development of Talent Ecosystems

Partnering with ecosystem enterprises for dedicated talent recruitment events; establishing employment and internship bases with universities to nurture industry talent.

Training Empowerment

Establishing an online live-stream learning platform to provide technical and business management empowerment training for ecosystem partners.

Case

National Intelligent Automation Innovation Competition "INOVANCE Cup"

The "INOVANCE Cup" National Intelligent Automation Innovation Competition is an exploratory and practical engineering innovation event hosted by Suzhou INOVANCE (a subsidiary of INOVANCE) with the Chinese Association of Automation as the academic advisory body. It aims to spark university students' attention to industry trends and passion for engineering technologies, enhance their capabilities in innovative design and solving complex engineering problems, and cultivate their professional qualities including self-directed learning, teamwork, communication and presentation skills.

In 2025, the 2nd "INOVANCE Cup" competition covered 27 provinces nationwide and 432 universities, attracting over 2,369 teams with more than 10,000 student participants. During the final, the competition partnered with 32 of INOVANCE's clients and partners to host on-site recruitment, releasing more than 60 job offers in total – achieving seamless talent selection and placement. The 3rd "INOVANCE Cup" was officially launched in December 2025.



Case

Strategic Cooperation with the Chinese Society of Vocational Education to Build a New Pattern of Industry-Education Integration Development

In January 2025, INOVANCE signed a strategic cooperation agreement with the Chinese Society of Vocational and Technical Education. The agreement defines cooperation areas including the development of city-level industry-education alliances for robotics and intelligent manufacturing, as well as the national industry-education integration community for industrial intelligent control, to advance deeper integration between industry and education, and between science and education. Adhering to the principles of "complementary advantages, diversified connectivity, integrated collaboration, and win-win cooperation", both parties will focus on cultivating high-quality skilled talents in short supply for advanced manufacturing and productive services. This enhances the level of industrial intelligent control, and builds a new pattern for the integrated development of industry and education in industrial intelligent control.



Case

Industrial Control Knowledge Popularization

In 2025, the "INOVANCE Planet" platform focuses on the comprehensive growth and improvement of developers across online and offline channels, continuously delivering high-quality technical content for the industrial control industry. To date, the "Planet Cloud Classroom" has launched more than 500 premium courses covering full-scenario skills such as programming languages and motion control. The "Water-drop Community" features over 12,000 practical technical articles. The online platform has released 97 technical topics and hosted over 80 live sessions, attracting a total viewership of more than 1.6 million.



Public Welfare

In 2025, the INOVANCE Volunteer Team organized four volunteer service activities covering community waste cleaning, on-site guidance, event support and other initiatives. During the reporting period, a total of 144 employees participated in volunteer work, contributing 1,208 hours of service.

The Company has been actively engaged in philanthropy and public welfare. Its total charitable donations in the reporting period reached RMB 14.93 million.

144 Employees participated in volunteer work

Total charitable donations in the reporting period

14.93 Million RMB



Volunteer Service Activities

Case

HKD 10 Million Donation to Support Fire Relief and Reconstruction in Tai Po, Hong Kong

In November 2025, a major fire broke out at Hong Fook Court in Tai Po, Hong Kong, China. Upholding its commitment to corporate social responsibility, INOVANCE made an emergency donation of HKD10 million through the Shenzhen Longhua District Charity Association. The donation is designated specifically for on-site rescue and post-disaster reconstruction efforts in Tai Po, Hong Kong, to assist affected residents in rebuilding their homes.



Supporting Social Development ►

INOVANCE actively participates in community building and fulfills its corporate social responsibility by establishing a collaborative platform between the enterprise and the community. The Company encourages employees to participate in community volunteer services, serving as a solid bridge for communication and contributing to the development of harmonious and livable communities.

Rural Revitalization

The Company's Labor Union actively responds to the Party Central Committee's call to "prioritize agricultural and rural development" and supports rural revitalization projects. In 2025, the Company launched procurement-driven agricultural support activities by purchasing "Taihu Hengjing" rice to boost local agricultural development.

Appendices

Appendix A Key Performance Table

Economic Performance ►

Category	Indicators		Unit	2025	2024	2023
Economic Performance ¹	Revenue		Million RMB	45,104.84	37,040.95	30,419.93
	Categorized by market segmentation of revenue					
	Domestic revenue	Domestic revenue	Million RMB	42,455.95	35,001.62	28,680.11
		Proportion of domestic revenue	%	94.13	94.49	94.28
	Overseas revenue	Overseas revenue	Million RMB	2,648.89	2,039.33	1,739.82
		Proportion of overseas revenue	%	5.87	5.51	5.72
	Growth rate of revenue		%	21.77	21.77	32.21
	Operating costs		Million RMB	39,868.51	32,806.04	26,278.78
	Basic EPS		RMB per share	1.87	1.60	1.78
	Net profit attributable to shareholders of the listed company		Million RMB	5,050.00	4,285.49	4,741.86

Category	Indicators		Unit	2025	2024	2023
Economic Performance ¹	Growth rate of net profit attributable to shareholders of the listed company		%	17.84	-9.62	9.77
	Net cash flow from operating activities		Million RMB	6,681.03	7,200.44	3,369.92
	Total assets		Million RMB	71,314.39	57,178.82	48,957.56
	Weighted average ROE		%	16.34	16.52	21.66
	Retained earnings		Million RMB	23,384.46	19,438.85	16,358.11
	Total expenses for employee salaries and benefits		Million RMB	6,969.09	6,017.42	4,856.49
	Human capital return on investment		%	1.75	1.70	1.85
	Financial assistance received from government		Million RMB	192.16	115.62	147.14

Notes

¹ Economic performance data can be found corresponding figures in the annual financial reports of 2025, 2024, and 2023. If any data difference occurs, the data in the annual financial reports shall prevail.

Environmental Performance ►

Category	Indicators	Unit	2025	2024	2023
Addressing climate change	Total GHG Emission ¹ (location-based)	tCO ₂ e	7,501,036.66	8,001,399.84	/
	Scope 1 Direct GHG emissions ²	tCO ₂ e	3,890.51	4,091.56	1,807.90
	Scope 2 Indirect GHG emissions (location-based) ³	tCO ₂ e	194,831.55 ¹¹	145,330.93 ³	122,716.43 ³
	Scope 2 Indirect GHG emissions (market-based)	tCO ₂ e	200,579.10 ¹¹	154,510.62 ³	130,662.21 ³
	Scope 3 Other indirect GHG emissions ⁴	tCO ₂ e	7,302,314.60	7,848,603.14	/
	Category 1 Purchased goods and services	tCO ₂ e	7,157,835.67	7,737,892.62	/
	Category 2 Capital goods	tCO ₂ e	34,119.32	22,107.62	/
	Category 3 Fuel- and energy-related activities	tCO ₂ e	3,630.04	2,870.64	/
	Category 4 Upstream transportation and distribution	tCO ₂ e	23,079.01	15,889.96	/
	Category 5 Waste generated in operations	tCO ₂ e	5.51	6.43	/
	Category 6 Business travel	tCO ₂ e	23,824.73	25,491.98	/
	Category 9 Downstream transportation and distribution	tCO ₂ e	59,820.31	40,821.27	/
	Category 13 Downstream leased assets	tCO ₂ e	0	3,522.63	/
	GHG Emission intensity in operation ⁵	tCO ₂ e/RMB 1 million revenue	4.41	4.03	4.09
	Reduction of GHG emissions ⁶	tCO ₂ e/year	18,167.06	12,170.82	/
	Carbon credit	tCO ₂ e	0	0	/
Opportunities in clean technology	Proportion of revenue from clean technology-related products and services ⁷	%	53.33	59.63	49.67
	Scope 4 Avoided GHG emissions	tCO ₂ e/year	18,799,030	14,447,904	10,748,527

Note

1 Total Greenhouse Gas (GHG) emissions are the sum of Scope 1 (Direct GHG emissions), Scope 2 (Indirect GHG emissions - Location-based), and partial Scope 3 (Other indirect GHG emissions). Specifically, Scope 1 includes stationary combustion emissions from cooking equipment and generators, mobile combustion emissions from owned business vehicles, forklifts, and operational leased vehicles, as well as fugitive emissions from air conditioning chillers and fire-fighting equipment. Scope 2 (Location-based) includes indirect emissions from purchased electricity and steam. Scope 3 refers to the GHG Protocol accounting categories, including Categories 1, 2, 3, 4, 5, 6, and 9. Regarding Scope 3 Category 13 (Downstream leased assets) disclosed in the Company's 2024 Sustainability Report, the indirect emissions originated from electricity use in outsourced canteens at the Changzhou INOVANCE New Energy. Following discussions with relevant verification agencies, it has been confirmed that this emission source no longer falls under downstream leased assets during the reporting period; its emissions have been incorporated into the Scope 2 calculations. Therefore, Scope 3 Category 13 data is no longer listed separately in this report.

2 Calculations refer to ISO 14064-1: 2018, the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, and the Guidelines for Accounting and Reporting Greenhouse Gas Emissions from Enterprises in Other Industrial Sectors

Category	Indicators	Unit	2025	2024	2023
Energy use	Total energy consumption	Ton of standard coal	46,759.04 ¹¹	34,795.37	28,425.21
	Total energy consumption	MWh	381,237.83	283,823.94	231,769.71
	Total energy consumption intensity	Ton of standard coal/RMB 1 million revenue	1.04	0.94	0.93
	Total energy consumption intensity	MWh/RMB 1 million revenue	8.45	7.66	7.62
	Total direct energy consumption ⁸	Ton of standard coal	1,198.93	1,129.39	970.61
	Total direct energy consumption	MWh	10,527.83	9,892.75	8,379.52
	Gasoline consumption	L	171,593.97	186,108.89	216,568.12
	Diesel consumption	L	52,222.30	74,708.78	65,568.00
	Natural gas consumption	m ³	763,865.00	677,008.00	467,096.00
	Liquefied petroleum gas consumption	L	19,597.22	12,320.28	86,416.17
	Total indirect energy consumption ⁹	Ton of standard coal	45,560.11 ¹¹	33,665.98	27,454.59
	Total indirect energy consumption	MWh	370,710.00 ¹¹	273,931.19	223,390.19
	Electricity consumption	MWh	368,450.00 ¹¹	271,522.07	222,514.15
	Steam consumption	Ton	2,920.00	3,113.00	1,132.00
	Renewable energy consumption	MWh	40,884.24	19,624.75	8,742.33
	Proportion of renewable energy in total energy consumption	%	10.72	6.91	3.77
	Total installed capacity of renewable energy generation devices	MWh	40.07	18.83	/
	Energy saved from new energy saving projects	MWh/year	1,756.48	1,458.76	1,964.50
	Total investment in energy efficiency projects	Million RMB	2.97	0.67	/

(Trial). Emission sources include stationary combustion from cooking equipment and generators, mobile combustion from owned business vehicles, forklifts, and operational leased vehicles, and fugitive emissions from air conditioning chillers and fire-fighting equipment. The Company does not involve industrial process emissions. The GHG type included in the calculation is CO₂. Calorific values refer to the low-level heat of energy combustion in the *General Rules for Calculation of the Comprehensive Energy Consumption* (GB/T 2589). Carbon oxidation rates refer to default values in the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions from Enterprises in Other Industrial Sectors (Trial)* (2015); carbon content per unit calorific value refers to the *2006 IPCC Guidelines for National Greenhouse Gas Inventories*.

³ Indirect emissions from purchased electricity and steam are calculated with reference to ISO 14064-1: 2018 and the *General Rules for Greenhouse Gas Emissions Accounting and Reporting for Industrial Enterprises* (GB/T 32150-2015). The GHG type included is CO₂. For 2025 location-based emissions from purchased electricity, emission factors for operating sites in China refer to the *2023 provincial average grid CO₂ emission factors published by the Ministry of Ecology and Environment* (MEE). These factors served as the basis for recalculating and updating 2024 and 2023 data. For market-based emissions, factors for sites in China refer to Table 4–2023 National Average Grid CO₂ Emission Factors (excluding non-fossil fuel power from market-based

Category	Indicators	Unit	2025	2024	2023
Energy use	Annual operating cost reduction through energy efficiency projects	Million RMB/year	1.41	1.17	/
Water Resources utilization	Total water withdrawal	m ³	1,162,201.06	1,085,190.56	1,021,444.28
	Water withdrawal intensity	m ³ /RMB 1 million revenue	25.77	29.30	33.60
	Water withdrawal at operating sites in water-stressed areas ¹⁰	m ³	929,283.05	867,408.66	/
	Water recycling volume	m ³	46,914,258.90	3,260,000.00	/
	Water recycling rate	%	97.58	75.03	/
Pollutant discharge	Waste gas emissions				
	Total waste gas emissions	million m ³	5,705.38 ¹¹	1,989.40	1,097.89
	Waste gas emission intensity	million m ³ /RMB 1 million revenue	0.13	0.05	0.04
	Particulate matter (PM) emissions	kg	10,001.10 ¹¹	1,238.00	199.67
	Nitrogen oxides (NOx) emissions	kg	281.35	1,158.46	1,160.09
	Volatile organic compounds (VOCs) emissions	kg	6,758.92	12,323.76	6,969.50
	Tin and its compounds emissions	Ton	0.02	0.79	0.03
	Sulfur oxides (SOx) emissions	Ton	0.21	0.76	/
	Wastewater discharge				
	Total wastewater discharge	m ³	435,559.70 ¹¹	313,389.00	273,310.09
	Wastewater discharge intensity	m ³ /RMB 1 million revenue	9.66	8.46	8.98
	Domestic wastewater discharge volume	m ³	394,059.70 ¹¹	295,080.00	228,155.05
	Chemical oxygen demand (COD)	Ton	97.34	93.32	114.17

transactions) in the MEE announcement. Factors for overseas sites refer to the respective national power sector emission factors in ecoinvent version 3.12. Emissions from purchased steam utilize the heat supply emission factors from the MEE's *Guidelines for Accounting and Reporting Greenhouse Gas Emissions from Enterprises in Other Industrial Sectors*.

4 Calculations refer to the *General Rules for Greenhouse Gas Emissions Accounting and Reporting for Industrial Enterprises* (GB/T 32150-2015). Scope 3 accounting includes Categories 1, 2, 3, 4, 5, 6, and 9. Categories 7, 8, 10, 11, 12, 13, 14, and 15 were identified as non-significant indirect emission sources and thus were not calculated. Emission factor sources for Scope 3 include ecoinvent version 3.12, *UK Government GHG Conversion Factors for Company Reporting 2025*, and the 2025 *USEEIO (United States Environmentally-Extended Input-Output) GHG Emission Factors for Machinery, Equipment, and Supplies*.

5 Operational GHG emission intensity = (Scope 1 Direct GHG emissions + Scope 2 Indirect GHG emissions (Location-based)) / Revenue.

6 GHG emission reductions = GHG emissions reduced by the application of renewable energy (within the operational scope) + GHG emissions reduced from energy savings generated by new energy-saving projects.

7 The product types and scope covered by clean technology-related products and services are consistent with those covered in the measurement of Scope

Category	Indicators	Unit	2025	2024	2023
Pollutant discharge	Ammoniacal Nitrogen (NH ₃ -N)	Ton	18.33	10.09	7.81
	Total phosphorus discharge	Ton	0.81	0.83	0.62
	Total nitrogen discharge	Ton	8.44	10.60	9.86
	Animal and vegetable oils discharge	Ton	10.96	4.23	4.63
	Suspended solids (SS) emissions	Ton	16.39	40.70	50.00
Waste treatment	Waste emissions				
	Total waste emissions	Ton	12,967.76 ¹¹	6,570.72	/
	Waste emission intensity	Ton/RMB 1 million revenue	0.29	0.18	/
	Total waste recycled/reused	Ton	10,016.20 ¹¹	4,869.90	/
	Total hazardous waste	Ton	1,856.55	1,234.99	694.62
	Hazardous waste disposal	Ton	1,853.89	1,234.99	694.62
	Hazardous waste emission intensity	Ton/RMB 1 million revenue	0.04	0.03	0.02
	Hazardous waste recycled/reused	Ton	496.88	232.63	94.53
	Total hazardous waste disposed by landfill	Ton	0	0	0.50
	Total hazardous waste incinerated with energy recovery	Ton	685.15	339.40	53.30
	Total hazardous waste incinerated without energy recovery	Ton	504.61	662.98	522.38
	Total hazardous waste used other methods	Ton	167.26	0	23.91
	Toxic emission and leakage incidents	Time	0	0	/
	Total non-hazardous waste	Ton	11,111.21 ¹¹	5,335.73	/
	Non-hazardous waste emission intensity	Ton/RMB 1 million revenue	0.25	0.14	/
	Non-hazardous waste recycled/reused	Ton	9,519.32 ¹¹	4,637.27	/

4: Avoided Emissions.

8 Direct energy consumption is converted and accumulated from various sources. Conversion factors refer to GB/T 2589-2020 *General Rules for Calculation of the Comprehensive Energy Consumption*. Natural gas is converted at 1.2143 kgce/kg; Gasoline at 1.4714 kgce/kg; Diesel at 1.4571 kgce/kg; and Liquefied Petroleum Gas (LPG) at 1.7143 kgce/kg.

9 Indirect energy consumption is converted and accumulated from various sources. Conversion factors refer to GB/T 2589-2020 *General Rules for Calculation of the Comprehensive Energy Consumption*. Electricity (equivalent value) is converted at 0.1229 kgce/kWh; Steam (equivalent value) is converted at 0.0341 kgce/MJ.

10 In the reporting year, the Company identified a total of 18 operating sites located in water-stressed areas.

11 During the reporting year, some environmental indicators of the Company showed a significant increase compared to the previous year. The primary reasons include increased demand driven by organic business growth, the commissioning of new operating sites, and rising energy consumption resulting from higher automation rates. In the future, the Company will continue to increase investment, improve production energy efficiency, and strengthen waste reduction at the source and compliant disposal to minimize the environmental impact of its operational activities.

Category	Indicators	Unit	2025	2024	2023
Environmental compliance management	Amount of environmental protection training duration	Hour	4,834.00	7,504.00	7,439.00
	Total environmental investment during the reporting period	Million RMB	17.38	10.86	6.02
	Proportion of key operating sites certified under ISO 14001	%	68.42	66.67	66.67
	Proportion of key operating sites that conducted environmental risk assessments	%	65.22	66.67	66.67
	Number of incidents fined for violating environmental protection laws and regulations	/	0	0	0
	Total fines incurred for violations of environmental protection laws and regulations	RMB	0	0	0

Social Performance ►

Category	Indicators	Unit	2025	2024	2023
Product and service safety and quality	Total number of product and service incidents in violation of laws and regulations	/	0	0	0
	Sales Volume of Products Recalled Due to Safety and Health Reasons in Already Sold or Delivered Products	Million RMB	5.94 ¹	0	0
	Proportion of products sold or shipped that have been recalled for safety and health issues	%	Below one ten-thousandth ¹	0	0
	Number of safety and health incidents of products and services in violation of laws and regulations	/	1 ¹	0	0
	Number of Complaints Received about Products and Services	/	0	2	5
	Complaint handling rate	%	100	100	100
	Proportion of online sales	%	Below one millionth	Below one millionth	Below one millionth

Notes

1 During the period from May 1, 2022, to May 15, 2025, a certain type of safety circuit produced by the subsidiary, Suzhou INOVANCE, featured redundant interfaces. This could potentially result in two sets of bypass devices in elevator control equipment, posing a potential safety hazard. In accordance with relevant laws and regulations, Suzhou INOVANCE legally initiated a recall campaign and filed a recall plan with the State Administration for Market Regulation, with completion scheduled for 2026. As of the date the recall announcement was issued, no

Category	Indicators	Unit	2025	2024	2023
Product and service safety and quality	Total number of illegal and non-compliant incidents concerning customer privacy	/	0	0	0
	Customer satisfaction score	Point	69.94	70.86	69.75
	Number of labeling incidents of products and services in violation of laws and regulations	/	0	0	0
	Number of violations of marketing and communications laws and regulations	/	0	0	0
	Proportion of product revenue from conflict-affected and high-risk areas	%	0	0	0
	Number of major product safety and quality incidents	/	0	0	0
	Amount of losses from major product safety and quality incidents	RMB	0	0	0

safety accidents, personal injuries, or property losses caused by this defect have occurred. The incident has not led to any civil claims, litigations, or arbitrations, nor has it resulted in any administrative penalties, fines, or other restrictive measures imposed on the Company by relevant authorities. Regarding this incident, the Company has penalized the responsible personnel in accordance with the *INOVANCE Quality Issue Rewards and Punishment System*. Furthermore, a thorough analysis of the root causes and targeted improvements have been conducted to ensure the prevention of any recurrence of such incidents.

Category	Indicators	Unit	2025	2024	2023
Innovation-driven development	R&D investment	Million RMB	4,255.77	3,147.08	2,624.15
	R&D investment as a percentage of revenue	%	9.44	8.50	8.63
	Number of R&D personnel	Person	7,670	5,538	5,482
	Proportion of R&D personnel	%	28.10	22.65	23.15
	Number of new patent applications	/	626	685	982
	Number of new patents granted	/	412	572	506
	Number of new trademarks approved	/	66	59	33
	Number of new copyrights approved	/	195	79	61
	Total number of valid patents	/	2,715	2,375	/
	Number of invention patents applied to major business	/	579	450	/

Category	Indicators	Unit	2025	2024	2023
Data security and privacy protection	Monetary value of data security incidents	Million RMB	0	1	0
	Total number of information security vulnerabilities	/	793	1,161	1,955
	Total number of illegal and non-compliant incidents concerning customer privacy	/	0	0	0
	Monetary value of customer privacy breach incidents	RMB	0	0	0
	Number of employee personal information security training sessions	Time	26	21	17
	Number of employees covered by personal information security training ¹	Person	10,980	21,858	25,487
	Personal information security training coverage rate	%	66.38	84.81	100

Notes

1 The number of employees covered by personal information security training in the reporting year decreased compared to the previous year. This was primarily due to the Company's assessment of position-based information security risks, which determined that the information security risk for frontline production personnel is relatively low; consequently, such personnel were not included in the scope of the training.

Category	Indicators	Unit	2025	2024	2023
Employee recruitment	Employees in service				
	Total number of employees	Person	30,101	26,518	25,487
	Number of foreign employees	Person	566	444	456
	Profit per employee	10,000 RMB	16.78	16.16	18.62
	Labor contract signing rate ¹	%	100	100	100
	Proportion of employees from ethnic minorities and/or disadvantaged groups	%	6.63	5.98	7.91
	Full-time labor contract employees	Person	27,292	24,445	23,685
	Full-time dispatched employees	Person	2,209	1,792	1,420

Notes

1 The statistics for the labor contract signing rate only apply to full-time employees. Other forms of employment, such as labor dispatch and part-time staff, are not included in the scope of this indicator.

2 In accordance with the requirements of the EU *General Data Protection Regulation* (GDPR, Regulation (EU) 2016/679) regarding the lawfulness of processing personal data, enterprises shall not process personal data such as gender, age, and educational level without the explicit consent of the data subjects or other legal bases.

Category	Indicators	Unit	2025	2024	2023
Employee recruitment	Part-time employees (interns, apprentices, working students and retired employees rehired in total)	Person	600	281	382
	Proportion of full-time labor contract employees	%	90.67	92.18	92.93
	Proportion of part-time and dispatched employees	%	9.33	7.82	7.07
	Number of male employees ²	Person	22,373	19,780	18,812
	Number of female employees	Person	7,162	6,738	6,675
	Proportion of male employees	%	75.75	74.59	73.81
	Proportion of female employees	%	24.25	25.41	26.19
	Average length of service for male employees	Year	3.35	3.17	/
	Average length of service for female employees	Year	3.74	3.19	/
	Proportion of female employees in junior management	%	13.90	18.41	15.60
	Proportion of female employees in mid-level management	%	21.31	14.29	14.50
	Proportion of female employees in senior management	%	5.77	10.71	6.60
	Proportion of female employees in management levels	%	19.76	15.75	14.70
	Number for employees aged over 50	Person	348	303	317
	Number for employees aged 30-50	Person	15,985	14,403	13,422
	Number for employees under 30	Person	13,202	11,713	11,748
	Proportion of employees aged over 50	%	1.18	1.15	1.24
	Proportion of employees aged 30-50	%	54.12	54.52	52.66
	Proportion of employees under 30	%	44.70	44.34	46.09

Additionally, due to the difficulty of collecting data from the Company's entities and branches in other overseas regions, and considering that this portion of data is small in scale and has no material impact on the overall indicators, the Company has excluded employee data related to all overseas entities and branches from the following disclosed statistics on employee characteristics. This decision is based on the fulfillment of compliance obligations and the affordability of data acquisition costs.

3 To reflect the meaning of this indicator more intuitively, starting from this report, the calculation method for the employee voluntary employee turnover rate has been changed to: Number of employees with voluntary resignations / Total number of employees turnover during the reporting period × 100%. To avoid misleading readers, data from previous years is marked with "/" to indicate the change in methodology.

4 The employee turnover rates by gender and age group listed in this table all utilize a unified calculation method: Turnover rate of the group = Number of turnover employees in the group during the period / (Number of turnover employees in the group during the period + Number of employees in the group at the end of the period) × 100%.

Category	Indicators	Unit	2025	2024	2023
Employee recruitment	Proportion of employees with doctoral degrees	%	0.36	0.26	0.23
	Proportion of employees with master's degrees	%	15.90	14.62	13.32
	Proportion of employees with bachelor's degrees	%	28.80	28.69	30.92
	Proportion of employees with junior college degree or below	%	54.94	56.43	55.53
	Newly-recruited Employees				
	Proportion of male newly-recruited employees	%	79.86	77.74	74.74
	Proportion of female newly-recruited employees	%	20.14	22.26	25.26
	Proportion of newly-recruited employees aged over 50	%	0.24	0.09	0.19
	Proportion of newly-recruited employees aged between 30-50	%	28.28	31.72	35.01
	Proportion of newly-recruited employees aged under 30	%	71.48	68.20	64.80
	Employee Turnover				
	Employee turnover rate	%	35.42	27.26	24.42
	Employee voluntary turnover rate ³	%	77.40	/	/
	Male employee turnover rate ⁴	%	34.56	27.31	23.73
	Female employee turnover rate ⁴	%	30.49	27.12	26.36
	Turnover rate for employees aged over 50 ⁴	%	11.68	21.40	12.30
	Turnover rate for employees aged 30-50 ⁴	%	21.53	22.72	20.41
	Turnover rate for employees under 30 ⁴	%	44.35	32.98	29.32

Category	Indicators	Unit	2025	2024	2023
Employee recruitment	Other indicators				
	Proportion of internal employment	%	21.18	2.93	12.66
	Proportion of employees undertaking regular performance and career development review	%	100	100	100
	Percentage of employees below senior management level that stock option incentive and long-term incentive program applies	%	91.03	99.07	98.48
	Number of penalties received for violating employment and labor laws and regulations	/	0	0	0

Category	Indicators	Unit	2025	2024	2023
Occupational Health and Safety	Number of work-related injuries ¹	Time	20	26	31
	Number of lost workdays due to work-related injuries	Day	1,473.00	2,340.00	2,614.50
	Lost workday rate due to work-related injury	/	3.65	6.44	8.84
	Lost-time injury frequency rate	/	0.25	0.36	0.52
	Lost-time injury severity rate	/	0.02	0.03	0.04
	Number of Employees of Occupational Disease Risk Posts	Person	1,251	1,008	685
	Number of occupational disease cases	Person	0	0	0
	Number of fatalities due to occupational disease	Person	0	0	0
	Proportion of key operating sites certified under ISO 45001 ²	%	65.00	57.89	/
	Proportion of key operating sites with health and safety risk assessments conducted	%	65.22	57.89	/
	Proportion of employees represented by formal management-worker health and safety committees	%	100	100	100

Notes

1 All indicators related to work-related injuries default to covering all employees, including full-time contract employees, labor dispatch employees, and part-time employees.

2 When calculating this ratio, significant locations of operations that do not yet meet the conditions for implementing management system certifications have been excluded.

3 Based on the Company's management practices, employees on probation are not eligible for the unified annual physical examination organized by the Company. Therefore, employees on probation are excluded from this data calculation.

4 According to the Work Safety Law of the People's Republic of China and relevant regulations, the Company

Category	Indicators	Unit	2025	2024	2023
Occupational Health and Safety	Employee physical examination coverage rate ³	%	100	100	100
	Total investment in work injury insurance	Million RMB	9.26	7.05	/
	Work injury insurance coverage rate	%	100	100	/
	Total investment in workplace safety liability insurance ⁴	Million RMB	0	0	/
	Workplace safety liability insurance coverage rate ⁴	%	0	0	/
	Number of participants in safety training sessions	Person-time	27,710	46,307	38,407
	Number of safety training sessions conducted	Time	106	150	185
	Number of penalties received for violating occupational health and safety laws and regulations	/	0	0	0

is not a production or business unit engaged in high-risk industrial activities such as coal mining, non-coal mining, or hazardous chemicals. Therefore, the Company is not subject to the mandatory requirement for work safety liability insurance.

Category	Indicators	Unit	2025	2024	2023
Employee Rights	Number of key operating sites reviewed and assessed human rights protection performance	/	11	8	4
	Total number of discrimination and harassment incidents	/	0	0	0
	Number of labor dispute cases ¹	/	25	17	15
	Number of violations related to employment and dismissal, compensation and benefits, work hours and leave, equal opportunity, anti-discrimination, etc.	/	0	0	0
	Percentage of employees who received training on diversity, discrimination, and/or harassment ²	%	6.32	100	100
	Proportion of employees covered by collective negotiation agreement ³	%	87.33	84.74	100
	Proportion of employees who have formally elected as employee representatives ³	%	80.87	88.72	89.10
	Social insurance coverage rate ³	%	100	100	100

Notes

1 Includes disputes related to non-compete restrictions.

2 During the reporting year, the Company conducted training related to diversity, discrimination, and/or harassment only for non-production employees recruited through social recruitment. This training did not include all employees. The Company will implement targeted improvements in this area in the future.

3 The statistical scope for the following three indicators is consistent and covers only regular employees: Proportion of employees covered by collective negotiation agreement, Proportion of employees who have formally elected as employee representatives, and Social insurance coverage rate.

Category	Indicators	Unit	2025	2024	2023
Employee training	Employee training coverage rate	%	100	100	100
	Annual training expenditure	Million RMB	3.51	2.91	/
	Average training expenditure per employee	RMB	116.61	109.62	232.89
	Total employee training hours ¹	Hour	1,086,999.90	719,255.90	686,347.40
	Average training hours per employee ²	Hour	36.11	27.12	26.93

Notes

1 The statistical scope only includes training activities conducted through the "INOVANCE Academy" platform; training activities carried out through other channels are not within the scope of coverage.

2 Includes full-time contract employees, labor dispatch employees, and part-time employees.

Category	Indicators	Unit	2025	2024	2023
Sustainable Supplier Management	Total number of existing suppliers	/	2,867	2,240	2,592
	Number of active suppliers	/	2,200	1,463	1,528
	Number of suppliers from the Chinese mainland	/	2,751	2,179	2,552
	Number of suppliers from Hong Kong, Macao, Taiwan, and overseas regions	/	116	61	40
	Supplier audit				
	Percentage of key suppliers assessed for sustainability ¹	%	42.81	93.47	43
	Number of new suppliers assessed for ESG	/	274	137	231
	Percentage of new suppliers assessed for ESG ²	%	80.12	100	100
	Percentage of new suppliers with on-site ESG assessment ²	%	71.35	100	100
	Percentage of revenue from products containing minerals from conflict-affected areas	%	0	0	0
	Percentage of revenues from products containing minerals from conflict-affected and high-risk areas coming from suppliers that have been verified conflict-free ³	%	0	0	0
	Percentage of suppliers with signed contracts including ESG requirements	%	94.87	100	100

Notes

1 Key suppliers refer to the group of suppliers that account for the top 80% of the annual procurement value within each material category. During the reporting year, the Company continued to advance supplier management initiatives and implemented unified management rules across certain subsidiaries. This led to an expansion in the number of significant suppliers, which subsequently resulted in a decrease in the percentage of significant suppliers that underwent sustainability assessments.

2 Percentage of new suppliers assessed for ESG = Number of new suppliers assessed for ESG / Total number of new suppliers during the reporting period. Percentage of new suppliers with on-site ESG assessment = Number of new suppliers with on-site ESG assessment / Total number of new suppliers during the reporting period. In previous annual reports, these indicators were named "Pass rate of ESG assessments of new suppliers" and "Pass rate of on-site

Category	Indicators	Unit	2025	2024	2023
Sustainable Supplier Management	Supplier performance improvement				
	Number of suppliers found non-compliant with ESG standards during assessment	/	0	0	/
	Number of suppliers identified with significant/potential negative ESG impacts	/	0	0	0
	Number of suppliers with significant/potential ESG impacts that were terminated	/	0	0	0
	Total number of suppliers that implemented corrective measures for negative ESG impacts	/	0	0	0
	Supplier training empowerment				
	Number of key supplier empowerment training sessions	/	7	5	2
	Coverage rate of integrity training and education for key suppliers ⁴	%	39.75	100	100
Equal treatment of SMEs	Equal treatment of SMEs				
	Amount of overdue accounts payable (including notes payable) at the end of the reporting period ⁵	RMB 10,000	0	0	/
	Amount of overdue payments to SMEs at the end of the reporting period ⁵	RMB 10,000	0	0	/

ESG assessments of new suppliers"; these names have been revised to avoid ambiguity. During the reporting year, some subsidiaries failed to strictly implement the Company's management requirements for new suppliers, resulting in some new suppliers not undergoing ESG assessments. The Company will carry out specialized rectification for this issue in the future.

3 In previous annual reports, this indicator was named "Percentage of revenue from products containing minerals from conflict-affected and high-risk areas provided by suppliers that have passed conflict-free mineral audits." This name has been revised to avoid ambiguity.

4 During the reporting year, some suppliers newly included in the scope of significant suppliers were unable to receive integrity-related training in a timely manner. The Company will ensure their coverage in future integrity training sessions.

5 Statistics are based on serious dishonest acts as queried on the "Credit China" website.

Category	Indicators	Unit	2025	2024	2023
Social Contribution	Total amount invested into community public welfare	Million RMB	14.93	2.79	0.70
	Among the amount donated to charity projects ¹	Million RMB	14.93	0.10	0.49
	Amount invested in community public welfare (education assistance)	Million RMB	0.04	0.77	0.29
	Amount invested in community public welfare (environmental protection)	Million RMB	0	0	0
	Amount invested in community public welfare (labor needs)	Million RMB	0	0	0

Notes

1 It refers to donation projects for which official donation receipts (printed and supervised by financial authorities) have been issued.

Category	Indicators	Unit	2025	2024	2023
Social Contribution	Amount invested in community public welfare (medical health)	Million RMB	0	0	0
	Amount invested in community public welfare (culture and sports)	Million RMB	0	0.02	0
	Amount invested in community public welfare (other areas)	Million RMB	14.89	2.00	0
	Use of charity funds	Million RMB	0.24	0.42	0.40
	Total hours of employee volunteer service	Hour	1,208	960	5,600
	Total number of employee volunteer	Person-time	144	130	/

Governance Performance ►

Category	Indicators	Unit	2025	2024	2023
Corporate Governance	Number of Board of Directors members	Person	9	9	9
	Number of independent directors	Person	3	3	3
	Number of male Board of Directors members	Person	8	8	8
	Number of female Board of Directors members	Person	1	1	1
	Percentage of female Board of Directors members	%	11.11	11.11	11.11
	Number of board meetings held	Time	6	8	7
	Average number of directors attending the meetings of the Board of Directors	Person	9	9	9
	Meetings of the Board of Directors attendance rate	%	100	100	100
	Minimum attendance rate of board members at meetings of the Board of Directors	%	100	100	100

Category	Indicators	Unit	2025	2024	2023
Corporate Governance	Number of non-executive/independent directors with four or fewer other mandates	Person	3	3	3
	Average tenure of Board of Directors members	Year	9.11	8.65	7.98
	Number of independent directors with industry experience	Person	3	3	3
	Number of independent directors on the Board of Directors	%	33.33	33.33	33.33
	Proportion of independent directors on the Audit Committee	%	100	100	66.67
	Proportion of independent directors on the Compensation and Assessment Committee	%	66.67	66.67	66.67
	Proportion of independent directors on the Compensation and Assessment Committee	%	66.67	66.67	66.67
	Proportion of Board of Directors members who are immediate family members of major shareholders, executives, or former executives	%	0	0	0
	Standard deviation of director ages	/	4.03	4.03	6.08
	Standard deviation of director tenures	/	6.11	6.11	5.73
	Number of financial experts on the Audit Committee	Person	1	1	1
	Multiple of base salary of CEO (President)	/	622.93	669.54	965.69
	Average multiple of base salary of other executives with shareholding reported	/	656.39	554.63	713.75
	Ratio of total compensation of CEO (President) to average employee salary ¹	/	19.91	16.86	16.44
	Proportion of government ownership	%	0	0	0
	Number of Audit Committee meetings held	Time	5	6	5
	Number of Compensation and Assessment Committee meetings held	Time	3	4	/
	Number of Nomination Committee meetings held	Time	0	1	/
	Number of General Meetings of Shareholders held	Time	1	2	1

Notes

1 Average employee salary = Cash paid to and for employees during the reporting year / ((Total number of employees at the end of the previous period + Total number of employees at the end of the current period) / 2).

Category	Indicators	Unit	2025	2024	2023
Anti-commercial bribery and anti-corruption	Number of employees who received anti-corruption training ¹	Person	1,901	10,585	/
	Coverage rate of anti-corruption training among employees ²	%	12.20	71.91	/
	Total Number of Hours of Anti-Corruption Training Received by Employees	Hour	158 ¹	1,220.17	/
	Number of corruption leads generated through whistleblowing channels	/	18	18	7
	Total number of violations of anti-corruption laws and regulations	/	0	0	2
	Number of Operating Sites Where Anti-corruption Audits Have Been Conducted	/	52	53	47
	Number of employees dismissed or disciplined due to corruption	/	0	0	2
	Number of resolved corruption lawsuits involving the company or its employees	/	0	0	0
Compliance management	Number of major incidents violated laws and regulations	Time	0	0	0
	Number of fines imposed for violations	Time	1	0	0
	Total amount of fines imposed due to violations	RMB	68,037.91 ³	0	0
	Major tax violation incidents	/	0	0	0
	Violations related to conflict of interest	/	0	0	0
	Money laundering or insider trading incidents	/	0	0	0
Fair Competition	Number of lawsuits or major administrative penalties due to company misconduct	/	0	0	0
	Monetary value involved in lawsuits or major administrative penalties due to company misconduct	RMB	0	0	0
	Number of legal proceedings related to anti-competitive behavior, antitrust, and anti-monopoly laws	/	0	0	0

Notes

1 During the reporting year, the Company conducted anti-corruption training only for non-production employees recruited through social recruitment and did not conduct anti-corruption training for all employees. The Company will implement targeted improvements in this area in the future.

2 Since frontline production workers are not considered to be at risk of corruption, such personnel are excluded from the calculation of this data.

3 In July 2025, the subsidiary BST (Jiaxing) received a Tax Treatment Decision and a Penalty Decision from the local tax authority. For the unlawful act of failing to withhold individual income tax between 2021 and 2023, a penalty of 50% of the unw withheld tax, totaling 68,037.91 RMB, was imposed. The Company will draw lessons from this experience and strengthen personnel training to prevent the recurrence of similar incidents.

Appendix B Index Table

Appendix B-1 Index Table of Guidelines of Shenzhen Stock Exchange for Self-discipline Regulation of Listed Companies No.17 - Sustainability Report (Trial)

A. Chapter Index Table ►

Chapters	Disclosure Content	Disclosure Chapter
Chapter I General Provisions	About this Report Sustainability Governance Structure Material Topics Management	
Chapter II Disclosure Framework for Sustainability Information	Chapters Related to Each Material Topic	
Chapter III Environmental Information Disclosure		
Chapter III Section 1	Addressing Climate Change	Climate Governance Climate Strategy Climate-related Risk Management Climate-related Metrics and Targets
Chapter III Section 2	Pollution Control and Ecosystem Protection	Pollutant Emission Management Biodiversity Protection
Chapter III Section 3	Resource Utilization and Circular Economy	Deepening Energy Management Green Products and Innovation Water Resource Management
Chapter IV Social Information Disclosure		
Chapter IV Section 1	Rural Revitalization and Social Contributions	Supporting Social Development
Chapter IV Section 2	Innovation-Driven Development and Ethics of Science and Technology	R&D Innovation Management

Chapters	Disclosure Content	Disclosure Chapter
Chapter IV Section 3	Suppliers and Customers	Strict Product Quality Control Improving Customer Services Information Security Management Sustainable Supply Chain
Chapter IV Section 4	Employees	Employee Rights and Welfare Protection Talent Attraction and Retention Employee Training and Development Occupational Health and Safety
Chapter V Disclosure of Sustainability-Related Governance Information		
Chapter V Section 1	Sustainability-Related Governance Mechanisms	Sustainability Governance Corporate Governance System
Chapter V Section 2	Business Practices	Risk Management Compliant Operation
Chapter VI	Supplementary Provisions and Interpretation	/

B. Index of Guidelines Topics ►

Dimension	No.	Guidance Topics	Clause	Disclosure Location
Environment	1	Addressing Climate Change	Articles 21-28	Climate Governance Climate Strategy Climate-related Risk Management Climate-related Metrics and Targets
	2	Pollutant Discharge	Article 30	Pollutant Emission Management
	3	Waste Treatment	Article 31	Pollutant Emission Management
	4	Ecosystem and Biodiversity Protection	Article 32	Biodiversity Protection

Dimension	No.	Guidance Topics	Clause	Disclosure Location
	5	Environmental Compliance Management	Article 33	Compliant Environmental Management
	6	Energy Use	Article 35	Deepening Energy Management Advancing Energy Conservation and Emission Reduction
	7	Water Resources Utilization	Article 36	Water Resource Management
	8	Circular Economy	Article 37	Deepening Energy Management Green Products and Innovation Water Resource Management
Society	9	Rural Revitalization	Article 39	Supporting Social Development
	10	Social Contributions	Article 40	Supporting Social Development
	11	Innovation-Driven Development	Article 42	R&D Innovation Management
	12	Ethics of Science and Technology	Article 43	Not applicable
	13	Supply Chain Security	Article 45	Sustainable Supply Chain
	14	Equal treatment of SMEs	Article 46	Sustainable Supply Chain
	15	Product and Service Safety and Quality	Article 47	Strict Product Quality Control Improving Customer Services
	16	Data Security and Customer Privacy	Article 48	Information Security Management
	17	Employees	Article 50	Employee Rights and Welfare Protection Talent Attraction and Retention Employee Training and Development Occupational Health and Safety

Dimension	No.	Guidance Topics	Clause	Disclosure Location
Sustainability-related Governance	18	Due Diligence	Article 52	Compliant Operation
	19	Stakeholder Engagement	Article 53	Material Topics Management
	20	Anti-commercial bribery and anti-corruption	Article 55	Compliant Operation
	21	Fair Competition	Article 56	Compliant Operation
Company Self-Disclosures	22	Opportunities in Clean Technology	/	Capturing Clean Technology Opportunity
	23	Green Products and Innovation	/	Green Products and Innovation
	24	Corporate Governance	/	Corporate Governance System
	25	Risk Management	/	Risk Management
	26	Cross-industry Collaboration and Development	/	Building Industrial Ecosystem

Appendix B-2 Index of HKSE Main Board Listing Rules Appendix C2 Environmental, Social and Governance Reporting Code

Part B: Mandatory disclosure requirements		Location/Remarks
Governance Structure	A statement from the Board which contains: 1. a disclosure of the Board's oversight of ESG issues; 2. The Board's ESG management approach and strategy, including the process used to evaluate, prioritise, and manage material ESG-related issues (e.g., risks to the issuer's businesses); and 3. How the Board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	About this Report Sustainability Governance
Reporting principles	Describe or explain how the following reporting principles are applied in the preparation of the environmental, social and governance report.	About this Report

Reporting scope	A narrative explanation of the reporting boundaries of the ESG report and a description of the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About this Report
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Part C: "Comply or explain" Provisions

Aspects	Indicators	Indicator Content	Location/Remarks
Environmental			
A1: Emissions	General Disclosure	(a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes	Climate Strategy Compliant Environmental Management Pollutant Emission Management Water Resource Management
	A1.1	The types of emissions and respective emission data	Pollutant Emission Management Appendix A Key Performance Table Environmental Performance
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, density (e.g. per unit of production volume, per facility)	Appendix A Key Performance Table Environmental Performance
	A1.4	Total hazardous waste produced (in tonnes) and, where appropriate, density (e.g. per unit of production volume, per facility)	
	A1.5	A description of emission target(s) set and steps taken to achieve them	Climate-related Metrics and Targets Compliant Environmental Management Pollutant Emission Management Water Resource Management
	A1.6	Total hazardous non-hazardous waste produced (in tonnes) and, where appropriate, density (e.g. per unit of production volume, per facility)	Pollutant Emission Management

Aspects	Indicators	Indicator Content	Location/Remarks
A2: Resource Utilisation	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Deepening Energy Management Water Resource Management
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and density (e.g. per unit of production volume, per facility)	Appendix A Key Performance Table Environmental Performance
	A2.2	Water consumption in total and density (e.g. per unit of production volume, per facility)	
	A2.3	A description of energy use efficiency target(s) set and steps taken to achieve them	Deepening Energy Management
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	Water Resource Management
A3: Environment and Natural Resources	A2.5	Total packaging material used for finishing products (in tonnes) and, if applicable, with reference to per unit produced	Green Products and Innovation
	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources	Compliant Environmental Management
	A3.1	A description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Compliant Environmental Management Pollutant Emissions Management
Social			
B1: Employment	General Disclosure	(a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare	Talent Attraction and Retention
	B1.1	Total workforce by gender, employment type, age group and geographical region	Appendix A Key Performance Table Social Performance
	B1.2	Employee turnover rate by gender, age group and geographical region	

Aspects	Indicators	Indicator Content	Location/Remarks
B2: Health and Safety	General Disclosure	(a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Occupational Health and Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Appendix A Key Performance Table
	B2.2	Lost workdays due to work-related injuries	Social Performance
	B2.3	A description of occupational health and safety measures adopted, and how they are implemented and monitored	Occupational Health and Safety
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. A description of training activities	Employee Training and Development
	B3.1	Percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Appendix A Key Performance Table
	B3.2	Average training hours completed per employee by gender and employee category	Social Performance
B4: Labor Standards	General Disclosure	(a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employee Rights and Welfare Protection
	B4.1	A description of measures to review employment practices to avoid child and forced labour	
	B4.2	A description of steps taken to eliminate such practices when discovered	

Aspects	Indicators	Indicator Content	Location/Remarks
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain	Sustainable Supply Chain
	B5.1	Number of suppliers by geographical region	Appendix A Key Performance Table Social Performance
	B5.2	A description of practices relating to engaging suppliers, number of suppliers to which the practices are implemented and monitored	Sustainable Supply Chain Appendix A Key Performance Table Social Performance
	B5.3	A description of practices relating to identifying environmental and social risks along the supply chain, and how these practices are implemented and monitored	Sustainable Supply Chain
	B5.4	A description of practices relating to promoting the use of environmental products and services when selecting suppliers, and how these practices are implemented and monitored	
B6: Product Responsibility	General Disclosure	(a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling, and privacy matters relating to products and services provided and methods of redress	Strict Product Quality Control Information Security Management
	B6.1	Percentage of sold or delivered products recalled for health or safety reasons	Appendix A Key Performance Table Social Performance
	B6.2	Number of products and service related complaints received and how they are dealt with	
	B6.3	A description of practices relating to observing and protecting intellectual property rights	R&D Innovation Management
	B6.4	A description of the quality assurance process and recall procedures	Strict Product Quality Control
	B6.5	A description of consumer data protection and privacy policies, and how they are implemented and monitored	Information Security Management

Aspects	Indicators	Indicator Content	Location/Remarks
B7: Anti-Corruption	General Disclosure	(a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Compliant Operation
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Appendix A Key Performance Table Social Performance
	B7.2	A description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Compliant Operation
	B7.3	A description of anti-corruption training provided to directors and employees	
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Supporting Social Development
	B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport)	Appendix A Key Performance Table Social Performance
	B8.2	Resources contributed (e.g. money or time) to the focus area	

Part D: Climate-related Disclosures

Clause	Requirements	Location/Remarks
(1) Governance	Disclose information about the governance body(s) or individual(s) responsible for oversight of climate-related risks and opportunities	Climate Governance
	Disclose information about management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities	

Clause	Requirements	Location/Remarks
(II) Strategy	Climate-related risks and opportunities	Climate Strategy
	Business model and value chain	
	Strategy and decision-making	
	Financial position, financial performance and cash flow	
	Climate resilience	
(III) Risk Management	The processes and related policies it uses to identify, assess, prioritise, and monitor climate-related risks	Climate Risk Management
	The processes it uses to identify, assess, prioritise and monitor climate-related opportunities	
	The extent to which, and the processes for identifying, assessing, prioritising, and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process	
(IV) Metrics and Targets	Greenhouse gas emissions	Climate-related Metrics and Targets
	Climate-related transitional risk	Climate Strategy
	Climate-related physical risk	
	Climate-related opportunities	
	Capital allocation	
	Internal Carbon Pricing	In progress
	Remuneration	Climate Governance
	Industry-specific metrics	No applicable industry-specific metrics
	Climate-related targets	Climate-related Metrics and Targets

Appendix B-3 GRI Index Table

Statement of use	Shenzhen INOVANCE Technology Co., Ltd. discloses the referenced information in this index table in accordance with the GRI Standards for the period from January 1, 2025 to December 31, 2025.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable

GRI Standard	Disclosure	Location
Part 1: General Disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational details	Introduction to INOVANCE
	2-2 Entities included in the organization's sustainability reporting	About this Report
	2-3 Reporting period, frequency and contact point	
	2-4 Restatements of information	
	2-5 External assurance	Appendix E Independent Third-Party Assurance
	2-6 Activities, value chain and other business relationships	Introduction to INOVANCE
	2-7 Employees	Employee Rights and Welfare Protection
	2-8 Workers who are not employees	Appendix A Key Performance Table Social Performance
	2-9 Governance structure and composition	Corporate Governance System
	2-10 Nomination and selection of the highest governance body	Corporate Governance System
	2-11 Chair of the highest governance body	Corporate Governance System

GRI Standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance System
	2-13 Delegation of responsibility for managing impacts	Corporate Governance System
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Governance
	2-15 Conflicts of interest	Compliant Operation
	2-16 Communication of critical concerns	Sustainability Governance
	2-17 Collective knowledge of the highest governance body	
	2-19 Remuneration policies	
	2-22 Statement on sustainable development strategy	ESG strategy
	2-23 Policy commitments	Employee Rights and Welfare Protection
	2-24 Embedding policy commitments	Compliant Operation
	2-25 Processes to remediate negative impacts	
GRI 3: Material Topics 2021	2-26 Mechanisms for seeking advice and raising concerns	Material Topics Management
	2-27 Compliance with laws and regulations	Disclosed in each chapter
	2-29 Approach to stakeholder engagement	Material Topics Management
	Part 2: Material Topics	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Material Topics Management
	3-2 List of material topics	
	3-3 Management of material topics	

GRI Standard	Disclosure	Location
Biodiversity		
GRI 101: Biodiversity 2024	101-5 Locations with biodiversity impacts	Water Resource Management Biodiversity Protection
	101-7 Changes to the state of biodiversity	Biodiversity Protection
Economic Performance		
GRI 201: Economic Per- formance 2016	201-1 Direct economic value generated and distributed	Appendix A Key Performance Table Economic Performance
	201-2 Financial implications and other risks and opportunities due to climate change	Climate Strategy
	201-3 Defined benefit plan obligations and other retirement plans	Employee Rights and Welfare Protection
	201-4 Financial assistance received from government	Appendix A Key Performance Table Economic Performance
Anti-corruption		
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Appendix A Key Performance Table Governance Performance
	205-2 Communication and training about anti-corruption policies and procedures	Compliant Operation Sustainable Supply Chain
Anti-competitive behavior		
GRI 206: Anti-compet- itive Behavior 2016	206-1 Legal actions for anti-competi- tive behavior, anti-trust, and monopoly practices	Compliant Operation
Materials		
GRI 301: Materials 2016	301-2 Recycled input materials used	Green Products and Innovation
	301-3 Reclaimed products and their pack- aging materials	

GRI Standard	Disclosure	Location
Energy		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Deepening Energy Management
		Appendix A Key Performance Table Environmental Performance
	302-3 Energy intensity	Deepening Energy Management
		Appendix A Key Performance Table Environmental Performance
	302-4 Reduction of energy consumption	Deepening Energy Management
	302-5 Reductions in energy requirements of products and services	Green Products and Innovation Capturing Clean Technology Op- portunity
Water and Effluents		
GRI 303: Water and Efflu- ents 2018	303-2 Management of water dis- charge-related impacts	Water Resource Management
	303-3 Water withdrawal	Appendix A Key Performance Table Environmental Performance
	303-4 Water discharge	
	303-5 Water consumption	

GRI Standard	Disclosure	Location
Emissions		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Appendix A Key Performance Table Environmental Performance
	305-2 Energy indirect (Scope 2) GHG emissions	Appendix A Key Performance Table Environmental Performance
	305-3 Other indirect (Scope 3) GHG emissions	Appendix A Key Performance Table Environmental Performance
	305-4 GHG emission intensity	Appendix A Key Performance Table Environmental Performance
	305-5 Reduction of GHG emissions	Climate-related Metrics and Targets Appendix A Key Performance Table Environmental Performance
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Pollutant Emission Management Appendix A Key Performance Table Environmental Performance
Waste		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Pollutant Emission Management
	306-2 Management of significant waste-related impacts	
	306-3 Waste generated	Pollutant Emission Management
		Appendix A Key Performance Table Environmental Performance
	306-5 Waste directed to disposal	Pollutant Emission Management Appendix A Key Performance Table Environmental Performance

GRI Standard	Disclosure	Location
Supplier Environmental Assessment		
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Sustainable Supply Chain
Employment		
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Rights and Welfare Protection
	401-3 Parental leave	
Occupational Health and Safety		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	
	403-3 Occupational health services	
	403-5 Worker training on occupational health and safety	
	403-6 Promotion of worker health	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
	403-8 Workers covered by an occupational health and safety management system	
	403-9 Work-related injuries	
	403-10 Work-related ill health	

GRI Standard	Disclosure	Location
Training and Education		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Employee Training and Development
	404-2 Programs for upgrading employee skills and transition assistance programs	
	404-3 Percentage of employees receiving regular performance and career development reviews	Talent Attraction and Retention
Diversity and Equal Opportunity		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Employee Rights and Welfare Protection
		Appendix A Key Performance Table Social Performance
Non-discrimination		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Employee Rights and Welfare Protection Sustainable Supply Chain
Child Labor		
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Employee Rights and Welfare Protection Sustainable Supply Chain
Freedom of Association and Collective Bargaining		
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Employee Rights and Welfare Protection Sustainable Supply Chain

GRI Standard	Disclosure	Location
Forced or Compulsory Labor		
GRI 409: Forced or Com- pulsory Labor 2016	409-1 Operations and suppliers at signifi- cant risk for incidents of forced or com- pulsory labor	Employee Rights and Welfare Pro- tection Sustainable Supply Chain
Local Communities		
GRI 413: Local Commu- nities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Supporting Social Development
Supplier Social Assessment		
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Sustainable Supply Chain
	414-2 Negative social impacts in the sup- ply chain and actions taken	
Customer Health and Safety		
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance con- cerning the health and safety impacts of products and services	Strict Product Quality Control
Marketing and Labeling		
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Compliant Operation
	417-2 Incidents of non-compliance con- cerning product and service information and labeling	
	417-3 Incidents of non-compliance con- cerning marketing communications	
Customer Privacy		
GRI 418: Customer Priva- cy 2016	418-1 Substantiated complaints concern- ing breaches of customer privacy and losses of customer data	Information Security Management

Appendix B-4 Contributing to UN SDGs

Chapters	Sections	UN SDGs Mapping
1 UN SDGs Mapping	Sustainability Governance Material Topics Management	Goal 17 Partnerships for the Goals
2 Strengthening Corporate Governance	Corporate Governance System Investor's Rights Protection	Goal 16 Peace, Justice and Strong Institutions
3 Integrity and Compliance Operation	Risk Management Compliant Operation	Goal 16 Peace, Justice and Strong Institutions
4 Addressing Climate Change	Climate Governance Climate Strategy Climate-related Risk Management Climate-related Metrics and Targets	Goal 13 Climate Action
5 Strengthening Energy Management	Deepening Energy Management Strengthening Energy Conservation and Emission Reduction	Goal 7 Affordable and Clean Energy Goal 12 Responsible Consumption and Production
6 Supporting Low Carbon Transition	Green Products and Innovation Capturing Clean Technology Opportunity	Goal 9 Industry, Innovation and Infrastructure Goal 12 Responsible Consumption and Production
7 Protecting Natural Environment	Compliant Environmental Management Pollutant Emission Management Water Resource Management Biodiversity Protection	Goal 6 Clean Water and Sanitation Goal 7 Affordable and Clean Energy Goal 11 Sustainable Cities and Communities Goal 15 Life on Land
8 Customer First	Strict Product Quality Control Improving Customer Services	Goal 12 Responsible Consumption and Production
9 Innovation Driven Development	R&D Innovation Management Information Security Management	Goal 9 Industry, Innovation and Infrastructure
10 Employee Development Guarantee	Employee Rights and Welfare Protection Talent Attraction and Retention Employee Training and Development Occupational Health and Safety	Goal 3 Good Health and Well-being Goal 4 Quality Education Goal 5 Gender Equality Goal 8 Decent Work and Economic Growth Goal 10 Reduced Inequalities

Chapters	Sections	UN SDGs Mapping
11 Inclusive and Responsible Ecosystem Building	Sustainable Supply Chain Building Industrial Ecosystem Supporting Social Development	Goal 4 Quality Education Goal 10 Reduced Inequalities Goal 12 Responsible Consumption and Production Goal 17 Partnerships for the Goals

Appendix C: Description of Operating Sites

For the full names, abbreviations, and definitions of key operating sites mentioned in this report, please refer to the table below.

Key operating sites refer to those that have a material and substantive impact on the Company's business operations, including all manufacturing centers and the largest non-manufacturing centers with the largest number of employees. The combined number of full-time labor contract employees at the designated key operating sites must account for at least 90% of the total number of such employees at the end of the reporting period (only included full-time employees and excluded contract employees and part-time employees). For subsidiaries operating at the same address and sharing the same management system, they are consolidated as a single operating site. Based on the identification of operating sites, the total number of key operating sites in 2025 was 23.

No.	Full Name of Operating Sites	Abbreviation	Type of Sites
1	Shenzhen INOVANCE Technology Co., Ltd.	Shenzhen INOVANCE	Key non-manufacturing operating site
2	Dongguan INOVANCE Technology Co., Ltd.	Dongguan INOVANCE	General operating site
3	Suzhou INOVANCE Technology Co., Ltd.	Suzhou INOVANCE	Key manufacturing operating site
4	Suzhou INOVANCE Automotive Co., Ltd.	INOVANCE Automotive	Key manufacturing operating site
5	INOVANCE New Energy Vehicle Technology (Suzhou) Co., Ltd.	Suzhou INOVANCE New Energy	Key manufacturing operating site
6	Jiangsu Kingway Transportation Co., Ltd.	Jiangsu Kingway	Key manufacturing operating site
7	INOVANCE New Energy Vehicle Technology (Changzhou) Co., Ltd.	Changzhou INOVANCE New Energy	Key manufacturing operating site

No.	Full Name of Operating Sites	Abbreviation	Type of Sites
8	Yueyang INOVANCE Technology Co., Ltd.	Yueyang INOVANCE	Key manufacturing operating site
9	SHANGHAI BST ELECTRONIC CO., LTD.	BST	Key manufacturing operating site
10	SHANGHAI BNK CABLE CO., LTD.	BNK CABLE	Key manufacturing operating site
11	BST Machinery & Electronics (Jiaxing) Co., Ltd.	BST Machinery & Electronics (Jiaxing)	Key manufacturing operating site
12	Nanjing INOVANCE Technology Co., Ltd.	Nanjing INOVANCE	Key manufacturing operating site
13	Xi'an INOVANCE Technology Co., Ltd.	Xi'an INOVANCE	Key manufacturing operating site
14	Xi'an INOVANCE Research Center Co., Ltd.	Xi'an INOVANCE Research Center	Key non-manufacturing operating sites
15	Dalian INOVANCE Technology Co., Ltd.	Dalian INOVANCE	Key manufacturing operating site
16	Guangdong MJB Electric Co., Ltd.	MJB	Key manufacturing operating site
17	Tianjin BST Electric Co., Ltd.	Tianjin BST Electric	Key manufacturing operating site
18	Changchun Weton Optoelectronic Technology Co., Ltd.	Changchun Weton	Key manufacturing operating site
19	Ningbo EST Technology Co., Ltd.	EST	Key manufacturing operating site
20	EKSYS (Beijing) Technology Co., Ltd.	EKSYS (Beijing)	General operating site
21	Jinan INOVANCE Technology Co., Ltd.	Jinan INOVANCE	Key manufacturing operating site
22	Inova Automation Co., Ltd.	INOVA AUTOMATION	General operating site
23	INOVANCE AUTOMOTIVE (THAILAND) CO., LTD.	INOVANCE AUTOMOTIVE THAILAND	Key manufacturing operating site

No.	Full Name of Operating Sites	Abbreviation	Type of Sites
24	INOVANCE TECHNOLOGY HUNGARY KORLÁTOLT FELELŐSSÉGŰ TÁRSASÁGI	INOVANCE TECHNOLOGY HUNGARY	Key manufacturing operating site
25	INOVANCE AUTOMOTIVE HUNGARY KORLÁTOLT FELELŐSSÉGŰ TÁRSASÁG	INOVANCE AUTOMOTIVE HUNGARY	Key manufacturing operating site
26	SBC LINEAR CO., LTD.	SBC	Key manufacturing operating site
27	INOVANCE TECHNOLOGY KOREA CO., LTD.	INOVANCE TECHNOLOGY KOREA	General operating site
28	INOVA AUTOMATION ITALY S.R.L.	INOVA AUTOMATION ITALY	General operating site
29	INOVANCE TECHNOLOGY PRIVATE LIMITED	INOVANCE TECHNOLOGY INDIA	General operating site
30	INOVANCE TECHNOLOGY EUROPE GMBH	INOVANCE TECHNOLOGY EUROPE	General operating site
31	INOVANCE TECHNOLOGY FRANCE	INOVANCE TECHNOLOGY FRANCE	General operating site
32	INNOVATION RECHERCHE AUTOMATISME INFORMATIQUE	IRAI	General operating site
33	INOVANCE TECHNOLOGY ENDÜSTRİYEL OTOMASYON LİMİTED ŞİRKETİ	INOVANCE TECHNOLOGY TÜRKİYE	General operating site
34	INOVANCE TECHNOLOGY ESPAÑA, SL	INOVANCE TECHNOLOGY SPAIN	General operating site
35	INOVANCE TECHNOLOGY USA INC.	INOVANCE TECHNOLOGY USA	General operating site
36	INOVANCE TECHNOLOGY MEXICO , S. de R.L. de C.V.	INOVANCE TECHNOLOGY MEXICO	General operating site

Appendix D: Glossary

Abbreviation	Full Name
AI	Artificial Intelligence
AT	Administration Team
BCM	Business Continuity Management
BP	Business Partner
CCER	China Certified Emission Reduction
CCS	China Classification Society
CCUS	Carbon Capture, Utilization and Storage
CFSI	Conflict-Free Sourcing Initiative
CNC	Computerized Numerical Control
COE	Center of Expertise
CSA	Corporate Sustainability Assessment
CT	Compliance Test
DSTE	Design Strategy to Execution
EAP	Employee Assistance Programs
EHS	Environment, Health and Safety
EMT	Executive Management Team
ESG	Environmental, Social and Governance
ESPR	Ecodesign for Sustainable Products Regulation

Abbreviation	Full Name
FEMS	Factory Energy Management System
GDPR	General Data Protection Regulation (REGULATION (EU) 2016/679)
GHG	Greenhouse Gas
HMI	Human Machine Interface
IATF	International Automotive Task Force
IEC	International Electro Technical Commission
IoT	Internet of Things
IQC	Incoming Quality Control
ISC	Integrated Supply Chain
ISO	International Organization for Standardization
IUCN	International Union for Conservation of Nature
KCP	Key Control Point
LED	Light Emitting Diode
MES	Manufacturing Execution System
PC	Process Control
PCB	Printed Circuit Board
PCS	Power Conversion System
PDCA	Plan, Do, Check and Act

Abbreviation	Full Name
PLC	Programmable Logic Controller
PPAP	Production Part Approval Process
PPE	Personal Protective Equipment
QPA	Quality Process Audit
QSA	Quality System Assessment
RBA	Responsible Business Alliance
RCB	Red List of China's Biodiversity
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
RFID	Radio Frequency Identification
RoHS	Restriction of Hazardous Substances
RT	Recommendation Tracking
SOD	Segregation of Duties
SQE	Supplier Quality Engineering
SSR	Supplier Survey Report
TISAX	Trusted Information Security Assessment Exchange
TQRDC	Technology, Quality, Responsiveness, Delivery & Cost
UV	Ultraviolet
VOCs	Volatile Organic Compounds

Acknowledgements

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Colleagues listed below also contributed to the Report

Fangli Cai	Qinglin Cai	Jianping Cao	Chen Chen	Longshan Ding	Jingzeng Fan	Mengyan Fan	Zhongju Fan	Chang Gao	Li Hang
Zhonglin Hu	Dejun Li	Enze Li	Jianping Li	Lanlan Li	Dingrun Lin	Feng Liu	Hui Liu	Xuran Liu	Yang Liu
Yu Liu	Zhenwei Lu	Lingxiao Luo	Yue Lyu	Xiaozhe Mo	Yimin Nan	Lei Pan	Shanli Pan	Lijie Shan	Weilan Sun
Chenhu Wang	Chenyu Wang	Min Wang	Peng Wang	Qiqi Wang	Yongsheng Wang	Zhenlin Wang	Shourong Xi	Ling Xia	Zhijie Xie
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