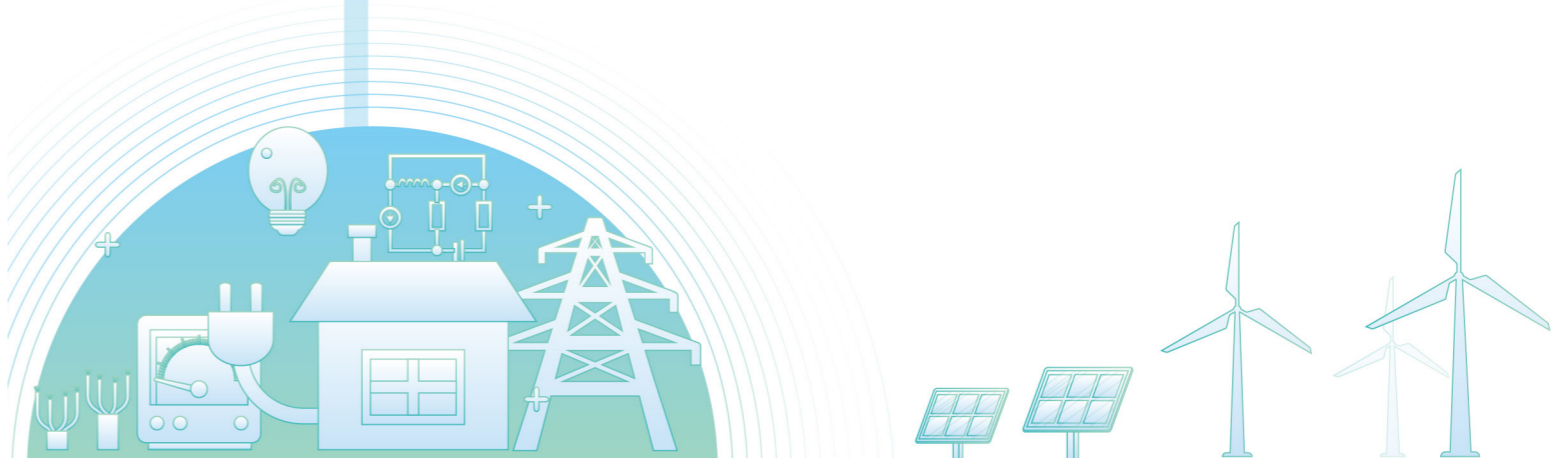


# 2025

## Environmental, Social and Governance Report

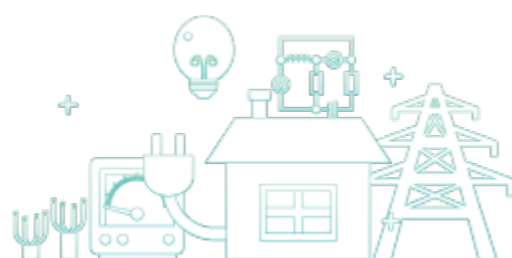


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## About This Report

### Report notes

This report is the fourth ESG report released by Shanghai Liangxin Electrical Co., LTD. (hereinafter referred to as "LAZZEN", "we" or "the company") to stakeholders. This report provides detailed information on our practices and performance in environmental, social and governance areas for the year 2025, aiming to systematically respond to the expectations and requirements of all stakeholders.

### Report scope

This report covers the period from January 1, 2025 to December 31, 2025 (referred to as the "reporting period") and focuses on the performance of environmental, social and governance responsibilities in 2025. For the sake of continuity and comparability, some parts appropriately trace back to previous years.

### Report data description

The financial data in the report is derived from our audited financial reports, and the other data are derived from our internal documents and aggregated information statistics. Unless otherwise stated, the currency types and amounts involved in this report are measured in CNY. There are no false records, misleading statements or material omissions in this report, and we are responsible for the truthfulness, accuracy and completeness of the report.

### Basis of preparation

Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 17 - Sustainable Development Report (Trial)  
 Shenzhen Stock Exchange Self-Regulatory Instructions for Listed Companies No. 3 - Preparation of Sustainable Development Reports  
 Ministry of Finance Corporate Sustainability Disclosure Standards - Basic Standards (Trial)  
 Finance Department Corporate Sustainability Disclosure Standard No. 1 - Climate (Trial)  
 Global Sustainability Standards Board Sustainability Reporting Standards (GRI Standards)

### Reporting preparation principles

#### Timeliness

After the end of fiscal year 2025, we immediately initiated the preparation of this report. After being reviewed by the board of directors, the report was released, and the disclosure time was no earlier than the Annual Report and no later than April 30.

#### Accuracy

LAZZEN will do our best to ensure the accuracy of the information. The quantitative data presented in the report are based on actual data of our internal production and operation, and there are no false records, misleading statements or material omissions.

#### Completeness

The information in this report cover LAZZEN and the companies we controls. At the same time, this report also discloses relevant information in full based on our circumstances.

#### Clarity

The figures, data references, and technical terms in this report, which involve complex understanding, will be sourced and explained in plain language.

#### Background of Sustainable Development

LAZZEN actively responds to sustainable development trends, identifies stakeholders and key topics in light of the characteristics of our electrical equipment industry and business operations, and engages in stakeholder communication. For details, please refer to the section on sustainable development management.

#### Balance

The content of this report truly reflects the objective situation of LAZZEN's operation, without exaggeration or misleading description, fully discloses the positive and negative information that exists in our operation process, and strives to be fair, objective and balanced.

#### Verifiability

The cases, management systems, and quantitative data in this report are derived from actual circumstances in our operations, and all information is traceable.

#### Quantification

The quantitative data disclosed in this report will be disclosed as continuously as possible, and the reliability of the disclosed data will be continuously improved to demonstrate the development trend of our ESG management level.

### Report release and contact information

You can consult or download the electronic version of this report on the official website of Shenzhen Stock Exchange (www.szse.cn). If you have any questions or suggestions about this report, please feel free to contact us at any time:

Tel: 86-21-68586699  
 Fax: 86-21-23025796  
 Email: lazzen@lazzen.com  
 Address: 2000 South Shenjiang Road, Pudong New Area, Shanghai

## Chairman's Message

Dear colleagues, partners and friends from all walks of life:

2025 is a crucial year for LAZZEN to deepen our ESG governance and practice the concept of sustainable development. We are committed to the vision of "Becoming a global leader in smart low-voltage electrical solutions" and the mission of "unlocking electrical intelligence and empowering human and nature to live in harmony", moving steadily in the ESG field and responding to the trust and expectations of all parties with concrete actions. This year, we have further refined our ESG organizational management structure, deeply integrated the concept of sustainable development into strategic planning and daily operations and formed a full-chain responsibility system led by the decision-making level, driven by the management level, and implemented by the executive level to ensure the orderly implementation and effectiveness of all ESG initiatives.

With "Zero Carbon Manufacturing" as our core, we are fully committed to the green transformation. As a leading Zero Carbon demonstration plant in China, the Hangzhou Bay Mega Factory has built an integrated innovation scenario of "Photovoltaic, energy storage, direct current, flexibility (PEDF)", with a total annual carbon emission reduction of about 20,000 tons in the future. We have been awarded the Five-Star Zero Carbon Factory Certification and selected as a demonstration project of the National Key Research and Development Program during the 14th Five-Year Plan. We have established a three-tier collaborative architecture of "equipment - control - platform" and achieved full-chain resilient carbon reduction from energy production to terminal consumption through self-developed energy and carbon systems. At the same time, we continuously optimize resource utilization efficiency and effectively promote energy conservation, emission reduction and circular economy through measures such as water recycling, waste classification and disposal, and energy-saving technological transformation, responding to the national "dual carbon" goals with concrete actions.

We adhere to the principle of "People-oriented, chain drive for win-win" and fulfill our responsibilities in all aspects.

For employees, we improve the compensation and benefits system, build a "dual-track" career development path, and strengthen safety production and occupational health management at the same time, achieve full coverage of work injury insurance and work safety liability insurance, and create a safe, healthy and growing working environment for employees. To our customers, we adhere to the principle of "Customer-oriented, quality as dignity", and through our customer service system covering both domestic and overseas, we provide 7×24-hour rapid response services to global customers and continuously enhance customer satisfaction.

We continuously improve the modern enterprise system, optimize the governance structure, and form a decision-making and management system with clear rights and responsibilities and standardized operations. We continuously enhance the quality of information disclosure and communication with investors, actively respond to investors' concerns and demands, ensure the stable operation and long-term value creation of LAZZEN, and effectively safeguard the rights and interests of all shareholders and stakeholders. We have strengthened risk compliance management, established a "three-line defense" risk prevention and control system, improved anti-corruption and anti-monopoly systems, and created a clean and upright business environment.

Looking ahead, LAZZEN will continue to focus on sustainable development, deepen ESG governance, and make continuous efforts in areas such as Zero Carbon technology research and development, digital transformation, talent cultivation, and supply chain collaboration. We will further refine our Zero Carbon solutions, drive more customers to achieve green transformation, and continue to steadily move forward on the path of empowering harmonious coexistence between humans and nature!

**Ren Silong, Chairman**

Shanghai Liangxin Electrical Co.,LTD.



# Step into LAZZEN

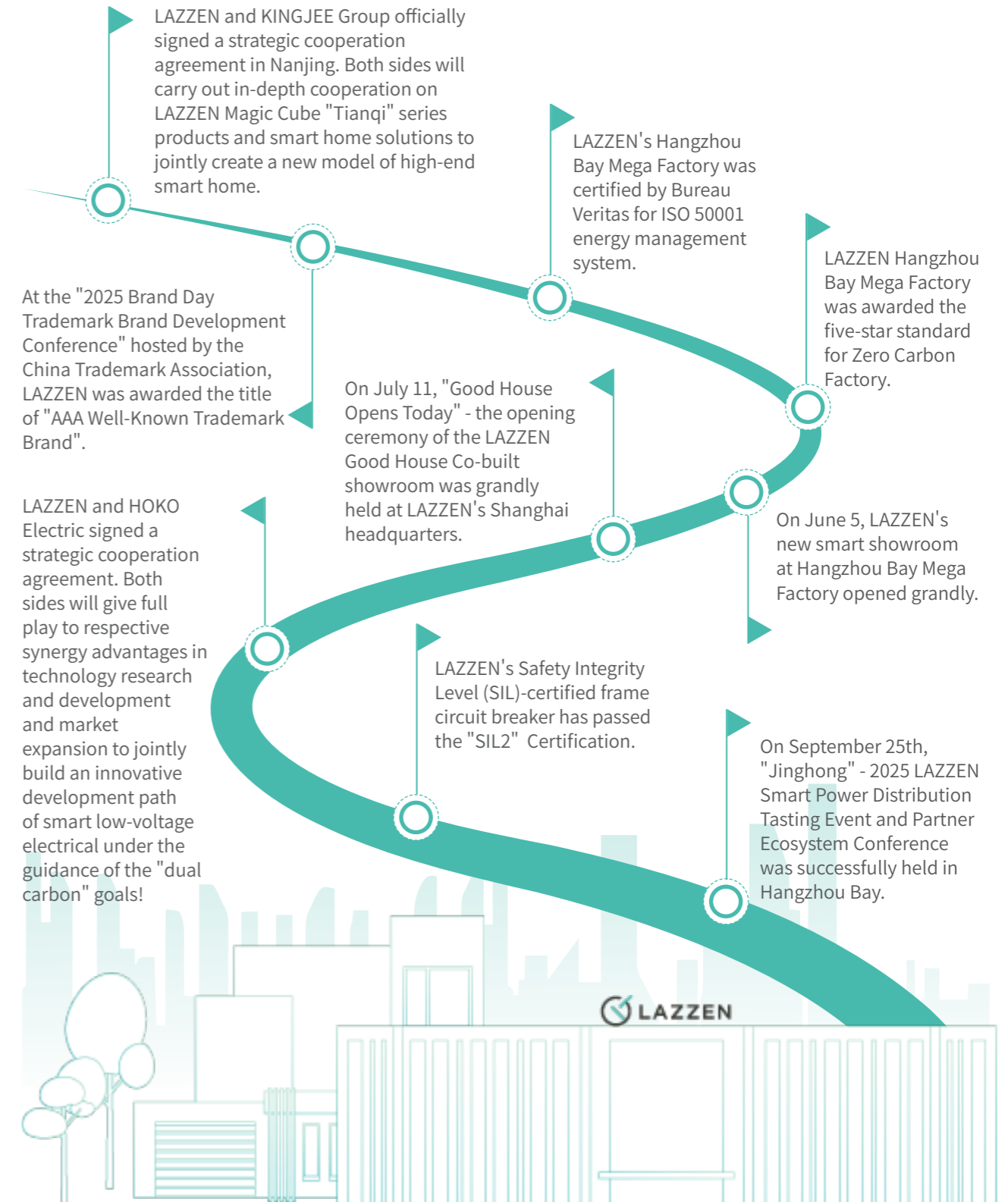
## Company Profile

LAZZEN was established in 1999 and listed on the Shenzhen Stock Exchange in 2014 (stock code: 002706.SZ). Positioned as an expert in smart low-voltage electrical solutions, LAZZEN focuses on the research and development, production, sales and service of medium and low-voltage electrical appliances, vehicle-mounted devices, instruments and meters, smart energy and carbon, and smart living. Our products and solutions are widely used in various scenarios from power generation, transmission and distribution to power consumption. Our business covers more than 30 sub-sectors in areas such as smart computing centers, new energy, infrastructure, rail transit, smart buildings, power grids, industrial control, etc.

LAZZEN has always adhered to the core value of "achieving customers", and our service network covers more than 140 cities in China and more than 30 countries and regions overseas. Through end-to-end organization and system, we provide professional and efficient services to customers worldwide. LAZZEN drives product research and development based on customer needs, and our Research and Development (R&D) Center has been recognized as a "National Enterprise Technology Center". We also have an enterprise postdoctoral research workstation, and our laboratory has been accredited by both the China National Accreditation Service for Conformity Assessment(CNAS) and Underwriters Laboratories.

<p><b>Brand Positioning</b></p> <p>Expert in smart low-voltage electrical solutions</p>	<p><b>Core Values</b></p> <p>Smart, Green, Safety, Customized, Service</p>				
<p><b>Vision</b></p> <p>Aiming to Be a Global Leader in Smart Low-Voltage Electrical Solutions</p>	<p><b>Mission</b></p> <p>Empowering Harmony Between Humanity and Nature with Smart Electrical Solutions</p>				
<p><b>Development Strategy</b></p> <ul style="list-style-type: none"> <li>Focus on smart low-voltage electrical, select target aggregation strategy, and advance international development.</li> <li>Adhere to a mid-to-high-end market positioning and focus on benchmark customers in sub-sector.</li> <li>Upgrade energy efficiency with intelligent distribution, enhance user experience with smart living, and empower the new power system with new energy electrical technology.</li> </ul>					
<p><b>Values</b></p> <table border="1"> <tr> <td> <p><b>Customer Success</b></p> <p>Customer-oriented, constantly meet customer needs, help customers succeed, and achieve the common development of customers, companies, teams, and individuals.</p> </td> <td> <p><b>Proactive and Enterprising</b></p> <p>Aim high, be innovative, take responsibility, be a trusted industry expert for customers.</p> </td> <td> <p><b>Seek Truth and Self-Reflection</b></p> <p>Respect the laws, be realistic, be honest and trustworthy, self-criticize, due to internal factors, constantly surpass, always maintain the spirit of hard work and struggle.</p> </td> <td> <p><b>Open and Collaborative</b></p> <p>Embrace different cultures, listen to different opinions and suggestions, embrace change, recruit talents, concentrate efforts on a single point, and strive for overall excellence.</p> </td> </tr> </table>		<p><b>Customer Success</b></p> <p>Customer-oriented, constantly meet customer needs, help customers succeed, and achieve the common development of customers, companies, teams, and individuals.</p>	<p><b>Proactive and Enterprising</b></p> <p>Aim high, be innovative, take responsibility, be a trusted industry expert for customers.</p>	<p><b>Seek Truth and Self-Reflection</b></p> <p>Respect the laws, be realistic, be honest and trustworthy, self-criticize, due to internal factors, constantly surpass, always maintain the spirit of hard work and struggle.</p>	<p><b>Open and Collaborative</b></p> <p>Embrace different cultures, listen to different opinions and suggestions, embrace change, recruit talents, concentrate efforts on a single point, and strive for overall excellence.</p>
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## Major Events of 2025





# Honor 2025




## Shanghai LAZZEN

 <p><b>Shanghai Design Innovation Center</b> Shanghai Municipal Commission of Economy and Information Technology</p>	 <p><b>Key Cultivated Advantageous Enterprises with Independent Intellectual Property Rights</b> Shanghai Customs</p>	 <p><b>Outstanding Contribution Award for Pudong New Area</b> Shanghai Pudong New Area Government</p>
 <p><b>2025 China Low-Voltage Electrical Appliance Market Sales Leadership Award</b> Shanghai Municipal Commission of Economy and Informatization Technology</p>	 <p><b>Certificate of Evaluation of Well-Known Trademark Brand</b> China Trademark Association</p>	 <p><b>Top 20 Outstanding Brands of Shanghai Manufacturing Individual Champions</b> Shanghai Federation of Industrial Economics</p>
 <p><b>2025 Shanghai Hardcore Technology Companies - Industry Standards List TOP 50</b> Shanghai Industrial Technology and Innovation Association</p>	 <p><b>Advanced Trade Union of Kangqiao Industrial Zone</b> Trade Union of Kangqiao Industrial Zone, Zhangjiang Science City, Shanghai</p>	 <p><b>2025 Diamond Partner Unit</b> Building Electrical Branch of the Architectural Society of China</p>
 <p><b>Diamond Partner of Jiangsu Province Building Electrical Academic Annual Conference</b> Building Electrical Committee of Jiangsu Civil Engineering &amp; Architectural Society</p>	 <p><b>iF Design Award</b> iF Industrie Forum Design</p>	 <p><b>China Best Managed Companies 2022-2025</b> Deloitte China Management Excellence</p>
 <p><b>2025 China IDC Industry Innovation Technology Product Award - Smart Computing 800V DC System Solid-State Circuit Breaker Product</b> China IDC Industry Annual Conference Organizing Committee</p>		 <p><b>Member of the 10th Council of the High Voltage Switchgear Branch (2025-2030)</b> High Voltage Switchgear Branch of China Electrical Equipment Industry Association</p>



## Liangyun Technology

 <p><b>Software Enterprise Certificate</b> China Software Industry Association</p>	 <p><b>High-Tech Enterprise</b> Shanghai Municipal Science and Technology Commission</p>
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## Haiyan LAZZEN

 <p><b>High-Tech Enterprise</b> Economy and Information Technology Department of Zhejiang Zhejiang Provincial Department of Finance Zhejiang Provincial Tax Service, State Taxation Administration</p>	 <p><b>National Advanced Smart Factory</b> Economy and Information Technology Department of Zhejiang</p>	 <p><b>Zhejiang Green and Low-Carbon Factory</b> Economy and Information Technology Department of Zhejiang Zhejiang Provincial Development and Reform Commission Department of Ecological Environment of Zhejiang</p>
 <p><b>Zhejiang Industrial Internet Platform</b> Economy and Information Technology Department of Zhejiang</p>	 <p><b>Zhejiang Enterprise Research Institute</b> Economy and Information Technology Department of Zhejiang</p>	 <p><b>Zhejiang Provincial Water-Saving Enterprise</b> Economy and Information Technology Department of Zhejiang Housing and Urban-Rural Construction Department of Zhejiang Province Department of Water Resources of Zhejiang Province Zhejiang Provincial Office of Water Conservation</p>
 <p><b>Zhejiang Provincial Benchmark Enterprises for Artificial Intelligence Applications</b> Economy and Information Technology Department of Zhejiang</p>	 <p><b>Jiaxing Municipal Green Factory</b> Jiaxing Municipal Bureau of Economic and Information Technology</p>	 <p><b>Jiaxing Municipal Cleaner Production Enterprise</b> Jiaxing Municipal Bureau of Economic and Information Technology</p>
 <p><b>Zhejiang Provincial Specialized and Sophisticated Small and Medium-Sized Enterprises (SMEs)</b> Economy and Information Technology Department of Zhejiang</p>	 <p><b>Top 20 Industrial Enterprises</b> Haiyan County Committee of the Communist Party of China The People's Government of Haiyan County</p>	 <p><b>National Key R&amp;D Program of the 14th Five-Year Plan - PEDF Demonstration Project - Haiyan LAZZEN Office Building PEDF Project</b> Research and Application Project of Key Technologies of PEDF Building DC Power Distribution System</p>
 <p><b>Jiaxing Vocational &amp; Technical College Haiyan Branch Campus Industry-Education Integration Base</b> Jiaxing Vocational &amp; Technical College</p>		

## Smart Electrician

 <p><b>High-Tech Enterprise</b> Shanghai Municipal Science and Technology Commission</p>	 <p><b>National-Level Specialized, Sophisticated, Distinctive, and Innovative "Little Giant" Enterprises</b> Shanghai Municipal Commission of Economy and Information Technology</p>
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Special Topic

## Zero Carbon Manufacturing Makes Green Future

### LAZZEN Hangzhou Bay Mega Factory - Creating a Leading Zero Carbon Demonstration Plant in China

LAZZEN has built the Hangzhou Bay Mega Factory into a leading Zero Carbon demonstration plant in China, relying on its system solution capabilities in intelligent power distribution and energy management to create an integrated innovative scenario of source-grid-load-storage and PEDF.

LAZZEN's Zero Carbon plant integrates 4.695MW distributed rooftop photovoltaics, 4.75MW/10MWh electrochemical energy storage and 62 smart AC and DC V2G charging piles. And fully deploy building air conditioning and lighting automation, industrial water machine air conditioning automation, DC flexible load management, intelligent distribution management, microgrid management, smart energy and carbon management systems and equipment, etc. The project is equipped with LAZZEN smart power distribution equipment and PX power distribution expert system to achieve precise metering of end-point sub-item energy consumption and carbon emissions. The LAZZEN microgrid solution, with the MX microgrid expert system and microgrid controller, achieves source-grid-load-storage optimized scheduling through the leading LAZZEN artificial intelligence (AI) optimized scheduling strategy algorithm, and reduces carbon dioxide emissions by approximately 3,800 tons per year. When the distributed 7.15MW wind turbine project is put into operation and integrated into the plant's microgrid in 2026, the annual green power generation of the LAZZEN Zero Carbon plant project will reach approximately 20 million kilowatt-hours, and the total annual carbon reduction of the plant will be approximately 20,000 tons.



Hangzhou Bay Mega Factory

With systematic practices in green manufacturing and deep decarbonization, the plant has received multiple authoritative recognitions:

- Recognized as Zhejiang Provincial Green Low-Carbon Factory
- Through Bureau Veritas third-party verification, we were awarded the Five-star Certification of Zero Carbon Plant in accordance with the Evaluation Specification of Zero Carbon Factory (T/CECA-G 0171-2022)
- Obtain the PAS2060 Carbon Neutrality Certificate certified by Bureau Veritas.
- Selected as a demonstration project of Key Technologies and Equipment for Urban Sustainable Development under the National Key Research and Development Program of the 14th Five-Year Plan
- Recognized as a New Energy High-Proportion Application Demonstration Project by the Energy Bureau of Zhejiang Province
- Received LEED Green Building Certification

The above achievements mark that LAZZEN's low-carbon transformation in operation has entered the leading ranks of the industry, providing a replicable and verifiable technical paradigm for the construction of Zero Carbon manufacturing plants.



Zero Carbon Plant Verification Statement



LEED Green Building Certification



National Key Research and Development Program of the 14th Five-Year Plan

### Clean Energy

The Hangzhou Bay Mega Factory has currently built a 4.695-megawatt distributed photovoltaic system and plans to add an additional 7.15-megawatt wind power installation by 2026. This project has already made some significant progress in 2025. Through the dual drive of "self-generation for self-use + purchase of green electricity", the plant has achieved 100% green power supply - nearly 20% of which comes from the renewable energy facilities built by the plant itself, and the rest is supplemented by purchasing certified green electricity and green certificates. This diversified green power structure not only significantly reduces Scope 2 carbon emissions but also provides a stable green energy foundation for the carbon reduction operations at the manufacturing end.



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Distributed photovoltaic

### Resilient carbon reduction

In the construction of Zero Carbon Plant, the distribution system, as the central link connecting new energy generation and multiple loads, needs to have panoramic perception, intelligent decision-making and millisecond-level control capabilities. In the Hangzhou Bay Mega factory, LAZZEN builds an elastic carbon reduction system covering the entire chain of "source-grid-load-storage- charging" by integrating the software and hardware synergy of the MX Microgrid Expert System and the LEC300 Microgrid Coordination Controller based on the PX Power Distribution Expert intelligent distribution system.

#### PX Power Distribution Expert

PX Power Distribution Expert is a localized smart power distribution management platform developed by LAZZEN for Zero Carbon plants. Its core value lies not only in enhancing the safety and operational efficiency of the power distribution system, but also in providing a solid, adjustable and quantifiable underlying support for "resilient carbon reduction". Under the Zero Carbon goal, the carbon reduction path of the plant cannot rely on a single, rigid means, but must have the ability to dynamically adjust according to energy demand, green power supply, electricity price mechanism and external policies - the PX system empowers the plant to reduce carbon resiliently through deep perception and fine control.

The system is fully integrated with LAZZEN's self-developed smart circuit breakers, multi-functional meters and environmental sensors from the main distribution room to the end circuit, collecting multi-dimensional data such as current, voltage, power, energy, circuit breaker contact temperature, operation frequency and health status in real time, transforming the traditional "black box" distribution system into a transparent and intervenable digital system. Based on this, PX has achieved the following key capabilities that directly serve energy conservation and carbon reduction:

- Precise metering of sub-item energy consumption: The system automatically generates pie charts, trend curves, and comparative analyses of energy consumption composition based on fine statistics of electricity usage types such as light, air conditioning, power, sockets, etc., to help managers monitor and analyze;
- Carbon emissions back to the loop level: By combining grid emission factors, carbon emissions are associated to specific equipment or areas to make carbon reduction measures quantifiable and verifiable;
- Load rigid regulation support: Under the premise of ensuring safety, support multiple rigid regulation means such as remote opening and closing, timed control, and scene linkage (such as automatic light and air conditioning off in "off-duty mode"), in combination with the microgrid dispatching strategy to achieve the transfer of electricity usage time periods;
- Green power consumption synergistic response: PX seamlessly integrates with the upper-level park microgrid system. When a surplus of photovoltaic output is detected, it can automatically execute the synergistic strategy, temporarily activate the energy storage charging circuit or activate the adjustable load to increase the green power self-use rate;
- Demand critical active intervention: Real-time monitoring of the total incoming line power, and rapid removal of non-critical loads when approaching the demand threshold to avoid purchasing high-priced and high-carbon mains power or triggering fines;
- Equipment health early warning drives energy efficiency improvement: PX builds a full life cycle health model of circuit breaker equipment based on predictive indicators such as the number of circuit breaker operations, temperature rise, and aging trends, to detect deteriorating equipment in advance and reduce hidden energy consumption losses;

- Data security and autonomy: The PX system uses an on-premises deployment architecture, and all data (energy consumption data, carbon emissions data, equipment operation data) are stored on servers within the park. This means relying on the public network, and even if the external network is interrupted, local monitoring and control remain available.



PX Power Distribution Expert

#### MX Microgrid Expert

MX Microgrid Expert System is a smart energy management platform developed by LAZZEN for park-level microgrids. It covers the five core links of the energy system: power generation, power distribution, power consumption, energy storage, and charging. By connecting to LAZZEN's self-developed collection, metering, control and protection devices, it achieves panoramic visual monitoring, integrated operation control and safe and reliable guarantee of energy equipment throughout the domain.

With an intuitive 2.5D/3D dashboard, managers can always keep track of:

- Real-time power generation (PV/wind) and power consumption
- Energy storage charging and discharging status and revenue strategies
- Charging station operating efficiency and revenue statistics
- Analyze energy consumption and carbon emissions data
- Abnormal fault alerts and operational suggestions

The system also supports intelligent regulation of key energy-consuming equipment such as lighting and air conditioning, including automatic switching between "day/night mode" and remote startup/shutdown of air conditioners, which enhances comfort while achieving energy conservation and carbon reduction.



MX Microgrid Expert

LEC300 Microgrid Coordination Controller

In the smart energy system of Zero Carbon plants, the LEC300 microgrid coordination controller is the core device for achieving local real-time control and optimization. Designed specifically for new energy stations, it is deployed in key links such as source, grid, load, storage, and charging, responsible for all-element data collection and millisecond-level closed-loop control, and maintains stable communication with the upper-level MX microgrid expert system, uploads operational data, receives dispatch instructions, and forms an edge-cloud collaborative architecture.

LEC300 supports the park in achieving its economic operation and green energy use goals through multiple control strategies:

- Peak-valley arbitrage: Based on user-configured time-of-use pricing templates, charge during off-peak hours and discharge during peak hours to reduce electricity charges, applicable to industrial and commercial users subject to time-of-use pricing.
- Demand defense: Real-time monitoring of the total meter demand value at the gateway, automatically triggering control actions such as reducing energy storage charging, initiating energy storage discharging, lowering the power of charging piles or adjusting adjustable loads when approaching the set limit, to avoid additional costs or fines for exceeding demand, applicable to two-part tariff users.

Maximum green power consumption: When photovoltaic power generation far exceeds the load of the plant and feed-in revenue is low or restricted, prioritize the dispatch of energy storage systems to absorb excess green power and increase the proportion of self-generated and self-consumed electricity.

- Flexible anti-reverse flow: In scenarios where reverse power supply is prohibited by grid connection policies, by dynamically adjusting the charging and discharging state of energy storage and linkage control of photovoltaic inverter output power when necessary, reverse power over-limit is prevented to ensure compliant grid connection.



LEC300 Microgrid Coordination Controller

In the practice of Zero Carbon plants, the PX Power Distribution Expert, the MX Microgrid Expert System, and the LEC300 Microgrid Coordination Controller form a "device-control-platform" three-tier collaborative architecture to jointly support resilient carbon reduction goals: PX focuses on the distribution side to achieve loop-level safety monitoring and sub-item energy consumption metering, providing underlying data and execution capabilities for carbon emission accounting and precise regulation; LEC300 responds in real time to changes in electricity prices, loads and green power on the edge side, and dynamically implements strategies such as peak-valley arbitrage, demand control and green power consumption to ensure operational economy and low carbon emissions; MX integrates all-domain energy data at the park level, visualizing carbon emissions, conducting revenue analysis and operation and maintenance management to support long-term optimization decisions. Three systems work together to enable Zero Carbon plants to adapt flexibly to changes in the external environment while ensuring power supply safety and production continuity, and to achieve quantifiable, adjustable and sustainable carbon reduction paths.

Carbon reduction through equipment

The Hangzhou Bay Mega Factory was fully integrated with the Zero Carbon concept at the early planning stage. The office building has obtained LEED Green Building Certification, and the production plant is applying for Green Industrial Building Certification. Through passive designs such as high-performance building envelope, optimized natural lighting, and improved thermal performance, the initial load requirements of systems like air conditioning and lighting are significantly reduced, thus reducing energy consumption from the source.

Based on this, the plant implements full life-cycle energy efficiency management for all energy-consuming equipment:

- At the equipment end, use low-power switches, low-drop components, green materials and efficient control circuits to reduce ontology loss.
- In the power transmission section, deploy low-resistance distribution cables and low-loss power conversion equipment to reduce line loss.
- At the operational control level, through energy-saving optimization algorithms and intelligent dispatching, redundant operations are avoided.

Most importantly, LAZZEN has extended energy-saving capabilities to the bottom of the chip and circuit design, and through the synergy of software and hardware, implemented power optimization strategies (such as clock gating, pre-computation, logic reconfiguration, optimized fan-out, etc.) at multiple levels, including behavioral level, register-transfer level (RTL), logic level, and physical level, achieving a combined power savings of 10% to 70%.

These efficient devices are further integrated into combined cooling, heating and power systems, smart distribution networks and building automation platforms to form a closed-loop system of "low load on buildings + low power consumption on devices + low transmission loss + no redundancy in operation". Equipment carbon reduction, thus upgrading from a single product to a full-stack green manufacturing capability covering space, systems and chips.

Carbon reduction through management

LAZZEN regards "Carbon reduction through management" as a key support for the implementation of Zero Carbon plants. Through its self-developed EX energy and carbon management platform (expected to be launched in 2026), LAZZEN has upgraded from the traditional model that relies on manual statistics, cannot grasp energy consumption details in real time, and delayed analysis and optimization, to a modern energy management model featuring full-loop precise measurement, carbon emission analysis, and integrated energy-carbon optimization.

In addition, the PX Power Distribution Expert system integrates high-precision metering functions at all levels of distribution nodes such as frame circuit breakers, molded case circuit breakers and miniature circuit breakers, achieving full-circuit, itemized and zoned electricity consumption monitoring from the main trunk to the end, with metering accuracy reaching the national standard level 1 and meeting the requirements of the "Design Standard for Itemized and Zoned Electricity Metering Systems for Public Buildings". The system not only supports the refined management of power loads such as air conditioning, lighting, and charging piles, but also can be extended to access multi-energy metering terminals such as water, gas, and heat to build a unified integrated energy database for the

plant. Thanks to the highly integrated and instrument-free design of the equipment, maintenance and replacement costs are reduced by about 50% in later operation and maintenance.

In terms of demand management, the system automatically implements the "non-critical" strategy (that is, automatically offloads non-critical loads during peak load periods) through intelligent switching components, dynamically optimizes maximum demand, effectively avoids transformer overload and power fines, reduces excess contract capacity charges by an average of 4% annually, and significantly reduces hidden electricity costs.

Relying on cloud-based monitoring and intelligent diagnostic systems, the plant significantly reduces its reliance on on-site manual inspections and promotes the upgrade of operation and maintenance work towards remote, automated and intensive. This model not only significantly enhances the operational reliability of the energy system, but also brings considerable resource savings and efficiency improvements: personnel costs are reduced by 50%, equipment failure rates are reduced by 30%, and average power restoration time is shortened by 60%. Through intelligent management, not only the uncertainty brought by human intervention is reduced, but also hidden carbon emissions resulting from power outages or energy efficiency losses are lowered.

**Operational carbon reduction**

Based on the construction practice of the Zero Carbon plant of the Hangzhou Bay Mega Factory, LAZZEN has systematically accumulated full-cycle experience from planning, implementation to operation, and deeply verified the synergy of software and hardware products. Our self-developed refined EX energy and carbon management system, MX Microgrid Expert System and other core tools can achieve full accounting, itemized traceability and dynamic optimization of carbon emissions at the plant level, and deeply cover key scenarios such as manufacturing, power distribution and energy use.

Based on this unique closed loop of "self-developed + self-built + self-used", LAZZEN can not only provide professional Zero Carbon consulting services, but also efficiently drive the Zero Carbon factory projects of external customers from blueprint to implementation with reusable productized Zero Carbon solutions, truly achieving one-stop empowerment of "understanding the scenario, having the tools, and being able to deliver". In addition, for customers with existing infrastructure or specific retrofit requirements, LAZZEN can provide modular and embedded Zero Carbon plant solutions. The solution focuses on key aspects of Zero Carbon plant construction, such as smart distribution, microgrid coordination, energy storage dispatch, and carbon emissions metering, and supports independent deployment and flexible integration.

**Case** New Intelligent Distribution Room at Hubei University

LAZZEN helped Hubei University build a new intelligent distribution room, avoiding information silos and improving operation and maintenance efficiency through integrated monitoring of medium voltage, low voltage, transformers and power quality. In addition, through the intelligent framework NDW3, NDM5E, dynamic environment software and hardware guarantee, the stable operation of the distribution room has improved by 38%, and preventive maintenance has increased efficiency by 90%.



Intelligent distribution room of Hubei University

**Case** Facilitating the construction of Zhengzhou Bofang Zero Carbon Plant

Zhengzhou Bofang Electric 's plant was previously completely dependent on municipal power supply, with high electricity bills. In response to this situation, LAZZEN led the design of an integrated Zero Carbon infrastructure solution, aiming to optimize electricity costs and manage carbon emissions quantitatively through the deployment of new energy and the integration of intelligent systems while meeting energy demands.

The project has built a new 500kW photovoltaic power station, a 522kWh energy storage station, a 630kVA transformer and four AC/DC charging stations, and fully deploy LAZZEN 's self-developed system: PX Power Distribution Expert System for sub-item energy consumption and carbon emission monitoring to support online intelligent operation and maintenance; MX Microgrid Expert System, based on AI prediction and control strategies, enhances the efficiency of local photovoltaic consumption, optimizes energy storage charging and discharging, and achieves coordinated interaction with the main grid; The LEC300 Microgrid Coordination Controller is responsible for low-level dispatching to ensure autonomous and efficient use of energy. After coming into operation, the monthly electricity consumption of the plant decreased by 60%, and about 350 tons of carbon dioxide were simultaneously reduced annually, verifying the actual effectiveness of LAZZEN's Zero Carbon plant model in small and medium-sized manufacturing scenarios.

**Zhengzhou Bofang Zero Carbon Plant facilities**



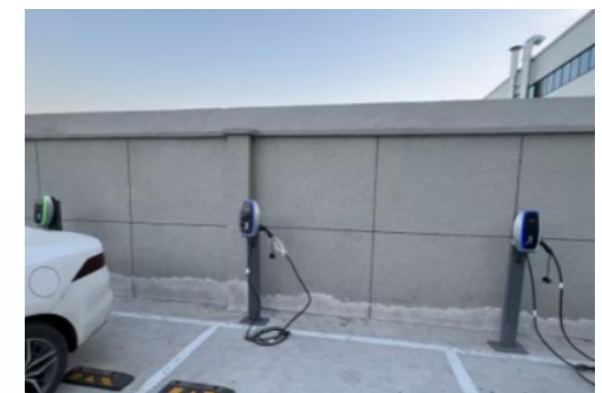
500KW photovoltaic power station



522kWh energy storage station



630KVA transformer capacity



4 AC/DC charging stations

# 01



## Governance and Compliance

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



Contributions to the United Nations Sustainable Development Goals (SDGs)

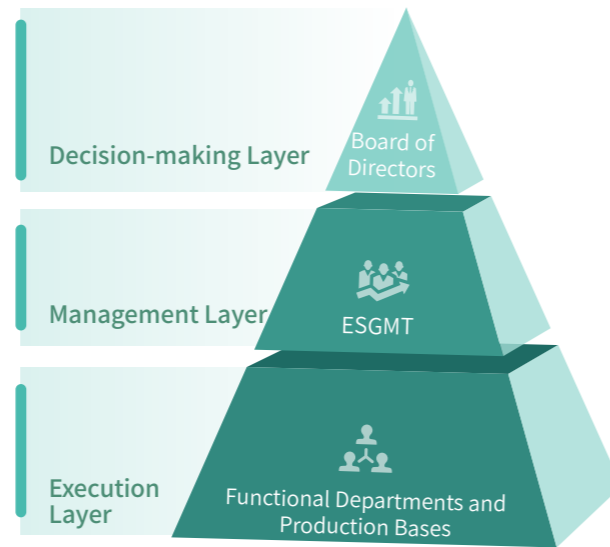


# Sustainable Development Management

LAZZEN adheres to the working policy of "Marketing-driven, product-leading, quality and efficiency improvement, performance-driven", closely aligns with the national "dual carbon" goals, and integrates ESG work with the actual work of each business department. We continue to deepen our ESG strategy and actively promote the implementation of various measures to ensure that while achieving economic benefits, making greater contributions to environmental protection and social development.

## ESG governance structure

LAZZEN has established the ESGMT (Environmental, Social and Governance Management Team), forming an ESG organizational management structure composed of the decision-making level, management level and executive level. Among them, the board of Directors is fully responsible for the overall deployment and supervision of LAZZEN's ESG work, promoting the concept of sustainable development throughout the entire process of our operations from top to bottom, and deeply integrating ESG management into the business decision-making system. The Sustainable Development Committee leads the daily management of ESG, including building an ESG management system, identifying and assessing ESG risks, formulating ESG strategic plans, reviewing ESG reports, tracking and optimizing key ESG indicators, and coordinating internal and external ESG communication and information disclosure. Each functional department and production base acts as an executive unit, with dedicated teams and fixed positions to be responsible for the connection, execution and implementation of ESG-related work.



## Stakeholder communication

LAZZEN defines stakeholders as individuals and groups that have an impact on our business operations or are affected by our operational behaviors. We attach great importance to the interests and needs of stakeholders, are committed to maintaining close two-way communication and collaboration with all parties, standardize the ESG information disclosure process, actively listen to all parties' opinions and suggestions, promote the scientific and transparent nature of the company's sustainable development decisions, and ensure that key topics are effectively responded to and continuously improved.

We have taken a series of proactive measures to respond to topics of concern to stakeholders, deeply integrating the concept of sustainable development into business operations and strategic planning, and promoting the realization of our sustainable development goals.

Stakeholders	Topics of concern	Communication and response
<p>Investors and Shareholders</p>	<ul style="list-style-type: none"> <li>Product quality and customer service</li> <li>Innovation-driven</li> </ul>	<ul style="list-style-type: none"> <li>Hold earnings briefings</li> <li>Boost business performance</li> <li>Enhance R&amp;D innovation capabilities</li> </ul>
<p>Government/regulatory agencies</p>	<ul style="list-style-type: none"> <li>Environmental compliance management</li> <li>Anti-commercial bribery and anti-corruption</li> <li>Employee employment and rights</li> <li>Social contribution</li> </ul>	<ul style="list-style-type: none"> <li>Ensure environmental compliance</li> <li>Adhere to business ethics</li> <li>Employ legally</li> <li>Engage in social welfare</li> </ul>
<p>Customers</p>	<ul style="list-style-type: none"> <li>Product quality and customer service</li> <li>Customer privacy protection</li> <li>Innovation-driven</li> </ul>	<ul style="list-style-type: none"> <li>Customer visits</li> <li>Improve product quality</li> <li>Handle customer feedback in a timely manner</li> </ul>
<p>Supplier</p>	<ul style="list-style-type: none"> <li>Supply chain security</li> <li>Anti-commercial bribery and anti-corruption</li> </ul>	<ul style="list-style-type: none"> <li>Perform contracts in accordance with the law</li> <li>Cooperate in good faith</li> <li>Improve supply chain management systems</li> </ul>
<p>Employees</p>	<ul style="list-style-type: none"> <li>Employee employment and rights</li> <li>Occupational health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Ensure employee rights</li> <li>Improve employee communication channels</li> <li>Ensure safe production</li> </ul>
<p>Community</p>	<ul style="list-style-type: none"> <li>Environmental compliance management</li> <li>Pollutant emissions</li> <li>Social contribution</li> </ul>	<ul style="list-style-type: none"> <li>Ensure environmental compliance</li> <li>Engage in social welfare</li> <li>Communicate and interact with the community actively</li> </ul>

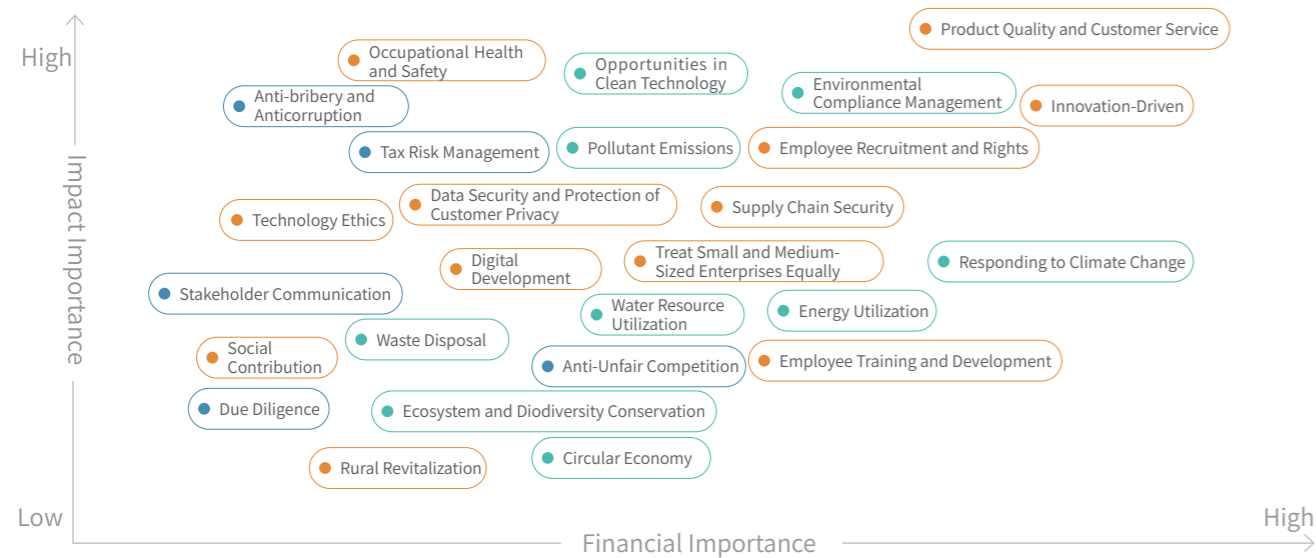
## Analysis of important topics

Based on the communication results with various stakeholders, combined with our own business situation and outstanding cases in the same industry, we conducted in-depth research on relevant provisions, including the Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 17 - Sustainability Report (Trial), the Shenzhen Stock Exchange Self-Regulatory Instructions for Listed Companies No. 3 - Sustainability Report Preparation, and the GRI Sustainability Reporting Standards, with reference to expert opinions and suggestions. We finally determined the matrix of important topics.

Analysis process of important topics

- Identify**
  - Sort out and adjust our list of important topics by referring to the sustainability reporting guidelines issued by the Shenzhen Stock Exchange, industry development characteristics, company operating conditions, etc.
- Evaluation**
  - Through continuous communication and research in daily business operations, combined with the professional experience of experts and other forms, assess the significance of each issue based on two dimensions: financial importance and impact importance.
- Disclosure**
  - Based on the assessment results of important topics, build the important topic matrix and disclose it after approval by the board of directors.
  - For topics of financial importance, we disclose them in accordance with the "Governance - Strategy - Impact, Risk and Opportunity Management - Indicators and Goals" framework. This year, we have identified four financial important topics: "Product Quality and Customer Service", "Innovation-Driven Development", "Environmental Compliance Management", and "Responding to Climate Change".

LAZZEN's 2025 important topic matrix



ESG honors



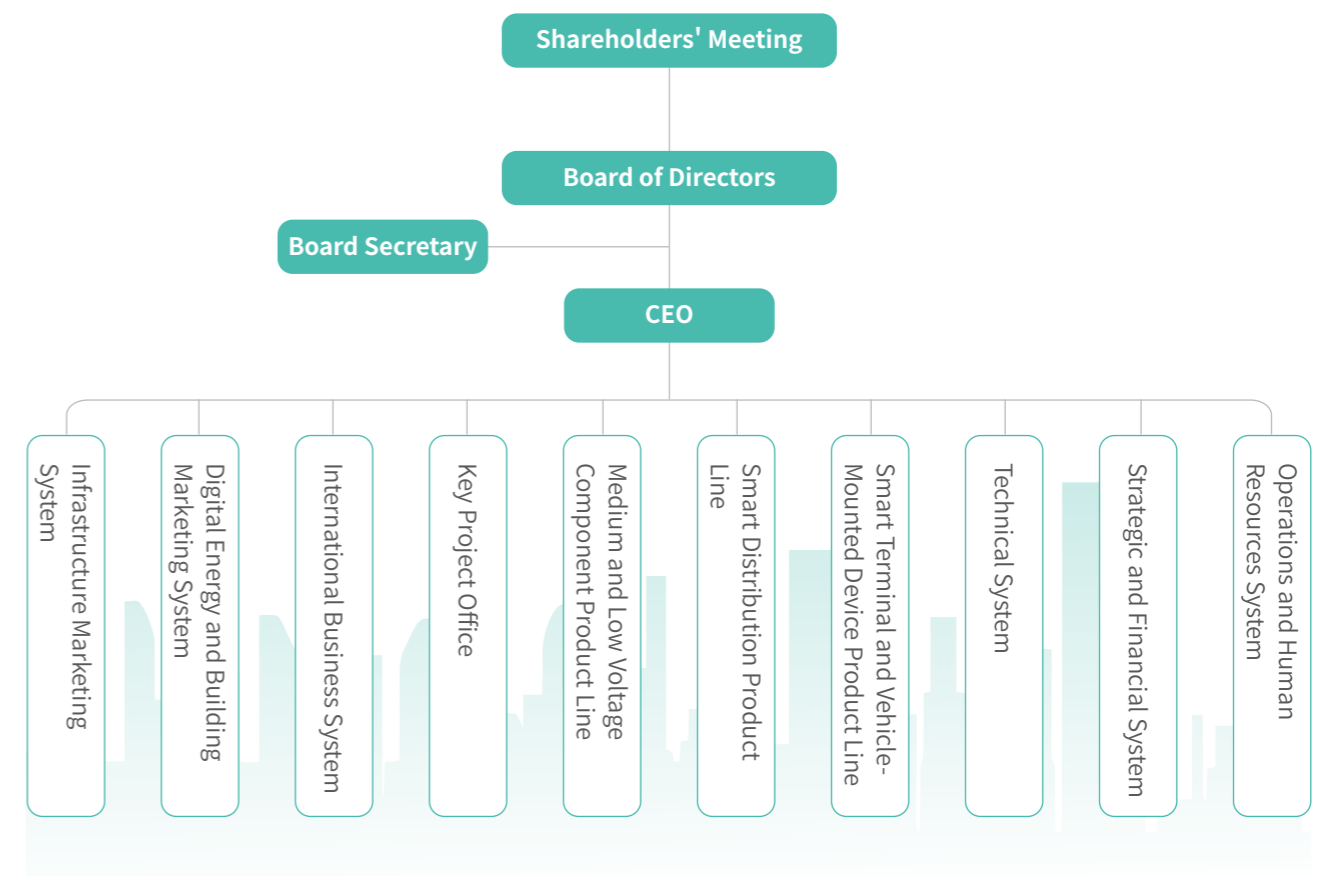
\*Link: <https://recognition.ecovadis.com/TdAj4kqJsEWaLTQihPsEdQ>

Corporate Governance

LAZZEN strictly adheres to all laws and regulations to ensure that the corporate governance structure is legal, compliant and operates in a standardized manner. We attach great importance to information disclosure, ensuring that the disclosed information is true, accurate and timely, and effectively safeguarding investors' right to know; maintain regular communication with investors through diversified channels and continuously enhance investors' understanding and trust in the company. In addition, we adhere to Party-building leadership, give full play to the political core role of the Party organization, and ensure that LAZZEN moves in the right direction.

Governance structure

In accordance with laws and regulations such as the Company Law and the Securities Law, LAZZEN continuously improves internal systems such as the Articles of Association, the Rules of Procedure for the Board of Directors, and the Rules of Procedure for the Shareholders' Meeting, clarifies the responsibilities, authorities and procedures of each institution, builds a standardized organizational structure and operating mechanism, and ensures the efficient and orderly advancement of our business decisions. During the reporting period, we optimized organizational structure in line with regulatory requirements and development realities, abolished the establishment of the supervisory board, and the audit committee of the board of directors took over the statutory powers of the original supervisory board, establishing a decision-making and operation system with the shareholders' meeting, the board of directors and the management as the main structure, forming a governance system with clear rights and responsibilities and standardized operation, and promoting the continuous upgrading of governance efficiency.





**Shareholders' Meeting**

LAZZEN strictly complies with relevant laws, regulations and normative documents, and organizes and holds shareholders' meetings in accordance with internal systems such as the Articles of Association and Rules of Procedure for Shareholders' Meetings, and implements deliberation and voting procedures. As the highest authority of LAZZEN, the main powers of the shareholders' meeting include reviewing and approving the company's business plans and investment schemes, electing and replacing directors who are not employee representatives, deciding on matters related to the remuneration of directors, and reviewing and approving the work report of the board of directors, etc. The meeting is held in a combination of on-site and online voting, strictly implementing procedures such as recusal of related shareholders, cumulative voting, and voting on a per-item basis to ensure that the voting is legal and valid.

During the reporting period, LAZZEN held a total of 4 shareholders' meetings and deliberated on 28 proposals. We have always treated all shareholders equally and effectively safeguarded the legitimate rights and interests of all shareholders, including minority shareholders. During the reporting period, there was no situation that harmed the rights and interests of shareholders.



**Board of Directors**

The Board of Directors holds board meetings strictly in accordance with the provisions of the Articles of Association and the Rules of Procedure for the Board of Directors, earnestly implements the resolutions of the shareholders' meeting, standardizes the implementation of authorized matters, and resolutely eliminates illegal behaviors such as over-authority approval and "implementation first, approval later". The board adheres to the Company Law and other laws and regulations, always aims to safeguard the overall interests of LAZZEN, attaches great importance to and effectively protects the legitimate rights and interests of minority shareholders. During the reporting period, LAZZEN held 6 board meetings and deliberated on 68 proposals.

The Board of Directors consists of the Strategic Committee, the Audit Committee, the Nomination Committee and the Compensation and Appraisal Committee, each of which effectively assists the Board of Directors in performing its decision-making and supervisory functions. During the reporting period, the specialized committees operated properly, and the meetings and resolutions were in compliance with the relevant system requirements.



**Board effectiveness and diversity**

LAZZEN is committed to promoting the effectiveness and diversity of its board, taking into account factors such as the industry experience, educational background, and overall quality of our board members, to ensure that the board of directors is both effective and diverse. The current board members have professional capabilities in finance, law, power equipment and other fields, and all have rich industry experience. LAZZEN's board consists of nine directors, including one female director and three independent directors.

The independent directors strictly follow the "Independent Director Work System, proactively understand LAZZEN's production and operation situation, pay attention to our development dynamics and the standardization of operations, diligently and responsibly perform their duties and obligations, make reasonable suggestions on matters related to our internal control, management of raised funds, etc., and express independent opinions prudently and objectively in order to safeguard the overall interests of LAZZEN, especially the rights and interests of small and medium-sized investors, and promote the continuous improvement of LAZZEN's governance structure and the standardization of its operation and management.

**Information disclosure**

LAZZEN strictly adheres to the Articles of Association, the Information Disclosure Management System and relevant laws and regulations, fulfills information disclosure obligations truthfully, accurately, completely, timely and fairly, conducts investor relations management through multiple channels, platforms and methods, and is committed to improving the quality and transparency of information disclosure. We ensure that shareholders and creditors of LAZZEN have equal and timely access to information on our business operations and major matters. During the reporting period, there were no false records, misleading statements or material omissions in our information disclosure work, demonstrating solid achievements in information disclosure quality and compliance management.

During the reporting period

LAZZEN disclosed **88** announcements in compliance with regulations

**Investor relations management**

LAZZEN strictly complies with policies and regulations such as the Company Law, the Securities Law, the Guidelines for Investor Relations Management Work of Listed Companies, and the provisions of the Articles of Association, continuously revises and improves the Investor Relations Management System, systematically conducts investor relations management work, and effectively safeguards the legitimate rights and interests of investors.



**Investor communication**

LAZZEN attaches great importance to communication with investors and always regards safeguarding investors' rights and interests as an important responsibility. To this end, we continuously optimize communication mechanisms, actively expand communication channels, and ensure the timeliness, accuracy and transparency of information transmission. During the reporting period, we carried out investor communication activities through various forms such as organizing earnings briefings, visits by small and medium-sized investors and institutional investors to the listed company, answering investor hotlines, voluntary information disclosure, and interactive Q&A exchanges to strengthen communication with investors and shareholders and safeguard shareholders' legitimate rights.

**Investor communication activities in 2025**

- 74** investor communication activities conducted
- 52** questions responded on the Easy Interaction platform
- 7** times record sheet of investor relations activities released
- 48** phone calls made
- 1** earnings briefing held

**Protect the interests of small and medium-sized investors**

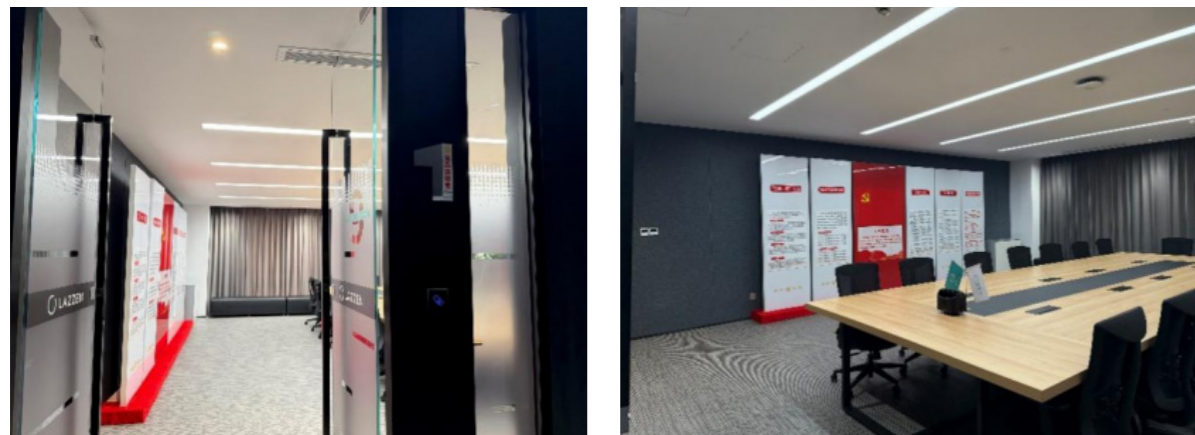
LAZZEN has taken the initiative to maintain close communication with the Shenzhen Stock Exchange, study regulatory requirements in depth, and participate in discussion and research meetings of listed companies organized by the Small and Medium Investors Service Center, focusing on learning the methods of standardized operation of listed companies and communication with small and medium investors. At the same time, we maintained active interaction with small and medium-sized investors through the Easy Interaction platform to ensure smooth information communication channels and effectively protect the interests of small and medium-sized investors.

## Strengthening the foundation through Party building

LAZZEN deeply integrates Party building into the ESG development system, leading the high-quality and sustainable development of the enterprise with high-quality Party building. In 2025, we continued to improve organizational construction, create distinctive brands, innovate working models, deepen the integration of Party and enterprise, and promote the resonance of Party building with production and operation, employee development, green transformation and other work, building a solid political foundation and organizational guarantee for the company's ESG development.

### Improve the Party organization system

LAZZEN continued to improve Party organization system. In August 2025, under the guidance of the superior Party organization, the Party Branch Committee of Haiyan LAZZEN was officially established. The General Branch Committee of Shanghai LAZZEN of the Communist Party of China is established at the headquarters, with three Party branches under it, forming a pattern of coordinated Party building work from top to bottom.



Party Member Activity Room

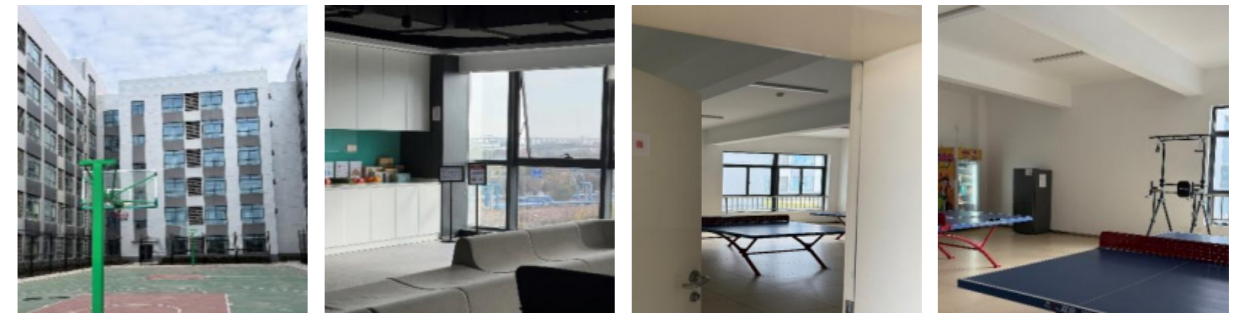


"Liangfeng" Academy: Provides functions such as party affairs training, business training, skills improvement, etc., creates a red learning atmosphere, and promotes the development of Party branches.

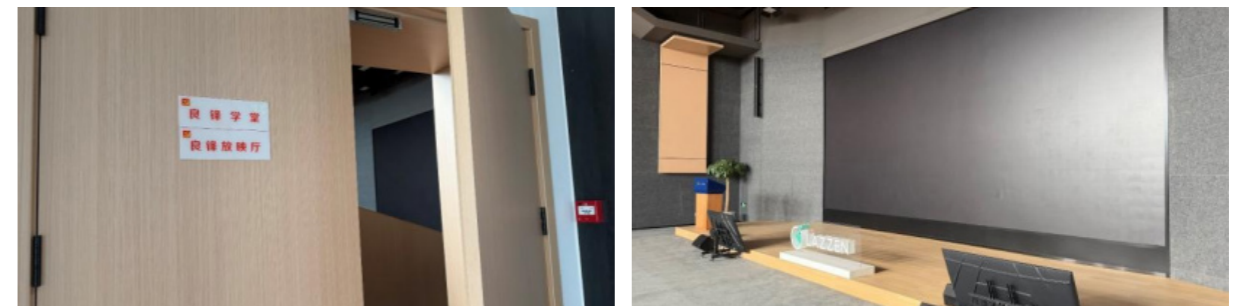
## Party building culture construction

LAZZEN has always insisted on integrating Party organization building with corporate culture building, bringing together employees and Party members, and by focusing on political guidance, organizational cohesion, and role play, we have continuously strengthened ideological consensus, gathered the strength to forge ahead, effectively transformed the advantages of Party building into development advantages, and promoted the steady and far-reaching high-quality development of the enterprise.

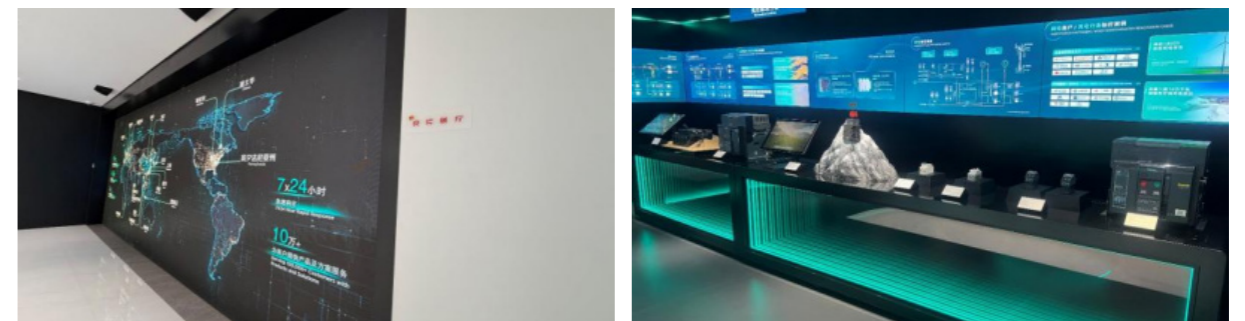
We are committed to building a Party member activity room with LAZZEN characteristics. While consolidating the Party building work position and strengthening the vanguard role of Party members, we promote the deep integration of Party building and business, thereby consolidating the development synergy and enhancing the comprehensive competitiveness of the enterprise; we are committed to building the "Liangfeng" Party building brand of Party member pioneers, product pioneers, enterprise pioneers and industry pioneers, focusing on the urgent needs of employees, the pain points of enterprise development and the weak links in work, and actively responding to the voices of employees.



"Liangfeng" Home: Equipped with a tea area, a table tennis room, a basketball court, etc., we provide places for Party members and employees to rest and strengthen their bodies and minds.



"Liangfeng" Screening room: For Party members and the masses within the enterprise to study the spirit of the Party and red films, broadening the ways of Party building learning.



"Liangfeng" Exhibition Hall: It showcases the corporate culture and Party building of LAZZEN, reflects our strength in building a "future factory", and serves as an effective carrier for ideological education and publicity activities.

## Risk Compliance

LAZZEN attaches great importance to compliance management, internal control management, risk management and tax management, continuously improves the supporting management system and operational procedures, and comprehensively enhances the enterprise's risk prevention and compliance control capabilities.

### Compliance management

LAZZEN strictly adheres to relevant laws and regulations such as the Company Law, the Securities Law, and the Accounting Law, continuously revises and improves internal systems such as the Compliance Obligation Management Procedure, the Compliance Evaluation Management Procedure, and the Intellectual Property Compliance Management Measures, reasonably guarantees the legal and compliant operation and management of the company, the safety of assets, and ensures the authenticity and completeness of financial reports and related information. Adapt to the dynamic changes of the external environment and continuously improve the internal management level.

To meet the requirements of risk control and system audit, LAZZEN reviews and updates various laws, regulations, rules and regulations, policy documents and related standards every year. During the reporting period, we added the review of laws, regulations and systems related to import and export control.

#### Regular mechanism

Annual review and update of laws, regulations, systems and policy documents related to RoHS, intellectual property, information security, EHS (Environment, Health, Safety), and energy modules.

#### System revision

The articles of association and related management systems have been revised accordingly in accordance with the revised Company Law implemented in 2025.

### Internal control

In accordance with the relevant regulations of the China Securities Regulatory Commission and the Shenzhen Stock Exchange, LAZZEN adheres to the basic principles of internal control, combines the actual operating conditions of the company, focuses on management blind spots and pain points in business processes, continuously optimizes risk control management processes and systems, and builds a sound and effectively operating internal control system.

LAZZEN has improved internal control management system in accordance with the requirements of the Basic Norms for Enterprise Internal Control to ensure that its operation and management are legal and compliant, and its assets are safe and controllable. We regularly assess the effectiveness of the internal control system, disclose the internal control evaluation reports truthfully, and continuously iterate and improve the internal control management system. During the reporting period, we had no material or significant deficiencies in our internal control.

### An internal control management system

Internal control management	Specific content
Monitoring	The assurance of effective implementation of internal control includes daily oversight and special oversight, with management responsible for ongoing daily oversight, internal audit responsible for targeted special assessment, and third-party assessment.
Information and communication	The carriers for the implementation of internal control include information quality, communication systems, information systems, and anti-fraud mechanisms.
Control activities	The means of implementing internal control include incompatible job separation, authorization approval control, accounting system control, property protection control, budget control, operational analysis control, performance evaluation control, etc.
Risk assessment	The basis for implementing internal controls, including objective setting, risk identification, risk analysis, and risk response.
Control environment	The foundation of the internal control system includes governance structure, organizational setup, authority allocation, human resource policy, corporate culture, etc.

### Risk control

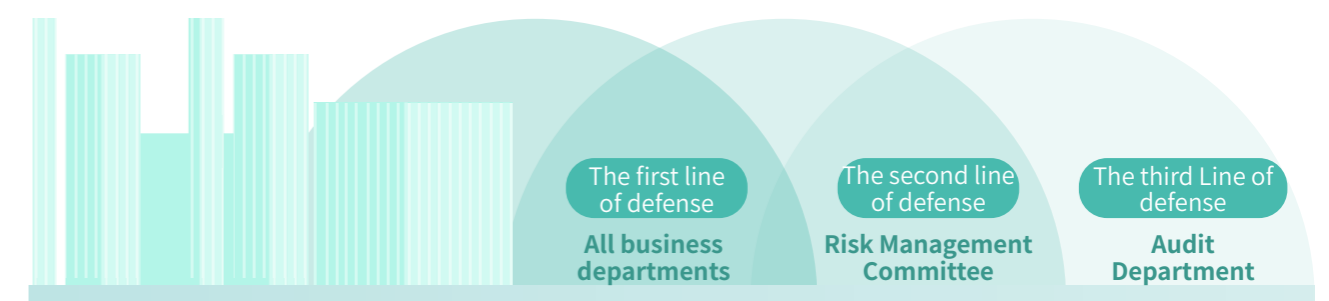
LAZZEN establishes a full-process system for identifying, analyzing and evaluating risks and opportunities, and takes countermeasures to strengthen internal control and improve the management and operation level and risk prevention capacity of the company.

### Risk governance

LAZZEN strictly adheres to relevant laws and regulations and continuously improves the risk prevention and control and compliance management mechanism. In 2025, we completed the revision of systems such as Case Management Measures, Quality Risk Management Plan, and Legal Guidelines for Debt Collection and Recovery, and added Electronic Seal Management Measures to continuously enhance risk governance and compliance control capabilities. To further strengthen the construction of the risk management system, we developed the Risk and Opportunity Management Procedure and integrated and optimized it with the Enterprise Risk Management System in 2025 to further improve the risk control system.

At the same time, LAZZEN continues to improve our risk management governance structure, clarifies job responsibilities at all levels, builds the "three lines of defense" for risk prevention, establishes a comprehensive, centralized and unified audit supervision network to effectively prevent major risk events and provides governance guarantees for the implementation of our strategy and sustainable operation.

### The "Three lines of defense" for risk prevention



Company risk management system architecture

Management structure	Responsibilities and authorities
Risk Management Committee	<ul style="list-style-type: none"> <li>The committee consists of one director, one executive secretary and seven risk committee members (Information Security Risk Committee member, Business Risk Committee member, Legal Risk Committee member, Supply Chain Risk Committee member, Labor Relations Risk Committee member, Tax and Finance Risk Committee member, Intellectual Property Committee member).</li> <li>As the highest decision-making body for risk management, it is responsible for reviewing LAZZEN 's risk management system and framework, deliberating on major risk matters, and deciding on risk response strategies, etc.</li> </ul>
Business Units	<ul style="list-style-type: none"> <li>As the risk management department, they are responsible for the daily identification, assessment and reporting of risks within their business area, and formulate and implement targeted risk response plans.</li> </ul>
Audit Department	<ul style="list-style-type: none"> <li>As the risk management supervision and evaluation department, it is responsible for conducting independent audits and supervision of the operation of LAZZEN 's risk management system and the implementation of risk control measures; proposes supervision and improvement suggestions, tracks the closed-loop of risk rectification, and ensure the standardized implementation of risk management work.</li> </ul>

Risk identification and management

LAZZEN continuously identifies and controls risks in key areas, and tracks and synchronizes them through performance assessment, meeting follow-up, system processes, etc., to ensure the formulation and implementation of risk response measures. In addition, in accordance with the Basic Norms for Enterprise Internal Control and its supporting guidelines, LAZZEN compiles an internal control risk matrix based on its actual situation and conducts regular risk identification, assessment, supervision, response and improvement. For ESG risks related to business operations, we take actions such as sorting out risk inventories and conducting materiality assessments to clarify the impact of risks and response measures, and integrate ESG risk management into the corporate governance system.

LAZZEN, in collaboration with the Intellectual Property Department, updates legal education content monthly in the "Law · Knowledge Zero Distance" column on the OA platform, organizes long-term legal advisors to conduct special training on job responsibilities and risk prevention for directors, supervisors and senior management, comprehensively strengthens the compliance awareness and risk prevention capabilities of all employees, promotes employees to master the risk management process proficiently, and continuously improves the overall risk governance level of the company.

Risk types	Risk description	Impact cycle	Potential financial implications	Risk management measures
Customer payment risk	Customers (especially smart power distribution direct supply projects) have a higher risk of debt collection, which can lead to bad debts and increase the risk of litigation, generating additional costs for rights protection	Medium and long-term	Operating costs increase	<ul style="list-style-type: none"> <li>Pre-review of customer credit qualifications, payment terms, order release, commercial bill receipt, etc. through organizations such as the Cash Flow Management Committee;</li> <li>Non-litigious collection by business, legal and attorneys during the process;</li> <li>Risk management through post-event proceedings, etc., to reduce bad debt risk.</li> </ul>

Risk types	Risk description	Impact cycle	Potential financial implications	Risk management measures
Quality RoHS risk	Product quality and non-compliance with RoHS can affect LAZZEN's reputation and result in direct economic losses such as product rework, recalls, compliance fines, and customer claims	Short-term/medium-term/long-term	Operating costs increase Revenue decline	<ul style="list-style-type: none"> <li>Regular high-level quality monthly meetings;</li> <li>Assess the risks of systems such as management quality through systems, internal audits, and management reviews.</li> </ul>
Information security risks	Information security incidents such as data breaches, resulting in compliance penalties, customer/partner claims, business disruption losses, and emergency response costs	Short-term/medium-term/long-term	Operating costs increase	<ul style="list-style-type: none"> <li>Multiple internal self-examinations in response to repeated letters from software vendors claiming that LAZZEN uses pirated software;</li> <li>Implement meeting resolutions by issuing systems and signing documents.</li> </ul>
Risks of labor disputes	Causing labor disputes, resulting in economic and reputational damage	Short-term	Operating costs increase	<ul style="list-style-type: none"> <li>Background checks on candidates;</li> <li>Update the employee handbook in a timely manner;</li> <li>Properly handle changes to the subject of the labor contract and negotiate termination.</li> </ul>
Intellectual property risks	Triggering intellectual property disputes, resulting in compensation for infringement, litigation costs, waste of R&D investment, damage to brand reputation and market competitiveness	Medium and long-term	Operating costs increase Revenue decline	<ul style="list-style-type: none"> <li>Establish an intellectual property risk assessment process, patent risk levels and response strategies through an intellectual property compliance management system;</li> <li>Promote the implementation of patent risk assessment actions through the IPD process;</li> <li>Review the effectiveness of risk management actions and make timely improvements through internal and external audits of the intellectual property compliance management system.</li> </ul>

Internal audit

LAZZEN has established a risk-oriented audit framework based on business cycles and key elements of our operations, making full use of existing audit resources to conduct audit checks on key risks in the business. We have established the Internal Audit System and the Departure Audit Management System, aiming to enhance management efficiency, prevent business risks, and ensure the safety of our assets and its sustainable and healthy development.



Internal audit framework

Business cycle	Audit focus areas
Sales and collection business cycle	<ul style="list-style-type: none"> <li>• Product prices, special offer management, credit lines</li> <li>• Sales orders, freight charges, reverse logistics</li> <li>• Accounts receivable, other receivables</li> </ul>
Purchase and payment business cycle	<ul style="list-style-type: none"> <li>• Supplier management</li> <li>• Purchase Price, purchase allocation ratio</li> <li>• Accounts payable</li> </ul>
Finance (monetary funds cycle)	<ul style="list-style-type: none"> <li>• Financial budget</li> <li>• Monetary funds, notes receivable</li> <li>• Raised funds</li> </ul>
Items (production and inventory cycle)	<ul style="list-style-type: none"> <li>• Real estate, production equipment, office equipment</li> <li>• Inventory, molds, low-value consumables</li> <li>• Scrap</li> </ul>
People (human resources and payroll cycle)	<ul style="list-style-type: none"> <li>• Production safety</li> <li>• Payroll accounting</li> <li>• Employee benefits</li> <li>• Labor employment</li> </ul>



Tax administration

LAZZEN has always adhered to the principle of paying taxes in accordance with the law. To strengthen tax administration, ensure legal business operations, and fulfill the commitment of honest tax payment, we have formulated the Tax Administration System to clarify the responsibilities and authorities of each department and relevant personnel in tax administration, and standardize the operation procedures of key links such as tax registration, tax declaration, invoice use and management, tax planning and file management.

In the routine audit of financial internal control in 2025, the spot-check of tax declaration materials was simultaneously covered, and no tax compliance issues were found, effectively ensuring that daily tax handling operations were standardized and orderly.

Tax risk response measures

Measures category	Specific content
<b>Improve systems and compliance building</b>	<ul style="list-style-type: none"> <li>• Establish a comprehensive tax administration system with clear management processes and job responsibilities, implement dynamic risk assessment and develop corresponding risk control measures.</li> <li>• Adhere to tax payment in accordance with the law, ensure that tax information is true and complete, tax declaration and payment are timely and accurate, strictly fulfill tax information disclosure obligations, and actively cooperate with tax supervision work.</li> <li>• Within the existing tax administration framework, we optimized the key points of daily operations in the input tax deduction link in 2025 in accordance with the relevant policy adjustments of the current year; and worked with external professional institutions to complete the group related-party transaction pricing compliance report and standardize related-party transaction tax operations.</li> </ul>
<b>Respond to the policy and enhance capabilities</b>	<ul style="list-style-type: none"> <li>• Continuously track and study national tax policies, regularly conduct internal tax training, promote deep integration of business, finance and taxation, and optimize tax-related business processes.</li> <li>• Strengthen the professional capabilities of the tax team to achieve rapid adaptation to policy changes and compliance implementation.</li> <li>• In 2025, two internal tax policy interpretation meetings were organized in response to changes in tax policies, covering a total of 50 people from core positions in finance and business. There were no operational errors in tax declaration throughout the year.</li> </ul>
<b>Optimize efficiency through digital risk control</b>	<ul style="list-style-type: none"> <li>• Use digital tools to enhance tax administration transparency and reduce compliance management costs.</li> <li>• Regularly conduct self-audits of tax risks and work with professional consulting agencies to enhance compliance reviews to ensure that tax operations are standardized and secure.</li> </ul>
<b>Build a long-term mechanism</b>	<ul style="list-style-type: none"> <li>• Through institutional improvement, technological empowerment and personnel capacity building, strive to achieve regularized and standardized tax risk management, form a sustainable tax risk prevention and control mechanism, and provide a solid guarantee for the stable development of the business.</li> </ul>

## Business Ethics

LAZZEN upholds a high level of social responsibility and professional ethics, adopts a zero-tolerance attitude towards corruption, strictly enforces anti-corruption policies, and ensures the integrity and transparency of the our operations. We firmly oppose any form of monopolistic behavior and unfair competition, adhere to market competition rules, and maintain a fair and just market environment.

### Anti-corruption

LAZZEN actively responds to the national anti-corruption policy, formulates the Integrity Management Measures, establishes and improves the integrity management system, sets up the Sunshine Management Committee to manage the behavioral norms, integrity and self-discipline of all employees and related business activities, investigates and handles illegal and non-compliant and acts that harm the interests of us, and prevents fraud and corruption, so as to create a good business environment and ensure the company's steady development.

With integrity culture and loyalty and self-discipline as the core orientation, LAZZEN aims to build a clean and upright business environment through institutional building, training and education, and supervision and inspection, to promote the stable development of the company. We signed Integrity Commitment with all employees, organized employees to participate in anti-corruption training and education, advocated employees to adhere to the work style of integrity and honesty, and ensured that all business activities of the company operate in the open.

Regarding the management of anti-corruption behavior of partners and suppliers, LAZZEN adheres to the cooperative philosophy of integrity, transparency and openness, establishes cooperation mechanisms with partners and suppliers, and firmly resists commercial bribery. To ensure the compliance and integrity of business activities, LAZZEN signs integrity cooperation agreements with partners, specifies email information for reporting acceptance in the agreements, conducts periodic inspections aimed at consolidating the foundation of honest cooperation between the two sides, and organizes suppliers to participate in anti-commercial bribery training to cultivate their business ethics and compliance awareness.

Management dimension	Content description
Top organization	Sunshine Management Committee
Core system	Integrity Management Measures
Objects of management	<ul style="list-style-type: none"> <li>Internal: Employees</li> <li>External: Partners, suppliers, and other external affiliates</li> </ul>
Control measures	<ul style="list-style-type: none"> <li>Internal: Employee Handbook and Integrity Commitment</li> <li>External: Integrity Cooperation Agreement</li> <li>All-Staff training and presentation</li> </ul>
Supervision and inspection	<ul style="list-style-type: none"> <li>Internal reporting: OA system Conflict of Interest Reporting</li> <li>External oversight: Audit Mailbox</li> <li>Regular audits</li> </ul>
Bottom-line measures	Commission an external expert investigation (independent verification for major or complex issues)

LAZZEN continues to strengthen anti-corruption risk management through measures such as improving institutional construction and strengthening supervision mechanisms, and standardizing business operation processes, to create a strong deterrent with severe punitive measures, and to build a full-process transparent management system covering pre-event prevention, in-event supervision, and post-event handling, creating a good organizational atmosphere of "not wanting to be corrupt, not being able to be corrupt, and not daring to be corrupt".

LAZZEN attaches great importance to complaints and reports, formulates strict handling procedures and stipulates the timeliness of handling, and also establishes a protection mechanism for the complainants and reporters.

#### Corporate whole-process anti-corruption management system

Stages	Unwilling to corrupt (thought guidance)	Unable to corrupt (due to institutional constraints)	No dare to corrupt (deterrent punishment)
Prevention in advance	<b>Culture of Integrity</b> <ul style="list-style-type: none"> <li>Setting rules: Defining the red line of conduct</li> <li>Selecting and employing people: Background checks for sensitive positions</li> <li>Organizational atmosphere: Leading by example by management cadres</li> <li>Training and education: Regularly conducting integrity and legal education</li> <li>Making contracts: Signing the Integrity Commitment and Integrity Agreement</li> <li>Integrity initiative: Issue integrity initiative letters before New Year's Day, Spring Festival and other festivals</li> </ul>	<b>Set rules</b> <ul style="list-style-type: none"> <li>Establish a main body responsible for integrity management: Sunshine Business Committee</li> <li>Establish a set of integrity management system norms: Integrity Management Measures</li> <li>Weaken the influence of individuals in business decisions: Business process</li> <li>Reduce the control of individuals in business execution: Business informatization</li> </ul>	<b>Deterrence and deterrence</b> <ul style="list-style-type: none"> <li>Legal education: Lectures on integrity cases and learning from economic criminals</li> <li>Publicity and notification: Internal publicity and notification of typical cases and organization of learning</li> </ul>
In-process control	<b>Proactive reporting</b> <ul style="list-style-type: none"> <li>Proactive reporting for receiving cash gifts</li> <li>Proactive reporting for participating in activities</li> <li>Proactive reporting for conflicts of interest</li> <li>Proactive reporting for relationships with relatives and friends to cooperate with background checks</li> </ul>	<b>Process self-check</b> <ul style="list-style-type: none"> <li>System check: Data anomaly alarm function embedded in the information system</li> <li>Business self-check: Business departments conduct regular or irregular integrity checks on their own</li> <li>Job rotation mechanism: Sensitive positions are rotated regularly</li> </ul>	<b>Inspection Monitoring</b> <ul style="list-style-type: none"> <li>Audit Inspection: Regular/irregular integrity inspection by the Audit Department</li> <li>High-level communication: regular/irregular communication between committee members and partners</li> </ul>
Post-event oversight	<b>Complaints and reports</b> <ul style="list-style-type: none"> <li>Audit mailbox receives internal and external complaints and reports</li> <li>Sunshine Management Committee members receive internal and external complaints and reports</li> </ul>	<b>Supervision and inspection</b> <ul style="list-style-type: none"> <li>Audit investigation: Internal investigation as appointed by the director of the committee</li> <li>External investigation: Investigation by anti-fraud professional lawyers or public security investigation</li> </ul>	<b>Accountability and punishment</b> <ul style="list-style-type: none"> <li>Multi-level accountability: Personal responsibility, management responsibility, leadership responsibility</li> <li>Handling and punishment: Notice, dismissal, punishment, compensation for losses</li> <li>Legal liability: Transfer to judicial authorities and assume legal liability</li> </ul>

**Channels for receiving complaints and reports**

- Board of Directors' written and oral instructions
- Designated email: audit@lazzen.com



**Timeliness of handling complaints and reports**

Upon receiving a report, the company undertakes to complete the investigation within one month, provide feedback on the investigation results to the Sunshine Management Committee and the person reported, and issue an audit investigation report. The audit investigation period shall not exceed three months.

**Complaint and whistleblower protection mechanism**

Protective measures	Specific Content
Obligation to keep information confidential	The Audit Department has an obligation to keep confidential the information of complainants and informants. According to the 'Internal Audit System', if an auditor violates the principle of confidentiality and discloses the information of a complainant or informant, LAZZEN has the right to deal with and punish them.
Minimize the scope of knowledge	We implement the principle of minimizing the scope of knowledge of complaints and reports, ensuring that the investigation process of complaints and reports is not public and is known only to essential personnel to prevent the spread of information.
Support anonymous reporting	We support anonymous complaints and reports, and take the same investigation and handling methods for anonymous reports as for real-name reports to safeguard the rights and interests of the reporters.

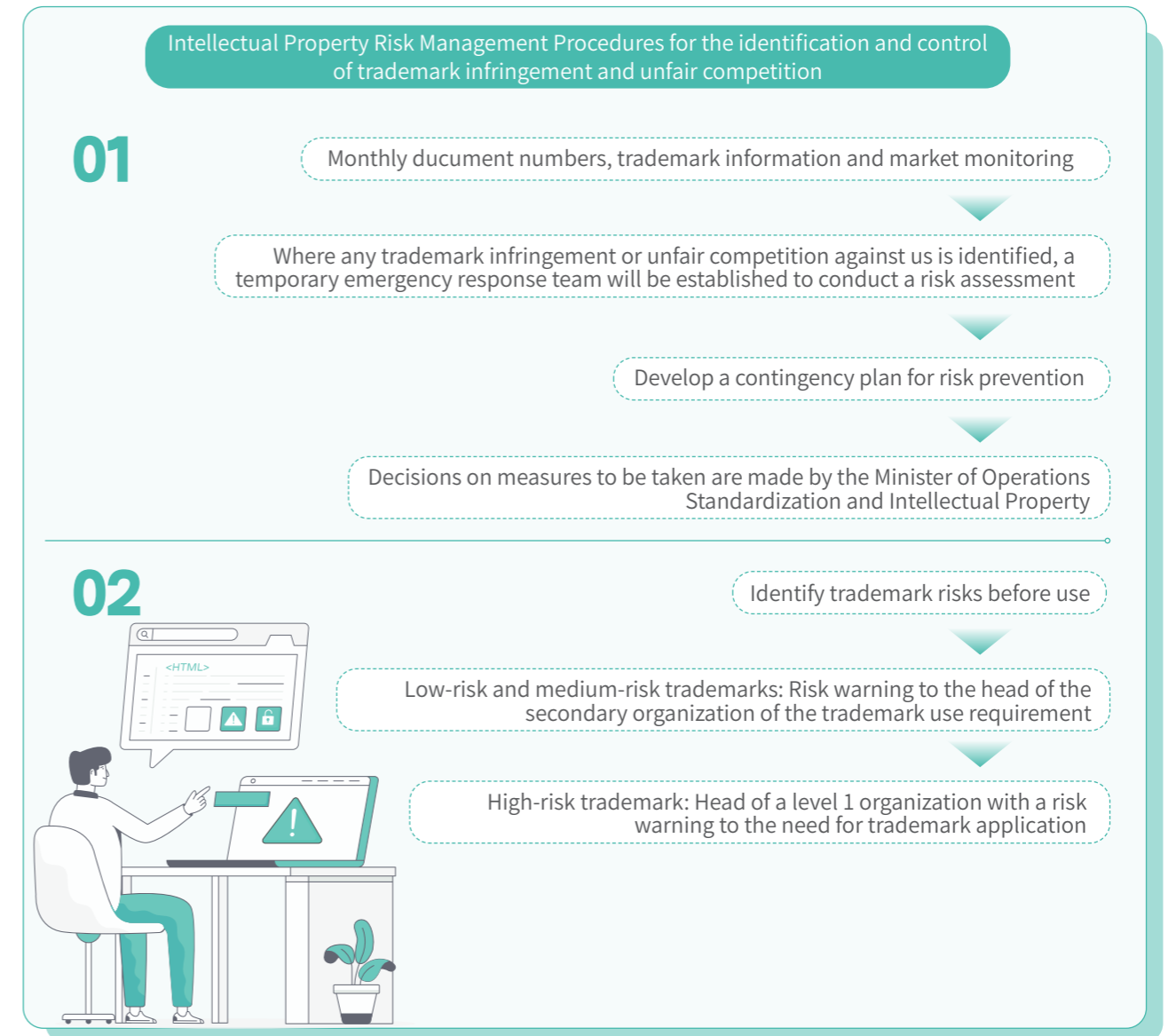
**Anti-corruption management indicators**

Disclosures	Unit	2025
Number of corruption lawsuits filed and concluded by regulators against issuers or their employees	piece	0
Number of anti-corruption whistleblowing incidents	piece	1
Total number of directors covered by anti-commercial bribery and anti-corruption training	persons	9
Proportion of directors covered by anti-commercial bribery and anti-corruption training	%	100
Total number of management personnel covered by anti-commercial bribery and anti-corruption training	persons	70
Proportion of management personnel covered by anti-commercial bribery and anti-corruption training	%	100
Total number of employees covered by anti-commercial bribery and anti-corruption training	persons	1,535
Proportion of employees covered by anti-commercial bribery and anti-corruption training	%	63

**Anti-unfair competition**

LAZZEN adheres to the business philosophy of legality and compliance, strictly abides by the Anti-Monopoly Law and the Anti-Unfair Competition Law, standardizes market competition behaviors, resolutely eliminates false advertising, commercial bribery, infringement of trade secrets and other illegal acts, and maintains a fair and orderly business order. In 2025, we revised the content of confidential information management in the Trade Secret Management Procedure, strengthened the identification and control of anti-unfair competition risks, and ensured a clean and healthy business environment. During the reporting period, we did not have any monopolistic and unfair competition violations or illegal incidents.

LAZZEN actively maintains a fair and just market environment, promotes positive interaction with partners, jointly builds a healthy and orderly market ecosystem, and lays a solid foundation for long-term stable development. We signed cooperation agreements with dealers, clearly stipulating that both parties must abide by the market maintenance provisions of the Dealer Agreement and the LAZZEN Market Regulation Management Measures, and jointly maintain the normal competitive order of the market. During the reporting period, the signing rate of the company's "Dealer Agreement" was 100%.



# 02



## Innovation and Quality

- Innovation-Driven Development
- Intelligence Ecosystem Products
- Digital Transformation
- Product Quality
- Customer Service
- Information Security and Customer Privacy Protection

Contributions to the United Nations Sustainable Development Goals (SDGs)



# Innovation-Driven Development

LAZZEN adheres to innovation-driven development, builds core competitiveness through technological innovation, builds an industry-leading integrated R&D platform by improving the R&D governance system and formulating medium- and long-term R&D strategic plans, continuously increases R&D investment, builds high-level professional R&D teams, and builds a full-chain management and risk prevention and control system for intellectual property. We conduct forward-looking layout of core technologies, advance technological iteration and product development, promote the efficient transformation of scientific and technological achievements, and empower product technology upgrades.

## Research and development management

### Governance

LAZZEN builds a comprehensive and efficient R&D innovation governance system, leads business development with a forward-looking R&D strategy, promotes customized innovation around customer needs, and continuously strengthens core competitiveness. We have established multiple R&D institutions based on different R&D fields and key directions, focusing on conducting cutting-edge research and product development in each technology field, regularly evaluating and optimizing research directions, deepening cross-institutional collaboration, accelerating the transformation and implementation of innovation achievements, and laying a solid foundation for our sustainable innovative development.

The ITMT (Integrated Technology Management Team) is responsible for building our competitiveness in public and cutting-edge technologies by organizing technology roadmap planning, technology investment decision-making, project initiation and review, etc., so as to enhance the technological competitiveness of products and form a leading product advantage.

The research and development assessment indicators set by LAZZEN cover the accuracy and foresight of industry and customer demand analysis, competitor and patent analysis, frontier technology analysis, and technology strategy and technology panorama analysis reports for the next three to five years of technology roadmap planning. At the same time, we assess the implementation rate, achievement rate and migration rate of technology planning output projects to ensure that planning projects can be smoothly implemented, completed on time and ultimately applied to products.

### Strategy

To precisely match the current and potential needs of customers, LAZZEN delves deeply into various application scenarios and initiates strategic to execution (DSTE) planning for the next year and the next three years in the fourth quarter of each year. Through the "Five Views" method of market insight, we sort out the list of opportunity points, make forward-looking judgments on new technological trends in the industry, and accurately identify our own technological shortcomings and potential risks. And formulate practical key tasks and corresponding countermeasures to ensure the efficient implementation and effective execution of the strategy.

Risks	Risk description	Response measures
Risk of technology iteration	In the context of rapidly changing global situations and increasing customer demands, the company faces the risk of its existing technologies being replaced	<ul style="list-style-type: none"> <li>Lay out various new technologies in advance, accurately identify new technology points in the industry, including high-voltage product technology and high breaking capacity technology</li> <li>Organize technical reserves for products targeting overseas markets and promote the application of solid-state technology, AI technology, etc</li> </ul>
Risk of change in demand	As customers continue to upgrade and expand their own systems, their demand for new products becomes increasingly urgent. The rapidly changing market demands require companies to have agile response capabilities to ensure that they are always in step with the development of their customers' systems and provide precise and timely solutions	<ul style="list-style-type: none"> <li>Take the initiative to respond to customers' demands for new products, lay out technology and product planning in advance, iterate existing technologies and carry out various product research and development in advance</li> <li>Focus on high-voltage product technology, high breaking capacity technology and overseas market adaptation technology reserves, continuously increase investment in research and development innovation, and push key technologies to industry-leading levels</li> </ul>
Risk of insufficient capacity	In response to the growing business demands of the company, the original production base in Pudong, Shanghai, is no longer capable of meeting the production demands of customers' products	<ul style="list-style-type: none"> <li>A mega factory was built in Haiyan, Jiaxing, and the entire relocation was completed in 2025</li> </ul>

LAZZEN formulates a three-year R&D strategic plan and dynamically optimizes and adjusts it in light of actual business conditions. From 2026 to 2028, we will focus on four strategic layouts: technological innovation, market expansion, talent development, and international cooperation. We will continue to innovate and develop in key areas such as high-voltage product technology, high breaking capacity technology, technology reserves suitable for overseas market product requirements, intelligent technology application, and information technology application, and comprehensively enhance our R&D strength and core technology level.

### Innovation-driven three-year development strategy

#### High-voltage product technology

- Industry voltage level breakthrough (DC2000+, AC3300V) cost reduction trend
- Voltage boosts are expected to be fully rolled out in the market in 1-2 years
- Previous years' technology trends continue

#### High breaking performance technology

- Higher performance requirements for high-voltage and high-current products
- Product safety and reliability
- Past technological trends continue

Technical reserves for product requirements in overseas markets

- High requirements for products in overseas market standards, such as UL standards for electrical life, breaking capacity and temperature rise UL1077, UL98, UL489
- Future product consolidation lays the technical reserve for cost advantage

Application of intelligent technology

- Low-voltage electrical appliances, computing-electricity coordination, intelligent control application
- Product intelligent upgrade, adaptive scenarios, AI empowerment, platformization and ecologicalization
- Build smart office, Good House and other smart and seamless scenarios with people-oriented

Application of information technology

- Information technology: Mass sensing, communication Internet of Things, intelligent controllability
- In line with the transformation of the power industry, grid interconnection
- Green carbon energy conservation, digital and information-based energy

Three Strategic layouts



Impact, risk and opportunity management

Research platform construction

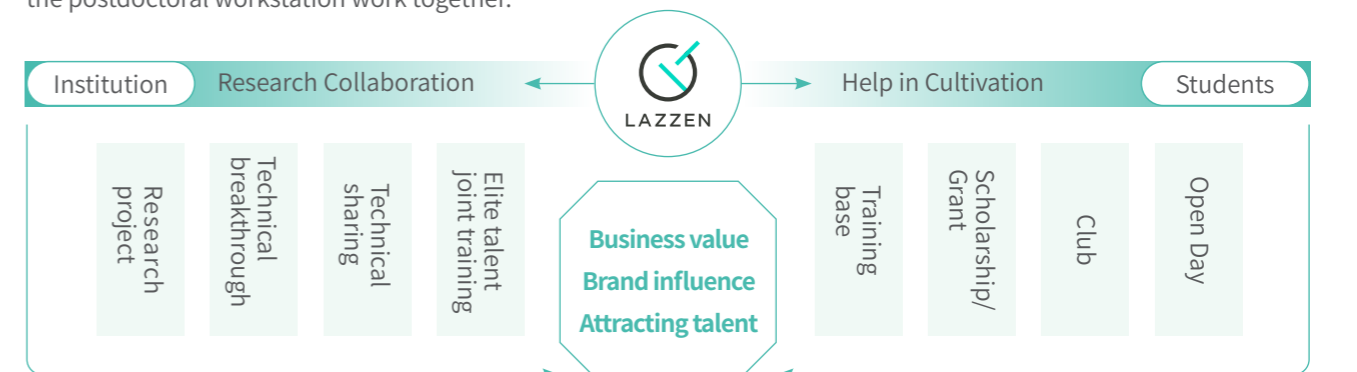
LAZZEN builds industry-leading R&D platforms, and through the establishment of an industry-university-research cooperation system and the strengthening of an open innovation ecosystem such as postdoctoral workstations, realizing resource sharing and forms a standardized, platform-based, and digitalized R&D support system to comprehensively enhance R&D efficiency and core technology competitiveness, providing a solid guarantee for product innovation and technological leadership.

LAZZEN has established a specialized simulation technology platform in the field of low-voltage electrical appliances. Relying on simulation computing tools and software, we conduct virtual prototype function evaluation of product 3D models to facilitate product forward design and form a closed-loop forward design method. The platform supports complex working condition assessment, responds quickly to market demands, and currently has multi-scenario simulation analysis capabilities such as high voltage, high breaking capacity, and temperature rise, and continues to expand in assessment dimensions and analysis depth, building an increasingly complete and industry-leading virtual prototype assessment capability.



Industry-university-research collaboration

LAZZEN has established an industry-university-research cooperation system driven by both technological breakthroughs and talent cultivation, focusing on areas such as low-voltage electrical appliances, new energy, and intelligent power distribution to achieve rapid industrialization of technological achievements. The overall coordination of our industry-university-research cooperation is carried out by the human resources department, the research co-creation projects are mainly operated by ITMT, and the corresponding field Mozi experts and the head of the postdoctoral workstation work together.



Construction of the R&D team

LAZZEN attaches great importance to the team building of R&D talents, recruits industry elites, and builds a learning organization. We have established the LAZZEN Talent Development Center, which includes the Edison Academy, the Pangu Academy, the Panshi Academy, the Ganjiang Academy and the Lean Academy, to continuously match the job competency requirements and facilitate the growth and development of employees. At the same time, three specialized groups have been established for R&D personnel, covering structure, electromagnetism and thermology. A total of 24 professional sharing sessions were held to continuously strengthen professional knowledge reserves, improve technical skills, and provide strong support for achieving work goals efficiently.



Edison Academy



Professional Sharing

Research incentives

LAZZEN fully stimulates the innovation vitality and work enthusiasm of its employees, promotes technological progress and business development, builds a good innovation culture that encourages exploration, values innovation and allows trial and error through systems and mechanisms such as the Technology Innovation Award Selection System, and sets up key position allowances to encourage employees to take on responsibilities and forge ahead, injecting internal impetus into our continuous technological innovation and high-quality development.

It aims to reward teams or individuals who have achieved significant technological breakthroughs in the product development process and accelerate product renewal.



Technology Innovation Award

For teams that perform exceptionally well in major development and implementation projects in the fields of product, marketing, technology, procurement, manufacturing, functionality, etc.



Gold Project Award

To encourage Mozi experts to build a technical family of professional teams, drive the improvement of technical position engineers' capabilities, and inspire professional position engineers to develop towards Mozi experts.



Mozi Expert Allowance



Incentives for research projects

Indicators and goals

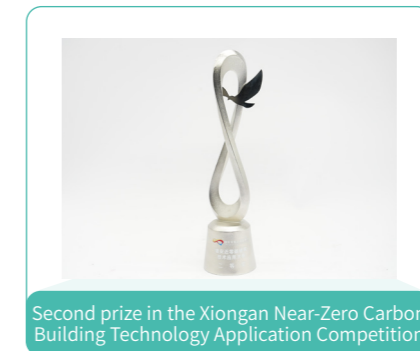
Data performance

Disclosures	Units	2025
Research and development investment amount	CNY 10,000	33,379.09
Proportion of research and development investment to business income	%	7.44
Number of R&D personnel	persons	657
Proportion of R&D personnel	%	25.79

Key honors



Gold Award of German iF Design Award 2025



Second prize in the Xiongan Near-Zero Carbon Building Technology Application Competition



Shanghai Design Innovation Center 2025-2027



Recognition of high-tech transformation projects in Shanghai



Demonstration Project of Key Technology Research and Application of PEDF Building Direct Current Power Distribution System



China IDC Industry Innovation Technology and Product Award 2025



Second Prize of Science and Technology Award of China Institute of Communications - key technologies and equipment for high-precision energy metering and control of 5G base stations



PEDF Demonstration Project - GoodWe Zero Carbon Cabin



Bronze Award in the Artificial Intelligence Track of the Fusion Innovation and Development Professional Competition

## Intellectual property protection

LAZZEN establishes an intellectual property management system and conducts intellectual property management work in accordance with the requirements of the Enterprise Intellectual Property Compliance Management System (GB/T 29490-2023), and incorporates intellectual property management into the scope of our strategic management. We implement systematic and standardized management of intellectual property policy objectives, resource management, basic management, implementation and operation, and review and improvement, and formulate systems such as the Intellectual Property Management Manual, Intellectual Property Management Procedure, and Intellectual Property Risk Management Procedure to form a management mechanism covering the entire life cycle of intellectual property creation, application, protection and management. We have obtained the certification of the Intellectual Property Compliance Management System, continuously maintain the effective operation of the system, and complete internal audits and accept supervision audits as required every year.

LAZZEN conducts an annual self-inspection of intellectual property compliance to identify and address intellectual property risks in advance. During the reporting period, we continuously optimized our intellectual property management system, improved the intellectual property management mechanism for strategic-level projects, broadened the scope of patent application subjects, encouraged the manufacturing process to apply for patents around technological achievements such as process improvement, equipment optimization and efficiency enhancement, strengthened the management of patent information confidentiality, strengthened the security control of technical secret materials, and optimized the evaluation rules for the technological innovation award, further improving the standardization and systematicness of our intellectual property management.

LAZZEN attaches great importance to its own intellectual property protection work. We acquire suspected patent infringement information through intellectual property competition analysis, competitor analysis, patent monitoring, etc. We acquire suspected trademark infringement clues through monthly active monitoring of trademarks and business names, passive channels of clue collection, overseas trademark monitoring of the intellectual property protection center, intellectual property customs filing, etc.



GB/T 29490-2023 Intellectual Property Compliance Management System Certification Certificate

### Early warning and risk assessment of intellectual property

#### Patent risk assessment

**Patent risk management for R&D projects:** Conduct patent risk assessment, incorporate the review of risk response measures into the technical review, achieve timely problem closure, prohibit projects with patent risks from proceeding to the next stage, and increase the frequency of assessment based on the importance of the project

**Regular patent early warning assessment:** Use a patent search database to automatically obtain and evaluate newly published patents in key areas of interest and technical fields on a regular basis

#### Trademark risk assessment

Embed the use risk assessment in the assessment process for new trademark applications, alert different risk levels to different levels of responsible persons, and then update the use risk assessment conclusions and alert them simultaneously based on changes in the review progress, conclusion, etc. of the trademark application

### During the reporting period

we conducted **11** training sessions and other activities on intellectual property protection, **three** of which were mainly targeted at R&D personnel, covering approximately **600** people.

Disclosures	2025
Number of invention patents applied to the main business	404
Number of patent applications for invention during the reporting period	159
Number of invention patents granted during the reporting period	56
Number of new patents granted during the reporting period	379
Number of patents held	2,016
Number of trademark and word registrations held	731
Number of software copyrights held	107
Annual number of new patent applications	572



## Intelligence Ecosystem Products

As a leading enterprise in the high-end market of low-voltage electrical appliances in China, LAZZEN focuses on the digital upgrade of the industry and the development needs of the national "dual carbon" strategy. Through the upgrading of intelligent and digital products, we continuously launch high-end solutions suitable for diverse scenarios such as new energy, intelligent computing centers, intelligent buildings, infrastructure, electricity IoT (Internet of Things), and new energy vehicles. We steadily advance the expansion of key customers in the industry and the creation of model projects. At the same time, supported by sustained high R&D investment, we drive the enterprise to transform from a traditional low-voltage electrical appliance manufacturer to an expert in smart electrical solutions, and inject the LAZZEN power into industrial energy transition and social low-carbon development through all-round technological innovation and scenario-based solutions.

### Smart power distribution

Smart distribution has become key infrastructure supporting energy transition, safe electricity use and energy efficiency improvement against the backdrop of the deepening of the national "dual carbon" goals, the comprehensive advancement of new power system construction and the accelerated implementation of energy conservation and carbon reduction transformation in key industries. Taking smart distribution components as the core foundation, with safety, efficiency and carbon reduction as the core goals, and integrating cutting-edge technologies such as IoT, cloud computing, big data and AI, LAZZEN has launched smart distribution solutions and products that are both reliable and industry-leading, which deeply adapt to power distribution demands in multiple fields such as new energy, smart buildings, high-end manufacturing and rail transit; at the same time, we continue to deepen the integration and innovation of smart distribution software and hardware, and create systematic solution covering the distribution side, the consumption side, and energy and carbon management, to fully assist customers in achieving digital, intelligent and low-carbon upgrades of the distribution system.

#### Case studies in the field of smart distribution

##### Digitalization and standardization at the panel and cabinet level



With SEA Digital Intelligent Cabinets as the core, integrated intelligent components are integrated to achieve automatic device identification and plug-and-play, significantly enhancing delivery efficiency and human efficiency. At the same time, by visualizing operational status, assessing equipment health and warning of anomalies, the risk of failure is reduced, the intrinsic safety of power distribution is consolidated, and a high-quality, sustainable power distribution data foundation is built.

##### Strengthen system-level monitoring and operational analysis



Centering on the centralized management requirements of distribution rooms and medium and low voltage systems, we achieve rapid fault location and multi-dimensional presentation of operational status through unified models and single-line graph self-configuration, and drive the transformation of distribution operation from "passive response" to "active management". We introduce multi-algorithm collaborative load forecasting models and achieve adaptive updates, implement scenarios such as capacity planning and dispatch optimization, and enhance the economic operation level of distribution.

##### Strengthen local perception and rapid response capabilities



For scenarios with high response speed and high system independence requirements, PXT station control units are deployed on the distribution cabinet side to achieve real-time monitoring and rapid alarm of key circuits and equipment, enhancing the overall resilience of the distribution system with local processing capabilities.



##### Expand smart microgrids and Zero Carbon operations

On the basis of ensuring reliable power supply and distribution, we expand our capacity in microgrid collaboration and green energy consumption. Through integrated regulation of source-grid-load-storage systems, we provide our customers with support such as multi-energy complementarity optimization and demand response strategies for households, drive the energy consumption system to upgrade from "passive power supply" to "active energy consumption management", and fully unleash the carbon reduction value of distributed green electricity.



##### Expand energy efficiency optimization and low-carbon management

On the basis of ensuring the safe operation of distribution systems, we expand energy efficiency optimization and low-carbon management capabilities. By continuously collecting and analyzing energy consumption data, we provide customers with support such as energy consumption structure analysis and energy-saving transformation assessment, promote the upgrade of distribution systems from "electricity consumption management" to "energy efficiency and energy carbon management", and fully release the carbon reduction value on the distribution side.

#### Case Load Identification Project

In collective living scenarios such as university dormitories and staff apartments, non-compliant high-power electrical appliances have become the main cause of electrical fires, but existing facilities have insufficient design redundancy and inefficient manual inspection, making it difficult to identify hidden dangerous loads in a timely manner. Relying on non-intrusive load monitoring technology, we can not only achieve millisecond-level cut-off of potential power sources for active fire prevention, accurately distinguish between dangerous/conventional electrical appliances of similar power, but also achieve 7×24-hour unmanned operation at the management end to reduce labor costs. Through long-term data accumulation, we can establish user electricity consumption behavior profiles, providing a data basis for grid load dispatching and line transformation.

### Smart human settlements

LAZZEN adheres to the "1+3+N" and "All IN ONE" design concepts, prioritizing "safety and reliability, low carbon and energy efficiency, health and comfort", creating intelligent living scenarios with communication, sensing and AI technologies as the core, independently developing the LAZZEN Yunju Open Ecosystem Platform, and constructing N intelligent subsystems such as energy consumption management and smart lighting, to create a smart home solution centered on Tianqi and bring high-quality smart living experiences to Chinese families.

The platform is built on cutting-edge technologies such as multimodal IoT communication and AI algorithms, with an open and compatible system architecture and a comprehensive upgrade in four aspects, including experience and interaction. LAZZEN focuses on refining energy efficiency management and intelligent lighting systems, which can not only achieve precise power usage control and strengthen power usage safety, but also create personalized light and shadow experiences.

During the reporting period, we launched a series of 6-inch smart central control screens, leveraging their technological and scenario-based advantages to be implemented in multiple real estate projects and achieve bulk supply to leading real estate developers. At the same time, we achieved a number of industry results: we became the sole partner in the field of indoor smart power consumption intelligence of the Science and Technology and Industrialization Center of the Ministry of Housing and Urban-Rural Development; the digital home integrated box participated in the formulation of standards in 12 provinces and municipalities, among which 5 provinces and municipalities have released them; The integrated box has been implemented at 23 sample sites, and the Zhejiang Jiaotong Control project has become a benchmark for Beilun Technology.

**Case** Key technologies for building low-carbon energy efficiency and smart living equipment based on AI

LAZZEN developed an AI environmental control system for smart homes and green buildings in response to the security of aging homes, the need for dual carbon energy conservation, and the privacy pain points of traditional cameras, and implemented it in smart home scenarios such as high-end residences and office buildings. The system is centered on smart sensors integrated with millimeter-wave radar and AI temperature control algorithms, achieving high-precision human pose detection and linkage control through millimeter-wave radar and deep learning algorithms. The AI temperature control algorithm can autonomously learn room thermal inertia and user comfort preferences, taking into account privacy protection, safety monitoring and low-carbon energy conservation, empowering the upgrade of smart living.

**Technology ethics**

To fully guard against scientific ethics risks, LAZZEN integrates ethical compliance requirements into the R&D process, ensuring that all R&D activities and technology applications strictly follow current ethical standards, laws and regulations, proactively follow and adapt to the latest regulatory requirements, and conduct systematic ethical evaluations before project initiation. At the same time, we established a full-process ethical control and information disclosure mechanism, promptly disclose the progress of research and development and the results of ethical reviews, actively accepted social supervision, effectively prevented and responded to scientific and technological ethical risks through full-chain control, and ensured the compliant, healthy and sustainable development of scientific and technological research and development.

Our application of AI technology is mainly project-oriented, focusing on the research and development of specific technologies for industrial equipment monitoring and smart living scenarios. We do not basically encounter common AI risks such as algorithmic bias, data abuse, and loss of control over autonomous behavior.

In smart home scenarios, we rely on millimeter-wave radar technology to achieve medical-grade precision detection of vital signs and human activity. The physical principle of millimeter-wave radar technology, which detects objects based on microwave signals, does not involve ethical issues in itself, but in practical applications, it can collect sensitive data such as human behavior trajectories and vital signs, which may lead to a series of scientific ethical risks and challenges such as privacy violations and data abuse. LAZZEN ensures that the application of technology does not infringe upon individual rights or public interests through multiple measures such as optimizing the technical architecture, standardizing systems and processes, and providing compliance training for all employees.



Potential problems	Risk types	Risk analysis	Response measures
	Surveillance and privacy violations	Millimeter-wave radar can precisely monitor human activities and vital signs. If deployed without effective control, it can lead to privacy violations, especially in close-range applications such as elderly care at home.	<ul style="list-style-type: none"> <li>Conduct specialized training on privacy protection and ethical compliance for all staff, and require R&amp;D personnel to incorporate ethical guidelines throughout the entire stage of technical design and application.</li> <li>Adopt a pure radar sensing technology approach, physically discarding optical cameras to cut off the risk of image privacy information leakage from the source.</li> <li>Establish a multi-level review mechanism for technical solutions, codes and research results, and implement transparent supervision and review processes.</li> </ul>
Privacy Issues	Data collection and use	Millimeter-wave radar collects sensitive personal data such as human position, behavioral trajectory, health status, etc. If data collection, storage and use are not carried out in accordance with regulations, it may lead to ethical issues such as data leakage and abuse.	<ul style="list-style-type: none"> <li>Implement the requirements for classified and graded protection of data, and implement full life-cycle security control over collected sensitive data.</li> <li>Training sample data from the research and development stage should be anonymized to remove information such as timestamps and location tags, and the original data should be regularly destroyed after the model training is completed.</li> <li>Clearly define the "Three No's" management red line: no collection of original facial or identity information, no upload of undesensitized original waveform data, and no conduct of invisible monitoring without user authorization.</li> </ul>
Misuse and abuse	Social and psychological effects	Millimeter-wave radar can detect physiological signals such as human movement, breathing, and heartbeat. If used for real-time tracking or large-scale monitoring, it can raise public concerns about privacy and freedom and have adverse social and psychological effects on social behavior.	<ul style="list-style-type: none"> <li>Implement a local processing strategy for edge computing, where all signal processing is completed on the device end, raw data does not leave the domain or upload, and only outputs the final decision results externally.</li> <li>Expand the boundaries of privacy protection responsibilities and incorporate data security and ethical requirements into the assessment of all positions in R&amp;D, manufacturing, and operations.</li> <li>Establish a privacy review mechanism for patent submissions and academic releases, and strictly prohibit the public release of algorithms, data and charts that can restore sensitive information.</li> <li>Strictly follow the "notice-consent" principle and conduct data collection and technology application on the premise of user authorization.</li> </ul>

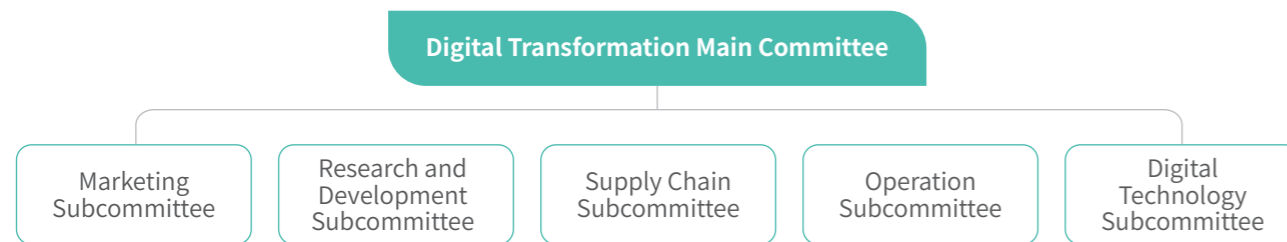


## Digital Transformation

LAZZEN focuses on the digital and intelligent upgrade of its full-chain business, actively promotes digital transformation, steadily enhances information technology research and development capabilities, strives to improve the process platform, builds a scientific operation mode, and continuously converts the achievements of information technology construction into development effectiveness.

We have established a Digital Transformation Committee (DXMT), which has the management capabilities of digital transformation planning, investment, project decision-making and architecture governance, and has defined specific responsibilities to fully promote the implementation of integrated digital construction. Based on the overall digital transformation plan and project construction requirements, we have formulated the Operating Mechanism of the Digital Transformation Committee, established a full-process closed-loop management mechanism of "planning - implementation - review - optimization", guided by the annual digital transformation special work plan, and advanced digital project construction in stages according to different business scenarios, we clearly define the implementation goals, responsible entities and timeframes of each project; hold regular meetings of the Digital Transformation Committee to conduct a comprehensive review of the achievements and business empowerment effects of each project, sort out the problems in the transformation process and clarify the optimization direction in combination with operational data and actual business needs.

### Architecture of the Digital Transformation Committee (DXMT)



### Digital transformation operation mechanism



LAZZEN digital project classification overview	
Application systems	SAP, PLM, MES, WMS , etc
Data platform	Business analysis platform, five aspects of marketing, product line operation combat platform, etc
Utility software	Solidworks, moldflow, etc
Basic operations and maintenance	Computers, hardware, servers, firewalls, penetration testing

During the reporting period, LAZZEN, through full-chain digital and intelligent upgrades, deeply integrated digitalization into product lifecycle management, covering every link from design, supply chain, production to quality control, data-driven decision-making, improved operational efficiency, and strengthened risk prevention and control.

## Digital construction initiatives

### Digitalization of channel management

LAZZEN implemented the second phase of the LCM Dealer Portal project, achieving a full-process online reconstruction of the core business of dealers. Through the electronic transformation of the signing process, the confirmation and circulation cycle was reduced from 10 days to 7 days, and business efficiency was increased by 30%. The compliance design of electronic signing and the full-process systematic control also avoided the risks of document omissions and ambiguous rights and responsibilities in the paper process. It achieves pre-emptive control of financial and compliance risks, improves the efficiency of connection with partners, and enhances the stability of industrial chain synergy.

### Digitalization of engineering services

LAZZEN builds the LPM Smart Distribution Project management platform, focusing on the full process control of smart distribution projects. We innovatively build a standardized management system consisting of 13 core milestones, which can flexibly configure key nodes such as material preparation, production processing, delivery acceptance, etc. Through refined management, we effectively reduce inventory overstock, payment delay and audit compliance risks, and strengthen project compliance and enhance management transparency.

### Digitalization of production operations

LAZZEN is advancing the MES production line transparency project, using hierarchical electronic dashboards to monitor production status in real time, enabling production managers to grasp production progress and abnormal information in real time, and combining data-driven meeting mechanisms to quickly identify the root causes of problems, promoting performance correction and per capita output increase, improving delivery efficiency by 10%, improving the work efficiency of basic managers by 25%, and achieving paperless office. By introducing AI technologies such as machine learning and deep learning, we have continuously improved the construction of the APS system. Through operational research constraint algorithms, we have reduced the scheduling time of planners by 27%, improved planning accuracy and response speed, and strengthened intelligent control of the production process.

### Digitalization of warehouse management

LAZZEN carried out the vertical warehouse efficiency optimization project, dynamically optimizing warehouse resources through algorithmic strategy innovation. Based on the cold and hot data of material usage frequency in the container warehouse of the vertical warehouse, we intelligently calculated and matched the optimal warehouse location for inbound and outbound paths, and automatically moved the warehouse to improve the efficiency of material inbound and outbound. We achieved a 5% increase in pallet warehouse utilization, 19% energy savings in container warehouses, a 15% increase in inbound efficiency, and reduced inventory overstock and energy waste. In addition, we have reduced the time for handling abnormal processes by adding abnormal box card control and one-click material lock to further improve turnover efficiency.

### Digitalization of logistics supply chain

In 2025, LAZZEN integrated the SRM , smart plant (vehicle management system), and WMS platforms, and displayed the raw material and finished product receiving and dispatching processes in the form of dashboards, enhancing the transparency of each process node and personnel efficiency of raw materials (especially urgent materials) and finished products.

### Digitalized quality control

LAZZEN has upgraded its data-driven full-process quality control system, built a closed-loop digital quality system, deployed the LIMS (Laboratory Information Management System) in reference to the CNAS system, increased report production efficiency by 89.6% through the automatic generation of test electronic records and reports, and simultaneously strengthened the traceability of test data and reduced the risk of human error; the FAI intelligent image recognition project was implemented, relying on AI vision technology to achieve automatic recognition of new product inspection images, which increased inspection efficiency by 16.3% and precisely prevented quality complaints through the system's fool-proof mechanism; we introduced professional FMEA (Failure Mode and Effects Analysis) tools to improve the quality early warning system and help quickly identify the root causes of problems. At the same time, we optimized the QMS system based on the pain points of customer complaints to achieve precise implementation of special customer requirements through digital tagging management, significantly reduced the incidence of related customer complaints, and built a comprehensive defense line for product quality.

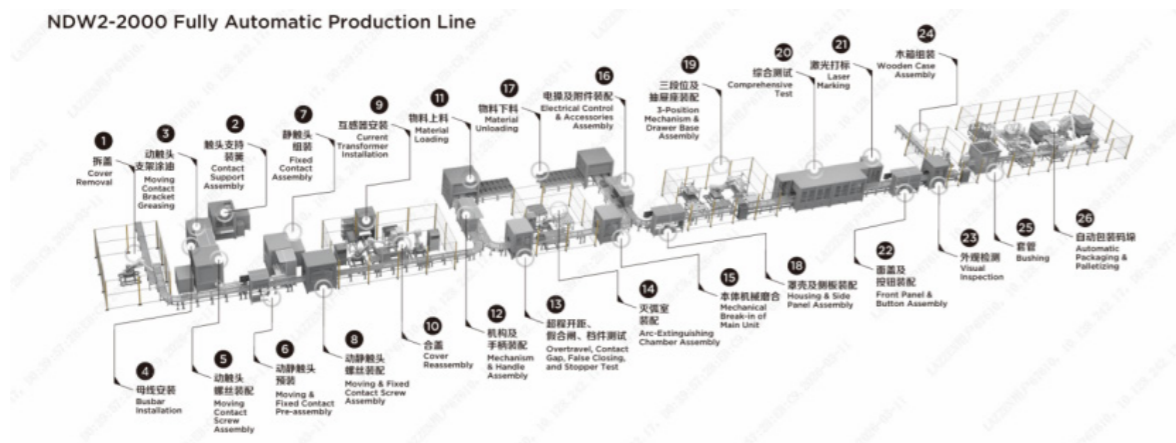
### Digitalization of material procurement

Through the integration and calculation of multi-system data, LAZZEN has digitized the material planning order management strategy model online and relied on automated system order placement to create a closed-loop material replenishment planning system that integrates data integration, intelligent analysis, human-machine collaborative decision-making, and automatic execution, effectively enhancing planning accuracy, efficiency, and agility, and reducing inventory costs and material shortage risks. Currently, 80% of material orders have been placed through RPA (Automated Order Placement).

### Production line upgrade

We applied lean thinking through production line layout, workstation design, job balance, combined with the use of automated equipment, low-cost automated tooling, and tools, to achieve a lean flexible benchmark production line that meets small-batch, multi-variety demands.

The "NDW2-2000 fully automated production line" at the Hangzhou Bay Mega Factory uses automatic assembly processes such as "automatic oiling, automatic screw assembly, automatic lid closing, automatic arc extinguishing chamber assembly, and automatic drawer seat assembly" to create an unmanned control mode of automatic packaging in the packaging section and AGV automatic conveying, achieving full control of work orders and material information as well as full control of intelligent shelf storage locations.



## Product Quality

### Governance

LAZZEN has always adhered to the core orientation of "Customer-centered, Quality as dignity", anchored the development vision of "Building quality competitiveness, becoming a synonym for high quality in the industry", and adhered to the quality culture and policy of "Prevention first, self-management, doing it right the first time, continuous improvement". LAZZEN is deeply engaged in quality requirements and standards centered on IPD, builds a comprehensive, efficient and appropriate quality management system, takes customer experience as the fundamental benchmark, regards product reliability as the foundation of the enterprise, and through continuous innovation and optimization, provides intelligent, green, safe and excellent products and quality services to customers and society, steadily enhancing quality competitive advantage, and moving steadily towards the international leading level.

As of the end of the reporting period, the product sampling pass rate rose to 99.6%, the business scope covered by the quality management system certification reached 100%, and the ISO 9001 quality management system certification and IATF 16949 automotive quality management system certification remained valid.



ISO 9001 Quality Management System Certification



IATF 16949 Automotive Quality Management System Certification

### LAZZEN Quality strategy goals

Year	Goals	Specific Content
In 2025	Deep promotion	The product quality level is leading in the industry

### Quality culture

<p><b>Prevention-oriented</b></p> <p><b>Work philosophy</b></p> <p>Shift from eliminating quality issues to preventing them. Management extends to clients and suppliers.</p>	<p><b>Self-management</b></p> <p><b>Work style</b></p> <p>Quality management is integrated into the daily work of business departments, everyone is responsible for the quality of their own work.</p>	<p><b>Do it right at the first time</b></p> <p><b>Work requirements</b></p> <p>Work must be done rightly at the first time, products must be made well at the first time, services must be provided perfectly, eliminate quality risks, and reduce quality costs.</p>	<p><b>Continuous improvement</b></p> <p><b>Work topic</b></p> <p>Constantly improve and innovate, pursue excellence, and avoid stagnation and arrogance.</p>
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## Strategy

LAZZEN adheres to the quality consensus that "Prevention is better than correction and do it right at the first time has the lowest cost", and has established a quality management system covering R&D, manufacturing processes and supply chains. At the source of research and development, we reduce quality risks throughout the entire life cycle from the design source by optimizing processes and deliverable standards, strengthening failure avoidance planning for similar problems, and improving efficiency in solving R&D problems. At the mass production and supply chain end, we launch special campaigns to tackle key quality issues, simultaneously carry out special campaigns for improving the quality of suppliers and materials, strengthen quality synergy in the industrial chain, and ensure the stability and reliability of mass production products. In the production process, we optimize process control through CLE (Process Control Level) projects, Quality Management Group (QCC) activities and automation upgrades, increase product pass rate and spot-check pass rate, and reduce process fluctuations and resource waste. At the platform empowerment level, we promote material normalization, improve the test case library and CBB library, optimize the IMS system and conduct quality training to continuously enhance the quality level of the entire chain through standardization and digitalization capabilities.

- Optimize the R&D process and the delivery template
- Improve the issue closure rate

- Carry out periodic reliability testing services to monitor the product quality compliance in real time

- Establish a core customer service team and provide specialized services
- Jointly carry out quality improvement projects with customers

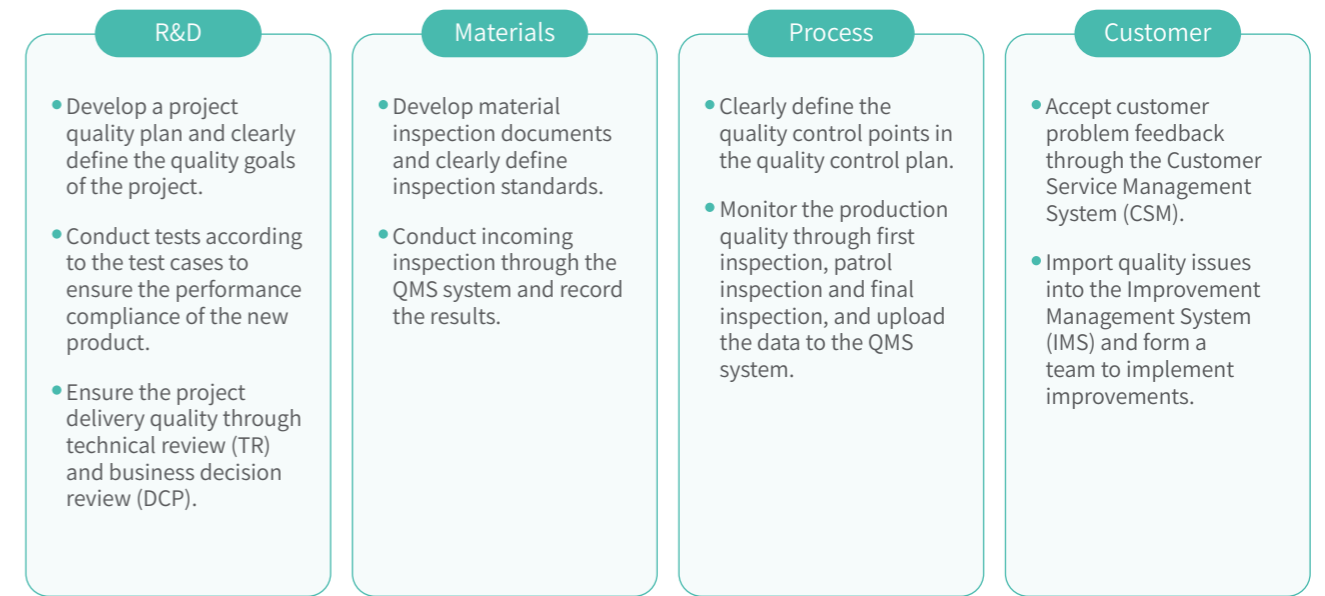


- Carry out the special project for improving TOP issues
- Carry out the 6sigma special project
- Carry out the FMEA special project
- Optimize the engineering change business
- Carry out the special project for improving the quality of TOP suppliers
- Carry out the special project for improving TOP materials
- Carry out the special project for advancing quality inspection forward
- Enhance the automation level of material inspection
- Carry out QCC activities
- Launch a special project to enhance CLE (Process Control Level)
- Improve the level of process automation

## Impact, risk and opportunity management

### Quality risk management

To strengthen quality risk management, LAZZEN ensures reliable quality throughout the product life cycle by formulating project quality plans, strictly controlling incoming and outgoing inspections, implementing full-process monitoring and closed-loop customer problem management. LAZZEN has established a regular quality assessment and improvement mechanism. Through monthly quality meetings and annual management review meetings, we systematically assess product quality risks, quality target performance levels and improvement directions. At the same time, relying on regular internal audits and inspections, we accurately identify the improvement points in the quality management process of each business department and promptly follow up on the improvement of non-conformities, continuously improve the consistency of operational processes with quality management requirements and promote the closed-loop optimization of the quality system.



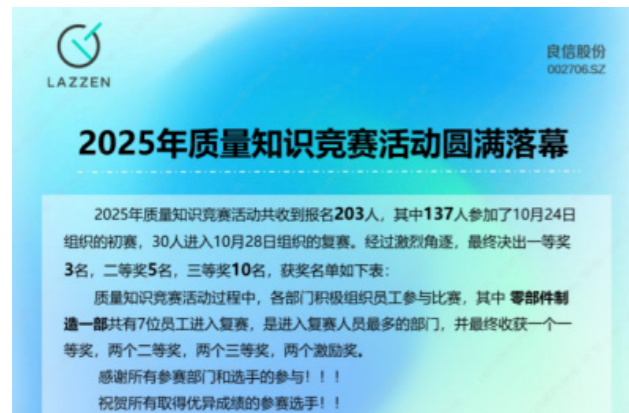
### Case Quality Management Group (QCC) activities

LAZZEN focused on quality improvement and cost optimization at the production site, implemented QCC activities, promoted full participation in quality management, and created an atmosphere of continuous improvement. During the reporting period, 27 groups of topics were proposed and 163 employees participated in the activity. At the same time, the product qualification rate was improved, resource waste was reduced, and the quality awareness and collaboration of employees were significantly enhanced.



### Quality incentives

LAZZEN builds a variety of quality incentive methods and conducts a series of quality incentive activities to fully mobilize the enthusiasm and initiative of all employees to participate in quality improvement. During the reporting period, we organized three rounds of immediate quality incentive evaluation, three rounds of IMS excellent case selection, conducted quality knowledge competitions, quality essay competitions with prizes and special activities of "Flagship Plan - Quality Star", submitted more than 200 people for evaluation, 17 excellent cases, received 47 quality essays, and 27 projects participated in the Quality Star selection. Ultimately, a number of outstanding individuals, teams and works were selected and incentivized, effectively strengthening the quality responsibility awareness of employees and creating a good quality culture atmosphere.



Quality incentive activities

### Quality training

LAZZEN continued to carry out quality training activities, holding a total of 30 quality training sessions throughout the year, with more than 700 participants. The training was conducted in the form of lectures combined with project practice, covering aspects such as quality concept consensus, quality professional tools, quality system knowledge, business process knowledge, audit skills and techniques, to comprehensively enhance the professional capabilities and practical skills of employees and lay a solid talent foundation for the steady improvement of the company's product quality.

#### The quality department of LAZZEN conducts specialized training on automotive-grade systems

From May to July 2025, in order to meet the standards and quality requirements of automotive-grade products, LAZZEN's quality department carefully planned and organized relevant personnel to participate in the automotive-grade system special training. The training course covered several key areas:

- The Error-Proof Verification Training leads trainees to explore the ingenious strategies for preventing errors, building the first solid line of defense for product quality;
- "Quick Response and Team Problem-Solving Training" focuses on developing agile thinking and efficient collaboration skills in the face of complex problems, ensuring that teams can break through quickly at critical moments;
- The IATF 16949 Special Characteristics Management Requirements course provides in-depth interpretation of the standard to help students accurately grasp the key points of special characteristics management;
- The "Qualified & Nonconforming Product Management" course focuses on the meticulous control of product quality, preventing the inflow of nonconforming products from the source and ensuring that every product meets high-quality standards;
- The Subsupplier Management course aims to optimize the supply chain system and ensure that the products and services provided by subsuppliers are always stable and reliable through scientific and effective management methods;
- The course "Change Management & Change Management - Production Trial Run" systematically explain the processes and methods of change management, as well as the precautions during the production trial run phase, providing strong support for enterprises to achieve a smooth transition during product change.



### Product recall

LAZZEN has established special management systems such as the Customer Return and Recall Management Procedure and the Nonconforming Product Management Procedure, and has established a closed-loop handling process and emergency response plan for after-sales issues. We have implemented standardized and efficient handling of return and recall matters for customer standard orders and sample orders, effectively safeguarding the legitimate rights and interests of us while fully protecting the legitimate demands of customers, and built a solid line of defense for product quality after-sales service.

#### Product recall process



#### In 2025,

The number of products recycled was

0

The sales involved in product recycled was

0

The number of product recall incidents was

0

## Indicators and goals

Indicators	Goals	Achievement status
PPM decline rate	-25%	Achieved
Client RoHS issue complaint	0	Achieved
Customer audit pass rate in one go	100%	Achieved
The PPM reduction rate of defective batches of materials going online	-25%	Achieved
Number of RoHS defects in incoming materials	10	Achieved
Incoming material pass rate	98.5%	Achieved
Product sampling pass rate	99.6%	Achieved
The proportion of business covered by quality management system and information security management system certifications	100%	Achieved

## Customer Service

### Customer service system

LAZZEN has always adhered to a customer-oriented service philosophy. Our domestic service network cover more than 140 key cities, achieving end-to-end rapid connectivity through an ultra-representative service system, and providing professional and efficient services to customers in more than 30 countries and regions around the world. Through internal and external linkage, we provide customers with more considerate, more professional, and more efficient services. LAZZEN was the first in the industry to introduce a three-year warranty service for its products, insisting on putting customer needs at the center. After-sales service always prioritizes solving practical problems for customers and fully ensures the safety and reliability of customers' electricity usage. From responding quickly to customer needs, to providing 7×24-hour uninterrupted service, and to archiving information throughout the service process, we have established a standardized, full-process service system to ensure efficient, standardized and traceable quality service for customers.

LAZZEN has obtained the five-star certification required by the GB/T 27922-2011 Commodity After-sales Service Evaluation System Standard, marking that our after-sales service capabilities have reached the benchmark level within the industry and the national standard.



Certification for after-sales service of goods

LAZZEN has formulated specialized management systems such as the Customer Complaint and After-sales Handling Management Procedure, Customer Return and Recall Management Procedure, and Process Management Specification for Large Customer Service System. At the same time, we regularly conduct a series of training sessions for the service capacity enhancement camp, providing monthly specialized training for the service team on low-voltage electrical fundamentals, professional product knowledge, and on-site problem handling. We will continue to strengthen our team's professional service capabilities and ensure reliable power supply for customers in all aspects.

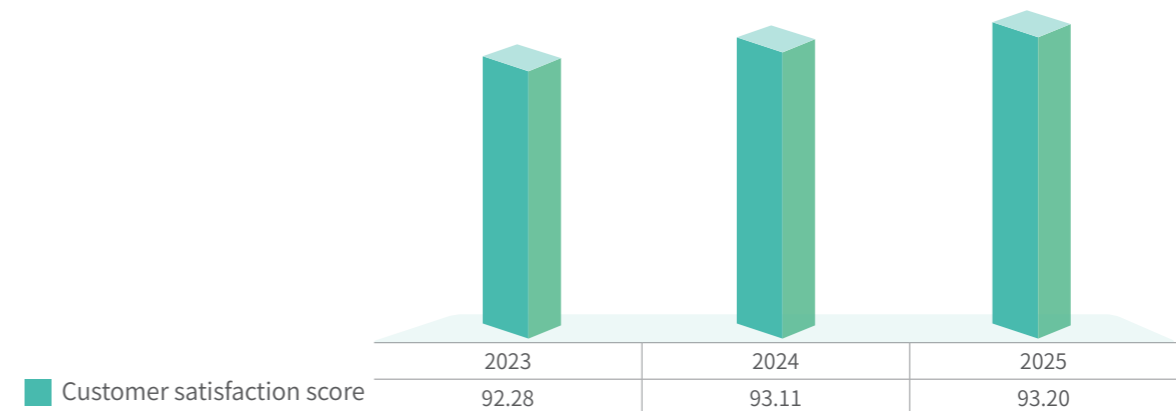
During the reporting period, we optimized the management system for large customer service, standardized the work content and execution process related to large customers, thereby enhancing the professionalism and pertinence of large customer service. At the same time, we rationally integrated effective resources, clarified customer classification standards, precisely met the needs of customers at different levels through differentiated services, and further unified full-channel service standards and solidified standardized service processes to effectively improve overall service efficiency.

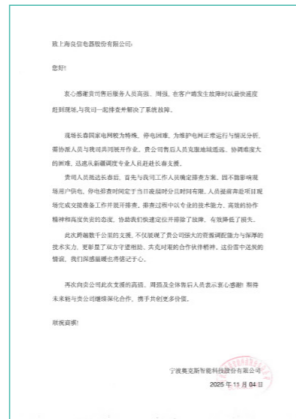
LAZZEN launched the CSM after-sales management system to create a digital after-sales solution centered on "integrated control, intelligent efficiency improvement, and data-driven decision-making". The system integrates the full-scenario functions of after-sales service work orders, quality exchanges, and customer complaints, breaking down the barriers of traditional decentralized after-sales management. At the same time, it links up after-sales service personnel of dealers to build a full-chain service loop of "headquarters - dealers - customers", which not only improves service quality but also strengthens the uniformity and efficiency of the brand after-sales system. Through digital means, we achieve a dual improvement of enterprise after-sales service efficiency and customer satisfaction, and fully empowered the refined and efficient implementation of customer service work.

In response to customer feedback, LAZZEN focuses on key customers and bulk quality issues, integrates internal resources to establish an efficient quality issue escalation and handling mechanism, builds a complete management system covering pre-issue quality issue escalation handling and post-issue customer complaint handling, and achieves pre-issue prevention and post-issue efficient resolution through preventive management and rapid response measures. To enhance customer service quality and satisfaction in all aspects.

We have developed the Customer Complaint and Aftermarket Management Procedure, which clarifies the job responsibilities of relevant departments such as dealers/offices, after-sales service departments, technical support departments, process quality departments from the aftermarket end, and makes standardized requirements for the record-keeping and follow-up work throughout the complaint handling process, achieving clear rights and responsibilities and closed-loop control in aftermarket problem handling. We continuously improve the customer service commitment system. Customers can report on-site problems through the local office or the hotline in the first instance. If on-site service is required, it will be followed up and supported by a dedicated person. LAZZEN commits to the core service principles of three-year product warranty and priority resolution of customer problems, and establishes a graded rapid response mechanism: responding to general problems within 12 hours, major problems within 1 hour, and serious incidents within 0.3 hours, with after-sales engineers arriving at the site within 24 hours and replying to customers with problem explanations or handling reports within 3-5 working days, to do our best to ensure the customer experience.

In 2025, LAZZEN's overall customer satisfaction score was 93.20 points.





Customer letter of thanks

Customer & Partner honor awards



Diamond Partner Unit of the Building Electrical Branch of the Architectural Society of China



Zhongcheng Liancai Outstanding Partner Award



Sungrow Power Supply Beyond Ambition Award



Sungrow Power Supply ESG Best Practice Award



Kehua Data Excellence Partner Award



Hopewind Electric Supplier of the Year Award



Ampace Supplier of the Year Award



Mingyang Smart Energy 2025 Strategic Supplier Award

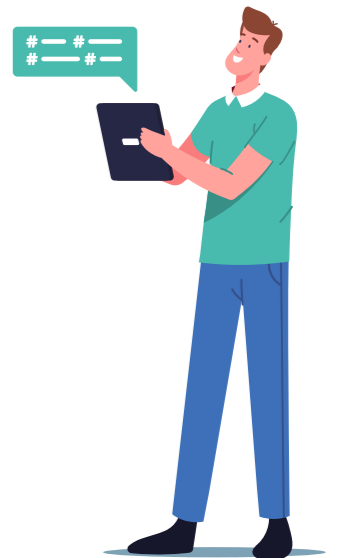


TGOOD "TGOOD Award" Ecological Partner

Responsible marketing

LAZZEN strictly adheres to national laws and regulations such as the Advertising Law in the management of product and business promotion, scientifically formulates appropriate promotional content and promotion methods, and adheres to the authenticity and compliance of promotion. To regulate marketing cooperation and market order, LAZZEN has developed the Dealer Manual, which clearly stipulates core contents such as distribution areas, product prices, sales conditions and after-sales service guarantees, ensuring that the cooperation between LAZZEN and dealers is based on clarity and fairness, and focusing on building a stable and win-win dealer cooperation network. At the same time, we further improved the responsible marketing management system, identified the circumstances of malicious cross-regional sales by different entities in response to cross-selling behavior in market operations, formulated differentiated penalty measures and set reasonable exceptions. For violations that violate the principle of genuine promotion, such as false discounts and dealers' false self-development, clear criteria for identification and tiered penalty schemes have been established, and the applicable circumstances for aggravated and mitigated penalties have been specified to strictly regulate marketing practices in all aspects.

To further empower the growth of dealers and enhance the overall professional and market development capabilities of the channel, LAZZEN also conducts specialized training and case-sharing activities for dealers, focusing on core areas such as smart distribution and new energy (wind, solar, energy storage and charging). We provide in-depth training on smart distribution solutions and new energy industry solutions, and offer comprehensive explanations covering industry pain points, solutions to project practice and question answering. The training and case sharing effectively enhanced the solution implementation and market development capabilities of dealer project managers, helped to enrich the channel professional talent reserve, further strengthened the channel operation efficiency, and laid a professional foundation for the compliant expansion of market business. Through the construction of a comprehensive and standardized marketing management system and channel empowerment actions, we have continuously enhanced our market compliance operation capabilities and core competitiveness, earnestly practiced the concept of responsible marketing, and promoted the long-term symbiosis and common development of the enterprise and our partners.



Specialized training and case sharing for dealers

## Information Security and Customer Privacy Protection

LAZZEN strictly adheres to relevant laws and regulations such as the Data Security Law and the Cybersecurity Law, comprehensively strengthens the information security defense line, and builds a full-dimensional information security management system covering equipment security, network security, data security, software and hardware security, and computer room management. As of the end of the reporting period, our information security management system certification covers 100% of business areas and remains valid.

Our internal digital intelligence platform is equipped with advanced security permission management capabilities, which can precisely implement data access control and permission allocation, effectively defending data and privacy security at the management level. At the same time, aTrust VPN, WAF firewall, situational awareness and antivirus software are used to build a technical barrier for information security.

### Data security

The security of end-user devices is guaranteed through the Lenovo access and desktop management system and the Internet behavior management system. A dual data protection mechanism of core business data backup in the headquarters computer room and off-site disaster recovery computer room is established, along with regular disaster recovery drills to ensure high data availability and stability.

### Software and hardware security

The enterprise version of ESCT antivirus software is used for terminal anti-virus management, and the physical interfaces of terminal devices are controlled through the Lenovo desktop management system to prevent unauthorized device access.

### Network and device security

Relying on the situation awareness system of network security service providers for real-time monitoring and analysis of internal network threats, isolation of production areas, office areas and Internet access is achieved through measures such as switch ACL policies, firewalls and bastion hosts to ensure secure access and auditing of important business systems.

### Computer room management

The computer room environment is equipped with complete fire protection, UPS power supply and constant temperature and humidity facilities, strict access control and emergency response plans for catastrophic failures are established, and regular drills are conducted to further ensure the stable operation of business systems.



ISO 27001 Information Security Management System Certification

LAZZEN has developed a comprehensive information security contingency plan, incorporating network risk assessment, information security training, security testing and practical drills into the core links, forming a management loop of "assessment - training - testing - drill". LAZZEN conducts information risk assessment on a regular basis. Through the information security risk assessment form and the annual information security planning document, we systematically identify and assess potential security threats, clarify risk levels and impact scopes, and formulate response measures. We engage an external third-party company to conduct a comprehensive penetration test on our Internet resources to accurately identify high-risk vulnerabilities such as weak passwords and configuration errors, and to clarify the direction for subsequent security reinforcement.

During the reporting period, we conducted 9 disaster recovery drills for different infrastructure or application systems, covering key systems and facilities such as the core switch firewall, K8S platform, SAP, LOMS order placement system, and UPS of Haiyan Data Center. This verified that the disaster recovery mechanism met the RTO and RPO goals, while identifying optimization items to continuously improve the disaster recovery system.

We regularly organize special training on information security and conducted special education on information security for management trainees to enhance their awareness of security. We conduct online phishing email prevention education and training for all employees, effectively enhancing the security awareness and practical ability of all employees to prevent phishing emails, comprehensively safeguarding the security of company and customer data, and ensuring the safe and stable operation of business systems.

During the reporting period, our information security training coverage rate was 100%, and no information security incidents occurred.



Information security education and training



# 03

## Supply Chain

- Supplier Management
- Sustainable Supply Chain
- Supply Chain Security
- Treat Small and Medium-Sized Enterprises Equally

Contributions to the United Nations Sustainable Development Goals (SDGs)

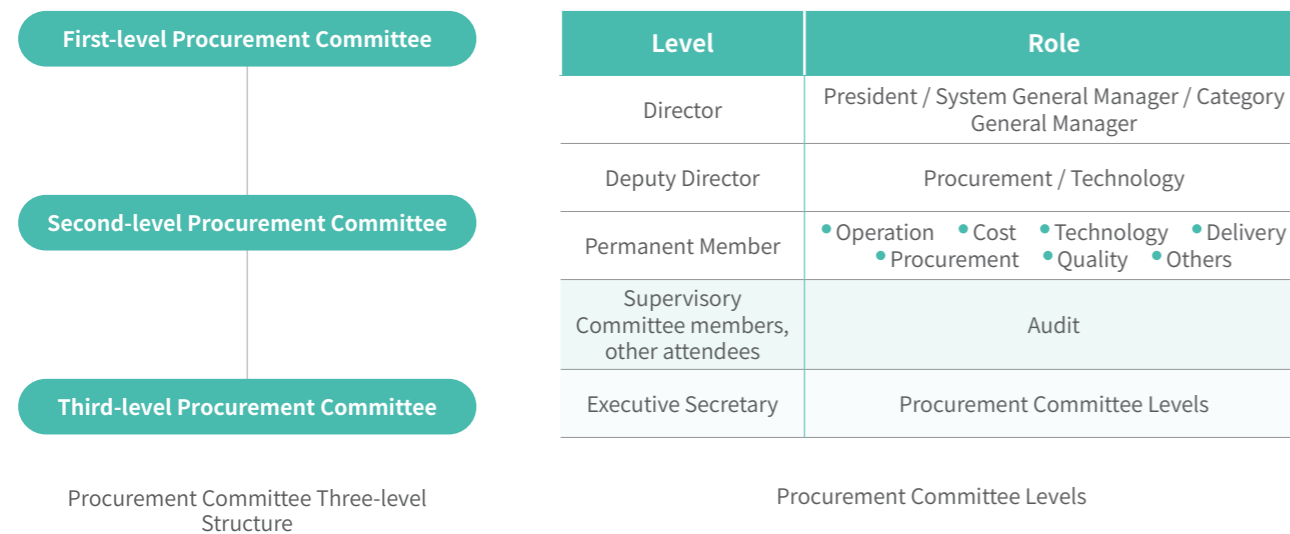


## Supplier Management

LAZZEN is committed to sustainable development and responsible procurement, and continuously improves and optimizes the supplier management system. We have established systems such as the Supplier Access Certification Management Procedure, Supplier Stratification and Grading Management Approach, and Supplier Performance Management Approach to further standardize supplier management and enhance the efficiency and transparency of supply chain collaboration.

LAZZEN has established a supplier management structure centered on the Procurement Committee, with our president as the top leader, fully responsible for our supply chain management system and management. The Committee has a supply chain system general manager and a supply chain quality operations department head, who are responsible for coordinating our supply chain management, and a management structure in which general managers of product lines, quality systems, operations and strategic finance systems work together.

### The management structure of the Procurement Committee of LAZZEN



### Supplier full-process management

LAZZEN implements strict assessment criteria for the screening and admission of suppliers, and integrates ESG into the screening and admission criteria of suppliers based on the assessment of enterprise qualifications and delivery quality to ensure the sustainability and stability of potential suppliers.

**Access certification management**

Conduct a comprehensive audit and evaluation of new suppliers through qualification certification, system certification, and product certification to ensure the availability, procureability, cost, and support capacity of materials.

**Supplier performance assessment**

- Purchase spread rate (excluding bulk) -6%
- Incoming material pass rate 98.5%
- The on-time delivery rate to standard is 90%
- Domain purchase program file update rate 100%.

**Hierarchical management of suppliers**

Strategic suppliers, preferred suppliers, qualified suppliers, limited suppliers and eliminated suppliers.

**Supplier social responsibility**

Projects that require compliance with all national and local environmental laws and regulations, such as environmental protection, production safety, and labor management.

### List of supplier system certifications

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

## Sustainable Supply Chain

LAZZEN adheres to the concept of sustainable development by establishing a sound institutional system and systematically promoting the construction of a green and responsible supply chain. In 2025, we formulated and released the Supplier Social Responsibility Management Measures and the Supplier Social Responsibility Review Form, and encouraged suppliers to sign the Supplier Social Responsibility Commitment Letter. We fully integrate environmental, social and governance (ESG) factors into the supplier access review and performance evaluation process, continuously strengthen the supply chain ESG management mechanism to provide solid support for building a responsible and sustainable supply chain system.

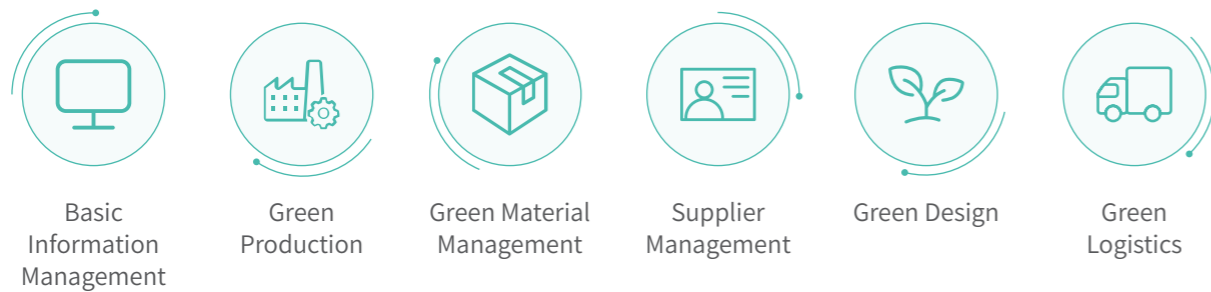
We continuously conduct environmental and social impact assessments of our suppliers, incorporate environmental protection requirements, social responsibility, and compliance operations into the scope of supplier access and daily management, promote the joint practice of sustainable development concepts by upstream and downstream, and build a responsible, green and low-carbon supply chain ecosystem. During the reporting period, we conducted social impact assessments on 100 suppliers and environmental impact assessments on 120 suppliers.

### Green supply chain

LAZZEN requires its suppliers to sign the Environmental Protection (RoHS) Agreement and the Supplier Material Environmental Protection Assurance Agreement, encourages the use of degradable raw materials and low-carbon processes, and promotes the green transformation of the supply chain.

With the core strategic goal of building a green and sustainable supply chain system, LAZZEN has established a dedicated green supply chain management department to promote the greening process of the entire chain in a coordinated manner. To achieve this goal, we have built a green information platform that integrates SRM system, WMS, TMS (transportation management system), simulation analysis and PLM system, building a full-chain digital management platform that covers basic information management, green production, green material management, supplier management, green design, and green logistics.

#### Green Information Platform



In 2025, we continued to optimize the SRM system, enhance operational efficiency, and add a mold ledger management module to achieve systematic ledger management. At the same time, we promoted full access to the SRM system at the supplier end to achieve paperless business collaboration. In addition, we promoted the use of recyclable turnover boxes. By 2025, 40 suppliers had adopted turnover box packaging, reducing the use of paper packaging and promoting green logistics.

### Conflict minerals management

To practice responsible sourcing, we strictly enact a conflict-free minerals sourcing policy. To implement the requirements, we urge suppliers to sign REACH commitment letters and fill out research forms to strengthen the source management of hazardous substances. At the same time, we updated management documents related to conflict minerals, requiring suppliers to complete agreement signing and establish a traceable and responsible mineral supply chain system. In 2025, we conducted more than 30 mineral surveys in total.

### Sunshine sourcing

To continuously create an open, transparent, compliant and orderly procurement environment, LAZZEN actively promotes the Sunshine Procurement mechanism and comprehensively regulates procurement practices. We explicitly require all suppliers to sign the Integrity Cooperation Agreement, which constrains the cooperation behavior of both parties at the institutional level and establishes the foundation of integrity cooperation. During the reporting period, the signing rate of the Supplier Integrity Clause was 100%. At the same time, we regularly issue integrity initiatives to smooth supervision and feedback channels, set up an audit reporting hotline to accept internal and external supervision, and further strengthen the transparency and standardization of the procurement process. In addition, during holidays, we issue integrity initiatives to all suppliers, resolutely eliminating any form of grey behavior in order to maintain a clean procurement environment.

In 2025, our procurement process remained open and transparent, and no major integrity violations occurred, further consolidating the integrity foundation and sustainable governance capacity of the supply chain.

## Supply Chain Security

To ensure the continuous stability of the supply chain and the operation of the business, LAZZEN has established a full-process closed-loop management system covering supplier access certification, performance assessment, and supplier classification management. By establishing a backup mechanism for long and short lists of suppliers and implementing a dual-supply backup strategy for key core materials, we effectively diversify supply risks and enhance supply chain resilience.

### Supply chain risk management

LAZZEN attaches great importance to supply chain risk management and has established a management mechanism covering risk identification, assessment, response and monitoring. We work with our suppliers to comply with international environmental standards and social responsibility norms, and avoid supply chain risks through a diversified supplier strategy, regular evaluation of supplier performance, establishment of contingency plans, the signing of compliance commitments, enhanced communication and cooperation with suppliers, implementation of supplier development and improvement plans, and adoption of advanced supply chain management systems, so as to ensure the stable operation and continuous development of our business.

In terms of risk identification and assessment, we have established a regular supplier audit system, systematically screening for potential risks through annual comprehensive audits, delivery quality tracking, conflict minerals due diligence, and environmental compliance checks such as RoHS. In 2025, we conducted more than 60 audits of our supplier system, more than 40 new supplier access audits, and completed more than 30 mineral surveys, continuously enhancing the transparency and compliance of our supply chain.

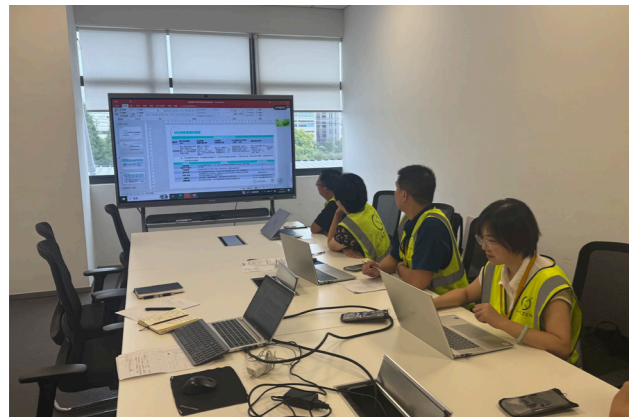
To enhance supply chain resilience, we revised and implemented a new version of the Delivery Contingency Plan in 2025, further clarifying the emergency organizational structure, response process and execution responsibilities to ensure the rapid recovery and stable operation of the supply chain in case of emergencies. At the same time, we updated our conflict minerals management system documents and pushed suppliers to sign relevant compliance agreements to strengthen risk control from the source.



### Strengthen supplier training

LAZZEN regularly organizes safety operation training and on-site supervision and inspection, and assists suppliers in continuously optimizing production processes and quality control capabilities through lean improvement and special quality enhancement coaching, jointly strengthening the foundation of supply chain security.

In 2025, we organized multiple supplier training and on-site coaching sessions on themes such as quality improvement, lean production, and green transformation, including APQP/PPAP process training, lean production improvement coaching, green procurement and ESG special training.



APQP training for key suppliers



PPAP training for key suppliers



Supplier quality management training



Training on RoHS risk identification and control reporting

LAZZEN establishes and continuously improves the supply chain emergency response plan system, clarifying the response process and division of responsibilities under various emergency scenarios. In 2025, we updated the Delivery Contingency Plan, further strengthening the closed-loop management mechanism from risk identification, assessment to emergency response, to ensure the stability and controllability of the supply chain in the event of fluctuations in the external environment or emergencies.

### Treat Small and Medium-Sized Enterprises Equally

LAZZEN strictly adheres to the requirements of relevant laws and regulations such as the Law on Promoting the Development of Small and Medium-Sized Enterprises, upholds the principle of fair, just, equal and mutually beneficial cooperation, respects the legitimate rights and interests of every supplier and partner, and ensures that all types of market entities enjoy equal cooperation opportunities and treatment throughout the cooperation process.

To ensure the compliance and timeliness of payment, we have established a sound financial control system, regularly conduct financial budget preparation, tracking analysis of implementation and verification of payment ledgers, and ensure reasonable fund allocation and standardized payment processes through refined financial management. During the reporting period, we strictly fulfilled payment obligations, with no cases of overdue payments to small and medium-sized enterprises, maintaining a healthy and stable supply chain ecosystem through practical actions.



# 04



## Environment

- Responding to Climate Change
- Environmental Compliance Management
- Resource Management
- Pollutant Emissions
- Waste Management
- Chemical Management
- Biodiversity Conservation

Contributions to the United Nations Sustainable Development Goals (SDGs)



# Responding to Climate Change

LAZZEN has always placed addressing climate change in a strategic priority position and maintained close and continuous attention. We actively respond to the requirements of the national "dual carbon" goals, attach great importance to building our own capacity to address climate change, and accelerates the process of green and low-carbon transformation with firm determination and efficient actions. We align with the International Sustainability Standards Board's (ISSB) IFRS S2 - Climate-related Disclosures framework to analyze and manage climate change issues. We continuously refine the climate change management structure to enhance our ability to respond to climate change.

## Governance

LAZZEN has established the ESGMT (Environmental, Social and Governance Management Team), incorporating climate change governance into the committee's decision-making process. We have clearly defined the rights and responsibilities of each level of organization and prioritized integration of internal organizational resources, to drive swift transformation and innovation in response to the rapid changes and challenges in the external environment, fully ensure the achievement of medium-to-long-term strategic goals. At present, We are initially establishing relevant systems and will revise and improve them year by year.

### Climate change governance framework and responsibilities



## Strategy

LAZZEN has always adhered to the concept of green development, making the gradual reduction of carbon emission intensity a long-term strategic direction, and has always been committed to optimizing the energy structure and increasing the proportion of clean energy in our overall energy consumption. In addition, through technological upgrades and equipment renovations, energy utilization efficiency is enhanced and carbon emissions in the production process are reduced. LAZZEN Hangzhou Bay Mega Factory has been built into a leading Zero Carbon demonstration plant in China. In the future, the Shanghai Base will undergo Zero Carbon transformation and upgrading, and the Zero Carbon plant solution will be fully promoted to contribute LAZZEN wisdom to sustainable development.

## Identification of climate risks and opportunities

In response to the "dual carbon" goals, LAZZEN identified and managed the risks and opportunities of climate change. We classified climate change risks into physical risks and transition risks, and developed corresponding response measures based on the relevant impacts of climate change to better address climate change.

Risk / opportunity types	Risk / opportunity description	Response measures	
Acute risk	Production disruptions, depreciation of fixed assets, labor losses, and increased facility maintenance costs caused by extreme weather (such as heavy rain, typhoons, heavy snow, floods, high temperatures, etc.) affect product delivery	Establish a regular tracking mechanism for meteorological information and develop contingency plans for extreme weather and sudden environmental incidents; Introduce digital platforms for real-time monitoring to facilitate early warning of potential safety hazards	
Physical risks	Changes in temperature and precipitation patterns caused by global warming may affect the extraction and transportation costs of raw materials	Keep a long-term focus on climate change trends and early warnings, and develop climate change response strategies	
Chronic risk	Both Shanghai Factory and Hangzhou Bay Mega Factory are located in coastal areas and face the risk of rising sea levels, which may increase maintenance costs for the plants		
Policy and legal risks	Government requirements for climate-related information disclosure are becoming increasingly strict, and the pressure on companies to manage compliance is gradually increasing. carbon emissions from production and operation need to be strengthened, and the pressure of GHG control for overseas business is increasing	Improve the carbon emissions and product carbon footprint management system, set climate change-related management targets, continuously optimize the energy structure and energy conservation and carbon reduction measures, and strengthen the research and development of green and low-carbon technologies. Keep track of laws and regulations related to GHG emissions in domestic and international markets in real time, refine the company's internal environmental management system, and respond promptly to new laws, regulations and regulatory requirements	
Transition risks	Technical risks	In the new energy sector, technology is evolving rapidly, and our products may face the risk of a decline in product competitiveness	Increase investment in research and development, strengthen cooperation with research institutes, and further enhance technological reserves
	Market risks	Customers' demand for green, low-carbon solutions is increasing; Higher demands for green supply chains may affect market share	Pay attention to changes in carbon market policies and lay out in advance in areas such as green technology research and development and green supply chains to meet customer and market demands
	Reputational risks	Stakeholders are increasingly concerned about a company's performance in responding to climate change. If we fail to actively engage in climate change response actions, we may fail to meet local regulatory requirements and stakeholder expectations, thereby damaging its own image and reputation	We will continue to enhance our capacity to address climate change, strengthen the monitoring of negative public opinions, proactively follow up on rectifications, and reduce the negative impact on the surrounding environment
Opportunities	Product and service opportunities	New energy installations such as wind, solar and energy storage have continued to grow, and demand for our smart distribution, low-voltage components and other products has increased The construction of Zero Carbon plants in various regions is accelerating, and the demand for supporting solutions is increasing	Focus on the development of new energy-specific products, build a distribution network with new energy as the main body, enhance the shock resistance, fatigue resistance and protection level of equipment, and form a technological barrier The Hangzhou Bay Mega Factory builds a Zero Carbon demonstration project, has formed comprehensive energy service capabilities, and can export solutions externally
	Opportunities for energy utilization	Improving energy efficiency in LAZZEN's operations can help reduce our resource expenditure	Develop corresponding energy-saving and consumption-reducing renovation plans for key energy-consuming systems and continuously carry out energy-saving dispatching work

## Impact, risk and opportunity management

LAZZEN continues to accelerate the green transformation, strengthen the research and development of green ecological technologies, layout the new energy market, provide customers with energy-efficient products and low-carbon solutions, and empower the harmonious coexistence of man and nature.

### Management measures of LAZZEN in response to climate change

#### Green products

Our green innovation R&D layout covers multiple aspects such as materials, structures, and performance, and optimizes and improves high-energy-consuming process equipment and energy-saving algorithms through new processes, new technologies, new equipment, and new energy sources. We incorporate green ecological design concepts into its product design, conduct full life cycle evaluations of its products, and continuously optimize in areas such as lightness and low-carbonization. Our products have been awarded the title of Green Design Product by the Ministry of Industry and Information Technology.

#### Cleaner production

We advocate a green operation concept, promotes a low-carbon lifestyle, and always implement the ecological and environmental protection concept in production and business activities. In the production process, we use advanced Italian fully automatic micro-break assembly lines and Asia's third automatic electroplating silver production line to reduce the generation of industrial solid waste and the harmfulness of solid waste, creating a "dark factory" model to achieve energy conservation and consumption reduction.

#### Green office

LAZZEN encourages employees to implement environmental protection measures, implement paperless work, and complete meeting notifications, schedule management, expense reimbursement, etc. through OA electronic processes, further reducing the environmental burden and contributing to the protection of the ecological environment.

#### New energy product research and development

LAZZEN adheres to the principle and concept of "Fully investing resources and designing for 25 years of use" in new energy research and development. Anchor the innovation points of new energy product research and development, focus on customized product development, simplify the R&D process to focus on key points, pay attention to multi-sample reliability testing, in the process of new product development, go deep into customer usage scenarios, continuously interact with customers for testing, discover and solve problems in the process to achieve high volume upon market launch.

### Green electricity consumption

By proactively purchasing green electricity certificates, we have significantly increased the proportion of renewable energy in our electricity consumption structure and directly reduced indirect carbon emissions from purchased electricity. In 2025, we purchased a total of 6,177 green certificates, corresponding to a consumption of 6,177 MWh of green electricity.



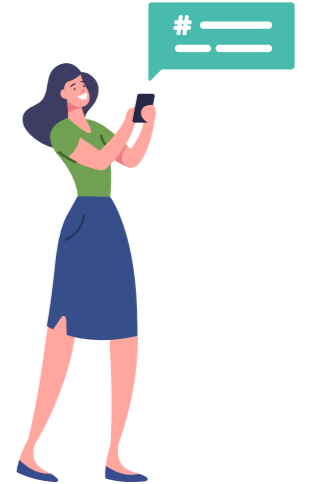
Green electricity certificate trading credentials

### Case Product carbon footprint certification

LAZZEN has completed carbon footprint calculation for a core product (1-pole NDB2-63 miniature circuit breaker) in accordance with the international standard ISO 14067 and has obtained an authoritative third-party verification certificate, which lays the foundation for quantifying the environmental impact of the product and identifying key links for emission reduction.



Carbon footprint verification certificate for the 1-pole NDB2-63 miniature circuit breaker product



### Case Product Life Cycle Assessment (LCA) Verification

LAZZEN has completed LCA verifications for several major product lines, providing scientific decision-making basis for eco-design, material selection and process optimization through systematic assessment of the environmental impact at each stage from raw material acquisition to product disposal, and driving green product innovation.



LCA Verifications for miniature circuit breakers (NDB2-40, NDB2-63(1-4P), NDB2T-63(1-4P), NDB2-63K)

Case Facilitating new energy project construction

LAZZEN continues to provide more advanced and reliable smart electrical solutions for global customers, jointly building a clean, low-carbon, safe and efficient future energy system. LAZZEN is deeply involved in the construction of many major wind power and energy storage projects both at home and abroad. With key products such as dedicated electrical solutions for wind power and core circuit breakers on the DC side of energy storage, we provide core electrical support for the efficient power generation of wind power projects and the safe and stable operation of energy storage systems, facilitating the large-scale development of clean energy and the efficient consumption of power grids. By continuously empowering the implementation of Zero Carbon energy scenarios such as wind power and energy storage, LAZZEN continuously promotes the substitution of traditional fossil energy, effectively reducing carbon emissions across the entire industrial chain from the energy supply side.

Huaneng Shandong Peninsula North Offshore Wind Project

Project Capacity: 504MW

Once completed and put into operation, the project will generate about 1.7 billion kWh of electricity annually, which can meet the annual electricity demand of about 500,000 households, saving about 500,000tce and reduce carbon dioxide emissions by 1.35 million tons each year at the same time



Goldwind 20MW offshore wind project

Project Capacity: 20MW

Compared with offshore wind farms that use 16MW units, 20MW units can help wind farms reduce 25% of turbine sites, save sea area, spread out development costs, and remove economic bottlenecks for the large-scale development of deep-sea wind power. The GW147 blades used in 20MW units are made of high-modulus carbon fiber materials, significantly



improving aerodynamic efficiency. Combined with an intelligent control system, the power generation efficiency can be increased by 5%, and the value cost per kilowatt-hour of the project can be reduced by 5% to 8%

Sunpro Wind Farm, Vietnam

Project Capacity: 30MW

Once operational, the project will generate approximately 89.5GWh of clean electricity annually, enough to meet the electricity needs of about 27,000 local households and effectively reduce GHG emissions



Azerbaijan Khizi-Absheron Wind Power project

Project Capacity: 240MW

With a total capacity of 240MW, the project is Azerbaijan's largest single wind power project, generating about 1 billion kWh of electricity annually, saving about 220 million m<sup>3</sup> of natural gas annually, and reducing carbon dioxide emissions by more than 400,000 tons annually



Mengnengzhongqi 1.5 million kW wind storage Base project

Project Capacity: 1.5GW

When fully operational, the project is expected to generate 5.44 billion kWh of electricity annually, reducing the burning of 1.64 million tce each year



Indicators and goals

LAZZEN conducts annual greenhouse gas audits and sets corresponding climate change targets based on the national "dual carbon" goals. At present, LAZZEN is leading the compilation of the Carbon Neutrality White Paper and planning the carbon neutrality path. The document will systematically set out our carbon neutrality vision, strategic path, phased goals and implementation roadmap, aiming to unify our action plan internally and transparently display our commitments and plans externally.



During the reporting period, LAZZEN purchased a total of 1,126 Verified Carbon Units (VCUs) to offset greenhouse gas emissions and achieve carbon neutrality.

Disclosures	Units	2025
Scope 1 GHG emissions	tCO <sub>2</sub> e	780.34
Scope 2 GHG emissions	tCO <sub>2</sub> e	20,986.29
Total GHG emissions	tCO <sub>2</sub> e	21,766.63
GHG emission intensity	tCO <sub>2</sub> e / CNY 10,000	0.0511

Calculation method: The emission factors for fossil fuels are adopted from the 2006 IPCC for National Greenhouse Gas Inventories. The emission factors used for purchased electricity are from the Announcement on Issuing the 2003 Power Sector Carbon Dioxide Emission Factors issued by the Ministry of Ecology and Environment and the National Bureau of Statistics of China. The emission factors used for purchased steam are based on the steam enthalpy table in the Calculation Method and Reporting Guidelines for Greenhouse Gas Emissions of Enterprises in Other Industrial Sectors in China. Calculation boundary: The data covers the Shanghai Factory and the Hangzhou Bay Mega Factory. The data on Scope 2 GHG emissions disclosed in the table is based on location. The Scope 2 GHG emissions for the year 2025, based on the market (after deducting the green certificate purchase volume), were 7,773.40 tCO<sub>2</sub>e.



## Environmental Compliance Management

LAZZEN strictly adheres to national environmental protection laws, regulations and rules such as the Environmental Protection Law and the Environmental Impact Assessment Law, continuously improves the environmental management system, optimizes the supporting organizational structure, clearly defines the environmental management responsibilities at all levels, and comprehensively enhances our environmental compliance management capabilities.

### Governance

LAZZEN has developed internal environmental management documents such as the Environmental Occupational Health and Safety Management System, Environmental Management Policy, Environmental Factor Identification and Evaluation Management Procedure, Wastewater Discharge Management Procedure, Exhaust Gas Discharge Management Procedure, Emergency Preparedness and Response Management Procedure, and has established an environmental management framework.

At present, LAZZEN has passed the ISO 14001 environmental management system certification.



ISO 14001 Environmental Management System Certification

### Strategy

LAZZEN fully implements ecological and environmental protection management measures, scientifically plans and implements environmental compliance management system, and continuously enhances the comprehensive effectiveness of our environmental compliance governance by conducting environmental risk factor identification and strengthening pollutant and waste discharge requirements. In addition, we actively conduct environmental protection training and activities, and enhance the environmental awareness of employees through regular environmental protection promotion.

### Impact, risk and opportunity management

LAZZEN has established institutional documents to address environmental compliance risks, such as the Emergency Response Plan for Sudden Environmental Incidents, Emergency Preparedness and Response Management Procedure, Incident Investigation and Handling Management Procedure, Risk and Opportunity Management Procedure, Corporate Environmental Analysis Management Procedure.

LAZZEN has established the Emergency Response Team (ERT) led by the EHS Safety Committee, consisting of the heads of relevant departments or specific personnel designated by each department. Each department regularly fills out and submits the Risk and Opportunity Identification Evaluation Form, commissions a third party to conduct environmental tests on the company and produce reports, and continuously optimizes the management of environmental compliance, energy resources and other environmental protection links.

To ensure the legal and compliant operation, LAZZEN conducts regular risk assessment for environmental management. We use professional environmental risk assessment tools and methods to quantitatively assess each environmental compliance risk point, determining the probability of its occurrence, the potential impact, as well as the types and severity of consequences of environmental accidents that may be triggered. This help us identify the focus and priorities of our environmental management work and formulate corresponding response measures.

During the reporting period, we identified new environmental risk factors, including electromagnetic radiation from the test station, dust from PCB cutting in the electronic workshop, filter material replacement in the exhaust gas treatment facility, dust from laser grinding and metal dust from copper plate cutting. We have formulated control measures for each of these factors, such as regular detection and external shielding for electromagnetic radiation, collection and cleaning of dust, and harmless outsourcing disposal of waste filter material.

Environmental compliance risk assessment at LAZZEN

Categories	Content
Regulatory review	<ul style="list-style-type: none"> <li>Regulatory Policy review: Conduct a comprehensive review and interpretation of new or revised national and local environmental laws, regulations, policies and standards on an annual basis, with a focus on regulatory changes that may have a significant impact on the company's production and operation activities.</li> <li>Preliminary Risk identification: Based on LAZZEN's business scope and operational model, initially identify potential environmental risk areas from the perspective of legal compliance, and compile potential risk points into a list as the basis for subsequent in-depth assessment.</li> </ul>
EHS identification assessment	<ul style="list-style-type: none"> <li>Quantitative assessment: The EHS department conducts a quantitative assessment of each risk point to determine the likelihood of its occurrence, the extent of potential impact, and the types and severity of consequences of environmental incidents that may be triggered.</li> </ul>
Internal synchronous communication	<ul style="list-style-type: none"> <li>Cross-departmental communication and collaboration: The EHS department provides detailed briefings and training on risk assessment results and response plans to all departments within the company, organizes cross-departmental communication meetings, and participates in environmental risk management together.</li> <li>Day-to-day operations management: Integrate the environmental risk assessment results and response measures into the day-to-day operations management system of the company, from strategic planning, production planning, purchasing decisions to performance assessment, and develop corresponding risk control indicators and operating procedures.</li> </ul>

LAZZEN has established an environmental compliance emergency management system based on systems such as the Emergency Plan for Sudden Environmental Incidents, and has set up an emergency rescue organization. We have established an environmental risk prevention, control and emergency response, as well as a regular inspection and maintenance responsibility system. We implement corresponding prevention and emergency measures for all environmental risks specified in the environmental impact assessment and approval documents of construction projects, we also conduct publicity and training on environmental risks and environmental emergency management for employees more than twice a year, and carried out emergency drills for sudden environmental incidents.

LAZZEN emergency response system



Risk analysis on environmental accidents

Types of environmental events	Specific environmental events	Environmental impact and risk response
Sudden environmental incidents of water pollution	<ul style="list-style-type: none"> <li>Excessive sewage discharge</li> <li>Sewage pipe leakage causing river pollution</li> <li>River accident</li> <li>Large-scale sewage system leakage</li> </ul>	If an accident occurs at the wastewater treatment station in the factory area, the untreated industrial wastewater will be directly discharged into the Jiaying United Sewage Treatment company, which will cause pollution. Therefore, environmental emergency drills will be conducted.
Sudden environmental incidents of air pollution	<ul style="list-style-type: none"> <li>Fan failure</li> <li>End-of-pipe treatment device failure</li> </ul>	If the operation is not stopped and repaired in time, the concentration of exhaust emissions will increase several times, potentially causing poisoning of personnel and potentially affecting further downwind. Replace the relevant equipment in a timely manner to prevent it from failing.
Sudden environmental incidents of soil pollution	<ul style="list-style-type: none"> <li>Leakage of environmental hazardous substances and solid waste during transportation</li> <li>Leakage of environmental hazardous substances and solid waste during storage</li> </ul>	If a solid waste leakage occurs within the factory premises, emergency treatment can be carried out by closing the rainwater outlet valve, opening emergency facilities such as the emergency pool, and using emergency supplies such as sand, cotton cloth, etc., to control the impact of the leakage within the factory premises.

LAZZEN conducted environmental emergency drill

On September 3, 2025, we conducted an emergency drill for excessive wastewater and waste gas. Through this drill, our emergency response capacity for sudden environmental incidents was enhanced, the multi-department collaboration mechanism was strengthened, the division of responsibilities was clarified, and it helped to enhance the environmental awareness and emergency skills of personnel.



## Indicators and goals

### LAZZEN 2025 environmental compliance indicators and goal setting and achievement status

Serial number	Environmental compliance indicators and goal settings for 2025	Achievement status
1	Zero exceedance of waste gas and wastewater emissions	Achieved
2	Environmentally friendly treatment of hazardous waste $\geq 1$ time	Achieved
3	100% disposal rate for hazardous waste	Achieved
4	0.1% reduction in total emissions per unit output (particulate matter, VOCs)	Achieved
5	Reduce waste production by 5%	Achieved
6	Electroplating unit output drainage meets 0.25 tons /m <sup>2</sup> )	Achieved
7	Fire hazard $\leq 1$	Achieved
8	Chemical spill incident $\leq 1$	Achieved

### During the reporting period



LAZZEN's total environmental investment amounted to CNY **0.7** million. LAZZEN **has not been fined** for any major administrative penalties imposed by ecological environment and other relevant departments due to environmental incidents.

The total number of employees participates in environmental training was **3,550** person-times, and the total duration of environmental training was **7,100** hours.



## Resource Management

LAZZEN continuously optimizes resource and energy management system, reduces losses and waste at all stages of energy consumption, pays attention to the recycling of water resources, adopts various water-saving measures, prioritizes the use of green packaging materials, promotes resource recycling and utilization measures, and comprehensively enhances the utilization rate of resources and energy.

### Energy management

The types of energy consumed in the production of LAZZEN include electricity, natural gas and steam, among which electricity and steam are the main energy consumption. We conduct energy management in accordance with laws, regulations and rules such as the Energy Conservation Law, the Energy Law, the Shanghai Energy Conservation Regulations, etc. We have established and promulgated and implemented energy management systems such as the Energy Management Manual, Energy Risk Management Measures, Energy Review Management Procedures, Energy Measurement Management system, etc., forming a complete energy management system. LAZZEN has obtained the ISO 50001 Energy Management System Certification.



ISO 50001 Energy Management System Certification

LAZZEN implements a hierarchical energy management system, establishes an energy management team, and holds energy management meetings in a timely manner based on the relevant energy conservation targets set by LAZZEN to analyze the extent to which the operation of related disposal processes and equipment affects the comprehensive energy consumption per unit of product. The relevant departments establish ledgers of key energy-consuming equipment based on equipment model, power, operating time, loss situation, etc., and monitor them effectively.

To enhance energy management efficiency, LAZZEN has actively carried out energy management system audits. During the reporting period, we analyzed the energy utilization situation of the enterprise, determined the energy utilization level, and identified the problems and loopholes existing in the energy management and utilization process. Through on-site detection and diagnosis, the potential for energy conservation of the enterprise was explored, and practical energy-saving measures and suggestions were proposed, thereby strengthening the energy management level of the company and reducing energy utilization costs.

LAZZEN has formulated Regulations for the Management of Process Chiller Rooms, Regulations for the Management of High and Low Voltage Rooms, and Regulations for the Management of Air Compressors, standardizing equipment usage and emergency response plans, and focusing on improving equipment utilization efficiency. During the reporting period, LAZZEN systematically phased out backward and high-energy-consuming equipment through technological transformation and equipment upgrading, introduced efficient and energy-saving advanced production equipment and technologies, freed up 119 tce energy space, achieved a continuous reduction in energy consumption per unit of output value, and reduced energy consumption and carbon emissions from the source.

To ensure stable energy supply, stable prices and the sound operation of energy enterprises and industries, LAZZEN has formulated management systems such as Energy Risk Management Measures and Risk and Opportunity Management Procedures, and further strengthened our ability to deal with energy management risks by implementing energy conservation and carbon reduction measures. LAZZEN regularly implements energy monitoring and analysis systems, energy quota allocation, and real-time adjustment of production plans and scheduling in accordance with relevant policies, thereby further strengthening our risk resilience in energy management.

In response to risks such as energy shortages, LAZZEN has developed full-process response plans. Activate the real-time monitoring function of the energy management system to closely monitor the consumption of various types of energy and energy usage data. Assign dedicated personnel to conduct regular inspections of energy metering instruments and report any anomalies in a timely manner. In addition, LAZZEN organizes professional maintenance teams to inspect energy equipment that ensures safe production and involves key production processes to avoid exacerbating energy supply tightness or causing safety accidents due to equipment failure, and provides emergency power supplies for key equipment. LAZZEN also conducts regular emergency drills for energy shortages, formulates corresponding risk prevention and control measures for various safety risks, strengthens on-site safety management and monitoring to ensure the safe and stable use of energy.

Improvement measures for energy use in 2025

Photovoltaic power grid connection



The Hangzhou Bay Mega Factory has built 4.695MW of photovoltaic power generation in three phases by using rooftop photovoltaic systems to increase the proportion of self-consumption of photovoltaic power and reduce the amount of power purchased by power supply bureaus.

Park energy storage project



The park has added 4.75MW of large-scale energy storage facilities. The principle of two charge and two discharge per day (charging during off-peak hours and discharging during peak hours) reduces electricity costs.

The exhaust system operation



- Renovation of the automatic control system of the exhaust fan, new remote start-stop and timed on/off functions
- Enable timed start-stop of the exhaust fan based on the production situation of each workshop, thereby saving electricity
- Install air pressure control frequency on the exhaust fan, save electricity by using air pressure to automatically control the frequency of exhaust fans

Central air conditioning energy saving smart control



With the smart control project system, set the automatic on/off time based on the sensor and user-set temperature, and automatically adjust the most economical load operation status based on the actual load operation.

In addition, to improve energy efficiency and promote transparency in energy management, we installed an intelligent power distribution platform system and built a smart energy management platform. The system is mainly based on industrial internet technology and is interconnected with smart park, digital twin, MES and other systems. It has functions such as measurement data, operation and maintenance management, energy consumption analysis, energy consumption display, system configuration, etc. It adopts a hierarchical distributed system architecture to collect real-time data on electricity consumption of each energy-consuming unit in the factory area and issue early warnings for abnormal situations. The cumulative data information is statistically analyzed to provide effective data support for the implementation of energy conservation and consumption reduction.



Microgrid management system



Air conditioning smart control management system

Indicators and goals

The energy goal set by the Hangzhou Bay Mega Factory is 0.0189 tce / CNY 10,000. Achievement status: achieved.

Disclosures	Units	2025
Comprehensive energy consumption	tce	5,039
Comprehensive energy consumption intensity	tce / CNY 10,000	0.0118
Natural gas	m <sup>3</sup>	82,332
Gasoline	Liter	29,589
Purchased steam	tons	1,026
Purchased electricity	MWh	39,028
Direct energy consumption	tce	142
Indirect energy consumption	tce	4,897
Usage of clean energy	MWh	5,526

\* The data cover the Shanghai Factory and the Hangzhou Bay Mega Factory, the conversion coefficients of natural gas, steam, gasoline and electricity to standard coal are converted to 20° C kcal in accordance with GB/T 2589-2020 General Rules for Comprehensive Energy Consumption Calculation.

## Water resources management

LAZZEN always adhere to laws and regulations such as the Water Law of the People's Republic of China, adhere to the principle of sustainable development, and attaches great importance to the rational application of water resources. LAZZEN has established systems such as Water Metering Management System, Water Conservation Statistics System, Water Conservation Management Reward and Punishment System, and Regular Maintenance System for Water Conservation Equipment, Pipelines and Appliances, and has set up a three-level water conservation management network of company leaders, departments, workshops and teams, and adopted measures such as "daily inspection, end-of-month assessment, reward and punishment implementation" to effectively guarantee the implementation of water conservation work responsibilities. LAZZEN has also established a water conservation creation work leading group, which organizes three major water conservation work inspections each month to identify violations and water usage risks, and promptly corrects or sets deadlines for rectification.

LAZZEN's water resources are mainly drawn from municipal water supply and are mainly used for replenishing the cooling circulation system, preparing pure water, and domestic water. Since a large amount of water used by the company is lost through evaporation, the rate of water reuse is high and the amount of water discharged is small. LAZZEN uses highly efficient circulating water cooling towers to reduce water consumption. We encourage every member to use water rationally and work together to reduce overall water consumption. LAZZEN actively uses rainwater recycling and sewage diversion technologies to minimize water waste and environmental pollution and ensure that all operations comply with strict environmental regulations.

To enhance the effectiveness of water conservation management, we have specially formulated the "Annual Water Conservation Work Plan", fully implemented water conservation measures, formulated water conservation implementation plans, and established a long-term mechanism for water conservation work, which has played a guaranteeing role in the effective implementation of water conservation work.

### Reuse of electroplating cleaning wastewater



The electroplating workshop has adopted counter-current rinsing for secondary reuse of wastewater. Currently, an industrial wastewater filter has been purchased to recycle the cleaning wastewater in multiple stages, increase the reuse rate of wastewater, reduce the daily pure water replenishment volume, and can process 6 tons of wastewater per day to meet the reuse standards. The wastewater from the electroplating workshop is treated at the wastewater treatment station and the recycling rate is 50%.

### Intelligent control transformation of the air conditioning system



LAZZEN's largest water consumption unit is the air conditioning refrigeration system. The cooling tower has adopted the more advanced closed cooling tower, the intelligent management system has been installed on the ventilation system, and partitions have been added in the office and production areas to avoid the waste of cooling capacity, reduce the circulation volume of the cooling tower, and achieve better water and energy conservation effects.

### Water conservation publicity and education



Carry out extensive water conservation education campaigns through various forms such as hanging water conservation slogans and holding water conservation knowledge lectures to popularize water conservation knowledge and raise water conservation awareness among all employees, produce water conservation posters, distribute water conservation handbooks, etc, actively organize water-saving practices and encourage employees to take water-saving measures in their daily lives, set up model posts for water conservation pioneers, strictly enforce the system of rewarding and punishing individuals or departments for water conservation.

### Rainwater recycling



Consider launching a rainwater collection pool project that, once initiated, would reduce reliance on traditional municipal water supply systems and provide a stable and sustainable water supply for landscaping, toilet flushing, and floor cleaning in the dry season. In addition, through the recycling of rainwater, pollution to natural water bodies is reduced.

### Use water-saving valves



The water valves in the workshop restrooms were retrofitted with water-saving valves, reducing fresh water intake by an average of 4,000m<sup>3</sup> per year.

### Use a remote monitoring system for water metering



By deploying a remote water metering monitoring system and installing smart water meters in the factory area and each branch, real-time monitoring and centralized management of water consumption can be achieved. The system successfully identified and fixed multiple leakage points, effectively reducing water consumption, its intelligent alarm function can promptly identify abnormal water usage, avoiding waste of resources and economic losses. At the same time, the accuracy and analyzability of water usage data are guaranteed by timely replacement of faulty water meters and standardized installation of new ones.

### Pipe inspection



Inspect the piping in the park to identify leaks and reduce the risk of leaks.

### Indicators of water usage

Disclosures	Units	2025
Municipal water purchase volume	tons	258,605
Total volume of circulating water/reclaimed water	tons	4,052
Total water withdrawal	tons	262,657
Total water consumption	tons	25,610
Water usage intensity	tons/ CNY10,000	0.6166

\* Data cover the Shanghai Factory and the Hangzhou Bay Mega Factory

## Material resource management

LAZZEN is committed to using environmentally friendly innovative materials and recyclable raw materials, and actively guides suppliers to provide environmentally friendly products, aiming to minimize environmental pollution to the greatest extent. On the journey of sustainable development, we are committed to the rational use of raw materials and strive to minimize the production of waste and waste.

LAZZEN has established management systems for material resources such as the Product Material Scrap Management System, Waste Management Procedures, Management Measures for the Prevention and Disposal of Idle Materials, and Operation Instruction for Waste Disposal Processes, and has established a recycling system for raw materials and packaging materials, taking the initiative to assume responsibility for the recycling and resource utilization of products after discarded. Effective circulation of waste products among production enterprises, consumers, recycling enterprises and dismantling enterprises. All the raw and auxiliary materials required for turnover by the company department are transported by environmentally friendly and energy-saving electric trolleys, the turnover equipment is reusable plastic boxes, and the pallets are reusable high-density plastic pallets, the front and back processes and product entry are all fully automated conveyor system sorting and stereoscopic warehouse storage, reducing the use of corrugated paper in the process and implementing the concept of green packaging materials.



RoHS and recyclable marks on the outer packaging of LAZZEN's products

## Circular economy

LAZZEN builds a full-process circular economy treatment system around idle materials, scrap and used products, effectively promoting resource recycling and sustainable development through multi-link resource utilization:

For the idle materials and scrapped products, we adopt processing methods that comply with the concept of circular economy, such as disassembling and recycling of components and selling discounted inventory materials. The scrap products that can be sold are sold in accordance with the Operation Instruction for Waste Disposal Process. After the used products enter the waste dismantling department for dismantling, they are classified according to the component attributes and recycled and reused by specialized third-party institutions, promoting the circular economy model.

Disclosures	Units	2025
Waste recycling volume	tons	220
Water recycling volume	tons	4,052

## Pollutant Emissions

LAZZEN complies with laws and regulations such as the Environmental Protection Law, the Law on the Prevention and Control of Water Pollution, the Law on the Prevention and Control of Air Pollution, the Law on the Prevention and Control of Soil Pollution, the Law on the Prevention and Control of Noise Pollution, and the Measures for the Administration of Pollutant Discharge Permits, and implements pollutant discharge management in accordance with the pollutant discharge standards and total discharge control indicators prescribed by the industry. During the reporting period, there were no cases of excessive pollutant emissions.

In accordance with the requirements of the system and the pollutant discharge permit, LAZZEN has established pollutant discharge management procedures such as Wastewater Discharge Management Procedure, Waste Gas Discharge Management Procedure, and Noise Discharge Management Procedure. The sewage treatment plants and various waste gas treatment facilities built by LAZZEN conduct self-monitoring in strict accordance with the requirements of the pollutant discharge permit, and will entrust qualified third-party monitoring institutions to carry out environmental monitoring related work. In addition, LAZZEN conducts risk assessment and analysis of pollutant emissions, formulates corresponding risk response measures, and continuously strengthens the management and monitoring of pollutant emissions.

LAZZEN has established a green manufacturing management system team, which is mainly responsible for improving the energy efficiency of facilities and equipment, photovoltaic project construction, etc. We implements the clean production concept, prioritizes the use of non-toxic and low-toxic raw materials, and uses water-based paint instead of oil-based paint for anti-corrosion spraying of circuit boards, significantly reducing the emissions of VOCs, xylene and acetone. In addition, we have formulated the management document Cleanroom Usage Specifications to adopt clean production processes, select advanced environmental protection supporting equipment, avoid unorganized emissions of smoke and dust in the welding process, replace the original oil-based ink printing machine with a laser printing machine, and significantly reduce pollutant emissions from the printing process.

Serial Numbers	Pollutants	Emission goals	Achievement status
1	Wastewater	Wastewater discharge reuse reaches 40% to 60%	Achieved
2	Waste gas	Harmless treatment of waste gas pollutants	Achieved
3	Noise	Noise detection across the entire plant is less than 60 decibels during the day and less than 50 decibels at night	Achieved



## Wastewater treatment

LAZZEN has formulated Wastewater Discharge Management Procedure to implement classified collection, differentiated treatment and full-process control of production and domestic wastewater. The production wastewater mainly includes electroplating wastewater, acid-base wastewater, cleaning wastewater, exhaust gas spray wastewater, RO concentrate water and initial rainwater, among which cyanide-containing and silver-containing wastewater is preferentially recovered at the tank side to achieve the resource utilization of precious metals. The recovered wastewater, after special pretreatment, partially enters the reclaimed water reuse system and partially flows into the comprehensive treatment system. Other production wastewater, after pretreatment processes such as neutralization, coagulation and adsorption based on water quality characteristics, is diverted to reuse or integrated treatment systems according to water quality compliance. Domestic sewage is treated in septic tanks and then connected to the municipal network.

Through a dual mechanism of regular self-monitoring and annual third-party testing, LAZZEN continuously verifies the compliance of its discharge to ensure that the wastewater, after advanced treatment, is stably discharged up to standard. All indicators over the years have significantly exceeded the limits of the Integrated Wastewater Discharge Standard.

LAZZEN is committed to steadily enhancing the level of water resource recycling and utilization. Through measures such as reclaimed water reuse, cleaning water recovery, and grinding fluid regeneration, we effectively reduce the amount of wastewater discharged per unit product. Among them, the wastewater discharge per unit area of the electroplating line was reduced from 0.25 tons/m<sup>3</sup> to 0.23 tons/m<sup>3</sup>. The reuse of silver plating cleaning water not only reduces the use of cyanide but also enables the recycling and reuse of silver resources. The grinding water recovery system reduces wastewater treatment by about 6 tons per day, with a recovery rate of over 60%. The electroplating workshop has implemented a process transformation for the wastewater from heavy metal cleaning that was not recovered, adding coagulation sedimentation and resin adsorption before entering the reclaimed water reuse system, increasing the reuse rate by about 5%. Additionally, under the condition of meeting quality requirements, the frequency of discharge of cleaning water from the production line has been reduced by about 10%. As a result, the volume of wastewater discharged per unit of production was reduced by 29.88%.



Wastewater treatment facilities

Disclosures	Units	2025
Total amount of wastewater discharge	tons	237,047
Industrial wastewater discharge	tons	3,315
Domestic wastewater discharge	tons	233,732
Chemical Oxygen Demand (COD)	tons	0.688
Biochemical Oxygen Demand (BOD)	tons	0
Suspended matter	tons	0
Ammonia nitrogen	tons	0.001
Total Nitrogen (TN)	tons	0.076
Total Phosphorus (TP)	tons	0.013
pH	-	6-9

### Key performance: Wastewater control



A total of **12** tests were conducted in 2025, and both wastewater and stormwater outlets met the special discharge standards of the Electroplating Pollutant Discharge Standard GB 21900-2008.

## Exhaust gas treatment

LAZZEN has formulated the Exhaust Gas Emission Management Procedure and conducted risk management on exhaust emissions. We have developed a series of risk response measures in response to the risk of excessive exhaust emissions. According to the environmental protection acceptance monitoring by professional third-party institutions, all indicators related to the company's exhaust gas meet the emission standards.

### LAZZEN's measures to deal with the risk of excessive exhaust emissions

#### Establish a daily operation and maintenance system for waste gas treatment facilities

Equip professional operation and maintenance personnel to conduct regular inspections, maintenance and repairs of the facilities, replace vulnerable parts in a timely manner, record the operation parameters and maintenance conditions of the facilities, and ensure that the facilities are always in good operating condition.

#### Carry out regular self-monitoring

In accordance with the requirements of relevant national standards, regularly commission qualified third-party testing institutions to conduct comprehensive tests on exhaust gas to ensure the accuracy and reliability of the monitoring data, and adjust the exhaust gas treatment process and facility operation parameters in a timely manner based on the test results.

#### Strengthen environmental management and emergency response measures

Strengthen environmental management of the production process, optimize production processes, and reduce the amount of waste gas produced. Develop contingency plans for excessive emissions of waste gas, such as reducing production load and increasing the dosage of waste gas treatment agents, and actively cooperate with environmental protection departments in investigation and handling.

LAZZEN implements classified collection and efficient treatment of various types of process exhaust gases generated during production, covering welding fumes, coating VOCs, ink volatiles, electroplating acid mists and cyanide-containing exhaust gases, etc. By strengthening source capture through "One post, one mask" to ensure that all waste gas is collected. According to the characteristics of different exhaust gases, appropriate combinations of technologies such as adsorption and chemical spray are used for purification, and all exhaust gases are treated and discharged through 25-meter-high exhaust stacks in a standardized manner.

In 2025, we further strengthened the operation and maintenance management of waste gas treatment facilities, formulated strict maintenance plans, and entrusted third parties to regularly replace consumables such as waste activated carbon and filter cotton, ensuring the continuous and efficient operation of the treatment system. At the same time, we actively promoted source reduction by promoting water-based environmentally friendly board washing water in the electronic workshop, replacing high-VOCs organic solvent cleaning agents.

During the reporting period, LAZZEN conducted four tests in accordance with the requirements of the pollutant discharge permit, and the concentrations of hydrogen cyanide and sulfuric acid mist gas were both lower than those stipulated in Table 5 of the Electroplating Pollutant Discharge Standard GB 21900-2008. Particulate matter emissions per unit output decreased by 13.8% compared to the previous year, and VOCs emissions decreased by 47.92%. All emission indicators met the requirements of relevant national and local standards.



Waste gas treatment facilities

Disclosures	Units	2025
Total exhaust emissions	m <sup>3</sup>	485,130,000
Particulate matter	kg	2
Total non-methane hydrocarbons	kg	816
Nitrogen oxides	kg	0
Sulfur oxides	kg	0
VOC emissions	kg	2,870

### Noise management

LAZZEN formulates and implements the Noise Emission Management Procedure, sets noise control targets at the factory boundary: ≤ 60 decibels during the day and ≤ 50 decibels at night, and ensures the continuous achievement of these targets through quarterly full coverage monitoring. During the reporting period, we completed a total of 4 factory boundary noise tests. According to the results of the third-party environmental acceptance monitoring, the factory boundary noise stably met the Class 2 standards of the Emission Standard of Environmental Noise at the Boundary of Industrial Enterprises GB 12348-2008 throughout the year.

To systematically reduce the impact of noise, we have adopted multi-dimensional control measures:

<p><b>Source control</b></p> <p>Doors and windows are rarely opened when the production workshop is operating normally; We prioritize the use of advanced equipment such as ultra-low noise cooling towers and low-noise screw air compressors to reduce noise generation from the source.</p>	<p><b>Layout optimization</b></p> <p>Concentrate high-noise workshops and equipment in the middle of the factory area, away from the factory boundary, and keep workshop doors and windows closed during operation to reduce noise overflow.</p>	<p><b>Engineering noise reduction</b></p> <p>Build soundproof stations in high-noise areas such as air compressor stations and refrigeration stations, and equip them with sound absorption, vibration reduction and vibration reduction facilities to enhance the overall sound insulation effect.</p>	<p><b>Ecological buffering</b></p> <p>Green belts are set up around the factory boundary, and vegetation is used to assist in absorbing and blocking noise transmission, enhancing environmental friendliness.</p>
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### Soil pollutants

LAZZEN regularly monitors and inspects soil conditions and focuses on soil pollution management. LAZZEN's industrial wastewater pipe network is laid overhead with exposed pipes to prevent soil pollution caused by leakage from underground pipe laying.

According to the environmental protection acceptance monitoring by professional third-party institutions, the soil test concentrations in the area where the company is located are all lower than the screening value standards for the second category of land use in Soil Environmental Quality - Risk Control Standards for Soil Pollution in Construction Land (Trial) (GB 36600-2018).

## Waste Management

LAZZEN manages waste in compliance with laws and regulations such as the Law on the Prevention and Control of Environmental Pollution by Solid Waste, Pollution Control Standards for Storage and Landfill of General Industrial Solid Waste, and Pollution Control Standards for Storage of Hazardous Waste.

### Waste management governance

LAZZEN's current solid waste mainly consists of waste oil rags and gloves, waste packaging materials of hazardous chemicals, waste activated carbon, laboratory waste liquid, waste oil liquid, general waste packaging materials, etc. LAZZEN has established Waste Management Procedures and Waste Classification and Treatment Regulations, covering compliance treatment requirements and procedures for general solid waste, hazardous waste, kitchen waste, etc. LAZZEN guarantees that all waste is disposed of legally and in compliance with regulations, without affecting the surrounding environment and human health, and without causing secondary pollution. We regularly improve the management plans for hazardous and solid waste for the next year and submits them, which are confirmed and approved by the local environmental protection department, and subsequent transfer of hazardous waste is filled in the system platform.



National pollution source monitoring data management and sharing system

In 2025, the total disposal volume of general and hazardous waste at the Hangzhou Bay Mega Factory decreased by 16.84% compared with the previous year, exceeding the annual waste reduction target of 5%. And Haiyan LAZZEN passed the assessment of Zhejiang Province as a "Waste-Free Factory".



"Waste-Free Factory" Certification

## Waste management strategy

LAZZEN disposes of solid waste in accordance with the principles of "resource utilization, reduction and harmlessness", and fully implements the primary responsibility for environmental protection.

## Waste disposal goals

Serial Number	Waste disposal goals	Achievement status
1	The legal disposal of hazardous waste is more than once a year	Achieved
2	Zero violations in hazardous waste disposal	Achieved
3	The annual growth rate of the intensity of general industrial solid waste generation is negative or zero	Achieved
4	The annual growth rate of hazardous waste generation intensity is negative or zero	Achieved

## General waste

The general industrial solid waste generated by us, including plastics, packaging paper, plastic foam packaging materials and metals, is recyclable waste. Each year, it is entrusted to a third-party company with professional qualifications for sorting and utilization and disposal. The specific treatment process is as follows: the waste is collected in workshop and transferred to the general solid waste warehouse, where is sorted and baled before being loaded and transported to the paper mills.

LAZZEN fully implements standardized management of solid waste and relies on the solid waste management platform to implement full-process digital control. During the reporting period, the platform management plan fully covered all waste-generating links, the information filling rate reached 100%, ensuring that the data was timely, true and traceable. The system operated stably and no warning events were triggered throughout the year. At the same time, LAZZEN established clear and accurate solid waste management ledgers, detailing the generation, storage, transfer and disposal of all types of solid waste, and strictly implemented the electronic waybill system, which was filled out in a standardized manner, with complete content and orderly circulation.



Solid waste management platform

## Hazardous waste

LAZZEN's hazardous waste includes waste cutting fluid, waste packaging materials for hazardous chemicals, wastewater sludge, waste paint packaging drums, etc. LAZZEN signs hazardous waste disposal contracts with qualified third-party companies to handle hazardous waste every year, and the process is registered and verified in the national solid waste management system during the transfer of hazardous waste. We conduct risk management for hazardous waste and formulate corresponding risk response measures for hazardous waste leakage, soil and water pollution, and serious environmental pollution accidents that may occur during the collection, storage, transportation and disposal of hazardous waste.

## Management measures of LAZZEN in response to the risk of hazardous waste leakage



Disclosures	Units	2025
Total waste generation	tons	259
Total hazardous waste generation	tons	39
Total general waste generation	tons	220
Waste recycling volume	tons	220

\* Data cover the Shanghai Factory and the Hangzhou Bay Mega Factory

# Chemical Management

LAZZEN attaches great importance to chemical safety and has established chemical management procedures such as Chemical Management Procedures, Five Doubles Management System for Highly Toxic Chemicals (Explosive Precursor and Precursor Drugs) in Electroplating Manufacturing Department, Safety Operating Procedures for Hazardous Chemicals in Electroplating Manufacturing Department, and Safety Operating Procedures for Handling and Loading/Unloading of Hazardous Chemicals in Electroplating Manufacturing Department.

## Storage of chemicals

LAZZEN controls the total storage volume of all applicable chemicals, and explosion-proof cabinets are installed at the workshop usage points. LAZZEN has a hazardous chemicals warehouse where hazardous chemicals are classified and zoned, and the processes from the entry and exit of chemicals to their use are strictly in accordance with the requirements for the operation and management of highly toxic substances. LAZZEN requires personnel responsible for the storage of highly toxic chemicals to have a general knowledge of handling highly toxic chemicals. In addition, the storage management of highly toxic chemicals must strictly adhere to the "five doubles system", namely double-person receipt and dispatch, double-person accounting, double-person double-lock, double-person transportation, and double-person use.

LAZZEN's management of hazardous chemicals is directly connected to the Zhejiang Provincial Public Security Organs Integrated Intelligent Governance Platform for Key Items (highly toxic chemicals). Through government network management, LAZZEN insists on regular monitoring and reporting of safety hazards, actively accepts government review, and reports self-inspection risk points on the safety production platform every month and completes rectification in a timely manner.



Highly toxic chemicals network intelligent governance platform

LAZZEN actively organizes training and assessment related to chemicals and highly toxic chemicals, conducts emergency drills for chemicals, and enhances employees' safety awareness and risk response capabilities. In 2025, LAZZEN carried out education and training on precursor chemicals and hazardous chemicals. In addition, the electroplating workshop conducted first aid drills for the leakage and poisoning of highly toxic substances. These drills have enhanced safety management of the use and storage of highly toxic chemicals, improved emergency response capabilities for sudden poisoning incidents, promoted multi-departmental synergy in the safety management of highly toxic chemicals, and familiarized relevant units with the use of detoxification agents for acute poisoning.



First aid drill for acute poisoning from highly toxic substances

# Biodiversity Conservation

LAZZEN strictly adheres to laws, regulations and rules such as the Regulations on the Protection of Wild Plants. We encourage employees to attach importance to ecological environment protection, actively conduct environmental awareness campaigns, and are committed to promoting best practices for protecting animals, and strictly follows the internal environmental compliance management system in the process of production and operation to minimize the negative impact on biodiversity and ecological environment.

To effectively protect biodiversity, LAZZEN conducts strict ecological assessments during the project site selection stage, actively avoids various ecologically sensitive areas such as ecological protection red lines and natural habitats, and minimizes the impact of development activities on the ecological environment. In the early stage of the construction of the Hangzhou Bay Mega Factory, the regional ecological environment was determined to be insensitive and classified as a general development area.

# 05



## Employee

- Employee Rights
- Employee Care
- Talent Development
- Occupational Health and Safety



Contributions to the United Nations Sustainable Development Goals (SDGs)

 <b>1</b> NO POVERTY	 <b>3</b> GOOD HEALTH AND WELL-BEING	 <b>4</b> QUALITY EDUCATION	 <b>5</b> GENDER EQUALITY
 <b>8</b> DECENT WORK AND ECONOMIC GROWTH	 <b>10</b> REDUCED INEQUALITIES	 <b>17</b> PARTNERSHIPS FOR THE GOALS	

## Employee Rights

LAZZEN strictly adheres to the Labor Law and other relevant laws and regulations, safeguards the legitimate rights and interests of employees, continuously optimizes the compensation system, clarifies the promotion path and training mechanism for employees, facilitates open communication channels for employees, provides various employee benefits and organizes diverse activities, truly thinks what employees think, and enhances employees' satisfaction and sense of belonging.

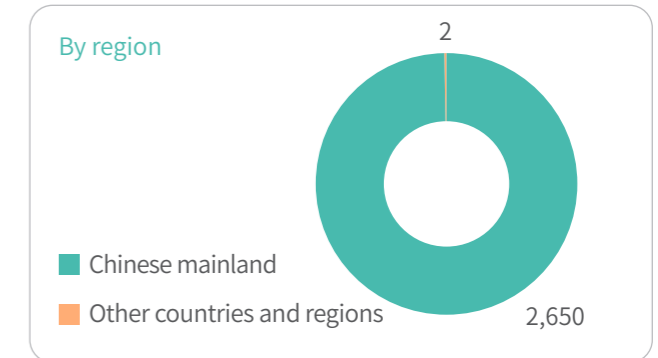
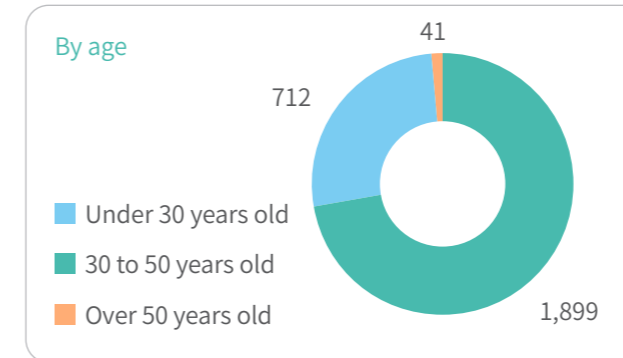
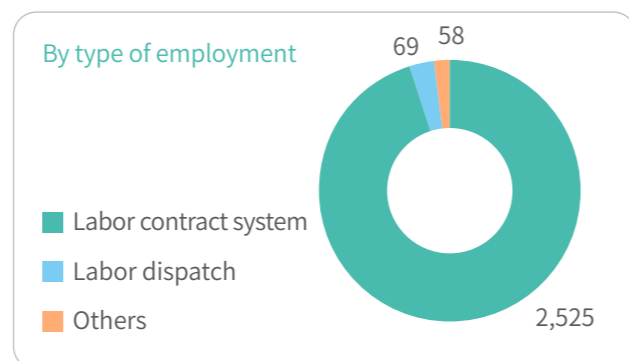
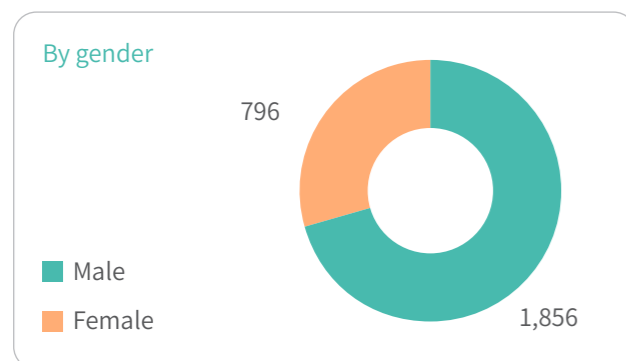
LAZZEN promotes continuous innovation and business growth by formulating precise talent introduction and effective talent management strategies. In the recruitment and employment process, We require all regular employees to sign labor contracts in accordance with the law at the onboarding stage to protect the legitimate rights and interests of both parties and to achieve the standardization and compliance of employment management. Our recruitment and assignment follow the principle of "Meritocracy and ability first; mutual recognition and smooth handover" ensures fairness and continuity of work; encourage employees to recommend suitable talents for us and have corresponding reward rules.

### Employee hiring strategy

Strategy Module	Specific measures
We drive continuous innovation and business growth by formulating precise talent recruitment and effective talent management strategies	<ul style="list-style-type: none"> <li>Attract industry experts through social recruitment</li> <li>Select outstanding talents from industry-specific top institutions through management trainee programs</li> </ul>
Talent Map	<ul style="list-style-type: none"> <li>Committed to building internal and external talent maps and talent pools</li> <li>Systematically manage and plan talent resources to ensure that the company can continuously attract and retain key talent</li> </ul>

### Diversified hiring

LAZZEN adheres to the principles of diversity, fairness and inclusiveness in employment, providing equal employment opportunities to all job seekers. During the recruitment process, we don't discriminate based on factors such as ethnicity, race, gender, age, religious belief, household registration, disability, marital status or family background. We strictly follow the standards of fairness, impartiality and merit-based selection, respecting and embracing the individual differences and diverse backgrounds of employees. Committed to creating an open, inclusive, equal opportunity, and mutually beneficial employment environment.



As of the end of the reporting period, LAZZEN had 10 minority employees and 4 disabled employee, and continued to create an open, inclusive, equal opportunity and common development employment environment. During the reporting period, we intensified our recruitment efforts, with 629 new employees recruited, an increase of 212 compared to the previous year.

### Human rights protection

LAZZEN has established management systems such as the Human Resources Management System and the Social Responsibility Management Measures, set up anti-discrimination regulations to eliminate unfair treatment, adheres to the principle of equal pay for equal work, strictly prohibits any form of discrimination, firmly resists the use of child labor and forced labor, safeguards the legitimate rights and interests of employees, and creates a fair, mutually respectful and diverse working environment.

#### Anti-discrimination and equal treatment

LAZZEN is committed not to discriminate on the basis of race, ethnicity, regional or social origin, social class, origin, religion, disability, gender, sexual orientation, family responsibility, marital status, group membership, political opinion, age or any other circumstances that may cause discrimination, and to be impartial and objective in handling matters related to employment, remuneration, training, promotion, dismissal or retirement. In addition, we require suppliers and outsourcing parties to refrain from discriminatory practices and to supervise them in accordance with the Supplier Development Management Procedure.

#### Prohibition of child labor

The human resources department ensures that no child labor or underage workers are recruited when hiring. If it is found that we have used child labor, the human resources department is responsible for providing relief. The purchasing department requires suppliers, subcontractors and sub-suppliers to sign commitments to eliminate the use of child labor and protect underage workers.

LAZZEN has established a recruitment registration verification system to regulate employment management and avoid employing child labor:

- Make it clear in the job advertisement or at the job fair that no child labor under the age of 16 will be hired for any position.
- Ask candidates to provide personal information such as their date of birth. Once a candidate is identified, the human resources department must re-examine the candidate's ID card to ensure that the age meets the requirements.

### Prohibited of forced labor

LAZZEN is committed to eliminating all forms of forced labor, ensuring that employees are not physically punished, assault, searched or insulted. We maintain an unlocked workplace, ensure unrestricted freedom of movement, and uphold the right of workers to leave the factory freely after work.

### Compensation management

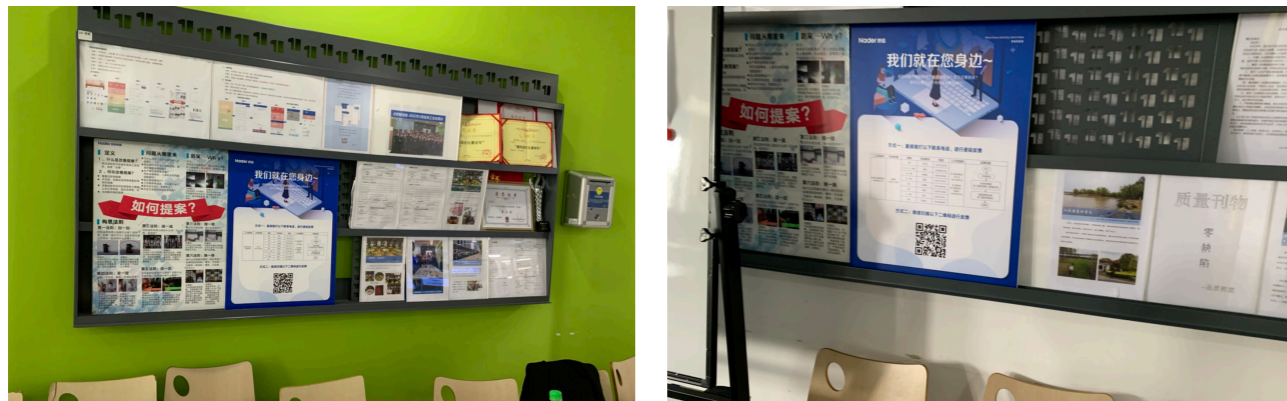
LAZZEN has established management systems such as the Performance Management System and the Compensation and Benefits Management System, and conducts scientific compensation management in combination with employee performance assessment, clearly defining the composition of three parts of compensation rights and interests: equity, salary, and bonus, fully respecting employees' access to fair and impartial compensation rights and interests. We have established a talent incentive and assessment system that is market-oriented and customer-centered. Adhere to a compensation incentive mechanism that combines cash compensation with employee stock ownership, and continue to do a good job in the sale of reserved shares of the employee stock ownership plan and the recognition of performance evaluation.

LAZZEN implements a refined compensation management strategy to accommodate the specific needs and contributions of employees in different business lines. By taking into account factors such as job responsibilities, professional skills, job performance and market pay levels, fully stimulate the enthusiasm and creativity of employees, promote the stable development of talents, and help to achieve our long-term strategic goals.

### Democratic communication

LAZZEN has established trade unions and workers' congresses, holds regular workers' congresses, and has established a system of equal consultation and collective contracts. By unblocking the democratic dialogue mechanism, collecting opinions and suggestions from all staff, and improving the VOS Voice community to ensure the effective implementation of democratic management. We also actively promotes the factory affairs disclosure mechanism, strengthens democratic supervision, and conducts labor dispute mediation in accordance with the law, provide channels for employees' complaints regarding salary performance and assessment management, ensure that employees' rights and interests are properly protected, and create a harmonious and stable working environment.

Each workshop bulletin board has a feedback channel where employees can contact if they encounter problems or need feedback, consultation, complaint, etc.



Bulletin Board

### Employee satisfaction

We completed the 2025 Employee Satisfaction survey in May 2025. A total of 1,281 valid questionnaires were collected in this survey, with an employee participation rate of 82.5%. The survey has a wide coverage and high participation rate, truly reflecting the voices and demands of employees.

The overall employee satisfaction score was 6.35 out of 7, and the overall employee recognition rate was 90.7%, an increase of 3.5 percentage points compared with 2024, indicating that our corporate culture, management efficiency, working environment and welfare security have been widely recognized by employees, and phased achievements have been made in employer brand building and internal management optimization.

In the future, we will continue to be oriented towards the needs of our employees, translate the survey results into practical improvement measures, continuously enhance employees' sense of belonging, happiness and gain, and work together with all employees to seek common development.

### Employee Care










LAZZEN attaches great importance to employee benefits and activities, cares about the physical and mental health of employees, contributes to the housing provident fund and various social insurances such as endowment insurance, basic medical insurance, unemployment insurance, work-related injury insurance and maternity insurance for employees, and organizes comprehensive physical examinations for employees on a regular basis to ensure coverage of 100%. In addition, the company strengthens employees' sense of belonging by organizing a variety of cultural and sports activities and implementing a comprehensive welfare policy.

#### Employee benefits

<b>Five social insurances and housing fund</b>	<b>Settlement in Shanghai</b>	<b>Subsidies for community activities</b>	<b>Team-building expenses</b>
<b>Annual physical examination</b>	<b>Women's care</b>	<b>Hardship grants &amp; donation</b>	<b>Sick care</b>

#### Leave management

LAZZEN always pays attention to the physical and mental health and life balance of employees, and establishes a standardized, complete and humanized vacation system. We strictly enforce national legal holidays and paid annual leave, and provides all types of leave such as marriage leave, maternity leave and parental leave in accordance with the law, encouraging employees to balance work and rest and take reasonable breaks, so that every employee can enjoy life and spend time with their families while working with peace of mind. We have set out various types of leave and their implementation regulations in the Employee Handbook as follows:

 <b>Statutory holidays</b>	 <b>Paid annual leave</b>	 <b>Marriage leave</b>
 <b>Prenatal check-up leave</b>	 <b>Maternity leave</b>	 <b>Nursing time</b>
 <b>Parental leave</b>	 <b>Care leave</b>	 <b>Bereavement leave</b>

### Caring for female employees

LAZZEN has created "Love Mommy Rooms" specifically for pregnant and lactating female employees, equipped with essential items such as sofas, refrigerators, disinfection cabinets, hot water kettles, file racks, partition screens, and books on breastfeeding and lactation knowledge. These rooms are built and managed in a standardized manner, with dedicated personnel responsible for daily maintenance such as cleaning and disinfection of the environment and facilities to ensure that the rooms are clean, tidy and comfortable, demonstrating care for female employees.



Loving Mommy Room

### Employee greetings

Distributed 300 cooling supplies to frontline workers working in high temperatures to provide summer care



### Assistance for employees in need

Identified the recipients of assistance for the 2026 Spring Festival in advance, and finally applied for assistance for one needy employee

### Light up wishes

Successfully fulfilled one employee's micro-wish by trade union

### Employee activities

By actively engaging in various forms of activities, enrich employees' spare-time cultural life, enrich employees' cultural life and spiritual world



Employee club activities



Birthday party



Women's Day activities

### Employee club activities



Mother's Day activities



Father's Day activities



Children's Day Essay Contest



DIY activities for the Dragon Boat Festival



Mid-Autumn Festival activities

### 2025 Miguang Program - 1st Anniversary of Employment

The Miguang Program is a tea party specifically for core employees who have been with LAZZEN for a full year. Through employee interaction and sharing, we deepen trust and friendship and help them integrate into the team culture.



### 2025 Zhuguang Program - 3rd Anniversary of Employment

The Zhuguang Program is a cultural and sports activity specifically designed for core employees who have been with LAZZEN for three years. In 2025, we set up a 10-kilometer hiking challenge, and all participating employees successfully completed it.



### 2025 Shaoguang Program - 5th Anniversary of Employment

The Shaoguang Program is an honor care and capability enhancement program specifically designed for core employees who have been with LAZZEN for five years. Through the Youth Family Day series of activities, we aim to express gratitude to employees for their long-term contributions, unite the team, and empower growth.



The awarding ceremony of the Prime Time Commemorative gold Coin



Prime Time Garden Party - Corporate culture Flying Chess

## Talent Development

### Promotion system

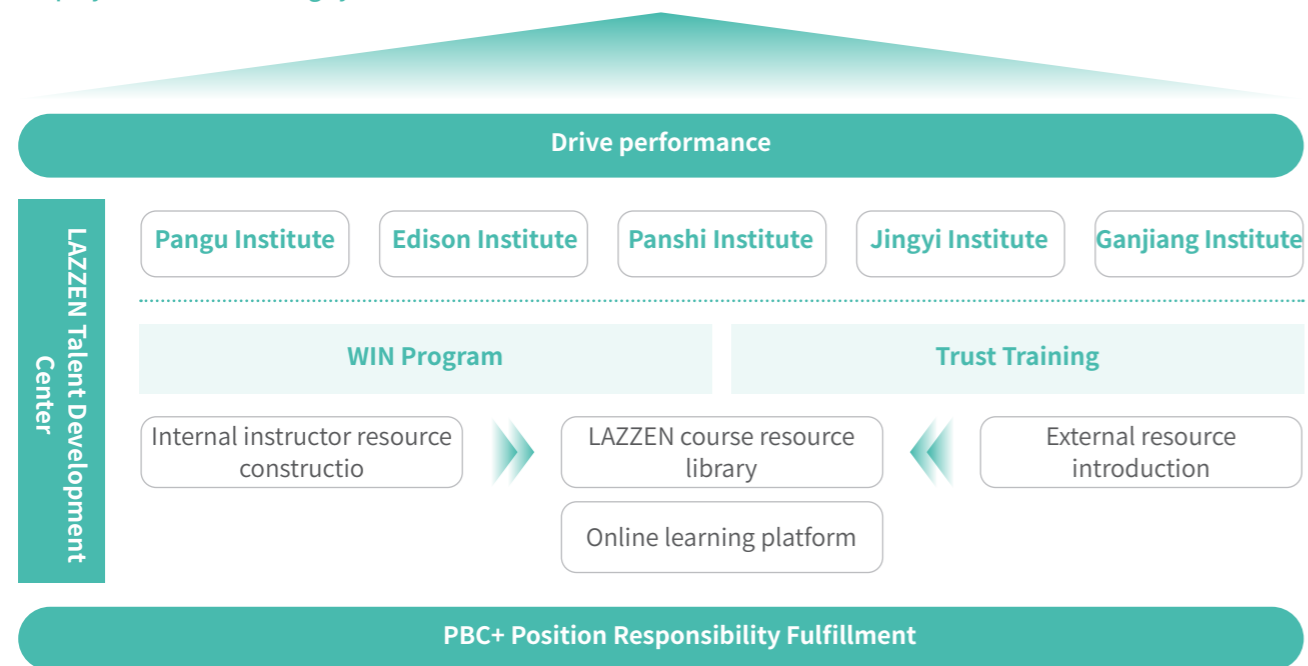
LAZZEN implements a dual-track career development path covering professional and management positions, allowing employees to advance across different tracks and achieve multi-path career development. The promotion system specifies the qualifications for promotion and requires employees to demonstrate their abilities and adaptability through a defense session. The assessment criteria are set according to the requirements of the training institute.

LAZZEN implements a cadre management rotation system to promote the all-round development and experience accumulation of cadres. In the future, we will continue to optimize the promotion channels and management mechanisms for employees, providing them with broader career development space.

### Employee training

Our internal training system is based on the LAZZEN Talent Development Center, which has five professional colleges, each focusing on a different functional area. Training activities are planned and implemented on a monthly and quarterly basis and summarized and reviewed at the end of the year. The company follows up on the demand for new training programs in real time and manages and adjusts them in accordance with the human resources system and the specific systems of each college.

#### Employee internal training system



The LAZZEN Talent Development Center is responsible for overall planning and management of training affairs and is committed to building a team of lecturers composed of both internal and external experts. The center will be responsible for the development and execution of courses, and through systematic training programs, cultivate and build a high-quality talent team, providing support for our long-term development goals. In addition, we focus on the development of potential reserves and the continuous training of cadres upon their appointment, to ensure that employees can adapt to new job requirements and continuously improve their personal capabilities.

### Management trainee onboarding training

For new management trainees, we have meticulously planned a series of intensive classroom training sessions with the essence of "experience and integration", aiming to quickly immerse these new talents in the vast world of the company, help them gain an in-depth understanding of LAZZEN's corporate culture, operation management and various business processes, and lay a solid foundation for their future career development.



## Occupational Health and Safety

### Work safety

LAZZEN is committed to establishing and improving the safety production standardization process, perfecting the safety production responsibility system, building intelligent safety production lines, optimizing the safety production standardization process, and fully ensuring the safety of production operations.

LAZZEN has always adhered to the safety policy of "safety first, prevention foremost, comprehensive governance", based on relevant provisions such as the Safety Law, established the Safety Committee, clarified responsibilities at all levels, promoted the standardization process of work safety governance, held safety month activities every year, and conducted regular work safety inspections.

#### Safety Committee Organization Structure



We continuously explore smart safety production lines and build dynamic digital twin virtual factories by comprehensively applying advanced technologies such as digital modeling, simulation analysis, and the IoT. By introducing multiple sets of imported high-precision equipment, fully automated production lines, intelligent three-dimensional storage equipment, and intelligent inspection equipment, we reduce the safety risks for employees during production and create a safe, digital, intelligent production line.

At present, Haiyan LAZZEN has obtained the Safety Production Standardization Level 3 Enterprise (Machinery) Certificate; Shanghai LAZZEN has obtained the Safety Production Standardization Level 2 Enterprise (Machinery) Certificate.

Duties of the Safety Committee

- 01** Regularly analyze the situation of work safety, analyze and determine the policies, objectives and indicators for work safety and occupational disease prevention and control.
- 02** Formulate safety technical measures, occupational disease prevention and control, annual key work plans, and annual safety expense plans.
- 03** Clearly define the special funds, assessment, rewards and punishments for work safety, occupational disease prevention and control, and fire emergency response. Study, coordinate and solve major problems in production. Review solutions to major safety hazards and emergency response plans for production safety accidents, and improve occupational health and safety management and emergency response systems.
- 04** Guide activities and publicity and education related to work safety and occupational disease prevention and control, do a good job in summarizing work safety and occupational health, promote advanced technologies and management methods for work safety and occupational disease prevention and control, and select, commend and reward advanced departments and individuals in work safety and occupational disease prevention and control.
- 05** In accordance with the approval of the state and local government and the relevant regulations of LAZZEN, propose handling opinions for departments and personnel responsible for major work safety accidents within the company.
- 06** Hold accountable for other safety production accidents that occur within LAZZEN, discuss and decide on the handling of relevant responsible departments and personnel, and assist in handling major matters related to safety production.

Work safety and emergency management

In order to minimize the potential accident consequences of emergencies, LAZZEN conducts regular safety production risk assessments and formulates corresponding safety production emergency preparedness and response measures for emergencies such as falls from heights and mechanical injuries that may cause personal injury or loss to the company.

In recognition of the irreversible impact of injuries to people and property damage in emergencies, we actively organize specialized training and emergency drills to enhance employees' ability to respond to emergencies and strengthen teamwork. Specialized training includes forklift safety training, accident case warnings and presentations, occupational disease and occupational hazard factor training, emergency training covers operational, coordination and communication skills in various emergency scenarios such as natural disasters and public health events, enhancing the team's practical ability to deal with complex situations and minimizing losses and injuries. In addition, employees are provided with safety incident videos to foster a culture of learning and prevention, ensuring comprehensive safety and health throughout the production process.

Occupational health

LAZZEN attaches great importance to employees' occupational health, established an occupational health management system, and implementd management measures such as detection of occupational hazard factors, optimization of protective equipment, and occupational health education and training, to strengthen our capacity for occupational health protection.

We have formulated occupational health management documents such as the Notice of Environmental and Occupational Health Requirements, Declaration of Abandonment of Occupational Health Exit Examination, and Environmental, Occupational Health and Safety Management System, continuously updated hazard identification documents, and established a complete occupational health and safety production reporting system.

LAZZEN has obtained ISO 45001 Occupational Health and Safety Management System Certification.



Occupational health risk management

LAZZEN actively conducts comprehensive occupational health risk factor identification and early intervention, conducts daily inspections based on the Hazard Identification and Risk Assessment Form, identifies and assesses hazard sources in production and operation activities, ensures the timely discovery of potential safety hazards, keeps records and tracks improvement status, thereby effectively reducing occupational health and safety risks.

Occupational health risk assessment and management measures

Risk types	Management approaches	Specific measures
Risk of work safety	Occupational disease prevention management	Develop and implement occupational disease prevention management systems in accordance with normative requirements
	Management of noise emissions	Develop and enforce a noise emissions management system to ensure compliance with relevant standards
	Management of labor protection supplies	<ul style="list-style-type: none"> <li>Establish a management system for labor protection supplies and clearly define the distribution records</li> <li>Train personnel in all positions to truthfully collect, record and correctly wear labor protection supplies</li> <li>The EHS department should regularly inspect the wearing situation, truthfully record and feed back to the responsible department for rectification</li> </ul>
Emergency accident risk	Emergency equipment and training	<ul style="list-style-type: none"> <li>LAZZEN is equipped with 11 AEDs (4 in Shanghai Base and 7 in Haiyan Base)</li> <li>Practical training with AEDs for key personnel (security personnel, cafeteria staff, equipment personnel, EHS-related responsible persons, etc.)</li> </ul>
Safety management risks	Safety hazard inspection	<ul style="list-style-type: none"> <li>The EHS department conducts daily on-site safety hazard inspections</li> <li>Records hazards in a timely manner and feeds them back to the responsible department for rectification within a specified time limit</li> </ul>
Occupational health risks	Occupational health examination Occupational health monitoring	<ul style="list-style-type: none"> <li>Regularly conduct occupational health check-ups for personnel in positions with occupational hazards</li> <li>Prohibit personnel with contraindications from working in hazardous positions and transfer them</li> <li>Regularly conduct occupational health monitoring in accordance with normative requirements</li> </ul>

Occupational health goals

Serial number	Occupational health management objectives	Achievement status
1	Work-related injury and above (Level 4 and above) ≤ 1	Achieved
2	Zero occupational disease occurrences	Achieved
3	Rate of personal injury sent to hospital is ≤ 1%	Achieved

# 06



## Collaboration and Public Welfare

- Industry Collaboration
- Social Welfare

Contributions to the United Nations Sustainable Development Goals (SDGs)



## Industry Collaboration

LAZZEN actively engages in industry collaboration and school-enterprise cooperation, actively participates in industry forums, government-related activities and industry conferences, assists in the formulation of industry standards, promotes knowledge sharing and technological innovation, and contributes to the overall improvement and high-quality development of the industry.

To strengthen market promotion and deepen customer partnerships, we planed and organized large-scale industry exhibitions, academic forums and industry exchange activities to continuously enhance the company's brand influence and industry exchange level.



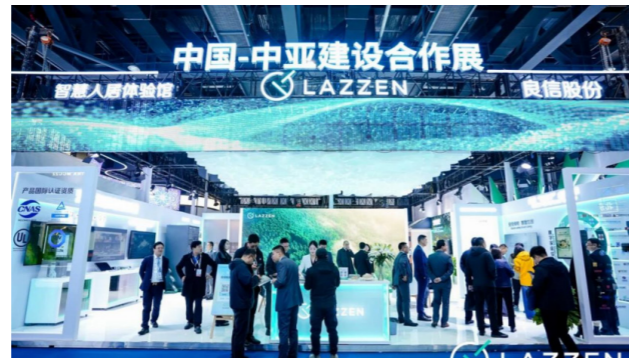
GENERA 2025 International Week of Electrification and Decarbonisation



The 13th Energy Storage International Conference and Expo (ESIE 2025)



The 21st Green Energy Expo



The 22th China International Exposition of Housing Industry & Products and Equipments of Building Industrialization





2025 New Energy Ecosystem Cooperation Conference



The 4th Nuclear Electrical Technology Exchange Conference and Nuclear Electrical System and Equipment Reliability Exchange Conference

Some of the industry associations in which LAZZEN participates

 <p><b>Shanghai Electric Power Industry Association</b> Member Unit</p>	 <p><b>China Electrical Equipment Industry Association (General Association)</b> Director Unit</p>
 <p><b>China Electrical Equipment Industry Association General Low Voltage Electrical Appliances Branch</b> Deputy Chairman Unit</p>	 <p><b>Zigbee Alliance (CSA Alliance)</b> Participant</p>
 <p><b>China Electrical Equipment Industry Association Electrical Accessories and Home Controllers Branch</b> Member Unit</p>	 <p><b>China Smart Home Industry Alliance</b> Chairman Unit</p>
 <p><b>China Survey and Design Association</b> Director Unit</p>	 <p><b>Architectural Electrical Branch of China Architecture Society</b> Director Unit</p>
 <p><b>New Energy Electrical Appliances Alliance</b> Deputy Chairman Unit</p>	 <p><b>New Energy Storage Industry Association</b> Member Unit</p>

## Standard formulation and revision

National and group standards that LAZZEN participated in formulating and revising in 2025

Serial numbers	Standard number	Standard name	Standard type
1	GB/T 10963.3-2025	Electrical accessories—Circuit-breakers for overcurrent protection for household and similar installations—Part 3: Circuit-breakers for DC operation	National Standard
2	GB/T 14048.12-2025	Low-voltage switchgear and controlgear—Part 4-3: Contactors and motor-starters—Semiconductor controllers and semiconductor contactors for non-motor loads	National Standard
3	GB/T 14048.3-2025	Low-voltage switchgear and controlgear—Part 3: Switches, disconnectors, switch-disconnectors and fuse-combination units	National Standard
4	GB/T 14048.6-2025	Low-voltage switchgear and controlgear—Part 4-2: Contactors and motor-starters—Semiconductor motor controllers, starters and soft-starters	National Standard
5	GB/T 18499-2025	Residual current-operated protective devices (RCD) for household and similar use—Electromagnetic compatibility	National Standard
6	GB/T 20641-2025	Empty enclosures for low-voltage switchgear and controlgear assemblies—General requirements	National Standard

Serial numbers	Standard number	Standard name	Standard type
7	GB/T 31143-2025	General requirements for arc fault detection and protection devices (AFDD)	National Standard
8	GB/T 24276-2025	A method of temperature-rise verification of low-voltage switchgear and controlgear assemblies by calculation	National Standard
9	GB/T 22200.1-2025	Reliability for low-voltage apparatus - Part 1: General rules	National Standard
10	GB/T 22200.2-2025	Reliability for low-voltage apparatus—Part 2: Reliability test method of moulded case circuit-breakers	National Standard
11	GB/T 22200.3-2025	Reliability for low-voltage apparatus—Part 3: Reliability test method of overload relay	National Standard
12	GB/T 22200.4-2025	Reliability of low-voltage apparatus—Part 4: Reliability test method of circuit-breakers for overcurrent protection for household and similar installation	National Standard
13	GB/T 22200.5-2025	Reliability of low-voltage apparatus—Part 5: Reliability test method of residual current operated circuit-breaker for household and similar uses	National Standard
14	GB/T 22200.7-2025	Reliability for low-voltage apparatus—Part 7: Reliability test method of contactors	National Standard
15	25D204-2	Smart power supply and lighting control	National Standard
16	25DX016-1	Zero carbon building electrical and intelligent design	National Standard
17	JB/T 14947-2025	Technical requirements for digital workshop of miniature circuit-breakers	Group Standard
18	JB/T 14941-2025	Technical Specification for green- design Product assessment— Circuit -breakers for overcurrent protection for household and similar installation	Industry Standard
19	DL/T 1441-2025	Technical conditions for intelligent low-voltage distribution box	Industry Standard
20	JB/T 14942-2025	Technical specification for green-design product assessment - Moulded-case circuit-breaker	Industry Standard
21	JB/T 8627-2025	Bimetal type thermal over-load relay	Industry Standard
22	PCCC-GF015-2025	Technical Specification for Product certification of low-voltage circuit breakers for new energy systems	Group Standard
23	T/BICA 024-2025	Test methods for intelligent low-voltage plastic-enclosed circuit breakers	Group Standard
24	T/BICA 025-2025	Technical requirements for smart Internet of Things circuit breakers	Group Standard
25	T/BICA 026-2025	Technical requirements for low-voltage intelligent molded case circuit breaker systems	Group Standard
26	T/CEC 802.4-2025	Technical guide for parallel DC power supply system in 220kV and below substations - Part 4: Operation and maintenance	Group Standard

Serial numbers	Standard number	Standard name	Standard type
27	T/CEEIA 877-2025	Quantification methods and requirements for carbon footprint of greenhouse gas products Low-voltage switchgear assemblies	Group Standard
28	T/CEEIA 940-2025	Internet of Things smart miniature circuit breakers	Group Standard
29	T/CEEIA 963-2025	Guidelines for Selection of Low-voltage Circuit breakers for Wind Power Converters	Group Standard
30	T/CEEIA 964-2025	Low-voltage circuit breakers for wind power converters	Group Standard
31	T/CEEIA 965-2025	Low-voltage DC molded case circuit breakers for photovoltaic storage systems	Group Standard
32	T/CEEIA 966-2025	Low-voltage DC miniature circuit breakers for photovoltaic storage systems	Group Standard
33	T/CES 409-2025	Low-voltage DC disconnectors for photovoltaic storage systems	Group Standard
34	T/DZJN 424-2025	Information and communication 1U circuit breaker	Group Standard
35	T/CECA-G0171-2025	Evaluation specification for Zero Carbon factory	Group Standard
36	DB21/T 4112-2025	Specification for energy management in college	Local Standard

## Social Welfare

In 2025, we adhered to the public welfare concept of "People-oriented and giving back to society", and worked hard on both the trade union and the company level to carry out various public welfare and charity activities solidly. In response to the call for local charity, we participated in the "Kangqiao Town Charity and Public Welfare Joint Donation" and "2026 Gaohang Town Charity and Public Welfare Joint Donation" in December 2025, donating a total of CNY12,000. With practical actions, we contributed to the development of local public welfare and conveyed responsibility and warmth through small acts of kindness.

LAZZEN actively participates in community public welfare and rural revitalization activities, establishes solid cooperative relationships with local residents, government agencies, community organizations, etc., takes the initiative to care about people's livelihood and help the weak and needy, promotes sustainable development of the social economy, and achieves the company's long-term development strategic goals.

## Key Performance

### Environmental Performance

Disclosures	Units	2024	2025
<b>Responding to climate change</b>			
Scope 1 GHG emissions	tCO <sub>2</sub> e	1,125.37	780.34
Scope 2 GHG emissions	tCO <sub>2</sub> e	18,716.38	20,986.29
Total GHG emissions	tCO <sub>2</sub> e	19,841.75	21,766.63
GHG emission intensity	tCO <sub>2</sub> e / CNY 10,000	0.0512	0.0511
<b>Energy consumption</b>			
Comprehensive energy consumption	tce	4,515	5,039
Comprehensive energy consumption intensity	tce / CNY 10,000	0.0117	0.0118
Natural gas	m <sup>3</sup>	100,705	82,332
Gasoline	Liter	28,258	29,589
Purchased steam	tons	2,273	1,026
Purchased electricity	MWh	33,621	39,028
Direct energy consumption	tce	165	142
Indirect energy consumption	tce	4,350	4,897
Usage of clean energy	MWh	4,705	5,526
<b>Water use</b>			
Municipal water purchase volume	tons	232,820	258,605

\*We have retrospectively adjusted the statistical criteria for the Comprehensive energy consumption, Comprehensive energy consumption intensity, Natural gas, Gasoline, Direct energy consumption, Indirect energy consumption, Municipal water purchase volume, Total water withdrawal, and Total water consumption for the year 2024. The addition of data from the Shanghai base has led to differences in the disclosed data compared to the previous year.

Disclosures	Units	2024	2025
Total volume of circulating water/reclaimed water	tons	5,016	4,052
Total water withdrawal	tons	237,836	262,657
Total water consumption	tons	41,840	25,610
Water usage intensity	tons/ CNY10,000	0.6141	0.6166
<b>Material usage</b>			
Total use of packaging consumables	tons	1,832	1,919
Wood	tons	1,439	1,507
Plastic	tons	315	330
Paper	tons	78	82
<b>Discharge of gaseous pollutants</b>			
Total exhaust emissions	m <sup>3</sup>	588,960,000	485,130,000
Particulate matter	kg	2	2
Total non-methane hydrocarbons	kg	991	816
Nitrogen oxides	kg	0	0
Sulfur oxides	kg	0	0
VOC emissions	kg	3,964	2,870
<b>Discharge of water pollutants</b>			
Total amount of wastewater discharge	tons	195,995	237,047
Industrial wastewater discharge	tons	4,104	3,315
Domestic wastewater discharge	tons	191,891	233,732
Chemical Oxygen Demand (COD)	tons	0.116	0.688

\*We have adjusted the statistical scope of Total amount of wastewater discharge to the sum of Industrial wastewater discharge and Domestic wastewater discharge, and consolidated the data of the Shanghai base. As a result, the Total amount of wastewater discharge and Domestic wastewater discharge data for 2024 are different from the disclosed values of the previous year.

Disclosures	Units	2024	2025
Biochemical Oxygen Demand (BOD)	tons	0	0
Suspended matter	tons	0	0
Ammonia nitrogen	tons	0.002	0.001
Total Nitrogen (TN)	tons	0.026	0.076
Total Phosphorus (TP)	tons	0.001	0.013
pH	-	6-9	6-9
<b>Waste management</b>			
Total waste generation	tons	101	259
Total hazardous waste generation	tons	30	39
Total general waste generation	tons	71	220
Waste recycling volume	tons	71	220
<b>Environmental compliance</b>			
Environmental investment	CNY 10,000	170	70
Amount of major administrative penalties imposed by ecological and environmental authorities for environmental incidents during the reporting period	CNY10,000	0	0
Number of employees who received environmental training	persons	2,355	3,550
Total duration of environmental training for employees	hours	4,710	7,100
Average duration of environmental training for employees	hours	2	2

## Social Performance

Disclosures	Units	2024	2025	
<b>Innovative research and development</b>				
Research and development investment amount	CNY 10,000	32,469.74	33,379.09	
Proportion of research and development investment to business income	%	7.66	7.44	
Number of R&D personnel	persons	594	657	
Proportion of R&D personnel	%	25.22	25.79	
Number of invention patents applied to the main business	/	348	404	
Number of patent applications for invention during the reporting period	/	127	159	
Number of invention patents granted during the reporting period	/	207	56	
Number of new patents granted during the reporting period	/	356	379	
Number of patents held	/	1,779	2,016	
Number of trademark and word registrations held	/	701	731	
Number of software copyrights held	/	60	107	
Annual number of new patent applications	/	456	572	
<b>Employee hiring</b>				
Proportion of labor contracts signed	%	100	100	
Total number of employees	persons	2,355	2,652	
By gender	Male	persons	1,637	1,856
	Female	persons	718	796
By type of employment	Labor contract system	persons	2,259	2,525
	Labor dispatch	persons	66	69
	Others	persons	30	58

\*Total number of employees includes dispatched workers, while the total number of employees in the annual report excludes dispatched workers.

Disclosures		Units	2024	2025
By age	Over 50 years old	persons	25	41
	30 to 50 years old	persons	1,697	1,899
	Under 30 years old	persons	624	712
By region	Chinese mainland	persons	/	2,650
	Other countries and regions	persons	/	2
By educational attainment	Doctor	persons	3	3
	Master	persons	142	169
	Undergraduate	persons	1,188	1,359
	Junior college	persons	348	430
	Below junior college	persons	674	691
By employee category	Total number of grassroots employees	persons	2,116	2,378
	Total number of middle management staff	persons	228	255
	Total number of senior management staff	persons	34	19
	Number of women in middle management	persons	11	40
	Number of women in senior management	persons	1	3
By professional composition	Production personnel	persons	888	930
	Technical personnel	persons	657	823
	Salesperson	persons	586	628
	Financial personnel	persons	24	33
	Management personnel	persons	200	238
Number of ethnic minorities		persons	6	10
Number of disabled people		persons	1	4
Number of new hires		persons	417	629

Disclosures		Units	2024	2025
Number of departing employees		persons	710	562
<b>Talent development</b>				
Employee training investment		CNY 10,000	200	190
Number of employees who received training		persons	39,241	41,315
Number of training sessions		times	651	351
Total duration of training received by employees		hours	47,175	50,952
Number of employees who undergo performance appraisals or career development evaluations		persons	1,565	1,599
<b>Work safety</b>				
Safety production investment		CNY 10,000	124	108
Number of work safety accidents		cases	0	0
Employee work injury insurance coverage		%	100	100
Employee work safety liability insurance coverage		%	100	100
Employee safety production liability insurance contribution amount		CNY 10,000	3	3
Number of work-related accidents		cases	5	3
Number of work-related injuries		persons	5	3
Number of work-related fatalities		cases	0	0
Number of deaths at work		persons	0	0
Number of contracted work-related injuries		cases	/	0
Number of contractor deaths at work		persons	/	0
Number of employees receiving safety training		persons	1,742	1,812
Total hours of safety training attended by employees		hours	13,936	14,496
<b>Occupational health</b>				
Number of plants certified by the Occupational Health and Safety Management system		persons	5	5

Disclosures	Units	2024	2025
Number of employees in occupational risk positions	persons	503	778
Number of employees undergoing occupational health check-ups	persons	480	780
Number of employees with occupational diseases	persons	0	0
Number of companies participating in the physical examination	persons	1,742	1,768
Proportion of person-times participating in physical examinations	%	79	80
<b>Supply Chain management</b>			
Total number of suppliers	/	272	305
Proportion of suppliers signing the Supplier Integrity Clause	%	100	100
Proportion of suppliers signing terms that include environmental and labor requirements	%	100	100
Number of suppliers conducting social impact assessments	/	83	100
Number of suppliers conducting environmental impact assessments	/	120	120
Number of suppliers certified with ISO 9001	/	256	289
Number of suppliers certified with ISO 14001	/	125	140
Number of suppliers certified with ISO 45001	/	83	100
Number of suppliers identified as having actual and potential significant negative social impacts	/	0	0
Number of suppliers identified as having actual and potential significant negative environmental impacts	/	0	0
Number of new suppliers	/	15	22
Local supplier percentage	%	13	15
Number of suppliers who terminated their cooperation	/	0	0
<b>Social contribution</b>			
Amount of social welfare contribution	CNY 10,000	36.3	1.2

## Governance Performance

Disclosures	Units	2024	2025
<b>Corporate Governance</b>			
Number of shareholders' meetings held	/	2	4
Number of board meetings	/	10	6
<b>ESG Governance</b>			
Number of ESG training sessions	/	1	1
ESG training coverage	persons	30	20
<b>Risk Compliance and Taxation</b>			
Risk/Audit training	times	4	2
Number of employees covered by risk/audit training	persons	200	200
Number of employee compliance training	persons	100	150
Number of employees covered by financial tax training	persons	30	27
<b>Anti-corruption</b>			
Number of corruption lawsuits filed and concluded by regulators against issuers or their employees	/	0	0
Number of anti-corruption whistleblowing incidents	/	2	1
Proportion of directors covered by anti-commercial bribery and anti-corruption training	%	55	100
Proportion of management personnel covered by anti-commercial bribery and anti-corruption training	%	100	100
Proportion of employees covered by anti-commercial bribery and anti-corruption training	%	80	63
<b>Investor Relations</b>			
Investor communication activities conducted	/	78	74
Record sheet of investor relations activities released	/	8	7
Earnings briefing held	/	3	1
Interactive Q&A	/	61	52
Phone calls made	/	60	48

\*Apart from the personnel data, all the performance data above do not include those of Hoko Electric.

# Indicator Index

## Shenzhen Stock Exchange Guidance Index

Dimensions	Topics	Corresponding chapters	
Environment	Responding to Climate Change	Responding to Climate Change	
	Pollutant Emissions	Pollutant Emissions	
	Waste Disposal	Waste Management	
	Ecosystem and Biodiversity Conservation	Biodiversity Conservation	
	Environmental Compliance Management	Environmental Compliance Management	
	Energy Utilization	Resource Management	
	Water Utilization	Resource Management	
	Circular Economy	Resource Management	
Society	Rural Revitalization	Social Welfare	
	Social Contribution	Social Welfare	
	Innovation-driven	Innovation-driven Development	
	Science and Technology Ethics	Intelligence Ecosystem Products	
	Supply Chain Security	Supply Chain Security	
	Treat Small and Medium-sized Enterprises Equally	Treat Small and Medium-sized Enterprises Equally	
	Safety and Quality of Products and Services	Product Quality	
		Customer Service	
Data Security and Customer Privacy Protection	Information Security and Customer Privacy Protection		
Employees	Employee Rights		
Sustainable development-related governance	Due Diligence	Risk Compliance	
	Stakeholder Communication	Sustainable Development Management	
	Anti-commercial Bribery and Anti-corruption	Business Ethics	
	Anti-unfair Competition	Business Ethics	

## GRI Index

GRI standards	Disclosures	Corresponding chapters
<b>GRI 2: General Disclosures 2021</b>		
2-1	Organizational details	About This Report Step into LAZZEN
2-2	Entities included in the organization's sustainability reporting	About This Report
2-3	Reporting Period, Frequency and contact point	About This Report
2-4	Restatement of information	About This Report
2-5	External assurance	AA1000 Independent Assurance Statement
2-6	Activities, value chain and other business relationships	Step into LAZZEN
2-7	Employees	Employee Rights
2-9	Governance structure and composition	Corporate Governance
2-10	Nomination and selection of the highest governance body	Corporate Governance
2-11	Chair of the highest governance body	Chairman's Message
2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance
2-13	Delegation of responsibility for managing impacts	Sustainable Development Management
2-14	Role of the highest governance body in sustainability reporting	Sustainable Development Management
2-16	Communication of critical concerns	Sustainable Development Management
2-19	Remuneration policies	Employee Rights
2-20	Process to determine remuneration	Employee Rights
2-22	Statement on sustainable development strategy	Sustainable Development Management
2-26	Mechanisms for seeking advice and raising concerns	Sustainable Development Management

GRI standards	Disclosures	Corresponding chapters
2-27	Compliance with laws and regulations	Each chapter covers it
2-28	Membership association	Industry Collaboration
2-29	Approach to stakeholder engagement	Sustainable Development Management
<b>GRI 3: Material Topics 2021</b>		
3-1	Process to determine material topics	Sustainable Development Management
3-2	List of material topics	Sustainable Development Management
<b>GRI 201: Economic Performance 2016</b>		
201-1	Direct economic value generated and distributed	Refer to the Annual Report
201-2	Financial implications and other risks and opportunities due to climate change	Responding to Climate Change
<b>GRI 204: Procurement Practices 2016</b>		
204-1	Proportion of spending on local suppliers	Social Performance
<b>GRI 205: Anti-corruption 2016</b>		
205-1	Operations assessed for risks related to corruption	Business Ethics
205-2	Communication and training of anti-corruption policies and procedures	Business Ethics
205-3	Confirmed incidents of corruption and actions taken	Business Ethics
<b>GRI 206: Anti-competitive Behavior 2016</b>		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Business Ethics
<b>GRI 207: Tax 2019</b>		
207-1	Approach to tax	Risk Compliance
207-2	Tax governance, control, and risk management	Risk Compliance
207-3	Stakeholder engagement and management of concerns related to tax	Risk Compliance
<b>GRI 301: Materials 2016</b>		

GRI standards	Disclosures	Corresponding chapters
301-2	Recycled input materials used	Resource Management
301-3	Reclaimed products and their packaging materials	Resource Management
<b>GRI 302: Energy 2016</b>		
302-1	Energy consumption within the organization	Resource Management
302-2	Energy consumption outside of the organization	Resource Management
302-3	Energy intensity	Resource Management
302-4	Reduction of energy consumption	Resource Management, Special Topic
302-5	Reductions in energy requirements of products and services	Resource Management, Special Topic
<b>GRI 303: Water and Effluents 2018</b>		
303-1	Interactions with water as a shared resource	Resource Management
303-2	Management of water discharge-related impacts	Pollutant Emissions
303-3	Water withdrawal	Resource Management
303-4	Water discharge	Pollutant Emissions
303-5	Water consumption	Resource Management
<b>GRI 304: Biodiversity 2016</b>		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environmental Compliance Management
<b>GRI 305: Emissions 2016</b>		
305-1	Direct (Scope 1) GHG emissions	Responding to Climate Change
305-2	Energy indirect (Scope 2) GHG emissions	Responding to Climate Change
305-4	GHG emissions intensity	Responding to Climate Change
305-5	Reduction of GHG emissions	Responding to Climate Change
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Pollutant Emissions

GRI standards	Disclosures	Corresponding chapters
<b>GRI 306: Waste 2020</b>		
306-1	Waste generation and significant waste-related impacts	Waste Management
306-2	Management of significant waste-related impacts	Waste Management
306-3	Waste generated	Waste Management
306-4	Waste diverted from disposal	Waste Management
306-5	Waste directed to disposal	Waste Management
<b>GRI 308: Supplier Environmental Assessment 2016</b>		
308-1	New suppliers that were screened using environmental criteria	Sustainable Supply Chain
308-2	Negative environmental impacts in the supply chain and actions taken	Sustainable Supply Chain
<b>GRI 401: Employment 2016</b>		
401-1	New employee hires and employee turnover	Employee Rights
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Rights
401-3	Parental leave	Employee Care
<b>GRI 403: Occupational Health and Safety 2018</b>		
403-1	Occupational health and safety management system	Occupational Health and Safety
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety
403-3	Occupational health services	Occupational Health and Safety
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety
403-5	Worker training on occupational health and safety	Occupational Health and Safety
403-6	Promotion of worker health	Occupational Health and Safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety
403-8	Workers covered by an occupational health and safety management system	Occupational Health and Safety

GRI standards	Disclosures	Corresponding chapters
403-9	Work-related injuries	Occupational Health and Safety
403-10	Work-related ill health	Occupational Health and Safety
<b>GRI 404: Training and Education 2016</b>		
404-1	Average hours of training per year per employee	Talent Development
404-2	Programs for upgrading employee skills and transition assistance programs assistance programs	Talent Development
404-3	Percentage of employees receiving regular performance and career development reviews	Talent Development
<b>GRI 405: Diversity and Equal Opportunity 2016</b>		
405-1	Diversity of governance bodies and employees	Corporate Governance
		Employee Rights
<b>GRI 406: Non-discrimination 2016</b>		
406-1	Incidents of discrimination and corrective actions taken	Employee Rights
<b>GRI 408: Child Labor 2016</b>		
408-1	Operations and suppliers at significant risk for incidents of child labor	Employee Rights
<b>GRI 409: Forced or Compulsory Labor 2016</b>		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Employee Rights
<b>GRI 413: Local Communities 2016</b>		
413-1	Operations with local community engagement, impact assessments, and development programs	Social Welfare
<b>GRI 414: Supplier Social Assessment 2016</b>		
414-1	New suppliers that were screened using social criteria	Sustainable Supply Chain
414-2	Negative social impacts in the supply chain and actions taken	Supply Chain Security
<b>GRI 416: Customer Health and Safety 2016</b>		
416-1	Assessment of the health and safety impacts of product and service categories	Product Quality
		Customer Service
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Product Quality

GRI standards	Disclosures	Corresponding chapters
<b>GRI 417: Marketing and Labeling 2016</b>		
417-1	Requirements for product and service information and labeling	Customer Service
417-2	Incidents of non-compliance concerning product and service information and labeling	Customer Service
417-3	Incidents of non-compliance concerning marketing communications	Customer Service
<b>GRI 418: Customer Privacy 2016</b>		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Information Security and Customer Privacy Protection

## AA1000 Independent Assurance Statement

To the management and stakeholders of LAZZEN:

Bohan Sustainability Center Co., LTD. (hereinafter referred to as "Bohan Sustainability Center") is entrusted by Shanghai Liangxin Electrical Co.,LTD. (hereinafter referred to as "LAZZEN") to conduct independent limited assurance of the information and data disclosed by LAZZEN. regarding the Environmental, Social and Governance (ESG) Report 2025 (hereinafter referred to as the ESG Report) in the form of an independent assurance statement, disclose the results and conclusions of the assurance to the readers and stakeholders of the ESG report of LAZZEN.

### Scope of the assurance

- The time range of this assurance is limited to the information and data disclosed in the ESG report for the period from 1 January 2025 to 31 December 2025. Any relevant information outside the reporting period is not within the scope of this assurance.
- Verify the data and information covered by LAZZEN and its affiliated subsidiaries in LAZZEN's ESG Report.
- This assurance does not include data and information from LAZZEN's suppliers, partners, and other third parties.
- To assess the extent to which LAZZEN's ESG Report complies with the AA1000AS v3 principles of inclusiveness, substance, responsiveness and impact.
- For the information and data disclosed in the ESG report that has been audited or verified by an independent third-party institution, no re-assurance will be conducted this time.

### Assurance criteria

The Bohan Sustainability Center uses the AA1000AS v3 Type 2 moderate assurance level, which includes the evaluation of LAZZEN's compliance with and extent of the four AA1000AS v3 assurance principles of inclusion, substance, responsiveness, and impact.

### Source of assurance information

Report Title: LAZZEN 2025 Environmental, Social and Governance (ESG) Report

Source: LAZZEN

### Assurance duties and statements

- The management of LAZZEN is fully responsible for the preparation and content of the LAZZEN 2025 Environmental, Social and Corporate Governance (ESG) Report. It is the responsibility of the Bohan Sustainability Center to conduct the assurance based on the scope described in the opinion and to provide professional assurance opinions and independent assurance statement opinions to the report readers and stakeholders.
- Based on the restricted matters of the assurance scope, the Bohan Sustainability Center conducts independent and limited assurance work and guarantees the conclusion for the matters within the defined scope of the ESG Report of LAZZEN. in accordance with AA1000AS v3 (the management of LAZZEN is fully responsible for the preparation and content of the report). Except for conducting independent assurance of the facts corresponding to those conclusions and making other statements of opinion, Bohan Sustainability Center shall not bear or be liable for any inquiry for any other purpose, or for any other person who reads this independent assurance statement of opinion.
- Any questions regarding the contents of this independent assurance statement or related matters will be answered by LAZZEN.

### Assurance process and work

In order to gather evidence related to the formation of conclusions, we carried out the following work:

- 01** Document key resource requirements, evidence to be collected, tasks, activities, deliverables, and timetables in the assurance plan to form the assurance plan.
- 02** Through interviews and document reviews, understand the overall situation of LAZZEN's fulfillment of environmental, social and corporate governance responsibilities and related management processes.
- 03** Verify the key developments and policy implementation of the relevant organization of LAZZEN, as well as the supporting evidence for the declarations made in the review report.
- 04** Through interviews and review of relevant documents, understand the key stakeholders of LAZZEN and their expectations and needs, the specific communication channels between the two parties, and how LAZZEN responds to the expectations and needs of the stakeholders.

- 05 Select the environmental, social and governance information in this report, perform an analytical assurance procedure on the information, assess its overall performance, and verify its consistency with the information disclosed in the report.
- 06 Verify the process management related to inclusion, substance, responsiveness and impact in the report and its associated AA1000 to confirm the suitability of this statement.
- 07 Sample and examine the supporting evidence for the reliability and quality of the data related to the selected specific performance information.
- 08 Recalculate and validate the selected specific performance information.
- 09 Carry out other procedures that the Bohan Sustainability Center deems necessary.

## Independence and assurance capabilities

- Bohan Sustainability Center and LAZZEN are completely independent organizations of each other, and there is no business relationship between the two parties that would lead to conflicts of interest; The Bohan Sustainability Center's assurance team independently carried out this assurance;
- The Bohan Sustainability Center's assurance team is composed of experienced ESG experts in the industry. The relevant personnel have received professional training in sustained-related standards such as GRI standards issued by the Global Reporting Initiative, AA1000AS v3, ISO 14001, ISO 14064, EcoVadis Global Supply Chain Rating, and are qualified for sustainability assurance services of the Bohan Sustainability Center. All have the ability to carry out assurances.

## Limitations

- This review used sampling to verify the relevant data and information, and therefore did not cover all the information disclosed in the report.
- Some ESG information has not yet formed a fully unified international standard in terms of data collection, calculation methods and disclosure standards. Different organizations may adopt different methods, which may affect the comparability of the data.
- Some of the information in the report (such as the identification of materiality topics and stakeholder engagement results) relies on management judgment and related methods and is somewhat subjective.
- This review does not cover information outside the reporting period and does not provide any assurance regarding future predictive information related to it.
- This assurance does not cover supply chain and other third-party data whose completeness and accuracy have not been verified in this assurance.

## Assurance conclusions

- Based on the information provided by LAZZEN and sampling tests, there are no material misstatements in LAZZEN's ESG report.
- The detailed review results regarding the inclusion, substance, responsiveness and impact principles included in AA1000AS v3 are as follows:

Principles	Evaluation
Inclusiveness	The report reflects that LAZZEN has established a systematic stakeholder engagement mechanism, identified key stakeholder groups, and continuously collected their expectations and concerns through diversified communication channels such as regular communication, information disclosure, and special exchanges. The relevant results have been incorporated into the company's ESG management and the process of identifying important topics and are responded to in the report.
Substantive	LAZZEN has established a mechanism for identifying and evaluating critical ESG topics through a systematic process, and assesses and ranks them based on two dimensions: financial importance and environmental and social impact importance, forming a list of critical topics and disclosing it in the report.
Responsiveness	LAZZEN has established a systematic response mechanism for the material topics of concern to stakeholders, responds by formulating relevant policies, management systems and specific action measures, and discloses the relevant progress and achievements in reports, demonstrating a management closed loop of continuous improvement.
Impactful	LAZZEN has established a mechanism for identifying, assessing and managing the impact of key ESG topics. By setting relevant performance indicators, the company monitors and quantifies environmental and social impacts and discloses them in its reports. At the same time, the company is gradually refining its impact management process to support decision optimization and continuous improvement, thereby more objectively reflecting its actual impact on sustainability.



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博涵可持续发展中心  
Bohan Sustainability Centre

Assurance Institution: Shanghai Bohan Public Relations Management Consulting Co., LTD.

Assurance date: March 2026

Assurance members: Bohan Sustainability Center Sustainability Assurance Team