



Ningbo AUX Smart Technology Co., Ltd.

2024 Annual Sustainability Report

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About the Report

This Report is the first *Sustainability Report* of Ningbo AUX Smart Technology Co., Ltd. In 2023, the Company issued its inaugural *Environmental, Social and Governance* (ESG) Report for disclosure to stakeholders the principles upheld, management methodologies established, initiatives implemented and outcomes achieved regarding sustainability matters in its operations.

Reporting Scope

This Report covers Ningbo AUX Smart Technology Co., Ltd. and its six subsidiaries (hereinafter referred to as "We" or "the Company"). Certain contents in the Report involves the Company's upstream and downstream value chains, which will be specifically noted.

In 2024, among its six subsidiaries, only Ningbo AUX Solar Technology Co., Ltd. and Ningbo Aoneng Electric Co., Ltd. are involved in physical production; and Ningbo Aoneng Electric Co., Ltd. is expected to commence production in 2025. Unless otherwise specified, the scope of this Report aligns with that of AUX Smart Technology's consolidated financial statements for the same period. Detailed company names and report abbreviations covered herein:

Company Name	Address	Remarks
Ningbo AUX Smart Technology Co., Ltd.	No. 17, 22 Fenglin Road, Cicheng Town, Jiangbei District, Ningbo City, Zhejiang Province	Abbreviated as "AUX Smart Technology"
Ningbo AUX Solar Technology Co., Ltd.	1-2 and 2-7 Building A, 1F1-1 Building 10, 1F1-1, Building 13; 1F1-1, 2F2-1, 3F3-3 and 4F4-4, Building 16, No. 518 Xinmei Road, Ningbo High-Tech Zone, Zhejiang Province	Abbreviated as "AUX Solar Technology"
Ningbo AUX Energy Storage Technology Co., Ltd.	No. 17, Fenglin Road, Cicheng Town, Jiangbei District, Ningbo City, Zhejiang Province	Abbreviated as "AUX Energy Storage Technology"
Ningbo Aogao Photovoltaic Power Generation Co., Ltd.	Factory Building 9, 518 Xinmei Road, Ningbo High-Tech Zone, Zhejiang Province	Abbreviated as "Aogao Photovoltaic Power Generation"
Ningbo Aogao Electric Power Development Co., Ltd.	No. 16 Fengwan Road, Cicheng Town, Jiangbei District, Ningbo City, Zhejiang Province	Abbreviated as "Aogao Electric Power"
Ningbo Aogao Supply Chain Co., Ltd.	No. 16 Fengwan Road, Cicheng Town, Jiangbei District, Ningbo City, Zhejiang Province	Abbreviated as "Aogao Supply Chain"

Ningbo Aoneng Electric Co., Ltd	Building A143, No. 316 Binhai 4th Road, Qianwan New District, Ningbo, Zhejiang Province	Abbreviated as "Aoneng Electric"
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Reporting Period

The reporting period is from 1 January 2024 to 31 December 2024. Unless otherwise stated, the data in the Report are those within this period.

Basis for Preparation

This Report primarily aligns with the *Global Reporting Initiative's* GRI STANDARDS 2021, the EU's *Corporate Sustainability Reporting Directive* (CSRD) and the *European Sustainability Reporting Standards* (ESRS) developed by EFRAG.

Data Description

The data and cases in the Report are derived from official records of the actual operation of the Company. The financial data in the Report are all in CNY. In case of any discrepancy with the Company's annual financial report, the annual financial report shall prevail.

Principles of Preparation

- Correlation

This Report closely addresses stakeholder concerns in its disclosures, providing content that supports stakeholder decision-making.

- Accuracy

It can be ensured that the information in the Report is as accurate as possible. The data standard, calculation basis, and assumption conditions have been explained in the quantitative information to guarantee that the calculation error range will not mislead the users. Quantitative data and notes are detailed in the "Sustainability Data Sheets and Notes" section of this Report. The Board of Directors guarantees the content of this Report, confirming there are no false records, misleading statements or material omissions.

- Impartiality

The Report reflects objective and factual facts, impartially disclosing positive and negative information related to the Company. No negative events requiring disclosure but not disclosed were identified during the Reporting Period.

- Clarity

This Report is published in Simplified Chinese and English. In case of discrepancies between them, the Chinese version shall prevail. The Report contains tables and diagrammatic figures etc. as a supplement to facilitate a better understanding for stakeholders. To facilitate faster access to information for stakeholders, the Report provides a table of contents.

- Comparability

This Report maintains consistency in the statistics and disclosure methods for the same quantitative items across different Reporting Periods. If data acquisition, measurement, or calculation methods are revised, retrospective adjustments are made to the relevant data, with explanations provided for the adjustments and reasons, enabling stakeholders to conduct meaningful analysis and assess the Company's sustainability level and trends.

- Integrity

The scope of the disclosure object shall be in line with that of the Company's consolidated financial statements. Some information is not disclosed due to trade secrets involving intellectual property and proprietary technologies.

- Context of Sustainability

The Company identified the important topics related to the operation that all stakeholders are concerned about as the highlights of the Report. The presentation of important topics in the Report focuses on the industry characteristics involved in the Company's operations and the characteristics of the region where it is located. The analysis process and results of materiality matters are detailed in the "Topics Materiality Assessment" chapter of this Report. The Report highlights ESG matters that may have an important impact on stakeholders.

- Timeliness

This is an annual report covering the period from 1 January 2024 to 31 December 2024. The Company endeavors to publish the Report as promptly as possible after the reporting year to provide timely information references for stakeholder decision-making.

- Verifiability

The cases and data in the Report come from the original records or financial reports of the Company's actual operations. The source of the data disclosed by the Company and the calculation process can be traced and used to support external authentication work.

Report Accessibility

The Chinese and English versions of this Report can be obtained via email (ruby@overseas.sanxing.com).

ABOUT US

AUX Smart Technology was established in 2001. The Company is a high-tech enterprise specializing in comprehensive smart power distribution solutions. While maintaining a strong presence across the intelligent grid industry chain, with a focus on intelligent power distribution technologies, the Company is vigorously expanding into the new energy field, committed to becoming an excellent integrated partner in the global power customer value chain. By the end of 2024, the Company had attracted 3,708 outstanding talented people, forming a highly skilled and innovative core team, injecting continuous strong momentum into its corporate development.

Major Honors and Awards Recently Received by AUX Smart Technology

Name of Award	Award Year	Issuing Authority
National Green Factory	2021	Ministry of Industry and IT Office
Zero-Waste Factory	2023	Beautiful Ningbo Construction Leading Group Office of Ningbo City
AAA-rated Contract-Abiding and Creditworthiness	2024	Zhejiang Provincial Administration for Market Regulation
National-Level Green Supply Chain	2024	Ministry of Industry and IT Office

• Business Layout

The Company focuses on "green electricity" and "carbon accounting" needs, independently developing new energy-efficient transformers, intelligent RMU s, eco-friendly gas cabinets and core components, pre-positioning high-capacity box-type transformers, high-current center-mounted cabinets, low-voltage cabinets, etc., of which, high/low-voltage prefabricated substations received domestic first-article certification, and intelligent RMUs are going global, with wide applications in Middle Eastern, European and American markets.

The Company's main products include transformers, box-type substations, switchgear, photovoltaic inverters and the like power equipment. In 2024, the Company achieved operating revenue of approx. CNY 6,093.87 million. The Company maintains a comprehensive system encompassing R&D, procurement, production, sales and after-sales O&M services. The Company has established a global marketing platform, providing smart power distribution products and system solutions through self-built localized marketing channels at home and abroad.

Business Layout of AUX Smart Technology

Building Bases	Ningbo, China and Brazil
R&D Center	Ningbo, Hangzhou and Shenzhen
Main Footprint	Marketing channels and strategic cooperation projects span over 70+ countries and regions.

As a strategic initiative in low-carbon development, Aogao Solar Power Generation has deeply engaged in photovoltaic installation services. In 2024, Aogao Solar Power's net income exceeded CNY 3 million. The Company holds high expectations for AUX Solar Power Generation's market potential, projecting installed capacity to exceed 4,000 kWp by 2025, firmly committing to advancing society-wide low-carbon development. Additionally, Aoneng Electric will commence operations in 2025, establishing an industry-leading smart factory. Aoneng Electric is equipped with automated core production lines, smart three-dimensional

warehouses, transformer assembly lines, and intelligent logistics distribution, comprehensively enhancing production efficiency while reducing employees' exposure to safety risks through intelligent equipment and fostering a secure work environment.

- **Corporate Culture**

Aux Smart attaches great importance to building and nurturing its corporate culture. The Company has established its mission, vision and values with the aim of unlocking the potential of its employees, strengthening team cohesion, and enhancing the Company's competitiveness.

Corporate Culture

Mission	Creating an intelligent living environment and cultivating great talent
Vision	Make AUX a world brand
Values	Ensure accuracy, efficiency, pragmatism and simplicity; and believe that opportunity comes from performance

- **Corporate Governance**

An effective governance system enables the Company to operate in a sound and sustainable manner. The Company strictly adheres to the *Company Law of the People's Republic of China* and other applicable laws and regulations. Through the revision and perfection of the *Articles of Association of Ningbo Aux Smart Technology Co., Ltd.*, and other rules and regulations, the Company continuously optimizes and strengthens its internal control system, promotes standardized operations and safeguards the legitimate rights and interests of the Company and all shareholders.

The Company has established a corporate governance structure comprising the General Meeting, Board of Directors, Board of Supervisors and Management on principles of checks and balances, clear responsibilities and standardized effectiveness. These governing bodies operate with distinct roles and responsibilities, mutual coordination and legal compliance. The Company continuously optimizes the composition of the Board of Directors, emphasizing diversity. As at the end of the Reporting Period, the Company has 5 directors: 3 male and 2 female.

1. General Information

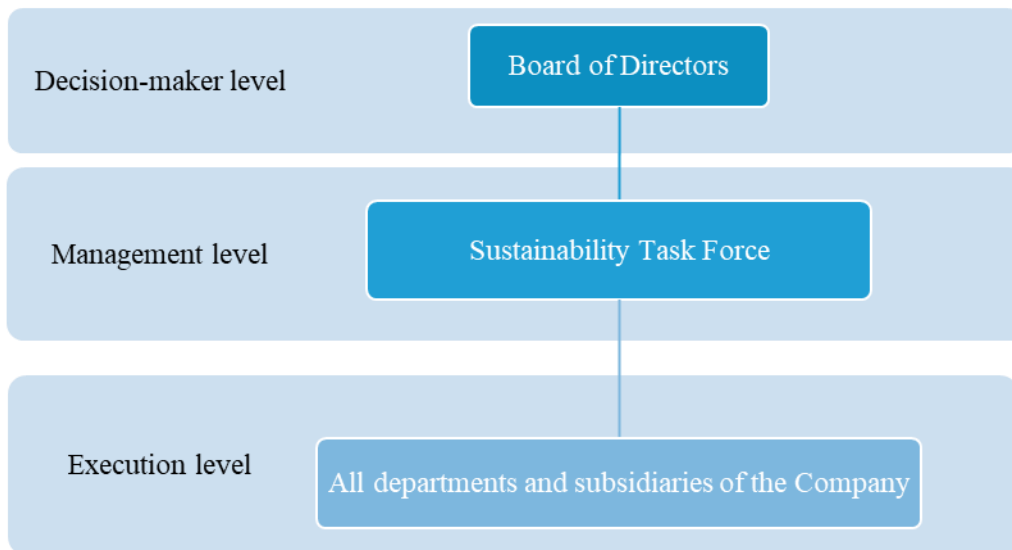
ESRS 2 General Disclosure

1.1.1 Sustainability Governance Framework

The Company is committed to refining the top-level design of sustainability management, actively identifying and managing the impacts of its business and operational activities. Aligned with the Sustainability strategy and overall goal of its parent company, Sanxing Medical (Ningbo Sanxing Medical & Electric Co., Ltd., referred to as "Parent Company Sanxing Medical"), the Company breaks down sustainability metrics and targets for daily management of sustainability -related tasks, regularly reports on execution, and promptly submits sustainability information to ensure the continuous and effective advancement of sustainability initiatives, creating value for all stakeholders.

The Company's directors actively engage in numerous sustainability-related projects and practices, accumulating expertise and management experience in various sustainability matters throughout their careers, enabling them to comprehensively drive continuous progress in environmental, social and governance (ESG) fields. Regarding professional expertise, one director has participated in SA8000 Social Responsibility Standard certification and specialized sustainability training, deepening their understanding of sustainability knowledge to drive sustainability initiatives at the strategic level. In management expertise: one director's HR background has strengthened employee welfare and talent development; another's audit experience has ensured precise financial/operational risk control and governance transparency.

Sustainability Governance Framework



Responsibilities on each Level of the Sustainability Governance Framework

Decision-maker level	The Board of Directors serves as the leadership and decision-making body for sustainability initiatives, responsible for review and approval of the Company's sustainability strategies, objectives, materiality matters and management systems, as well as finalizing the Sustainability Report.
Management level	<p>The Sustainability Task Force comprises the Company's president, each department head, leader in charge of each subsidiary and the designated sustainability liaison, with the Board Office serving as the Sustainability Task Force's lead department,</p> <ul style="list-style-type: none"> responsible for research and formulation of sustainability strategies, objectives, materiality matters and management systems; identification and

	<p>control of sustainability risks; guidance of daily operations; review and submission of the Sustainability Report to the Board of Directors;</p> <ul style="list-style-type: none"> responsible for implementing the Company's sustainability strategy and goals, organizing and arranging each execution unit to carry out sustainability initiatives, drafting sustainability policy documents, related issues, phased work plans, and implementation plans, as well as organizing stakeholder communication and establishing external communication workflows.
Execution level	<p>All departments and subsidiaries of the Company are the executing units for sustainability initiatives. Oversee the daily management of sustainability initiatives aligned with corporate strategies and objectives, regularly report progress and promptly submit the sustainability updates.</p>

1.1.2 Sustainability Management Mechanism

The Company is implementing its *Sustainability Management Procedures*, clarifying governance structures and functional responsibilities across all levels, establishing communication mechanisms and formulating disclosure protocols to ensure truthful, accurate, complete and consistent Sustainability Reporting, thereby enhancing management efficacy.

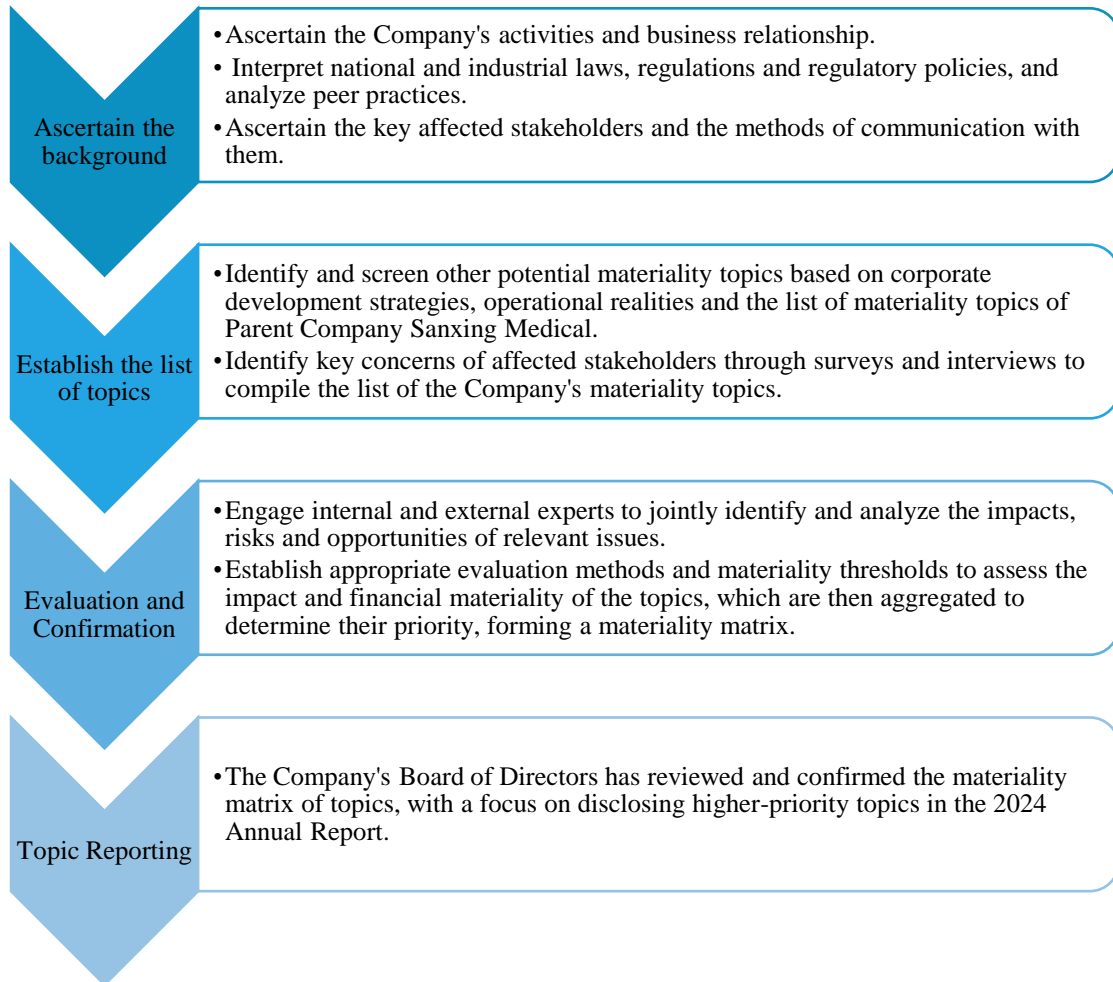
The Company has integrated sustainability responsibilities into its operational decision-making framework, requiring social benefit assessments for major investment decisions to serve as key considerations for the Board of Directors and the Management. Investors are encouraged to incorporate sustainability factors alongside any other critical elements when conducting financial projections and valuations to inform their investment decisions.

In response to its parent company, Sanxing Medical & Electric, publicly releasing three statements on its official website — "*Sanxing Medical & Electric Environmental Statement*", "*Sanxing Medical & Electric Labor and Human Rights Statement*", and "*Sanxing Medical & Electric Anti-Commercial Bribery and Anti-Fraud Statement*" — to strengthen the management of resources, energy, pollutants and waste, establish emission reduction targets and environmental protection plans, fully safeguard the fundamental rights of employees, suppliers, customers and stakeholders, adhere strictly to business ethics, standardize management and prevent commercial bribery and fraudulent behavior, with the goal of deepening the Company's sustainability philosophy, enhancing sustainability management and promoting the Company's continuous, stable and healthy development.

1.1.3 Double Materiality Analysis

Based on business context and practical operations, aligned with Sanxing Medical & Electric's materiality matters, the Company has identified stakeholder needs through benchmarking, policy analysis and peer comparison, formulated the list of materiality matters and conducted double-materiality analysis and prioritization.

Double Materiality Analysis Procedures



1.1.4 Stakeholder Communication and Due Diligence

The Company has established a sustainability information communication mechanism with stakeholders, addressing their needs and expectations through regular or ad-hoc engagements with key parties (shareholders/investors, creditors, employees, partners, clients, suppliers, community organizations and competent governmental authorities) to maintain an open communication channel.

Key Stakeholders' Concerns, Communication and Responses

Key Stakeholders	Concerns	Communication and Responses
Shareholders (Investors) and Creditors	Corporate Governance Business Ethics Risk and Compliance Management	Periodic Information Disclosure Risk and Compliance Management System Development
Employees	Employee Employment and Benefits Employee Training and Development Occupational health and safety Work safety Business Ethics	Internal Information Communication Platform Employee Benefit and Welfare Protection System Employee Training System Employee Performance Evaluation and Promotion Mechanism Occupational Health Mechanism Work Safety Management System Signing Integrity Commitment Letter
Suppliers and Partners	Resource Use and Circular Economy Supplier Management Business Ethics	Routine Communication Bidding Activities Access and Routine Assessment Management Procurement Mechanism Development Development of Business Integrity Mechanism
Customers	Ensuring Power Supply Safety R&D and Innovation Data Security and Customer Privacy Protection	Product Quality and Safety Management Conducting Customer Satisfaction Surveys Service and Complaint Channels Product and Technological R&D and Innovation Construction of Data Security and Privacy Protection Management System
Community Organizations	Pollutant and Waste Management Environmental Management Work safety Rural Revitalization and Social Contribution	Plant Zone Environmental Management Community Communication Mechanism Work Safety Management System Philanthropy and Volunteer Activities
Governmental Authorities	Response to climate change Environmental Management Energy Use Pollutant and Waste Management Work Safety and Business Ethics Risk and Compliance Management	Regulation and Inspection Seminars and Thematic Workshops Regular Communication and Reporting Standardize application for license files Environmental Information Disclosure in Compliance with Laws Work Safety Management System Risk and Compliance Management System Development

To enhance the identification, assessment and management of impacts, risks and opportunities in daily operations, the Company's Sustainability Task Force coordinates relevant departments to conduct sustainability-related due diligence through interviews, forums and

questionnaires, collecting feedback and suggestions from stakeholders. This has strengthened the identification and management of materiality matters, established response and management procedures for sustainability-related negative impacts or risks, and continuously improved the adjustment and optimization of management practices to promote stable operations of the Company.

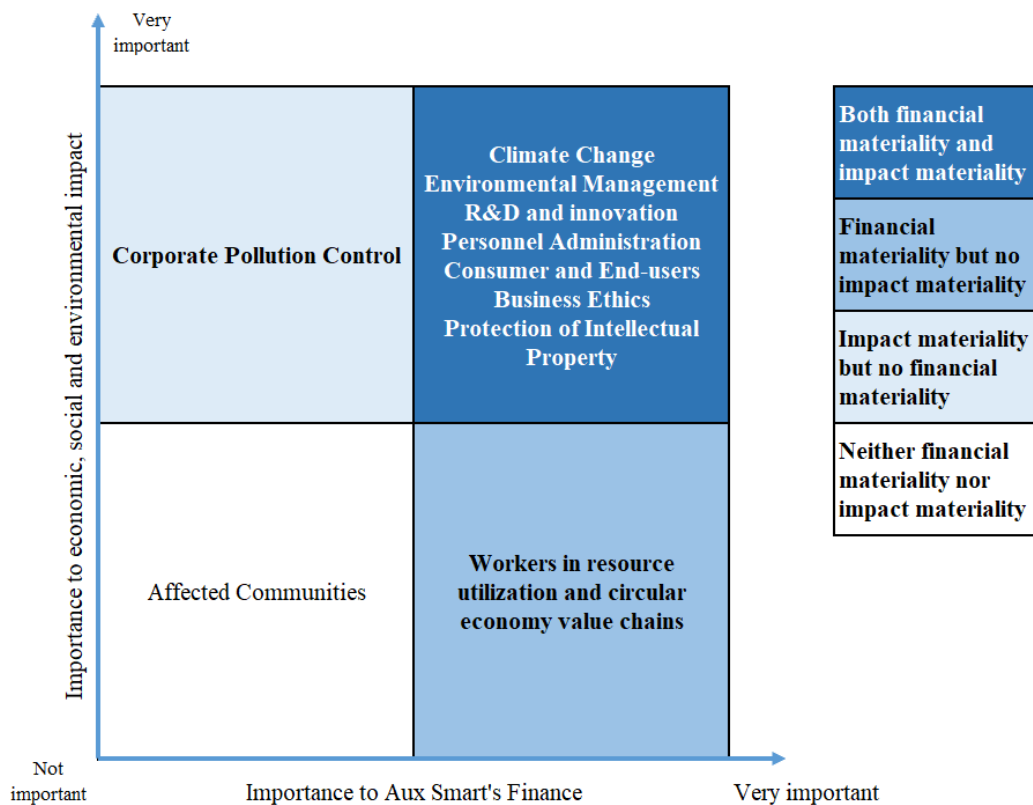
1.1.5 Conclusion of Analysis on the Importance of Topics

In 2024, the Company conducted issue identification and screening, referencing the topic standards outlined in the *Corporate Sustainability Reporting Directive* (CSRD) and *European Sustainability Reporting Standard* (ESRS), responding to stakeholder concerns about sustainability, identifying and confirming 12 material matters, including those unique to the Company's main business segments, through due diligence and stakeholder communication. By incorporating internal and external expert opinions, the Company has analyzed the impacts, risks and opportunities of these materiality matters, assessed their financial materiality and impact materiality, and developed a materiality matrix to prioritize the topics.

Of all topics with financial materiality or impact materiality, there are 7 sustainability matters covered in topical ESRS (hereafter "ESRS Materiality Matters"): ESRS E1 Climate Change, ESRS E2 Pollution, ESRS E5 Resource Use and Circular Economy, ESRS S1 Own Workforce, ESRS S2 Workers in the Value Chain, ESRS S4 Consumers and End-users, and ESRS G1 Business Conduct. Policies, actions, metrics and targets for these seven sustainability topics are detailed in respective report sections (see CSRD index).

Considering the Company's products and services as well as its geographical location, after evaluation, ESRS E3 Water and Marine Resources, ESRS E4 Biodiversity and Ecosystems, and ESRS S3 Affected Communities were not included in the Company's 2024 materiality matters matrix.

2024 Materiality Matters Matrix



Impact, Risks and Opportunities Analysis of ESRS Materiality Matters

ESRS Materiality Matters	Positive Impact	Negative Impact	Scope of Impact				Risks	Opportunities	Time Horizon Short-term: <1 year Medium-term: 1~5 years Long-term: >5 years
			Upstream Value Chain	Corporate Operations	Downstream Value Chain	Communities			
ESRS E1 Climate Change	The Company actively responds to the United Nations Sustainability Goals (SDGs 13) Climate Action by taking energy-saving and emission-reduction measures, developing eco-friendly and compact products to reduce GHG emissions.	Accelerated growth and increased production output of the Company have resulted in higher GHG emissions.	√	√	√	√	Refer to the "Climate Change" chapter for details.	Refer to the "Climate Change" chapter for details.	Refer to the "Climate Change" chapter for details.
ESRS E2 Pollution	The Company conducts regular environmental and pollutant emission monitoring while taking multiple treatment measures to reduce pollution.	Failure to properly manage wastewater, exhaust gases and waste generated during production, resulting in excessive emissions, may pose threats to the environment and human health.		√		√	Non-compliance with emission standards may result in environmental penalties, production shutdowns or public scrutiny.	Investing in environmental facilities and optimizing waste reduction measures can earn government eco-awards and subsidies, enhancing brand reputation.	Medium and long-term

ESRS Materiality Matters	Positive Impact	Negative Impact	Scope of Impact				Risks	Opportunities	Time Horizon Short-term: <1 year Medium-term: 1~5 years Long-term: >5 years
			Upstream Value Chain	Corporate Operations	Downstream Value Chain	Communities			
ESRS E5 Resource Use and Circular Economy	The Company is firmly committed to contributing to the United Nations Sustainability Goals (SDGs 12) on responsible consumption and production, improving raw material efficiency and alleviating resource pressure.	If the Company fails to promptly improve product recyclability, high resource consumption intensity may lead to significant resource waste.	√	√	√	√	Fluctuations in raw material prices or resource shortages may lead to cost increases and supply chain instability.	Establish circular economy models to reduce long-term costs and build core competitiveness.	Medium and long-term
ESRS S1 Own Workforce	Safeguard workers' fundamental rights, enhance stable employment and growth opportunities, and promote local employment and economic development.	Failure to communicate promptly with employees and address their concerns may diminish their recognition of the Company.	√	√	√		Increased talent attrition rate, declining employee satisfaction and rising labor cost.	Optimize HR management and incentive mechanisms to enhance employee loyalty and work efficiency while reducing production cost.	Medium-term
ESRS S2 Workers in	Promoting sustainability	If the Company fails to take action to	√	√			Labor incidents involving suppliers	Responsible supply chain management	Long-term

ESRS Materiality Matters	Positive Impact	Negative Impact	Scope of Impact				Risks	Opportunities	Time Horizon Short-term: <1 year Medium-term: 1~5 years Long-term: >5 years
			Upstream Value Chain	Corporate Operations	Downstream Value Chain	Communities			
the Value Chain	fulfillment among suppliers to improve working conditions for workers in the value chain.	manage the human rights of supplier's employees, supply chain risks will increase.					may damage corporate reputation of the Company and lead to customer attrition.	can strengthen customer's trust and meet the international compliance requirements.	
ESRS S4 Consumers and End-users	Provide safe, green and compliant products and services to enhance customer satisfaction.	Failure to provide customers with truthful and transparent product information may influence their product selection.		√	√		Incomplete product safety or information disclosure may lead to product recalls, complaints and brand crises.	Develop green and eco-friendly products to attract environmentally conscious customers and increase market share.	Short-term
ESRS G1 Business Conduct	Establish transparent governance, clarify anti-corruption measures and promote fair market competition.	Inadequate enforcement of business ethics management may expose the Company to compliance risks.	√	√	√	√	Violations may lead to legal actions, administrative penalties and damage to the Company's reputation.	Strengthen compliance governance and business ethics culture to enhance the Company's long-term operational capabilities.	Short-term

2. Environmental Information

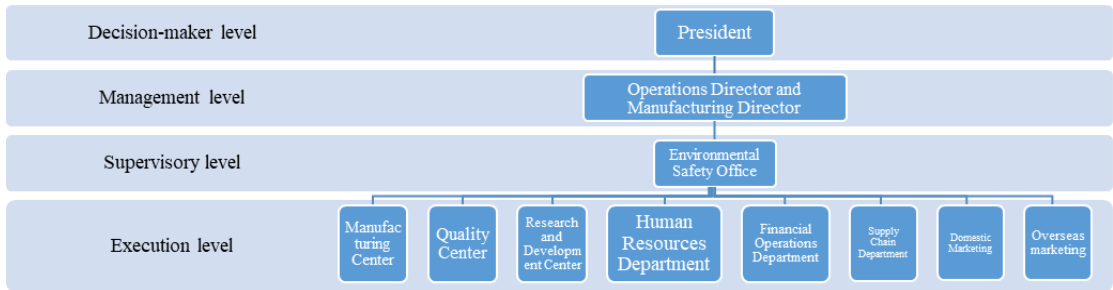
The Company actively promotes environmental compliance management, resolutely upholding environmental bottom-line risks, strictly adhering to laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, while fully paying environmental taxes and fees in accordance with the *Environmental Protection Tax Law of the People's Republic of China*. In 2024, the Company invested CNY 8.2978 million in environmental protection, with no major administrative penalties or criminal liabilities incurred due to environmental incidents from competent authorities.

The Company continuously improves its environmental management system. The Safety, Fire Protection, Environmental Protection and Occupational Health Leadership Team oversees the operation of environmental and other management systems, formulating policies such as the *Environmental Accident Management System*, *Environmental Protection Responsibility System*, *Environmental Factor Identification and Evaluation Control Procedure*, *Emergency Plan Management System*, *Sudden Environmental Incident Emergency Plan*, and *Environmental Equipment Management System*, continuously enhancing environmental management capabilities. AUX Smart Technology and AUX Solar Technology both have been accredited with ISO 14001 Environmental Management System Certification (currently valid).

AUX Smart Technology and AUX Solar Technology's Environmental Management System Certificates



The Company's Environmental Management Framework



Environmental Management Policies and Objectives

Management Policy: Prevention first, combining prevention and control, comprehensive planning, rational layout and integrated utilization

Management Objective: Excel in environmental protection to achieve ecological-economic synergy

By establishing a "prevention-response-recovery" environmental management loop system, the Company has systematically reduced environmental risks and strengthened compliance control. Preventatively, clarify departmental duties and strengthen the defense line through employees training, risk identification, hazard elimination and material reserve; concurrently monitor equipment operation online, conduct environmental audit and survey local residential satisfaction to fulfill each requirement imposed by environmental assessment and official reply. In 2024, the Company identified significant environmental risk factors, including acid-washing phosphating wastewater, grinding dust, paint-spraying exhaust and hazardous waste. At the response level, establish a tiered command system, refining incident protocols, coordinating external resources (fire service and medical) and conducting regular emergency drills to enhance staff preparedness. In 2024, the Company conducted 4 environmental emergency drills, including 3 against heatstroke and 1 specialized for environment. At the recovery level, rely on the "Four Non-Compromise Principles" (No compromise on unclarified accident causes, No compromise on unaddressed accountability, No compromise on unimplemented corrective actions, No compromise on uncompleted safety training) of accident investigation, environmental monitoring and contingency plan optimization, keep improving management efficiency. Ensure rapid, efficient and orderly emergency response to environmental incidents to mitigate potential hazards. Currently, the Company conducts environmental testing at least annually for wastewater, exhaust emissions, noise, radiation sites and rainwater. In 2024, to mitigate the financial impact of potential environmental incidents, the Company allocated an additional CNY 500,000 in the fund for environmental emergency as a buffer.

Environmental Management Metrics, Goals and Annual Progress

Metrics	2024 Target	2024 Progress
Number of Major Administrative Penalties or Criminal Liabilities Incurred due to Environmental Incidents by Ecological and Environmental Authorities	0	Fulfilled
Number of major environmental emergencies	0	Fulfilled

ESRS E1 Climate Change

2.1.1 Greenhouse Gas Management System

The Company's operational activities involving GHG emissions primarily include direct emissions from diesel combustion for shuttle buses and natural gas combustion in cafeterias and painting lines, as well as indirect emissions from production and office power consumption.

The Company is actively monitoring global climate trends, in response to policies like the "Carbon Peak Action Plan Before 2030" and "China's Policies and Actions on Climate Change", has established a "Greenhouse Gas Information Management Procedure" aligned with ISO 14064 Standard, defined GHG management frameworks and targets, conducted GHG auditing to guide reduction actions, integrated climate mitigation and adaptation into daily operations, contributed to UN SDGs 13 (Climate Action), and supported limiting global temperature rise to below 2°C above pre-industrial levels while pursuing the 1.5°C goal.

The Company is actively implementing the climate governance commitment of its parent company, Sanxing Medical & Electric, and has planned to systematically advance low-carbon transformation and sustainability through three major pathways: precise carbon audit, scientific carbon reduction planning and proactive participation in climate governance:

Keep improving the accuracy of carbon audit data, rigorously and objectively disclose carbon emission information, and commit to annual calculation of Scope 1, 2, and 3 GHG emissions.

Establish carbon reduction/carbon neutrality goals to reduce GHG emissions by improving production processes, conserving energy, using clean energy or taking the like measures.

Actively participate in climate-related initiatives to keep enhancing our climate governance capability and contribute our corporate effort.

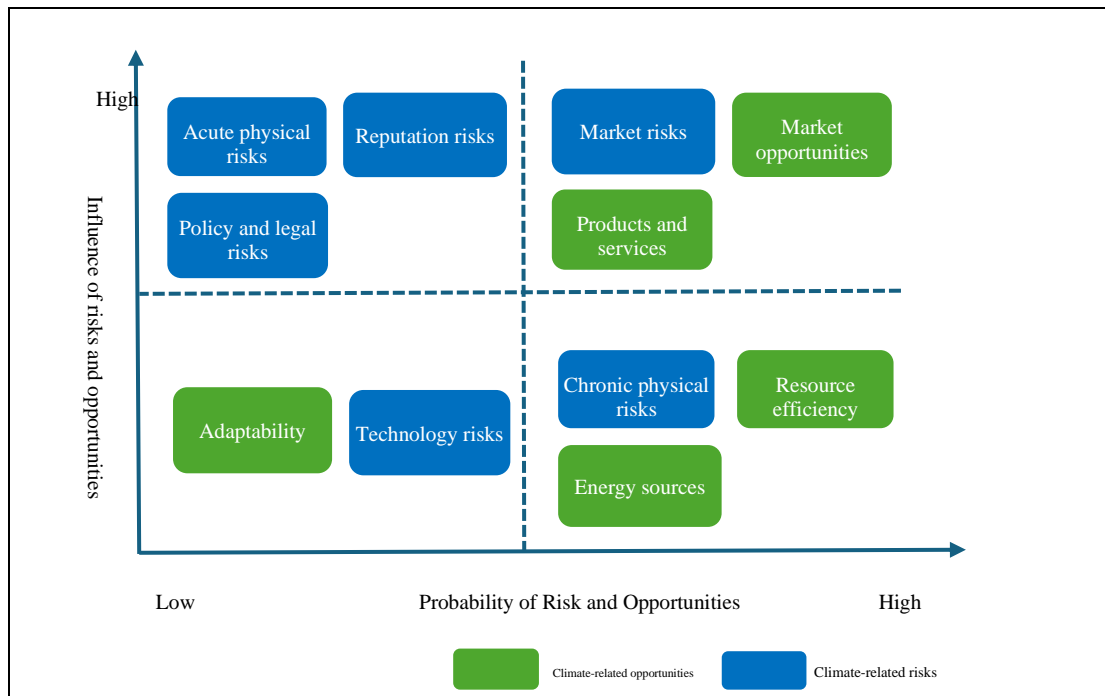
Climate Change Response Management System

Category	Content
Governance	<ul style="list-style-type: none"> The Board of Directors is responsible for review and approval of strategies and management related to climate change. The Sustainability Task Force is responsible for research and formulation of climate-related strategies and objectives, identifying and controlling climate-related risks and opportunities as well as organizing, coordinating and managing climate-related initiatives. Each Department is responsible for implementing climate-related initiatives and regularly reporting the progress. To keep climate change considerations effectively integrated into strategic decision-making and operational control, the Company has incorporated energy-cost-related manufacturing rates into the performance evaluation of Manufacturing Director (weighted at 15%), reinforcing climate management responsibilities of the officers.
Strategy	<ul style="list-style-type: none"> Periodically identify climate-related risks/opportunities across short, medium and long terms for operations and finances. Integrating climate risk and opportunity assessments into strategic planning to develop mitigation and adaptation strategies.
Impact, Risk and Opportunity Management	<ul style="list-style-type: none"> Identify climate change risks and opportunities related to the Company's production and operations, assess and prioritize the likelihood and financial impact of key risks or opportunities, and gradually integrate climate risk management into the Company's risk management framework.

	<ul style="list-style-type: none"> Identify major sources of GHG emissions and undertake related management actions in low-carbon operations, climate change response and clean energy development.
Metrics and Targets	<ul style="list-style-type: none"> Conduct statistical analysis and disclosure of GHG emissions metrics. Commit to annually calculating Scope 1, 2 and 3 GHG emissions.¹ Set the energy consumption target based on energy data, which are detailed in the "Energy Management" section.

To better address climate change, the Company has identified climate-related risks and opportunities relevant to its operations by referencing national and local policy requirements and assessed the financial impact of each risk and opportunity. In line with its business development, the Company assesses the impact of physical risks (such as high temperatures, rainstorms, and other extreme weather events) and transformation risks (such as technological innovation) brought about by climate change in its operations, and actively seeks opportunities in products and services, resource utilization efficiency, and other aspects.

Climate Risk and Opportunity Matrix



Climate-related Risks and Opportunities and Potential Financial Impact

Type of Risk or Opportunity	Specific Description	Scope of Impact	Potential Financial Impact	Countermeasures
Risks				
Market risks	Low-carbon and electricity-related policies affect market supply and demand. Failure to provide corresponding products or services may reduce the	Medium and long-term	Increased operational cost Decrease in operating revenue	<ul style="list-style-type: none"> Strengthen market development research and enhance market

¹ The Company has completed a carbon verification on 2024 GHGs and planned to obtain evidence in June 2025.

Type of Risk or Opportunity	Specific Description	Scope of Impact	Potential Financial Impact	Countermeasures
	Company's market competitiveness. Such policies may increase raw material procurement cost, reduce demand for high-energy-consuming products, raise production cost, increase demand for low-carbon product R&D and intensify market competition.			<p>leadership capabilities.</p> <ul style="list-style-type: none"> Strengthen R&D and innovation capabilities for technologies and green products. Increase investment in low-carbon and intelligent products. Promote the retrofitting of high-energy-consumption and high-emission equipment. Closely monitor climate change, energy-related laws, regulations and policies to ensure compliant operations of the Company. Conduct regular product carbon accounting. Regularly communicate and engage with stakeholders regarding the Company's climate change response through channels such as Sustainability Report. Develop contingency plans for extreme weather events.
Policy and legal risks	With the promulgation of carbon reduction policies and stricter regulation globally, the Company must comply with them across all operational aspects, including carbon audits and product carbon footprint initiatives.	Short, medium and long-term	Increased operational cost	
Reputation risks	Stakeholders are increasingly concerned about the Company's performance in addressing climate change, including strategy and goal setting, progress and management measures taken. Failure to undertake climate action may affect the Company's reputation.	Medium and long-term	Decline in operating revenue	
Technology risks	The Company may face upgrades and transformations in manufacturing equipment and process technologies, as well as phasing-out of outdated equipment, due to the promulgation of increasingly stringent policy.	Short-to-medium term	Increased operational cost Decrease in operating revenue	
Acute physical risks	Extreme weather such as typhoons and floods may damage production facilities and equipment, cause injuries and disrupt business operations.	Short-term	Depreciation of fixed assets increased operational cost Decrease in operating revenue	
Chronic physical risks	Extreme temperatures may affect the operation of temperature-sensitive production equipment, and rising sea levels may impact	Medium and long-term	Increased operational cost	

Type of Risk or Opportunity	Specific Description	Scope of Impact	Potential Financial Impact	Countermeasures
	normal operations in coastal regions.		Decrease in operating revenue	
Opportunities				
Products and services	Growing customer demand for green, low-carbon and intelligent products drives rapid business growth through developing relevant products and services.	Short, medium and long-term	Increased operating revenue	<ul style="list-style-type: none"> • Increase investment in green R&D innovation. • Enhance the greenness or intelligence of products. • Retrofit high-energy-consuming equipment to reduce product carbon emissions. • Increase the proportion of PV power. • Conduct carbon footprint verifications.
Market opportunities	Driven by the goal of "carbon peaking and carbon neutralization", construction of new-style power systems has increased the demand for corresponding products and services. Strengthening the development of climate-friendly products and expanding into new markets will help enhance market competitiveness.	Medium and long-term	Increased operating revenue	
Resource efficiency	Adopt green packaging, material and eco-design to optimize production technologies and processes, enhancing production efficiency and thereby improving resource utilization.	Medium and long-term	Reduction in operating cost	
Energy sources	Increased use of clean or renewable energy can reduce carbon emissions and mitigate risks from future energy price hikes.	Short, medium and long-term	Reduction in operating cost	
Adaptability	Deepen university-industry collaboration, participate in clean energy projects, actively seek green low-carbon solutions, advance green manufacturing and enhance climate resilience.	Medium and long-term	Reduction in operating cost Increased operating revenue	

Note: Timeframes are defined as short-term (1 year or less), medium-term (1-5 years) and long-term (over 5 years).

2.1.2 Greenhouse Gas Reduction Initiatives

We have taken proactive and diverse actions in emission reduction, with initial results emerged. In 2024, we implemented 6 major greenhouse gas reduction projects, achieving an annual reduction of 4,413t CO₂ equivalent, with a plan to continuously explore further reduction opportunities and deepen energy-saving measures across all sectors.

AUX Smart Technology 2024 Key GHG Emission Reduction Projects for 2024

SN	Item	Transformation Detail	Cost	Energy-Saving Effect	Carbon Reduction Effect
1	Rooftop Photovoltaic Power Generation Project	The installed capacity of factory building rooftop photovoltaic power station is 12MW.	Investment cost of approx. CNY 50 million	2024 photovoltaic electricity consumption: 6.03 million KWh	Annual emission reduction: 3,531t CO ₂ equivalent
2	Vacuum Dryer Furnace Fixture Modification	The original single-layer placement of vacuum dryer furnaces resulted in low furnace space utilization; through comprehensive evaluation of equipment load-bearing and drying processes, a self-made double-layer fixture was implemented. Small-sized product stacking has been changed from single-layer to double-layer, with the output per furnace increased by 50%.	Investment cost: CNY 100,000	A single vacuum dryer furnace can save 200,000kWh annually; replicating five vacuum dryer furnaces can yield 1 million kWh yearly savings, reducing cost by CNY 800,000/year.	The annual emission reduction is 586t CO ₂ equivalent.
3	Oven Energy-Saving Optimization	The original drying curve for the small distribution transformer dryer oven was 30h. Through process comparison and optimization, the drying curve has been reduced to 27h while the product quality is assured.	0	Daily energy savings of 80KWh per oven, with simultaneous replication across 6 ovens, achieving annual energy savings of 96,000KWh and cost reductions of CNY 72,000 / year.	Annual emission reduction of 56t CO ₂ equivalent.
4	Motor Energy-Saving Retrofitting	The original environmental fan motors were all Class 3 energy-efficiency asynchronous motors, characterized by low efficiency and redundant operating conditions. After evaluation and validation, they were replaced with Class 1 energy-efficiency permanent magnet synchronous motors, equipped with self-regulating devices for operating conditions. By synchronizing with production line start-stop operations and tracking air pressure, the motors automatically adjust their	Investment cost: CNY 250,000	Simultaneously promote the deployment of 3 fans and 1 pump, achieving annual electricity savings of 100,000 kWh and cost reductions of CNY 75,000 /year	Annual emission reduction of 58t CO ₂ equivalent

		operating frequency to maintain the optimal operating conditions of the system.			
5	Centralized Drying Modification for Injection Molding Machines	Originally, all 41 injection molding machines used decentralized drying, which resulted in high heat loss and low energy efficiency. Through the upgrade, centralized drying was adopted and integrated with the existing centralized feeding system for one-stop drying and material supply.	Investment cost: CNY 900,000	Annual Electricity Saving of 160,000 kWh, i.e. CNY 120,000 / year	Annual Reduction of 94t CO ₂ Equivalent
6	Vacuum Drying Process Improvement	Through industry benchmarking of vacuum drying process, redundant parameters (excessive core preheating) were identified, causing prolonged drying time. It is thoroughly validated that process optimization was reduced preheating temperature by 20°C and the high vacuum duration increased by 6h while the product quality is maintained.	Investment of CNY 10,000	Annual Electricity Saving of 150,000kWh, i.e. CNY 110,000 / year	Annual Emission Reduction: 88t CO ₂ Equivalent

Furthermore, Aoneng Electric, scheduled for operation in 2025, has prioritized green and low-carbon development during factory construction by reduction of five key GHG emissions for an annual emission reduction of 3,805t CO₂ equivalent. Aoneng Electric has also planned additional emission reduction initiatives during its 2025 operational launch, with detailed disclosures in 2025's Sustainability Report.

Aoneng Electric's 2025 Major GHG Emissions Reduction Plan

SN	Item	Transformation Detail	Cost	Energy-Saving Effect	Carbon Reduction Effect
1	Photovoltaic Project	The factory building rooftop of Aoneng Electric hosted a 10MW photovoltaic power station.	Investment cost of approx. CNY 27 million	2025 photovoltaic electricity consumption: 4.5 million KWh	Annual Emission Reduction of 2,635t CO ₂ Equivalent
2	Vacuum Dryer Furnace Technological Upgrade	Aoneng Electric's vacuum dryer furnace design used thermal oil for heat transfer, averaging 36h per batch with long baking time and high energy consumption. By tracking state-of-art technologies in the industry while ensuring product quality, Aoneng Electric promptly adopted the latest terahertz	Investment Cost: CNY 8 million	A single vacuum dryer furnace can save 160,000kWh annually; Aoneng Electric's installed 5 vacuum dryer furnaces can yield 800,000 kWh yearly savings, reducing cost by	Annual Emission Reduction of 468t CO ₂ Equivalent

		technology, reducing the drying cycle from 36 to 18h and increasing equipment utilization by 100%.		CNY 600,000/year.	
3	Oven Energy-saving Technical Upgrade	The supporting ovens of Aoneng Electric feature optimized structural design with premium insulation material, reducing surface temperature rise by 5°C and door gap temperature rise by 15°C; the high-efficiency finned heating tube has improved thermal conversion efficiency, while added waste heat recovery systems have been added to preheat fresh air with exhaust heat.	Investment of CNY 6 million	Annual Electricity Saving of 200,000kWh, Saving CNY 150,000 / year.	Annual Emission Reduction: 117t CO ₂ Equivalent
4	Class-1 Energy-Efficient Compressed Air Station	The Class-1 efficient compressed air station of Aoneng Electric has employed 3x430KW Class-1 air compressors, zero-air-loss adsorption dryers and waste heat recovery systems equipped to reach the station-wide Class-1 energy-efficient standard.	Investment of CNY 1.4 million	Annual Electricity Saving of 800,000kWh, Saving CNY 600,000 / year	Annual Emission Reduction of 468t CO ₂ Equivalent
5	Class-1 Energy-Efficient Transformer	The power distribution room of Aoneng Electric has utilized 12×27,000KVA SCB18 Class-1 energy-efficient transformers, with energy loss reduced by 1KW/1000KVA compared to Class-3 transformers.	Investment of CNY 5 million	Annual Electricity Saving of 200,000kWh, Saving CNY 150,000 / year	Annual Emission Reduction: 117t CO ₂ Equivalent

2.1.3 Energy Management

The main types of energy consumed by the Company in its production and operation include electricity, gasoline, diesel, natural gas, etc.

Energy Type and Usage Phase

Energy Type	Usage Scenario
Electricity	Production, office.
Gasoline	Official business vehicles.
Diesel	Forklifts, shuttle buses.
Natural Gas	Production (painting line, etc.), canteens.

The Company, in strict compliance with the *Energy Law of the People's Republic of China*, *Energy Conservation Law of the People's Republic of China*, *Electricity Conservation Management Measures*, *Industrial Energy Conservation Management Measures*, *Energy Measurement Supervision and Management Measures* and the like regulatory requirement, has formulated the *Energy Management System* with clear provisions for energy measurement, accounting and conservation management.

The Company's Equipment and Power Department is responsible for the overall coordination of energy management. It has set up dedicated energy management positions to promote the implementation of energy conservation improvement measures. The Company has been accredited with ISO 50001 Energy Management System Certification (currently valid).

The Company upholds the energy management philosophy of "law-abiding innovation, energy conservation and emission reduction, clean production and continuous improvement", continuously adopting new processes, technologies and equipment for technical upgrades or replacements for high-energy-consuming processes and equipment, thereby strengthening energy management. In 2024, the Company conducted energy auditing to continuously improve its energy management system, established a dedicated cost-control initiative, and drove organization-wide efforts in energy conservation and efficiency under high targets.

Energy Management Metrics, Goals and Annual Progress

Metrics	2024 Target	2024 Progress
Comprehensive energy consumption per unit product	0.2308MJ/unit, decreased by 3% year-on-year	0.2099MJ/unit, decreased by 15% year-on-year and achieved the target

ESRS E2 Pollution

Operational emissions include wastewater, exhaust, waste, and noise—excluding soil contaminants (e.g., cadmium, mercury, arsenic). The Company has established comprehensive pollution control mechanisms through systems including the *Air Pollution Prevention Management Procedures*, the *Water Pollution Prevention Management Procedures*, the *Noise Pollution Prevention Management Procedures* and the *Hazardous Waste Management System*. Employees can access policy content on the Company's OA system at any time to enhance their understanding of various pollutant management regulations.

The Company, in strict compliance with laws and regulations such as the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Air Pollution Prevention and Control Law of the People's Republic of China*, the *Solid Waste Pollution Prevention and Control Law of the People's Republic of China*, and the *Noise Pollution Prevention and Control Law of the People's Republic of China*, is rigorously implementing relevant management standards and striving to minimize negative environmental impacts. In 2024, the Company conducted regular environmental and pollutant emission monitoring, with results consistently below national standard limits and no major administrative penalties or criminal liabilities related to pollutant emissions.

Categories and Generation Phases of Pollutant and Waste

Category		Generation Phase
Pollutants	Wastewater	<ul style="list-style-type: none"> Implemented separate drainage systems for clean and polluted water as well as stormwater and wastewater, which primarily consists of domestic wastewater and industrial effluent, with major pollutants including suspended solids, chemical oxygen demand, ammonia nitrogen, total phosphorus, petroleum substances, zinc, animal fats, total nitrogen and anionic surfactants.
	Waste gases	<ul style="list-style-type: none"> The waste gases generated from production and operations mainly include acid pickling exhaust, coil exhaust, painting exhaust, grinding exhaust, and injection molding exhaust, and contains major pollutants such as hydrogen chloride, non-methane hydrocarbons, volatile organic compounds, xylene, ethyl acetate, butyl acetate, odor, and particulate matter.
	Noise	<ul style="list-style-type: none"> Noise from production equipment.
Solid waste	Hazardous waste	<ul style="list-style-type: none"> Hazardous waste such as used packaging drums and spent activated carbon is centrally collected and periodically handled by certified agencies.
	Non-hazardous waste	<ul style="list-style-type: none"> General industrial solid waste and municipal waste. General industrial solid waste includes scrap packaging materials, defects, and substandard products, with recyclable portions being reused.

Pollution Emission Target and Annual Progress

Category	Emission Target	Target Type	2024 Progress
Wastewater	Compliance with the tertiary discharge standard of wastewater treatment plant acceptance criteria (<i>GB 8798-1996 Integrated Wastewater Discharge Standard</i>).	Regulatory Requirement	Compliance achieved
Waste gases	<i>Integrated Emission Standard of Air Pollutants</i> (GB 16297) Class II Standard.	Regulatory Requirement	Compliance achieved
	Compared to 2023, the Company is expected to achieve a 5% reduction in VOCs emission intensity per unit revenue by 2030. ²	Voluntary Target	Ongoing implementation
Noise	Class III industrial zone standard specified in the <i>Emission standard for industrial enterprises noise at boundary</i> (GB 12348).	Regulatory Requirement	Compliance achieved
Solid waste	Hazardous waste disposal rate: 100%	Regulatory Requirement	Compliance achieved
	Compared to 2023, hazardous waste generation intensity per unit revenue will decrease by 5% in 2030.	Voluntary Target	Ongoing implementation

Environmental Risks, Pollutant Categories and Management Measures

Environmental Risk	Category of Pollutant	Management Measures
Fire	Air pollution	<ul style="list-style-type: none"> Regular fire safety inspections Open flames strictly prohibited Use and store hazardous chemicals as required Fire Control Management Regulations Fire Emergency Response Plan Installation of combustible gas alarms
Core painting exhaust emissions Injection molding exhaust emissions	Air pollution	<ul style="list-style-type: none"> Emissions up to standards after treatment by exhaust gas treatment equipment Regular exhaust gas testing Regular activated carbon replacement Regular inspection and maintenance of environmental treatment equipment
Grinding dust emissions	Air pollution	<ul style="list-style-type: none"> Grinding operations must be conducted indoors; outdoor grinding is strictly prohibited. Activate dust collection and treatment equipment during grinding operations Employees are strictly required to wear dust masks.
Paint spray exhaust emissions	Air pollution	<ul style="list-style-type: none"> Regular equipment inspection and maintenance

² This Target is originated from the Sanxing Medical Electric Environmental Management Statement publicly released by Parent Company Sanxing Medical, explicitly stating a 5% reduction in annual VOCs emissions and hazardous waste generation per unit revenue by 2030. We actively respond aligning with Sanxing Medical & Electric's commitment.

Environmental Risk	Category of Pollutant	Management Measures
		<ul style="list-style-type: none"> Exhaust gases shall be treated by environmental protection equipment before emission. Utilize catalytic combustion equipment with higher treatment efficiency
Untreated domestic wastewater accidentally leaked at the wastewater treatment station	Water pollution	<ul style="list-style-type: none"> Daily wastewater treatment discharge inspections Regular Maintenance of Wastewater Discharge Equipment Emergency stop of external discharges in abnormal situations Daily measurement of wastewater discharge metrics
Acid pickling and phosphating wastewater discharge	Water pollution	<ul style="list-style-type: none"> Regular equipment inspection and maintenance Strictly treat wastewater before discharge as required Daily drainage inspections are scheduled Emergency stop of emissions in abnormal situations
Transformer oil leakage	Soil pollution and water pollution	<ul style="list-style-type: none"> Regular equipment inspection and maintenance Regularly inspect protective devices to ensure their safety and effect Construct cofferdams against external leakage
Malfunction or failure of X-ray apparatus	Other pollution	<ul style="list-style-type: none"> Regular inspection on the integrity of X-ray flaw detection apparatus It is forbidden for unlicensed personnel to do the job. Daily inspection on X-ray flaw detection apparatus Laboratory access control management

The Company's Pollutant Treatment Improvement Measures

Category	Original treatment measures	Current improvement measures	Results
Wastewater	Acid pickling and phosphating process	New ceramic coating process added	Ceramic conversion process is phosphorus-free, simple to treat and eco-friendly.
Waste gases	The standard activated carbon is adopted for activated carbon adsorption process.	The renewable activated carbon is adopted for activated carbon adsorption process.	Activated carbon regeneration outsourced to third parties to reduce hazardous waste generation.
Hazardous waste	Small warehouse available for storage	<ul style="list-style-type: none"> New warehouse constructed with hazardous waste categorized 	With hazardous waste classified and stored with no leakage risk, zero-waste factory and green factory are achieved.

		<ul style="list-style-type: none">● Anti-leakage flooring installed on the ground, with anti-leakage trenches dug on both sides	
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ESRS E5 Resource Use and Circular Economy

2.3.1 Circular Economy

To systematically advance the green development principle and align with Sustainability Goals (SDGs 12) (Responsible Consumption and Production), the Company has taken comprehensive and multidimensional measures across R&D design, raw material procurement, product manufacturing and waste recycling, striving to establish a product lifecycle circular economy model.

● Product Design

The Company proactively prioritizes eco-friendly designs, incorporating life cycle assessments into new product and solution designs; and without compromising product performance, gradually introduces low-pollution materials to replace some product raw materials and packaging, effectively reducing product carbon emissions and end-of-pipe treatment energy consumption. In the transformer sector, the Company is market-driven, actively recommending compact designs to customers. This includes integrating the core and tank designs, eliminating core clamps, using steel strapping for fastening, reducing product size, and removing redundant components to align with modern grid lightweighting needs, helping customers reduce their lifecycle carbon footprint.

● Supply Chain Collaboration

The Company has implemented a reuse mechanism for standardized returnable packaging from suppliers and signed recycling agreements for transport equipment like spools and pallets to promote green packaging reuse and reduce disposable material consumption. Concurrently, the Company has conducted specialized recyclability evaluation on products and packaging materials, and systematically established recycled design standards to ensure maximum material value recovery through disassembly, recycling or re-manufacturing of product in the end-of-life.

● Resource Use

The Company has established a comprehensive system covering the resourceful use of recyclable by-products such as raw material scraps, reported damaged materials, reported damaged equipment/tooling (accessories), and auxiliary packaging materials generated during production, while achieving efficient water resource recycling through the reuse of experimental and production water.

The Company's Material Use Initiatives

Sheet Material Use	<ul style="list-style-type: none"> The integration of Radan automated nesting software with CAM intelligent nesting and scheduling systems enables component consolidation, optimized nested processing and material utilization simulation while ensuring product quality. When any sub-optimal material utilization is detected, the system will automatically switch the plate size to maximize the utilization while maintaining production efficiency, reducing the generation of metal scrap and continuously improving resource efficiency. In 2024, the Company achieved 83.1% utilization for switch metal sheet and 82.7% for transformer tank sheet.
Plastic Pellet Use	<ul style="list-style-type: none"> The Company improves the comprehensive benefits of plastic pellet utilization from 2 dimensions: production stability and raw material management. By standardizing tuning parameters, the reject ratio of tuning was reduced from 15 to 10 molds and the production stability was significantly improved; in addition, precise control of recycled material addition was implemented based on the process specification.

	2024's data showed a recycled material utilization of 2.4%, with total annual raw material consumption of 6,005t and total recycled material of 448.8t, of which 303.2t were internally recycled and the remaining 145.6t resourcefully disposed of through sale.
Copper Wire (Transformer)	<ul style="list-style-type: none"> By improving welding techniques, the Company reduced weldable tail wire length from $\geq 3\text{m}$ to $\geq 1\text{m}$, replaced traditional flame welding with electric butt welders, thus significantly enhancing weld strength and stability while effectively minimizing scrap generation. Concurrently, precise scrap inventory control has been strengthened, driving copper wire yield improvement through dual efforts in "process optimization" and "procedural control" for production cost optimization and refined efficiency upgrade. In 2024, copper wire utilization was improved to 99.23%.
Silicon Steel Sheet (Transformer)	<ul style="list-style-type: none"> While maintaining production stability, the Company is continuously optimizing silicon steel raw material management to improve scrap utilization. Expanded the reuse of tailings originally limited to 40mm width to include minimum three-section tailings of 40mm, 60mm and 70mm, precisely matching the production need and process optimization to reduce material waste. In 2024, the Company achieved a 30% utilization of silicon steel sheet scrap.

● Waste Recycling

The Company, in strict compliance with the *Circular Economy Promotion Law of the People's Republic of China*, is enhancing waste management precision, exploring potential value of various waste streams and improving material recycling.

We have established the *Waste Management Regulations* to specify waste classification, management, collection, cleaning, storage, transportation and disposal, with performance evaluations and reward/penalty measures during the process of product production. Most general industrial solid waste can be recycled. In 2023, the recycling rate was 95.50%; in 2024, increased to 95.54%.

In disposal of non-conforming products, we strictly control their quantity and systematically categorize them for disassembly, reuse or centralized storage.

2.3.2 Water Resource Use

The Company is committed to the identification, management and monitoring of water resource risks associated with its business operations. The Company utilizes water primarily for production and domestic purposes. The source of domestic water is municipal water supply. The source of production water varies by project location, mainly involving centralized water supply for injection molding machines, molding machines, circulating cooling water for annealing furnaces, circulating water for independent chillers of vacuum drying furnaces, circulating cooling water for testing equipment, etc. There is no risk in seeking suitable water sources.

The Company, in strict compliance with laws and regulations such as the *Water Law of the People's Republic of China* and the *Soil and Water Conservation Law of the People's Republic of China*, formulated water resource management provisions in the *Energy Management System* to specify requirements in measurement, accounting and water conservation and establish a water resource management system to strengthen daily water-saving management.

Water Resource Management Measures

- Segregated use and discharge, with cross-mixing strictly prohibited.
- Improve the water supply and recycling/circulating system, and prohibit authorized discharge.
- Reduce sewage discharge and continuously improving sewage reuse rate.
- Establish an internal water utilization inspection mechanism to promptly detect abnormal water utilization and pipeline leakage.

2024's Water Resource Management Metrics and Targets

Metrics	2024 Target	Completion Status
Total water consumption	Achieve water consumption growth below 10% despite a 30% annual increase of production	In 2024, AUX Smart Technology's total water consumption was 128,501 tons, representing a 5.3% increase from 2023, meeting the target

3. Social Information

ESRS S1 Own Workforce

3.1.1 Employee's Hiring and Rights

The Company, in strict compliance with laws and regulations including the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*, has established policies such as the *Recruitment Management System* and the *Social Responsibility System Procedure Documents*; and following SA8000 Standard, in response to ILO Conventions and the Universal Declaration of Human Rights, emphasizing diversity and anti-discrimination principles, is strictly prohibiting child labor and forced labor, enforcing equal pay policies and defining human rights remediation measures. In 2024, the Company has not been sanctioned by competent authorities for any violations of labor laws and regulations relating to employee recruitment and dismissal, working hours and leave, promotion and equal opportunity, etc., nor has it experienced any violations involving child labor or forced labor.

Anti-Discrimination, Anti-Harassment and Anti-Abuse Policies

Anti-Discrimination Policy	<ul style="list-style-type: none"> Adhering to the principle of equal opportunity, and respecting the legitimate rights and interests of employees. Promising to make decisions on recruitment, remuneration, benefits, promotion or dismissal solely based on the employee's level of education, professional qualifications, and work abilities, rather than any other factors unrelated to the job, including nationality, ethnicity, region, skin color, gender, age, marital status, religious beliefs, political views, social status, or origin.
Anti-Harassment and Anti-Abuse Policies	<ul style="list-style-type: none"> Striving to create a work environment free of any form of harassment or abuse for employees, and prohibiting physical, verbal, psychological, and sexual harassment or abuse.

AUX Smart Technology has been accredited with SA8000 Social Accountability certification and can ensure high standards in labor conditions and employee rights.

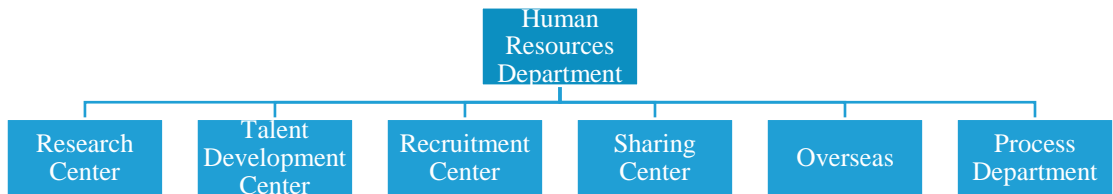
AUX Smart Technology SA8000 Social Responsibility Certification



The Human Resources Department is responsible for recruitment, training, compensation, performance evaluation, employee relations and other daily management tasks, while planning

and implementing the Company's medium-to-long-term HR objectives.

HR Management Structure



In compliance with parent company Sanxing Medical & Electric's *"Labor and Human Rights Statement"*, the Company has formulated employment-related policies including the Employee Handbook, regulating hiring, compensation, working hours/leave, promotions and terminations to ensure equitable and diverse employment. To comprehensively enhance the awareness of labor rights of employees, the Company has posted the *Compilation of Social Responsibility System Procedural Documents* in workshops to convey its firm commitment to safeguarding labor rights to all employees, and provide training on social responsibility content from the employee handbook to all new hires. In 2024, the Company conducted SA8000 social responsibility training to encourage employees to apply their knowledge of social responsibility as daily work guidelines.

In terms of employee recruitment, the Company adheres to the principles of "equality, openness, competition and selecting the best" while prioritizing internal candidates; and has established the *Recruitment Management System* for recruitment through various channels, including internal promotions, social recruitment, campus recruitment and production line hiring. Based on the characteristics of the business, the Company conducts a personnel review in November each year and formulates the staffing plan for the following year. The Company's respective departments submit temporary recruitment requests for vacancies within the established staffing plan, whether due to employee departure or transfer, or initiate the "Approval for Positioning and Staffing Adjustment" to add new headcount for positions outside the established staffing plan. The Company's current employee types include full-time contract employees, labor dispatch employees and retired rehired personnel.

The Company's Recruitment Channels

- Internal selection: Internal competition/recruitment
- Social recruitment: Internal referral (IR), Internet, talent market, headhunting.
- Campus recruitment: On-campus information sessions at universities.
- Front-line recruitment: Booths set up in labor markets, secondary vocational and technical schools, and labor concentration sites.

The Company's trade union coverage is 100%, with 100% membership rate among regular on-duty employees and a collective agreement has been signed. Relying on the Employee Representative Congress as its working organization, the Company upholds democratic management and transparency in factory affairs to safeguard the legitimate rights and interests of employees. In 2024, the Company held one session of Workers Congress. The Company implements a multi-level reasonable suggestion initiative, encouraging employees to participate in corporate management. On a voluntary basis, the Company has established a Compassion Fund to assist employees in need, with cumulative donations up to CNY 417,000 by the end of 2024.

Overview of the Company's Benefit Package

Benefit Categories	Benefit Package
Remuneration	<ul style="list-style-type: none"> Salary + additional incentives + welfare package. A minimum of one opportunity for salary adjustment per year. 100% compliance with minimum wage requirement guaranteed
Insurance	<ul style="list-style-type: none"> Formal labor contract from day one, payment of five social insurances and one housing fund during the probation period.
Holiday	<ul style="list-style-type: none"> 2-day weekends, paid leave (annual leave, marriage leave, maternity leave, paternity leave, prenatal checkup leave, childcare leave, nursing leave, bereavement leave and lactation leave), and statutory holidays as per national regulations All employees are entitled to family-related leave.
Canteen	<ul style="list-style-type: none"> AUX Cafeteria, Employee Cafeteria, Meal Allowance (production line Day Shift: CNY 12 / day, Night Shift: CNY 22 / day; Logistics: CNY 6 / day)
Accommodation	<ul style="list-style-type: none"> AUX Talent Apartment with well-equipped facilities is available for your immediate occupancy. Campus recruits are entitled to three-year free accommodation, while those eligible with no housing property in Ningbo can apply for occupancy at the price of CNY 70 / month. Personnel of Rank 4 or above and recent three-year campus recruits receive housing subsidies and relocation allowances per standard. AUX real estate, 3%-5% housing purchase discounts, interest-free loans.
Transport	<ul style="list-style-type: none"> AUX shuttle bus, free commute, taxi reimbursement for overtime and business trips, travel allowance. Employees of Rank 5 or above who drive for business within the city where they work, with a monthly average exceeding 10d annually, are eligible for gasoline subsidies.
Healthcare	<ul style="list-style-type: none"> AUX Healthcare: medical treatment discount by 10%~50%, with free annual health checkup for employees with over one year of service
Education	<ul style="list-style-type: none"> AUX kindergarten, priority enrollment for employees' children, investment of CNY 15 million to build a 6-star kindergarten.
Congratulatory Gift	<ul style="list-style-type: none"> Birthday: CNY 200 gift cards or equivalent forms of congratulation Marriage: CNY 800 wedding congratulatory gift Childbirth: CNY 500
Overseas Dispatch	<ul style="list-style-type: none"> Flexible benefits for expatriates include relocation allowance, housing subsidy, domestic assignment allowance and home leave (20d)
Retirement	<ul style="list-style-type: none"> Employees with 10 or more years of service in the company who retire and go through the resignation process are eligible for a retirement subsidy.
Others	<ul style="list-style-type: none"> Grant high-temperature subsidies from June to September Issue work uniforms to production line employees. Purchase and distribute holiday gift boxes during festivals

The Company values providing employees with channels to voice opinions and resolve issues; conducts quarterly employee forums and administers biannual satisfaction surveys covering 10 key dimensions, including compensation, benefits, job satisfaction, career growth, work environment, catering, and dormitory conditions; have employee feedback actively collected and incorporated into the corporate decision-making. In 2024, the Company addressed 100% of employee feedback in satisfaction surveys and achieved a 90.4 satisfaction score against the 80-score target.

Additionally, the Company established the *Employee Complaint Management System* to standardize grievance procedures, ensure confidentiality, protect whistleblowers from retaliation and safeguard legitimate rights. Employees may lodge complaints through various channels, including verbal communication, text messages, written submissions, the OA system's "Management Suggestions", DingTalk or the staff suggestion box.

Employee Grievance Mechanism

Key Aspects	Main Content
Confidential handling	<ul style="list-style-type: none"> Ensure only personnel with a need-to-know basis can access relevant information in strict compliance with the principle of confidentiality. Relevant personnel include HR specialists responsible for investigations, officers and corporate legal counsel.
Internal investigation	<ul style="list-style-type: none"> Investigators strive to protect the privacy and interests of all involved parties and disclose necessary information only to relevant personnel.
Quick response	<ul style="list-style-type: none"> Respond to employee grievances promptly and resolve their problems as quickly as possible to minimize information dissemination risks.
Legal basis	<ul style="list-style-type: none"> Abide by relevant laws and regulations to have employees' privacy and information security protected.

3.1.2 Employee Training and Development

The Company has established a comprehensive talent training system based on the *Employee Handbook*, *Training Management System* and the *Performance Management System*; and through internal training, external invited training and outbound training programs, accelerated the growth of employee, facilitating their knowledge accumulation, transfer and renewal, providing ample talent reserves for rapid corporate development and achieving win-win outcomes for both the enterprise and employees.

Employee Training System

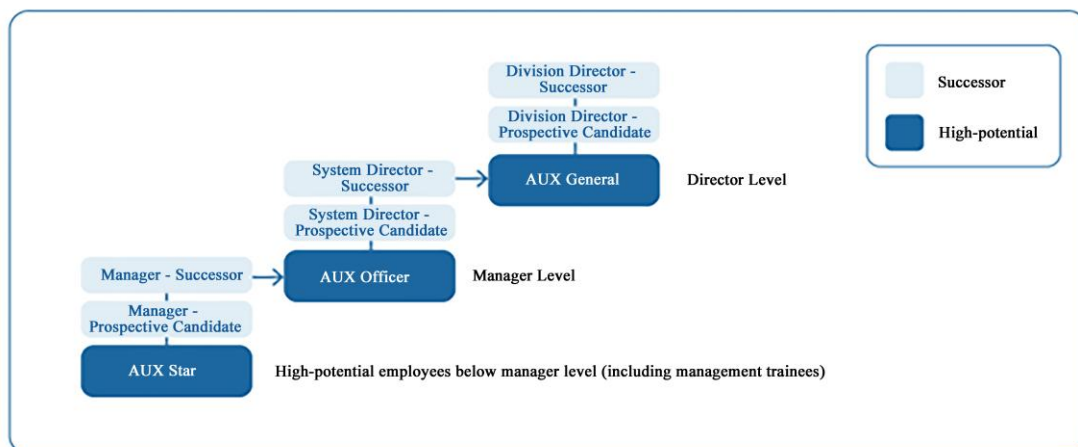
Training Programs	Training Object	Training Content	Organization Department
New employee	Production line new employees	Company profile, corporate culture and regulatory systems	Manufacturing Center
	New logistics employees	Company profile, culture, HR/finance/ethics policies and office basics	Human Resources Department
Leadership	Reserve supervisor program	Introductions to all systems, AUX management tools and skills, special improvement projects, etc.	Human Resources Department
	Reserve manager program	Management tools and skills, general foundational management courses, etc.	
Professional competence	Fresh university graduates	Role transition, cultural integration, professional ethics and specialized skills	All systems
	On-duty employees across	Professional training series for supply chain, quality, manufacturing, R&D, distribution, etc.	All systems

Training Programs	Training Object	Training Content	Organization Department
	professional sequences		
Other training	Employees across all departments	Knowledge transfer, case sharing and methodology/tool explanation	Each department

In 2024, the Company conducted over 170 training sessions for all employees, covering customs compliance, patent application processes, risk management, supply chain overview, Work Safety Law and business etiquette fundamentals.

In terms of management talent development, the Company has established two types of talent pipelines: successor and high-potential. There are three levels within the high potential pipeline - AUX Star, AUX Officer, and AUX General. High-potential employees can be promoted to the successor pipeline after receiving relevant training and meeting the necessary requirements.

Reserve talent echelon development



The Company values employee career development and encourages employees to formulate their personal career development plans with the Company's guidance and assistance. The Company provides equal promotion opportunities for different types of personnel, giving employees ample room for career development. According to the nature of different positions, the Company has established a dual career development ladder system encompassing both a managerial ladder (M-type) and a professional ladder (P-type).

In addition, based on capabilities and performance of employees and business needs while considering personal aspirations, competencies and development directions, the Company conducts 100% regular performance and career development evaluations for support staff, facilitating internal mobility to better unleash potential and enhance essential career development skills.

The Company promotes the ethos that "higher bonuses reflect greater contributions", giving diverse incentives — honors, promotions, annual awards, goal-based rewards, and routine commendations — aligned with strategic priorities; and has established dedicated funds supporting product, efficiency, delivery, quality, IT and talent initiatives, managed via the PMS

project system to motivate employees in market expansion, innovation and product leadership.

Overview of Employee Growth and Promotion

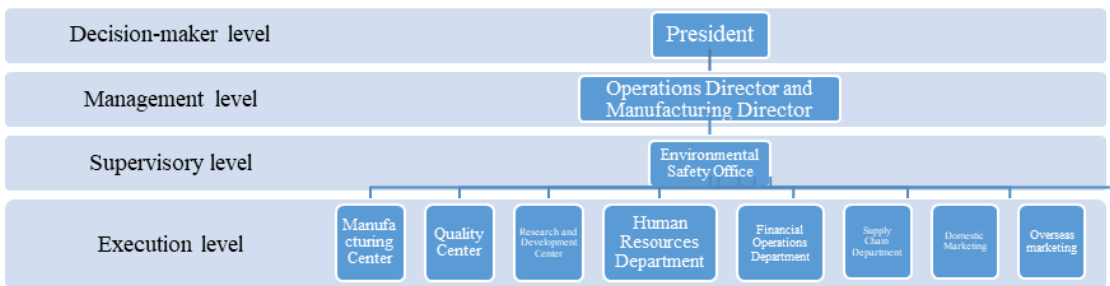
Category	Promotion Detail
Mentor	One-on-one mentorship guidance, supporting growth, and enabling rapid promotion.
Training	Meetings, projects, professional/management training programs, job rotations.
Objectives	1-3 years to supervisor, 3-5 years to manager, 5-7 years to director.
Promotion	Promotion criteria + open competition — fair, transparent and merit-based
Incentive	CNY 90 million in incentives distributed in 2024

3.1.3 Work Safety

In its production and operations, the Company prioritizes workplace safety by strictly adhering to laws and regulations including the *Work Safety Law of the People's Republic of China*, *Fire Protection Law of the People's Republic of China*, *Special Equipment Safety Law of the People's Republic of China*, and *Regulations on Emergency Response to Work Safety Accidents*; and has established management systems such as the *Work Safety Responsibility System*, *Work Safety Supervision and Inspection Management System*, and *Compilation of Safety Management Systems* to prevent workplace accidents. The Company emphasizes the safety and health protection of special groups. For employees with disabilities, the Company has installed accessible restrooms in factories and assigned them to suitable positions. For outsourced personnel, 100% receive safety orientation including signing the *Safety Notice*, formal training, and providing special operation certificates. For clients and visitors, security personnel conduct identity registration and provide full accompaniment to ensure safety .

In 2024, the Company recorded 21 cases of minor work-related injuries, with an occupational injury rate of 0.7%. No serious or fatal workplace safety incidents or occupational disease cases occurred.

The Company's Work Safety Governance Framework

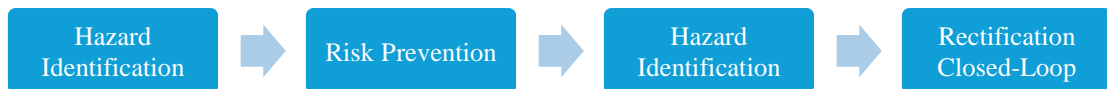


Work Safety Management Objective

Zero fires, zero casualties, zero leaks and zero occupational diseases

To support work safety, the Company allocated CNY 4,682,000 in 2024 to strengthen safety facility construction, equipment maintenance, and inspections, further enhancing overall safety management.

Full Process of Safety Management



Measures for Security and Safety Management

Training and Education	<ul style="list-style-type: none"> • Develop annual training plans covering special operation safety training, hazardous chemical leakage training, fire safety training, and three-level safety education to standardize employee production operations. • Role-specific training and certification required for job qualification. • Established the <i>Safety Production Responsibility System</i> to clarify the safety responsibilities of personnel at all levels. • Organized all employees to sign the <i>Safety Production Responsibility Statement</i>.
Risk Management	<ul style="list-style-type: none"> • For specialized operations, established <i>Crane Operation Management Regulations, Forklift Operation Management Regulations and Electric Handling Vehicle Operation Management Regulations</i>. • Carried out "three simultaneousness" management for construction projects. • Carried out hazard source identification and risk assessment. • Posted safety alert cards. • Pre-identified dangerous points in the design stage of new equipment, and installed safety interlock devices. • Conducted hazard identification through QR code verification, instant reporting, etc., achieving closed-loop rectification.
Emergency Response	<ul style="list-style-type: none"> • Formulated the <i>Emergency Plan Management System and the Emergency Plan for Production Safety Accidents</i>. • Regularly organize confined space rescue, fire drills, and hazardous chemical leak drills to enhance employees' emergency response capabilities.

3.1.4 Occupational Health and Safety

The Company's job positions with occupational disease risks include benders, press operators, painters, welders, grinders, etc. The main occupational hazard factors are noise, dust, copper fumes, manganese and its inorganic compounds, ultraviolet radiation, etc.

The Company, in compliance with laws and regulations such as the *Occupational Disease Prevention and Control Law of the People's Republic of China*, has established an occupational health and safety management system; and formulated the *Occupational Health and Safety Management Manual* for clear definition of management elements including policies, objectives, responsibilities, and authorities, covering all employees. Both AUX Smart Technology and AUX Solar Technology have obtained ISO 45001:2018 Occupational Health and Safety Management System certification (currently valid).

AUX Smart Technology and AUX Solar Technology's Safety Management System Certifications



Guided by its management manual, the Company establishes a dual prevention mechanism to address major occupational health and safety issues, minimize risks, and actively provide employees with a safe and healthy work environment.

Occupational Health and Safety Management Measures

Category	Specific Measures
Occupational disease hazards testing	<ul style="list-style-type: none">Conduct occupational hazards testing on shopfloor and take corresponding protective measures based on results, including issuing personal protective equipment (PPE) and labor protection gear for the occupational health and safety of employees.
Eliminate or mitigate occupational health risks	<ul style="list-style-type: none">Clearly defined the scope and workflow process of hazard source identification, and posted hazard alert signs in areas with identified hazard sources to remind employees to take appropriate safety precautions.Establish the Hazard Identification and Risk Assessment Form to evaluate unacceptable risks and control them through daily measures and management plans.Established first aid kit areas in the workshops, and updated medicines and medical supplies in a timely manner to ensure prompt treatment for employees in the event of injuries.Installed protective guards in mechanical hazard areas to separate safe and hazardous zones.
Physical examination against occupational diseases	<ul style="list-style-type: none">Implement medical examination systems for employees in hazardous roles, providing legally mandated occupational health checkups for those exposed to occupational hazards.In 2024, all employees in roles exposed to occupational hazards underwent occupational health examinations, with no cases of occupational diseases or contraindications detected.

Safety and Health Metrics, Targets and Annual Progress

Metrics	2024 Target	2024 Progress
PPE distribution rate	100%	Fulfilled
Number of occupational disease cases	0	Fulfilled

Major incidents (casualties, fires and explosions)	0	Fulfilled
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ESRS S2 Workers in the Value Chain

The main types of suppliers for the Company are regular, designated, agency, and trade suppliers.

The Company, in strict compliance with laws, regulations and policies including the *Government Procurement Law of the People's Republic of China*, the *Bidding and Tendering Law of the People's Republic of China*, the *CPC Central Committee and State Council's Opinions on Promoting the Growth and Strengthening of the Private Economy*, and the *Regulations on Guaranteeing Payments to Small and Medium Enterprises*, has established the *Supplier Management System* to treat suppliers with integrity and is committed to collaborative development with them.

The Company has established a comprehensive supply chain management system to ensure long-term stable supply of goods, services, and raw materials related to its business, while encouraging suppliers to align with its sustainability principles. In 2024, the Company further refined its supply chain management responsibilities.

Supplier Management Framework

Department	Responsibilities
Supply Chain Department	<ul style="list-style-type: none"> Responsible for the full supplier onboarding process, including sourcing, evaluating supplier qualifications, submitting field assessment requests, following up and supervising sample confirmation and material trials, and submitting the onboarding process. Responsible for evaluating suppliers' cost control capabilities, supporting delivery capabilities, and service competencies, implementing management measures such as quota adjustments, monopoly breaking, and new product restrictions based on supplier performance evaluation results. Responsible for empowering suppliers through technical/quality training for joint innovations in products, materials and processes), and strategically building sustainable partnerships with them.
Quality Center	<ul style="list-style-type: none"> Responsible for evaluating suppliers' quality assurance capabilities, participating in factory audits, delivering performance assessment results, and driving quality issue improvements.
R&D Center/Process Department	<ul style="list-style-type: none"> Provide technical standards and drawings, participate in supplier factory audits, and evaluate R&D and process management capabilities. Responsible for classification of material importance ranks.

3.2.1 Supply Chain Risk Management

Supply chain disruption risks may significantly impact company operations, such as product delivery delays and quality defects. Identified risks in the Company's supply chain management include external systemic risks and latent risks. To effectively ensure the supply of key raw materials and purchased goods, and to prevent unexpected losses caused by shortages or improper procurement, the Company has established the *Supply Chain Business Interruption Emergency Response Plan*. The Company proactively maintains supplier reserves, with at least two suppliers configured for each material category in principle to ensure procurement supply. Concurrently, systematic safety stock is prepared for certain materials to preempt supply risks; internal performance goals and planning control mechanisms are established for procurement personnel to guarantee timely, orderly, and quality-assured material supply, meeting on-time product delivery for customers.

In 2024, to manage supply chain risks, the Company conducted supply chain disruption drills to prevent occurrences due to shortages or improper procurement of materials, ensuring timely, orderly, and quality-assured supply of purchased materials. Additionally, the Company provided procurement staff with training programs such as "32 Cost Reduction Paths", "6S Awareness and Standards", "Obsolete Material Control Standards" and "Sourcing Implementation".

Supplier Management Procedures

Management Process	Actions
Admission	<ul style="list-style-type: none"> Supplier registration, qualification submission, access verification and review of major negative incidents. The Company categorizes suppliers into five class (A+, A, B, C, and D) based on the grades of materials they provide. Proposing and consolidating requirements from each requesting department to the Supply Chain Department for new supplier development and initial screening; conducting qualification review by the Supply Chain Department for pre-qualified suppliers according to the new supplier admission process.
Factory Audit	<ul style="list-style-type: none"> Conducting mandatory on-site evaluation, in principle, for Categories A+, A and B suppliers involving key and critical characteristics and located in China, based on their status in the industry; waiving on-site evaluation or conducting whenever necessary, depending on the situation, for Categories C and D suppliers involving general characteristics.
Test	<ul style="list-style-type: none"> The Company receives samples for internal testing or commissions third-party testing, with suppliers providing standard interpretation reports, self-test reports, and information on secondary suppliers of key components.
Agreement signed	<ul style="list-style-type: none"> Upon meeting the above requirements, the Company signs the Quality Assurance Agreement, Cooperation Agreement and Supplier Social Responsibility Commitment with suppliers.
Introduction	<ul style="list-style-type: none"> Suppliers submit the Supplier-Related Report via the SRM (Supplier Relationship Management) system. Supplier submits relevant supporting documents such as business licenses, tax registrations, production permits, system certifications, and certificates of compliance with laws for filing purposes. Submitting applications with relevant documents (change notices, business licenses, tax registrations, etc.) by suppliers for changes related to factory name, legal representative, production site (municipal area re-planning), company resale or split, or business transfer (cooperative business transferred to a subsidiary or cooperative company); allowing for changes by the Supply Chain Department after going through the change process in the SRM system and obtaining approvals according to the specified authority. Submitting applications by suppliers in cases involving new factory setups in other locations, factory expansions, or technical changes; conducting or waiving on-site evaluation based on requests submitted by the Supply Chain Department, and then allowing for delivery after going through the change process in the SRM system and obtaining approvals according to the specified authority. The Company issues the Supplier Code of Conduct through its SRM system, specifying requirements and standards for safeguarding labor rights.
Daily Check	<ul style="list-style-type: none"> Conducting on-site audit for qualified suppliers with major anomalies in the routine supply process or poor-quality evaluation results, or under unannounced inspection for supplier daily management, to re-verify their quality assurance, technical assurance and production capabilities and operating conditions. Key suppliers must submit annual CSR self-assessments for performance monitoring and supply chain sustainability.

Management Process	Actions
Performance Evaluation	<ul style="list-style-type: none"> The Company conducts monthly and annual performance evaluations of qualified suppliers (excluding designated or proxy purchases), scoring suppliers across dimensions of cost, quality, delivery, service and bonus points. Suppliers are classified as excellent, qualified, yellow card, red card, needs improvement, or unqualified according to evaluation rules. The SRM system automatically collects data for scoring and approves according to authority levels, automatically triggering management actions (empowerment, assessment, allocation, suspension) for red/yellow card or unqualified suppliers.

3.2.2 Supply Chain Sustainability Management

To effectively enhance supply chain sustainability and drive sustainability throughout the supply chain, the Company focuses on the critical aspect of supplier management by establishing the *Supplier Management System* to impose explicit requirements upon suppliers, particularly regarding labor right protection. Upholding a people-oriented philosophy, the Company actively promotes collaboration among upstream and downstream supply chain enterprises within a sound labor environment.

Supplier Sustainability Management Measures

Management Method	Management Requirements	
Immediate control over negative incidents	The Company's SRM system integrates Qichacha (an enterprise credit inquiry tool) functionality to automatically monitor suppliers for negative incidents and penalties, checking whether suppliers are on dishonesty lists, if supplier executives have any affiliations with legal representatives or shareholders of existing similar material suppliers, or if suppliers are blacklisted (typically due to business ethics violations). Suppliers verified with business ethics violations will be immediately removed from the approved vendor list.	
Sustainability-related statement	The Company requires suppliers to comply with the Supplier Code of Conduct, working hand in hand to fulfill all its provisions. The core objectives include 100% elimination of child labor and forced labor, full implementation of equal pay for equal work, and providing supplier employees with complaint channels, whistleblower protection, and human rights remediation measures; and build a fair, just, and sustainable business ecosystem together with suppliers.	
Signing of Sustainability-related Agreement	The Company signs agreements with suppliers requiring proactive compliance with social responsibility and environmental management requirements:	
	Supplier Social Responsibility Commitment	The Company requires suppliers to voluntarily comply with SA8000 standards, including prohibitions on child labor, forced labor, and discrimination; provision of safe and healthy working conditions; guaranteed working hours; minimum wage compliance; protection of freedom of association; and establishment of a social responsibility management system.
	Quality Assurance Agreement	The Company specifies environmental protection requirements and regulations, mandating suppliers to provide ISO 14001 Environmental Management System certification and GB/T 28001 Occupational Health and Safety Management System certification, committing all products to comply with the latest environmental directive standards (including RoHS, REACH, etc.).
	Conflict-Free Minerals Commitment	For suppliers of raw materials involving conflict minerals (tungsten, tin, tantalum, gold), the Company explicitly requires strict compliance with relevant regulations and ethical standards, firmly prohibiting the use of any minerals of unknown origin or from conflict regions in production.

Management Method	Management Requirements
Completion of sustainability questionnaires	The Company's SRM system automatically triggers annual reminders to issue the Supplier Questionnaire (Social Responsibility), requiring key suppliers to conduct self-scoring against the questionnaire to drive continuous improvement in social responsibility.
Sustainability on-site assessment	The Company incorporates environmental control as one dimension of comprehensive on-site supplier evaluations, assessing whether suppliers have established hazardous substance control systems and conduct regular hazardous substance testing on products. The Company has formulated the Supplier Questionnaire for Social Responsibility Management System (Site Inspection Checklist), covering six major aspects: labor, ethics, environment, occupational health and safety, labor ethics system and occupational health and safety system; and planned to conduct site social responsibility assessments for key suppliers in 2025.

3.2.3 Green Supply Chain Management

The Company places high importance on green and low-carbon development, having made the *Medium-to-Long-Term Green Supply Chain Development Plan* and incorporated green supply chain as a key component of corporate development strategy. The Company has established a dedicated Green Supply Chain Creation Project Team responsible for institutional development, implementation, assessment, and incentivization related to green supply chain management, including establishing target accountability systems. The Company has explicitly set green supply chain development objectives: "By 2025, we will establish environmentally conscious upstream-downstream supply relationships spanning the entire lifecycle from product design to raw material procurement, production, transportation, storage, sales, usage, and disposal. The green supply chain system will be fundamentally established, with efforts to successfully become a nationally recognized green supply chain management enterprise. Leveraging its role as a core enterprise in the supply chain, the Company leads and drives collaborative green development among supply chain partners."

To evaluate suppliers' environmental performance and advance green supply chain objectives, the Company developed a Supplier Environmental Performance Survey covering six dimensions: green factory certifications, system accreditation, energy/resource consumption, pollutant emissions, carbon emissions, and green technology upgrades, continuously improving the green supply chain performance evaluation mechanism. In 2024, AUX Smart Technology was awarded the title of National Green Supply Chain Management Enterprise by the Office of the Ministry of Industry and Information Technology of the People's Republic of China.

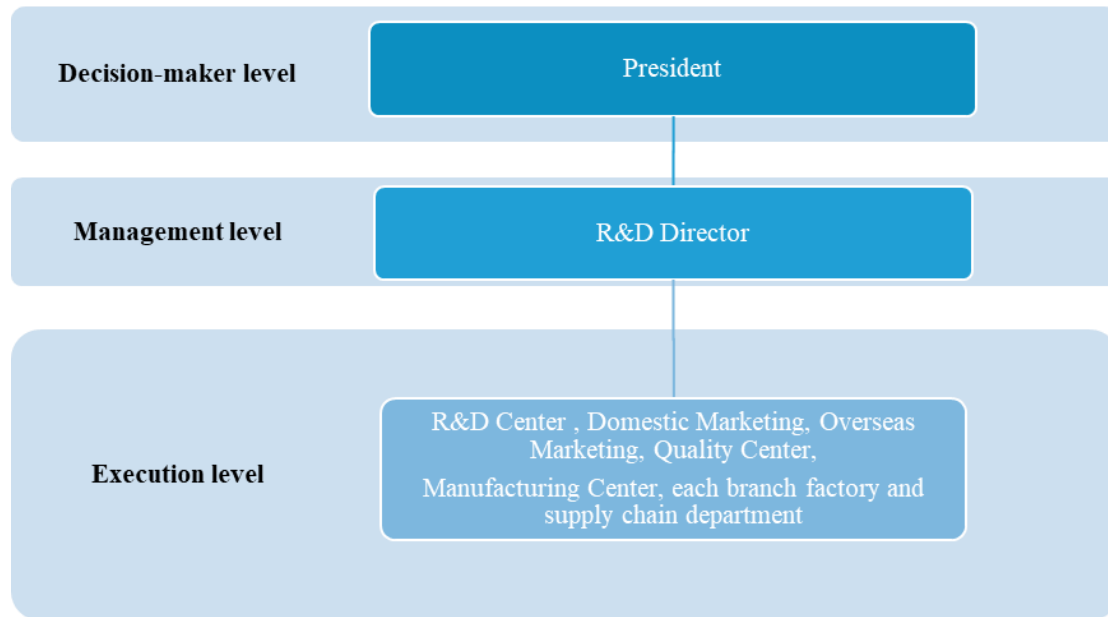
ESRS S4 Consumers and End-users

3.3.1 R&D and Innovation

● R&D and Innovation Governance

The Company's self-developed products include transformers, box-type substations, switchgear, photovoltaic inverters and other electrical energy equipment.

R&D and Innovation Governance Structure



The Company insists on product R&D as the driving force for development, focusing on "innovation, quality, delivery, cost and generalization", establishing a complete R&D and innovation management system, strictly adhering to laws and regulations such as the *Law of the People's Republic of China on Scientific and Technological Progress*, and formulating management systems including the *New Product Development Management System*, *New Product Review Management System*, *Design and Development Control Procedures*, to promote continuous innovation and development.

The Company integrates quality, environmental, and energy management systems into all R&D phases through, advancing standardization, deepening research collaboration, strengthening technical support, while conducting specialized R&D training to enhance technical capabilities.

To encourage employees to pursue innovation, the Company has established R&D incentive programs, including special awards for innovation and quality. The Company has established an annual R&D incentive policy centered around delivery time and product, which aims to incentivize efficiency improvement, development innovation, and order intake in order to foster a "wolf-inspired" spirit within the team.

Key R&D and Innovation Achievements in 2024

Product Innovation	Continuous R&D investment enables iteration and enrichment of the product portfolio, enhancing the Company's capability to provide integrated smart energy management solutions to customers.
Standard	Participation in formulating national standards such as GB/T 1984 High-voltage

Formulation	AC Circuit Breakers and GB 20052 Transformer Energy Efficiency as well as industrial/enterprise standards including DL/T 689.45 Object-Oriented Protocol and DL/T 10217 Combined Transformers.
Technological Innovation	The research on autonomous intelligent unmanned control systems for smart grid prefabricated substations won the Ningbo City Science and Technology Challenge Project, and the high-voltage/low-voltage prefabricated substation was recognized as the first of its kind in China.
Technological Support	As a national high-tech enterprise, the Company possesses advanced testing facilities for partial discharge noise, temperature rise and environment testing, lightning impulse testing, salt-fog testing, power-on startup simulation, and performance test station.

Performance Table for R&D and Innovation Data

Metrics	Unit	2023	2024
Number of projects in progress	pc(s)	183	343
Number of R&D employees	Person	267	338
R&D expenses	CNY 10,000	21,136.37	27,428.26
Number of patent applications during the Reporting Period	pc(s)	147	53
Number of patent licenses in reporting period	pc(s)	111	101
Number of valid patents during the Reporting Period	pc(s)	676	432
Number of software copyright registration in reporting period	pc(s)	3	16
Number of invention patents applied to core business	pc(s)	34	37

Note: The Company strictly controls patent admission to enhance patent quality, resulting in a decrease in the number of patents granted in 2024 compared to the previous year.

● Environmental Product R&D and Innovation

Adhering to the concept of green development, the Company continues to deepen its efforts in the R&D of eco-friendly products. In the switchgear sector, the Company, in strict compliance with IEC 62271/GBT 3906 standards for high-voltage switchgear and controlgear, has replaced sulfur hexafluoride insulation gas with eco-friendly gases (N₂/dry air) without any performance impact. Through our process improvements (such as laser welding and gas tank reinforcement), the actual leakage rate has been successfully reduced to 0.02% (significantly lower than the industry-required 0.05%).

Additionally, the Company has proactively introduced eco-friendly gas-insulated switchgear and solid-insulated switchgear. Eco-friendly gas cabinets utilize special eco-insulating gases with excellent short-circuit resistance and arc-extinguishing capabilities, robustly ensuring power safety; solid-insulated cabinets are gas-free, providing comprehensive protection for both environment and personal safety. The Company proactively promotes the adoption of eco-friendly gas cabinets among customers. In 2024, sales of eco-friendly gas cabinets increased nearly threefold compared to 2023. In the transformer sector, the Company actively guides customers to adopt biodegradable non-mineral oils, applicable in scenarios such as fishery-photovoltaic complementary projects and offshore photovoltaic projects, significantly reducing environmental impact and leading industry-wide green transformation in response to the urgent demand for sustainable development.

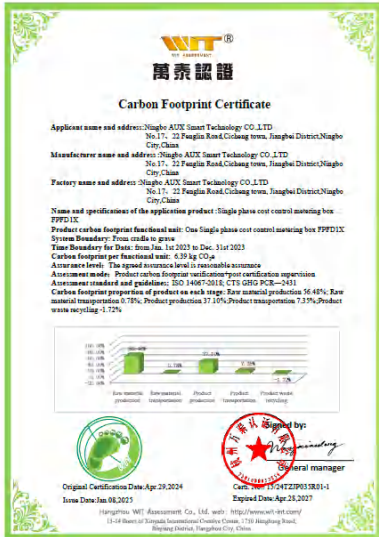
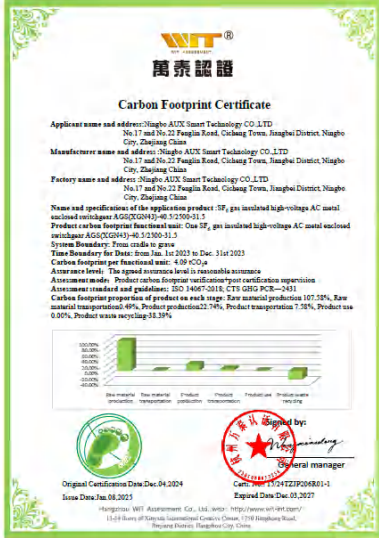
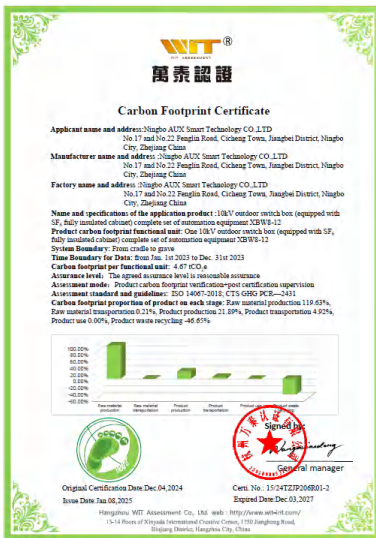
The Company actively responds to the national green and low-carbon development strategy, deeply participating in the standardization of energy efficiency improvements in the power equipment sector. In 2024, four major national standards revised with the Company's

participation were successfully published.

- Maximum Allowable Values of Energy Efficiency and Energy Efficiency Grades for Power Transformers (GB 20052-2024)
- High-voltage AC Circuit Breakers (GB/T 1984-2024)
- Power Transformers - Part 7: Guidelines for Loading of Oil-immersed Power Transformers (GB/T 1094.7-2024)
- Technical Parameters and Requirements for Three-Phase Dry-Type 3D Wound-Core Power Transformers (GB/T 32825-2024)

The Company is steadily advancing on the path of green development, actively responding to global low-carbon and environmental protection initiatives. As at the end of the Reporting Period, the Company has obtained carbon footprint certifications for 24 products, of which, 9 products obtained carbon footprint certification in 2024.

SN	Model	Name
1	XBW8-12	10kV outdoor switching cabinet (with SF6 fully-insulated compartment) automatic complete equipment
2	AGS(XGN43)-40.5/2500-31.5	SF ₆ gas-insulated high-voltage AC metal-enclosed switchgear
3	XGN£-12(Z)/T630-25	SF6 gas-insulated high-voltage AC metal-enclosed switchgear automated complete equipment
4	FPPD1X	Single-phase prepayment electricity meter box
5	YB11-40.5/0.8/0.8-6000	High-voltage/low-voltage prefabricated substation
6	YB27G-40.5/0.8-4400	High-voltage/low-voltage prefabricated substation
7	GGD	Low-voltage AC distribution cabinet
8	FPPDS1X	Three-phase prepayment electricity meter box
9	XGN118-12(Z, Z, PT) and KE-7120-B	Integrated primary-secondary RMU





3.3.2 Electric Power Safeguard

The Company is committed to ensuring power supply safety and the robust and reliable operation of electrical equipment. The Company, in strict compliance with the *Product Quality Law of the People's Republic of China* and the *Standardization Law of the People's Republic of China*, has maintained a robust quality management system certified under ISO 9001:2015 (currently valid). The company's Quality Center is responsible for supervising and testing the quality of components, processes, and finished products, analyzing market feedback issues, and driving quality improvements. The Company has established systems including the *Component Incoming Material Management Regulations* and *Non-Conforming Product Control Procedures* to standardize quality control and deviation management across all stages from raw materials to production processes and final product delivery for comprehensive product quality assurance. In 2024, the Company experienced no product quality or safety-related penalties, no litigation arising from such matters, and no product recall incidents.

Regarding training, in 2024, the Company conducted over 70+ quality-related internal training sessions, including component failure analysis and routine electrical testing. Additionally, multiple safety trainings were provided to customers, covering safety protocols, with prominent safety warnings in product installation manuals mandating on-site protective measures.

Finished Product Non-conformance Approval Procedures



When designing, manufacturing, installing, and maintaining electrical equipment, the Company strictly follows relevant domestic and international safety standards and regulations, dividing specific safety requirements into three stages of design and development, trial production, and batch production to avoid product safety issues.

Product Safety and Quality Management Procedures

Stage	Management Process
Design and Development Stage	<ul style="list-style-type: none"> Design reliability test plans, including environmental and mechanical stress test types. Perform reliability tests on products, including high- and low-temperature cycling, damp heat cycling, pressure changes, etc. Products are equipped with comprehensive protection mechanisms. For instance, circuit breakers within switchgear can rapidly trip automatically upon detecting short circuits, cutting off the circuit to prevent equipment damage and ensure electrical safety.
Trial Production Stage	<ul style="list-style-type: none"> Conduct small-batch trial production through the entire production line process to verify the feasibility of the production process. Conduct product failure analysis by the Reliability Department, including mode and cause analyses.
Batch Production Stage	<ul style="list-style-type: none"> Perform 10 performance tests on each batch of products, including high-temperature tolerance, high-pressure sealing, and mechanical strength. Conduct comprehensive functional testing and quality inspection.

3.3.3 Customer Communication and Service

The Company, in strict compliance with laws, regulations and normative documents including the *Civil Code of the People's Republic of China*, the *Civil Procedure Law of the People's Republic of China*, the *Consumer Rights Protection Law of the People's Republic of China*, the *Electric Power Law of the People's Republic of China*, the *Regulations on Power Supply and Usage*, the *Regulations on the Protection of Power Facilities*, the *Regulations on Power Grid Dispatching Management*, the *Regulations on Power Supervision*, IEC 60076 series standards for power transformers, IEC 62271 series standards for all components of high-voltage switchgear and controlgear, the Regulation (EU) No 517/2014 on Fluorinated Greenhouse Gases, and the CENELEC standard for *Electrical Installation Design and Installation*, provides customers with high-quality products and services. The Company's After-sales Technical Service Department and Overseas Marketing Department are responsible for customer relationship management. Established 31 after-sales service centers nationwide, staffed with over 180 professionals holding certificates such as high/low-voltage electrician licenses and elevated work permits; a Hungary-based after-sales service center has been set up in Europe.

Through in-depth analysis of customer market trends in the power distribution industry, the Company has keenly identified the intertwined risks and opportunities. In today's fiercely competitive market with rapid technological advancements, the Company must not only increase R&D investment to enhance product miniaturization and environmental performance to meet diverse customer needs but also overcome numerous development challenges. Meanwhile, the growing demand for green energy products year by year has injected strong momentum into industry development. The Company is actively engaged in the development of eco-friendly gas cabinets, fully promoting product recycling and the substitution of eco-friendly materials. By continuously strengthening technological and service advantages, it firmly seizes this market opportunity, striving to stand out in a complex and ever-changing market environment, further expanding its market presence, enhancing industry influence, and contributing to the green and efficient development of the power distribution industry.

The Company has established a comprehensive customer management system and formulated management documents including the *Customer Communication and Service Management Procedure*, the *Technical Service Management System*, and the *Quality Information Closed-loop and Evaluation Management System*, designating dedicated personnel for customer complaint handling and standardizing response efficiency requirements. The Company consistently adheres to a customer-centric development philosophy, actively responding to customer demands and building a comprehensive, multi-level communication and service system. Customers can use multiple convenient channels such as phone, WeChat, and email to instantly contact after-sales personnel, ensuring timely resolution of issues. To better serve customers, the Company has developed system management tools such as CSS (Customer Service System), enabling end-to-end control and traceability of customer service and product quality control, with support for mobile quick queries. And the system will employ big data applications: multidimensional segmentation and real-time focus, to solve customers' problems quickly.

In addition, core personnel in sales, technology, quality, and other customer-facing roles proactively engage in customer communication to deeply understand their latest needs. Furthermore, the Company conducts quarterly customer satisfaction surveys domestically and biannually overseas, sincerely inviting customers to comprehensively evaluate key aspects including product performance, service quality, and delivery timeliness. This enables continuous optimization of service processes, enhancement of service levels, and sustained value creation for customers. For instances of customer dissatisfaction, we promptly conduct analyses, respond to specific situations, and further optimize services.

Customer Communication and Service Risks and Management Measures

Risk Categories	Risk Level	Management Measures
Customer service complaints	General risk	<ul style="list-style-type: none"> Establish a service network system Establish a customer follow-up system
Delayed handling of faulty equipment	Low risk	<ul style="list-style-type: none"> Establish a service network system Optimize service demand interfaces

Customer Communication and Service Measures and Outcomes

Action Category	Measures and Achievements
Pre-service	<ul style="list-style-type: none"> Establish a customer follow-up mechanism to proactively address potential customer issues. Take pre-arrival inspections, safety and maintenance checks, and adopt measures such as rental car services and standard worker incentives to enhance product operational reliability and provide rapid customer service.
Quick response	<ul style="list-style-type: none"> Establish a comprehensive service network system, committing to on-site arrival within 24h within the Province and 48h outside the Province. Establish comprehensive service demand channels including QR code scanning, 400 hotline, WeChat, etc., to ensure prompt response and handling. If customer feedback indicates severe issues, they will be automatically escalated to top leadership through the customer service system. In 2024, customers voluntarily presented 107 commendation letters and honorary banners in recognition of our rapid service response, high service efficiency and staff professionalism.
Rectification closed-loop	<ul style="list-style-type: none"> Annual internal and external audits of the quality management system are conducted, along with quarterly customer satisfaction surveys and follow-up calls. Results undergo multidimensional analysis, with corrective actions implemented for identified deficiencies to complete the improvement cycle.
Specialized training	<ul style="list-style-type: none"> Internal Training: To provide better customer service, 53 internal training sessions were conducted in 2024, focusing on improving technical skills, product knowledge and service safety. External Training: To enhance product reliability and maintain customer relationships, the Company proactively provided multiple training sessions to customers in 2024.

Customer Communication & Service Metrics, Goals, and Annual Progress

Metrics	2024 Target	2024 Progress
Customer satisfaction	90.00%	94.68%
Response timeliness	In China: Response within 2h Abroad: Response within 4h	100%

Additionally, customers may lodge complaints or provide feedback via the toll-free service hotline 400-8225776 (in China) or 860574-88220385 (abroad). The Company's customer service will promptly address feedback and notify internal teams for corrective actions. After the complaint or problem has been resolved, the Company reports and communicates with the customer to complete and close the complaint. In 2024, the Company received no major complaints from customers.

3.3.4 Data Security and Customers Privacy Protection

The Company's data acquisition and customer privacy processes involve visitor information, supplier details and internal operational data. The Company solemnly commits in clear contractual terms to fully protect customers' confidential information and privacy. In addition, cooperation agreements with suppliers specifically include confidentiality and intellectual property clauses that clearly define obligations and responsibilities to ensure robust protection of all parties concerned.

The Company prioritizes data security and customer privacy protection in strict compliance with laws and regulations including the *Civil Code of the People's Republic of China*, *Data Security Law of the People's Republic of China*, *Cybersecurity Law of the People's Republic of China*, and *Personal Information Protection Law of the People's Republic of China*. It has established management systems such as the *Information Security Management System*, *IT Asset Management System*, *Information Security Asset Identification Control Procedure*, *Information Security Risk Assessment Management Procedure*, and *IT Emergency Response Management System*, with information protection policies and information security management systems comprehensively covering all business lines and data management operations.

The Company has been accredited with ISO 27001 Information Security Management System Certification (currently valid). In 2024, the Company experienced no data breaches, cybersecurity incidents, violations of customer privacy, loss of customer data, or substantiated related complaints.

Key Measures for Data Security and Customer Privacy Protection

Strengthened data protection	<ul style="list-style-type: none"> • Network Protection: Utilize application firewalls (including physical WAF and cloud WAF) to enable traffic monitoring, packet filtering, intrusion detection and application-layer attack protection. • Access Control: Manage internal network access through a zero-trust system to ensure identity authentication, privilege management and network access control. Employees must complete an application process to access specific resources. • Security Assessment and Vulnerability Scanning: Conduct vulnerability scans using remote security assessment systems. Combining manual compliance checks and penetration testing to ensure thorough security assessments before the business system release. • Access Control: Use UniNAC access control system for devices and users identity authentication to ensure the security and compliance of network access.
Terminal security control	<ul style="list-style-type: none"> • Desktop Management: Utilize the ip-guard desktop management system to achieve functions such as data leakage prevention, terminal security management, application control, user behavior monitoring and regular audits. • Terminal Antivirus: By installing ESET endpoint antivirus software, provide anti-virus, anti-spyware, anti-phishing protection and email filtering. • Internet Behavior Management: Utilize Sangfor's Internet Behavior Management System to achieve functions such as online behavior monitoring, access control, content filtering, real-time alarm and user behavior analysis.
Improved internal management	<ul style="list-style-type: none"> • Regular high-availability drills are conducted by simulating real failure scenarios, validating emergency response procedures, and optimizing disaster recovery switching mechanisms. These efforts continuously

	<p>enhance system fault tolerance and team collaboration efficiency to ensure stable operation of critical business systems.</p> <ul style="list-style-type: none"> • Regularly organize annual specialized information security training, combining theoretical instruction, case studies and hands-on drills to strengthen organization-wide security awareness and skills, letting all departments accurately comprehend and effectively implement security policy requirements. • Establish routine security audit mechanisms covering critical areas such as bastion host operation logs, sensitive data printing activities, and database access permissions; conduct annual ISMS internal audits to drive corrective actions through gap analysis, achieving closed-loop management. • Develop a mechanism of regular system security inspection focusing on authentication validity, privilege control compliance, audit log integrity, data protection measures, system fault tolerance, high-availability configurations and privileged account management, forming a closed-loop cycle of inspection-rectification-verification. • By establishing proactive risk identification mechanisms, 109 high-risk vulnerabilities in critical business systems were remediated with a 96% closure rate, driving core systems' transition from passive defense to active governance and significantly elevating security baselines. • A systematic review of the Company's overall information security was conducted, focusing on three major risk categories (SMB, FTP, and critical vulnerabilities in surveillance cameras) for targeted rectification. This achieved an 85% closure rate and established comprehensive risk management capabilities covering "identification-assessment-resolution". • Leveraging situational awareness and SOC platforms, 100% of internal/external attack alerts were analyzed and handled, with automated responses reducing resolution time to within 24h, with proactive cybersecurity defense capabilities significantly enhanced. • Through the deployment of WAF in core business systems and heavy-duty projects such as R&D internet access control, a multi-layered protection from network perimeter to terminal devices was achieved and the "hard isolation" security mechanism for information protection was enhanced. • Conduct monthly audit reports on baseline violations such as unauthorized internet access and USB copying, integrating specialized controls like R&D decryption to establish a "monitoring-warning-tracing" anti-leakage closed loop, strengthening the data security management system.
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To further strengthen customer privacy management, the Company exercises tiered access control for customer data, restricting single-user global data query permissions. All data are mandatorily stored within secure zones of the data center, with physical/logical external transfers strictly prohibited. Data export follows a minimized desensitization approval process to ensure compliance with the *Personal Information Protection Law* and industry regulations.

3.3.5 Responsible Marketing

The Company consistently adheres to ethical, scientific and objective methods for product promotion, and in strict compliance with laws, regulations, and document requirements such as the *Advertising Law of the People's Republic of China*, *Anti-Unfair Competition Law of the People's Republic of China*, *Consumer Rights Protection Law of the People's Republic of China*, and *Several Provisions on Prohibiting Infringement of Trade Secrets*, has formulated the *Customer Communication and Service Management Procedures* to ensure truthful, accurate and effective communication of product characteristics and usage efficiency to customers and consumers, and to standardize product marketing management.

To ensure unified messaging, after Parent Company Sanxing Medical & Electric has updated its External Communication Data Guidelines, the Company's official website, promotional videos, PPTs, brochures, exhibition halls (including narration) and corporate communication materials related to the External Communication Data Guidelines have been promptly updated. When conducting information publicity, the Company strictly adheres to seven key principles: first, honesty and truthfulness, avoiding false advertising; second, rigorous review, avoiding unilateral decisions; third, internal loyalty, not disparaging the Company; fourth, reasonable and measured, not defaming peers; fifth, citing data accurately and truthfully; sixth, not disclosing trade secrets; seventh, not highlighting individuals.

Principles of Responsible Marketing

Principle	Content
Uniformity	<ul style="list-style-type: none"> All promotional activities must align with the core values and strategic direction of the parent company, Sanxing Medical & Electric, to ensure unified messaging and imagery for consistent and coherent communication.
Normativity	<ul style="list-style-type: none"> Establish comprehensive publicity content review and release processes, with all promotional materials undergoing rigorous scrutiny to ensure truthful, accurate, and lawful information. Ensure promotional activities comply with national laws, regulations and industry standards to prevent misleading, fraudulent or inappropriate publicity.
Pragmatism	<ul style="list-style-type: none"> Develop specific and feasible promotional strategies and plans based on market demand and actual conditions. Ensure promotional objectives are clear, content is practically beneficial and market-influential, effectively conveying the Company's core competitive advantages and value propositions.
Accuracy	<ul style="list-style-type: none"> Precisely target promotional content and communication channels based on audience characteristics and market segmentation. Adopt precise market positioning and personalized communication strategies to enhance promotional effectiveness and response rates, thereby maximizing resource utilization.

4. Governance Information

ESRS G1 Business Conduct

4.1.1 Anti-Commercial Bribery

The Company, in strict compliance with laws and regulations such as the *Company Law of the People's Republic of China*, the *Criminal Law of the People's Republic of China*, the *Supervision Law of the People's Republic of China*, the *Civil Procedure Law of the People's Republic of China*, the *Criminal Procedure Law of the People's Republic of China*, and the *Anti-Unfair Competition Law of the People's Republic of China*, guides employees to uphold sound business ethics and conduct. In 2024, neither the Company nor its employees were involved in any corruption-related prosecution or subsequent litigation, nor were there any penalties imposed for violations of the *Anti-Monopoly Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*.

The Board of Directors oversees corporate integrity supervision and compliance, while the audit department formulates integrity policies and procedures, conducting regular/irregular internal integrity audits, with relevant functional departments responsible for implementing clean governance initiatives.

Status of Integrity Goals

Metrics	2024 Target	2024 Progress
Coverage of Employee Training	100%	100%
Completion of Integrity-related Clues	95%	96%

The Company upholds the integrity culture principles of "fairness, transparency and openness" and the anti-corruption philosophy of "combining punishment with prevention and addressing both symptoms and root causes"; and has established institutional documents such as the *Nine Integrity Guidelines* and the *Whistleblowing Management Procedures*, implementing the *Anti-Commercial Bribery and Anti-Fraud Statement* issued by Parent Company Sanxing Medical & Electric, to continuously strengthen anti-corruption mechanisms and effectively prevent risks of graft and corruption. Additionally, the Company comprehensively employs awareness enhancement, behavior control, and incident supervision to promote a culture of integrity in an all-round and deep-seated manner, embedding the concept of integrity into the hearts of employees.

Promotion of Integrity Culture

Promotion of Integrity Culture	Specific Measures
Awareness Enhancement	<ul style="list-style-type: none"> Onboarding Integrity Training: Training management system notifications, training sessions and examinations. In 2024, the Company achieved 100% integrity training coverage for new employees. Special Integrity Training: offline lectures, covering management and sensitive positions. In 2024, the Company organized 13+ specialized integrity training sessions. Integrity Awareness for All Employees: disseminated via the OA system to all employees. In 2024, 34+ company-wide integrity awareness sessions were conducted.

	<ul style="list-style-type: none"> Others: Annual meetings, pre-shift meetings, operational meetings, etc., covering management, core personnel and production line workers.
Process Management	<ul style="list-style-type: none"> All employees sign the Employee Integrity Pledge upon onboarding, regularly declare conflicts of interest, and must report any gifts received from suppliers/customers.
Supervision and inspection	<ul style="list-style-type: none"> Irregular audit inspections. In 2024, 31 internal audit projects were conducted, spanning 10 fields including R&D management, quality management, manufacturing management, financial and fund management, procurement and payments, and marketing and collection of receivables.

The Company has established anti-fraud policies and measures for employees and suppliers, conducts regular internal audits including employee integrity compliance, and provides ad-hoc integrity and anti-corruption training for management and staff to continuously strengthen business ethics awareness. During the signing of commercial *Cooperation Agreements* with business partners, the Company includes *Integrity Agreements* or anti-corruption collaboration clauses to reinforce anti-corruption and ethical conduct constraints and clarify their obligations and responsibilities in adhering to integrity commitments.

The Company has established open and transparent communication and reporting channels, specifying a dedicated email and hotline for reporting, enabling employees, customers, suppliers, and other stakeholders to monitor and report work malpractices and employee misconduct. The Company's integrity policies, communication channels and whistleblowing mechanisms are accessible through multiple channels including the official website, office areas, employee dormitories and cafeterias, employee integrity pledges, and partners' *Cooperation Agreements*.

The Company strictly protects whistleblowers, with clear provisions in the *Complaint Reporting Management Measures* and the *Anti-Commercial Bribery & Anti-Fraud Statement* to safeguard their identities. Whistleblowers who face retaliation for reporting fraud cases may file complaints with the Audit Department. If verified by the Audit Department, individuals involved in retaliatory actions will be held accountable. Legal violations shall be referred to judicial authorities.

The Company places high importance on business ethics and integrity, identifying and assessing risks and opportunities related to commercial bribery to implement targeted management strategies and measures, avoiding potential economic losses and enhancing internal management capabilities, thereby elevating corporate reputation and competitiveness.

Communication and Whistleblowing Channels

Landline: 0574-88072090

Mobile: 13736090060 (same as WeChat ID)

Email: sxshenji@sanxingmail.com

Contact Address: B1, F1, Sanxing Industrial Park, Cicheng Town, Jiangbei District, Ningbo City, Zhejiang Province

4.1.2 Intellectual Property Protection

The Company emphasizes intellectual property protection and in strict compliance with laws and regulations such as the *Patent Law of the People's Republic of China*, *Copyright Law of the People's Republic of China* and *Trademark Law of the People's Republic of China*, has established and implemented an intellectual property management system, formulated policies

such as the *Intellectual Property Management Manual* and the *Intellectual Property Acquisition and Maintenance Control Procedures*, and standardized the full process of intellectual property creation, management, utilization and protection. The Company has been accredited GB/T 29490-2023 Intellectual Property Management System certification (currently valid). In 2024, the Company encountered no incidents involving infringement of others' intellectual property rights, nor any intellectual property-related litigation cases.

Intellectual Property Management Policies and Objectives

Policy	Establishing a patent early warning mechanism, arranging defensive and offensive patents, and carrying out overseas patent applications.
Goals	<p>3-5 Years Goals:</p> <ul style="list-style-type: none"> a) To regularly monitor the patents of competitors in the same industry and compile a list of risky patents. b) To provide incentives for granted and accepted patents every quarter to enhance the enthusiasm of R&D personnel in applying for patents. c) To check the Company's existing valid patents, interpret them, and have the R&D Department evaluate the current usage and values of existing patents. <p>Long-term Goals:</p> <ul style="list-style-type: none"> a) To propose patent infringement search requirements for new products and technologies and clarify the scope and region of the search. b) To gradually increase the proportion of inventions and achieve a 50% proportion of inventions by 2025. c) To apply for overseas patents based on product sales and the local legal environment. d) To establish a full lifecycle management system for patents. e) To establish an industry patent database where R&D employees can independently search and reference.

On the premise of not infringing on the intellectual property of others, the Company resolutely protects its own intellectual property, focusing on the protection of technological innovation achievements and intangible brand assets such as trademarks, patents, and copyrights. Through a standardized intellectual property management system, the Company has established clear application and utilization procedures to ensure that the management, protection, and utilization of intellectual property are carried out in an orderly manner in accordance with the law.

AUX Smart Technology Intellectual Property Protection Measures

Training	<ul style="list-style-type: none"> • Organizing intellectual property training sessions for relevant departments to enhance employees' awareness of intellectual property. • Respecting the intellectual property of others, and prohibiting employees from improperly acquiring, disclosing, using, or disposing of the intellectual property of others.
Arrangement	<ul style="list-style-type: none"> • Filing patent applications for core technologies during new product development to build a patent protection portfolio. • Identifying blind spots in the protection of core technologies and effectively guiding R&D and operational directions by analyzing of existing patents in the industry.
Patent Search	<ul style="list-style-type: none"> • Conducting patent searches in activities involving intellectual property, such as technological innovation, new product sales, and external exhibitions to determine whether intellectual property may be infringed. • Fully leveraging intellectual property literature during the research and development of new technologies, processes, and products, to define correct research directions and technical routes, set higher starting points for R&D activities, and avoid repetitive development or intellectual property disputes.

2024 Patent and Software Copyright Applications and Grants

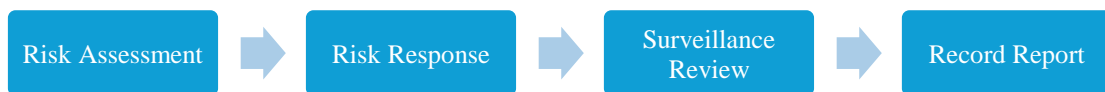
Category	Unit	Applications	Patents Granted
Invention Patent	pc(s)	19	3
Utility Model Patent	pc(s)	32	63
Design Patent	pc(s)	2	35
Software Copyright	pc(s)	3	16

4.1.3 Risk and Compliance Management

A robust risk management and internal control system ensures sound governance of the Company. The Company comprehensively advances risk control in accordance with the "comprehensive, independent & impartial and rigid" risk management principles. The Company, in strict compliance with laws, regulations and document requirements such as the *Company Law of the People's Republic of China*, the *Audit Law of the People's Republic of China*, the *Basic Standards for Enterprise Internal Control* and the *Guidelines for Enterprise Internal Control Evaluation*, has established management systems including the *Risk Management Manual*, *Risk and Opportunity Control Procedures*, *Intellectual Property Risk Management Control Procedures*, and *Information Security Risk Assessment Management Procedures*. These frameworks guide the internal control management and evaluation of the Company to effectively address potential risks.

The Company's President is responsible for the design and improvement of the risk management framework, with the Audit Department participating in the framework design and improvement, process design and execution. The Audit Department shall audit the Company's operational activities to keep risks controllable.

Risk Management Procedures



The Company emphasizes compliance management, adhering to Parent Company Sanxing Medical & Electric's established systems such as the *Compliance Evaluation Control Procedures*, *Contract Management System Operation Manual*, and *Anti-Commercial Bribery Compliance Management Regulations*. The Audit Department is responsible for compliance risk management, establishing a compliance management system focused on overseas compliance, data protection, anti-commercial bribery, employment compliance, export controls, and global compliance, empowering business departments to adhere to local laws and regulations while providing various compliance consultations and support. In 2024, the Audit Department conducted anti-commercial bribery compliance training for new employees and anti-commercial bribery compliance risk training for managerial and key position staff.

4.1.4 Corporate Social Responsibility

The Company actively responds to the national common prosperity policy, steadfastly fulfills its corporate citizenship responsibilities, and gives back to society through concrete actions. In 2024, the Company proactively engaged with and employed migrant workers from western regions, benefiting 75 employees. This initiative not only fulfilled the Company's internal human resource needs but also effectively promoted the transformation of the regional labor market and optimized the income structure of migrant workers.

In addition, the Company actively promotes the spirit of public welfare, encouraging all employees to participate in blood donation activities organized by the Red Cross. For all 116 employees who actively participated in blood donation, the Company provided comprehensive medical support and customized appreciation gifts.

To enhance educational infrastructure in remote areas, the Company also donated funds to multiple local primary schools, driving substantial improvements in local education.

Sustainability Data Sheet and Notes

Environmental Performance

In 2024, among our six subsidiaries, only AUX Solar Technology and Aoneng Electric were involved in physical production. and Ningbo Aoneng Electric is expected to commence production in 2025. Consequently, 2023 environmental performance data pertains only to AUX Smart Technology and AUX Solar Technology, while 2024 data on water resources, wastewater, exhaust gases, waste, and energy management covers solely AUX Smart Technology and AUX Solar Technology.

Additionally, it is specifically noted that the scope of GHG-related data currently only covers AUX Smart Technology. AUX Solar Technology's production scale was relatively small in both 2023 and 2024. In 2023, its electricity consumption was only 0.8% of AUX Intelligent Technology's, and in 2024, it was only 2.45%. Therefore, GHG data for 2023 and 2024 were not statistically recorded. Aoneng Electric only commenced production in 2025, and its GHG data have not yet been statistically recorded.

Performance Table for GHG Data³

Metrics	Unit	2023	2024
Market-based GHG emissions			
Total GHG emissions (Scope 1 + Scope 2)	t CO ₂ e	61598.53	47,396.43
GHG emission reductions (Scope 1 + Scope 2)	t CO ₂ e	—	14,202.10
Scope 1 GHG emissions ⁴	t CO ₂ e	53033.69	36,629.15

³ (1) Total GHG emissions = Scope 1 GHG emissions + Scope 2 GHG emissions. Scope 3 GHG emissions are still under calculation. (2) Scope 1 GHG emissions sources include: C1 substation-natural gas combustion, forklifts-gasoline combustion, production-soda ash usage, industrial dry ice emissions, CO₂ emissions from argon mixtures, SF₆ process fugitives, thermal cutting-acetylene, coal gas combustion, welding-CO₂ emissions, injection molding-butane combustion, plant air conditioning-R32 fugitives, chillers and VRF systems-R134a/R410a fugitives, CO₂ fire extinguishers, and production area septic tank-CH₄ fugitives; Scope 2 GHG emissions originate from purchased electricity consumption. (3) GHG emission data is categorized into market-based and location-based Scope 2 emissions according to different accounting methods. The market-based Scope 2 accounting method adopts a purchased electricity calculation model derived from Formula 5 of GB/T32150-2015; purchased electricity activity data originates from electricity bills, classified as site-specific primary data. The emission factor is per-unit electricity emission coefficient, sourced from the Announcement on 2022 Power Sector CO₂ Emission Factors issued by the Ministry of Ecology and Environment of the People's Republic of China, classified as secondary data, of which, the market-based electricity emission factor is 0.5856 kg CO₂/kWh; the location-based Scope 2 accounting method is based on the purchased electricity calculation model, derived from Formula 5 of GB/T32150-2015; purchased electricity activity data comes from electricity bills, which are primary data for specific locations. The emission factor is per-unit electricity emission coefficient, sourced from the Announcement on 2022 Power Sector CO₂ Emission Factors issued by the Ministry of Ecology and Environment of the People's Republic of China, classified as secondary data, of which, the location-based electricity emission factor is 0.5366 kg CO₂/kWh.

⁴ (1) The 2023 Scope 1 GHG emission factors are sourced from the Guidelines for GHG emission Accounting and Reporting for Industrial and Other Enterprises (Trial) and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories. The emission factors are as follows: Stationary natural gas combustion: CO₂ emission factor = 2.162188809 kg CO₂/m³, CH₄ emission factor = 3.89E-05 kg CH₄/m³, N₂O emission factor = 3.89E-06 kg N₂O/m³; Non-road mobile diesel combustion: CO₂ emission factor = 3.14653794 kg CO₂/kg, CH₄ emission factor = 1.80E-04 kg CH₄/kg, N₂O emission factor = 1.24E-03 kg N₂O/kg; Soda ash production phase uses the mass balance method, assuming complete decomposition of soda ash, with an emission factor of 0.4150943 kg CO₂/kg; Industrial dry ice emission factor = 1 kg CO₂/kg; CO₂ emission factor in argon mixed gas = 0.2 kg CO₂/kg; SF₆ process fugitive emission factor = 7% kg SF₆/kg; Thermal cutting gas combustion: CO₂ emission factor = 2.9554 kg CO₂/kg, CH₄ emission factor = 4.73E-05 kg CH₄/kg, N₂O emission factor = 4.73E-06 kg N₂O/kg; Welding CO₂ emission factor = 1 kg CO₂/kg; Injection molding butane combustion emission factor = 3.0345 kg CO₂/kg; Refrigerant fugitive emissions: Air conditioning emission factor = 5.5% kg HFCs/kg, and chiller emission factor = 8.5% kg HFCs/kg; production area septic tank-CH₄ fugitive emission factor = 0.012 kg CH₄/person/day. (2) In 2024, Scope 1 GHG emission factors were sourced from the Guidelines for GHG emission Accounting and Reporting for Industrial Enterprises in Other Sectors (Trial) and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories. Emission factors include: Substation C1/Switch D1 natural gas combustion—fuel calorific value and carbon oxidation rate from Table 2.1 of the former guideline, while default CO₂, CH₄ and N₂O emission coefficients are from Table 2.3, Chapter 2, Volume 2 of the latter, all classified as secondary data. Forklift diesel combustion emission factors: Fuel calorific value (heating value) and carbon oxidation rate are sourced from Table 2.1 of the Guidelines for GHG emission Accounting and Reporting for Industrial and Other Enterprises (Trial). Default emission coefficients for CO₂, CH₄, and N₂O are sourced from Tables 3.2.1 and 3.2.2 in Chapter 3, Volume 2 of the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, all classified as secondary data. Soda ash process emissions, butane combustion, and coal gas combustion are accounted as 100% emissions. CH₄ fugitive emission factor for production area septic tanks: 0.012kgCH₄/person/day. Refrigerant Leakage: Air conditioning emission factor is 5.5% kg HFCs/kg and chilled water unit emission factor is 8.5% kg HFCs/kg. The SF₆ process fugitive emission factor is 7% kg SF₆/kg.

Metrics	Unit	2023	2024
Scope 2 GHG emissions ⁵	t CO ₂ e	8,564.84	10,767.28
GHG emission intensity per unit of output value	tCO ₂ equivalent/CNY 10,000 of output value	0.15	0.08
GHG emission intensity per unit output (standard unit)	Tons CO ₂ equivalent/10k standard unit	1.71	0.94
Location-based GHG emissions			
Total GHG emissions (Scope 1 + Scope 2)	t CO ₂ e	61374.76	46,103.84
Scope 1 GHG emissions	t CO ₂ e	53033.69	36,629.15
Scope 2 GHG emissions ⁶	t CO ₂ e	8,341.06	9,474.69
GHG emission Intensity per unit of output value	tCO ₂ equivalent/CNY 10,000 of output value	0.15	0.08
GHG emission intensity per unit output (standard unit)	Tons CO ₂ equivalent/10k standard unit	1.70	0.91

Performance Table for Energy Management Data

Metrics	Unit	2023		2024	
		AUX Smart Technology	AUX Solar Technology	AUX Smart Technology	AUX Solar Technology
Total energy consumption related to own operations⁷	GJ	85,933.17	816.37	106,331.05	3,076.74
Comprehensive energy consumption intensity	GJ / CNY10,000	0.21	0.18	0.18	0.28

⁵ (1) In 2023, the market-based Scope 2 GHG emission factor was sourced from the Announcement on the Release of 2022 Electricity CO₂ Emission Factors issued by the Ministry of Ecology and Environment of the People's Republic of China, with an emission factor of 0.5856 kg CO₂/kWh. (2) In 2024, the market-based Scope 2 GHG emission factor refers to the 2022 national average CO₂ emission factor for electricity (excluding non-fossil energy traded in the market) of 0.5856 kg CO₂/kWh, as announced in the Notice on the Release of 2022 Electricity CO₂ Emission Factors issued by the Ministry of Ecology and Environment and the National Bureau of Statistics in 2024.

⁶ (1) In 2023, the location-based Scope 2 GHG emission factor was sourced from the document Notice on Strengthening the Management of Key GHG emission Reporting for 2023–2025, with an emission factor of 0.5703 kg CO₂/kWh. (2) In 2024, the location-based Scope 2 GHG emission factor referenced the Announcement on the Release of 2022 Electricity CO₂ Emission Factors issued by the Ministry of Ecology and Environment of the People's Republic of China, with an emission factor of 0.5366 kg CO₂/kWh.

⁷ Total energy consumption related to own operations includes energy consumption from fossil fuels and renewable energy sources, of which, fossil energy consumption includes natural gas, official vehicle gasoline, stationary diesel, and purchased electricity; renewable energy consumption includes purchased renewables and self-generated non-fuel renewables.

Total energy consumption from renewable sources	GJ	19,590.96	216.52	20,685.01	755.13
Percentage of renewable energy in total energy consumption	%	22.80%	26.52%	19.45%	24.54%
Total energy consumption from purchased renewable sources	MWh	5,440.47	60.13	5,744.29	209.70
Total energy consumption from fossil fuel	GJ	52,742.86	599.85	66,210.13	2,321.60
Percentage of fossil fuels in total energy consumption	%	77.20%	73.48%	80.55%	75.46%
Natural gas fuel consumption	m ³	339,015	0	467,528	0
Gasoline consumption by official business vehicles	L	2,759	0	26,383	0
Fixed source diesel consumption	t	7.03	0	8.78	0
Purchased electricity consumption	MWh	20,087.31	226.71	24,131.04	854.42
Consumption of electricity, heat, steam, or cooling purchased/obtained from fossil fuels	MWh	14,646.85	166.58	18,386.75	644.72

Performance Table for Water Resource Usage Data

Metrics	Unit	2023	2024
Total water consumption (municipal water supply)	m ³	122,071.00	128,501.00
Total circulating water consumption	m ³	2,100,000.00	2,100,000.00

Performance Table for Waste Water Management Data⁸

⁸ (1) AUX Smart Technology and AUX Solar Technology share the same factory, hence wastewater data is not separately reported. (2) In this table, wastewater pollutant emissions = detected concentration of wastewater pollutants × annual total emissions. (3) Due to inconsistencies between the 2023 and 2024 wastewater discharge calculation methods, the 2023 data has been retrospectively adjusted, and

Metrics		Unit	2023	2024
Total wastewater discharge ⁹		m ³	2,300.00	4,108.00
Industrial wastewater discharge		m ³	2,300.00	4,108.00
Domestic wastewater discharge		m ³	0.00	0.00
Water pollutants	Chemical oxygen demand (COD) emission	t	1.03	1.13
	Chemical oxygen demand (COD) emission concentration	mg/l	447	275
	Ammonia nitrogen (NH ₃ -N) emission	t	0.02	0.04
	Ammonia nitrogen (NH ₃ -N) emission concentration	mg/l	10.80	9.09
	Total nitrogen (TN) emission	t	0.11	0.10
	Total phosphorus (TP) emission	t	0.01	0.01

Performance Table for Waste Gas Management Data¹⁰

Metrics		Unit	2023	2024
Particulate matter (PM) emission		kg	1,578.62	920.64
Particulate matter (PM) emission concentration		µg/m ³	5,979.64	3,487.27
Volatile organic compounds (VOCs) emission		kg	395.74	336.38
Volatile Organic Compounds (VOCs) emission concentration		mg/m ³	1.50	1.27
Sulfur oxides (SO _x) emission		kg	0	20.81
Sulfur oxides (SO _x) emission concentration		mg/m ³	0	0.079
Nitrogen oxides (NO _x) emission		kg	0	205.92
Nitrogen oxides (NO _x) emission concentration		mg/m ³	0	0.78

Performance Table for Waste Management Data¹¹

Metrics	Unit	2023	2024
Total waste generated ¹²	t	7,858.79	12,057.186

2024 data has been recalculated with the correct method.

⁹ Total wastewater discharge = Domestic wastewater discharge + Industrial wastewater discharge.

¹⁰ (1) AUX Smart Technology and AUX Solar Technology share the same factory, hence their emissions data is not separately reported.

(2) The emission concentration data of air pollutants represents the maximum value from annual monitoring, of which, the emission of exhaust pollutants = emission rate of exhaust pollutants × annual operating time. (3) Due to inconsistencies in the calculation methods for total exhaust emissions between 2023 and 2024, the 2023 data has been retrospectively adjusted, and the 2024 data has been recalculated with the correct method.

¹¹ AUX Smart Technology and AUX Solar Technology share the same factory premises, hence waste data is not separately accounted for.

¹² (1) Total waste generated by the Company = total hazardous waste + total general waste. Among these, general waste includes

Total hazardous waste	t	185.99	268.89
MSW	t	75.3	78.1
General industrial domestic waste	t	7,597.5	11,710.2
General industrial solid waste disposed of by incineration	t	341.5	522.2
General industrial solid waste disposed of through recycling	t	7,256	11,188

general industrial solid waste and MSW. (2) Hazardous waste is disposed of by incineration, domestic waste by landfill, and general industrial solid waste by incineration or sale as scrap. All waste is handled by third-party companies with professional qualifications. (3) As the Company has not yet deeply managed third-party waste disposal methods, it is currently unable to compile statistics on total recyclable and non-recyclable waste. Plans are in place to engage with professionally qualified third-party companies for in-depth discussions and data compilation.

Social Performance

Performance Table for Supplier Management Data

Metrics		Unit	2023	2024
Total number of suppliers ¹³		Nr.	261	245
By region	Chinese mainland	Nr.	261	245
	Hong Kong, Macao, Taiwan and overseas	Nr.	0	0
Total number of new suppliers		Nr.	50	59

Performance Table for Employee Recruitment and Rights Data

Metrics		Unit	2024
Total number of employees ¹⁴		Person	3,708
By gender	Male	Person	2,894
	Female	Person	814
By employment type	Full-time under labor contract	Person	3,581
	Full-time labor dispatch system	Person	125
	Part-Time	Person	0
	Rehired after retirement	Person	2
By age group	Under 30 years old	Person	1,396
	30 to 50 years old	Person	2,162
	Over 50 years old	Person	150
Total number of officers ¹⁵		Person	34
By gender	Male officers	Person	26
	Female officers	Person	8
Total number of employees with disabilities		Person	36
By gender	Male employees with disabilities	Person	22
	Total number of female employees with disabilities	Person	14
Number of departed employees (logistics)		Person	119
Number of departed employees (production line)		Person	514
Employee turnover rate ¹⁶		%	17.07
Labor contract signing rate		%	100
Social insurance coverage rate ¹⁷		%	100
Employee physical examination coverage rate ¹⁸		%	100

Performance Table for Employee Training and Development Data

¹³ Total suppliers = Mainland China suppliers + Hong Kong/Macau/Taiwan & overseas suppliers.

¹⁴ Total Employees = Number of Male Employees + Number of Female Employees. The total number of employees here refers to the headcount at the end of the Reporting Period.

¹⁵ Officers are defined as personnel at Job Grade 6 and above.

¹⁶ Employee turnover = Number of departing employees/Total employees at the end of the Reporting Period *100. During the Reporting Period, employee attrition figures include departed staff (support functions) and departed staff (production line), excluding employees who resigned during probation, retirees and interns.

¹⁷ Social insurance coverage = (Number of full-time employees under labor contracts participating in social insurance/Total number of full-time employees under labor contracts) *100.

¹⁸ Employee physical examination coverage rate = (Number of employees participating in physical exams/Total employees) *100.

Metrics		Unit	2023	2024
Employee training coverage ¹⁹		%	100	100
By gender	Male	%	100	100
	Female	%	100	100
Average training hours per employee ²⁰		h	13.45	39.28
By gender	Male	h	13.45	39.28
	Female	h	13.45	39.28
Number of employee training sessions		Time(s)	—	1,926
Total employee training expenditure		CNY 10,000	—	47.56

Performance Table for Occupational Health and Safety Data

Metrics		Unit	2023	2024
Employee work injury insurance coverage rate ²¹		%	100	100
Investment amount in employee work injury insurance		CNY 10,000	54.9	166.06
Employee occupational safety liability insurance coverage ²²		%	100	100
Investment amount in employee occupational safety liability insurance		CNY 10,000	0.39	0.37
Working days lost due to work-related injuries		Day	1,308	1,416
Number of employee deaths due to work-related injuries		Person	0	0
Number of employees receiving occupational disease examination		Person	503	523

¹⁹ Employee training coverage = Number of employees trained/Total number of employees *100.

²⁰ Average training hours per employee in a category = Total training duration for that category/Number of trained employees in that category. The employee training duration here only includes that of support staff and does not yet include production line employees. As production line employee training is conducted offline and recorded via paper documents, there is currently no online data record. Future plans include incorporating production line employee training into system management.

²¹ Employee work injury insurance coverage rate = Number of full-time contract employees covered by work injury insurance/Total number of full-time contract employees *100.

²² Employee occupational safety liability insurance coverage = Number of employees covered by occupational safety liability insurance/Total number of employees required by local emergency management authorities to purchase occupational safety liability insurance *100.

Governance Performance

Performance Table for Anti-corruption and Anti-bribery Data²³

Metrics	Unit	2023	2024
Percentage of management employees covered by anti-bribery and anti-corruption training	%	——	100.00
Percentage of employees covered by anti-commercial bribery and anti-corruption training	%	——	100.00

²³ Percentage of employees trained on anti-commercial bribery and anti-corruption = Number of employees trained on anti-commercial bribery and anti-corruption/Total number of employees.

GRI Index Table

Instructions for Use	Ningbo AUX Smart Technology Co., Ltd. reported the information referenced in this GRI index in accordance with GRI Standards during the period from January 1, 2024, to December 31, 2024.
GRI 1 used	GRI 1: Basic 2021

GRI Standards	Disclosure Items	Relevant Section	Page Number
GRI General disclosure 2021	1. Organization and Its Reporting Practices		
	2-1 Organizational details	ABOUT US	P4-5
	2-2 Entities included in the organization's Sustainability Report	ABOUT US	P4-5
	2-3 Reporting period, frequency and contact person	About the Report	P1-3
	2. Activities and Workers		
	2-6 Activities, value chain and other business relationships	ABOUT US	P4-5
	2-7 Employees	ABOUT US	P4-5
	3. Governance		
	2-9 Governance structure and composition	ABOUT US	P4-5
	2-12 Oversight role of the highest governance body in managing impacts	ESRS 2 General Disclosure	P6-15
	2-14 Role of the top governance body in Sustainability Report	ESRS 2 General Disclosure	P6-15
	2-16 Communication on critical concerns	ESRS 2 General Disclosure	P6-15
	2-17 Shared knowledge of the top governance body	ESRS 2 General Disclosure	P6-15

	4. Strategies, Policies and Practices		
	2-26 Mechanisms for seeking advice and raising concerns	ESRS 2 General Disclosure	P6-15
	2-27 Compliance with laws and regulations	ESRS 2 General Disclosure	P6-15
	5. Stakeholder Engagement		
	2-29 Methods for stakeholder engagement	ESRS 2 General Disclosure	P6-15
	2-30 Collective bargaining agreements	ESRS S1 Own Workforce	P32-39
GRI 3: Materiality Matters 2021	3-1 Process for determining materiality matters	ESRS 2 General Disclosure	P6-15
	3-2 List of Materiality Matters	ESRS 2 General Disclosure	P6-15
	3-3 Management of materiality matters	ESRS 2 General Disclosure	P6-15
GRI 201: Economic Performance 2016	3-3 Management of materiality matters	ESRS 2 General Disclosure	P6-15
	201-1 Direct economic value generated and distributed	ABOUT US	P4-5
GRI 205: Anti-corruption 2016	3-3 Management of materiality matters	ESRS Business Conduct G1	P55-59
	205-2 Communication and training on anti-corruption policies and procedures	ESRS Business Conduct G1	P55-59
	205-3 Confirmed incidents of corruption and actions taken	ESRS Business Conduct G1	P55-59
GRI 206: Anti-competitive behavior 2016	3-3 Management of materiality matters	ESRS Business Conduct G1	P55-59

	206-1 Legal actions for anti-competitive behavior, antitrust and monopoly practices	ESRS Business Conduct G1	P55-59
GRI 301: Materials 2016	3-3 Management of materiality matters	ESRS Resource Use and Circular Economy E5	P29-31
	301-2 Recycled input materials used	ESRS Resource Use and Circular Economy E5	P29-31
	301-3 Recycled products and their packaging materials	ESRS Resource Use and Circular Economy E5	P29-31
GRI 302: Energy 2016	3-3 Management of materiality matters	ESRS Climate Change E1	P19-25
	302-1 Energy consumption within the organization	Sustainability Data Sheet and Notes	P60-64
	303-3 Energy intensity	Sustainability Data Sheet and Notes - Environmental Performance	P60-64
	302-4 Reduction of energy consumption	ESRS Climate Change E1	P19-25
GRI 303: Water and Effluents 2018	3-3 Management of materiality matters	ESRS Resource Use and Circular Economy E5	P29-31
	303-1 Interaction between the organization and water (as a shared resource)	ESRS Resource Use and Circular Economy E5	P29-31
	303-2 Managing water discharge-related impacts	ESRS Resource Use and Circular Economy E5	P29-31

		Economy	
	303-5 Water consumption	Sustainability Data Sheet and Notes - Environmental Performance	P60-64
GRI 305: Emission 2016	3-3 Management of materiality matters	ESRS E1 Climate Change	P19-25
	305-1 Direct (Scope 1) GHG emissions	Sustainability Data Sheet and Notes	P60-64
	305-2 Energy indirect (Scope 2) GHG emissions	Sustainability Data Sheet and Notes - Environmental Performance	P60-64
	305-4 GHG emissions intensity	Sustainability Data Sheet and Notes - Environmental Performance	P60-64
	305-5 Reduction of GHG emissions	Sustainability Data Sheet and Notes - Environmental Performance	P60-64
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant gas emissions	ESRS E2 Pollution	P26-28
GRI 306: Waste 2020	3-3 Management of materiality matters	ESRS E2 Pollution	P26-28
	306-1 Waste generation and significant waste-related impacts	ESRS E2 Pollution	P26-28
	306-2 Management of significant waste-related impacts	ESRS E2 Pollution	P26-28
	306-3 Waste generated	ESRS E2 Pollution	P26-28

	306-4 Waste diverted from disposal	ESRS Pollution E2	P26-28
	306-5 Waste directed to disposal	ESRS Pollution E2	P26-28
GRI 308: Supplier Environmental Assessment 2016	3-3 Management of materiality matters	ESRS Workers in the Value Chain S2	P40-43
	308-1 New suppliers screened using environmental assessment criteria	ESRS Workers in the Value Chain S2	P40-43
GRI 401: Employment 2016	3-3 Management of materiality matters	ESRS S1 Own Workforce	P32-39
	401-1 New employee hiring rate and employee turnover	Sustainability Data Sheet and Notes - Social Performance	P65-67
	401-2 Benefits provided to full-time employees (excluding temporary or part-time employees)	ESRS S1 Own Workforce	P32-39
	401-3 Parental leave	ESRS S1 Own Workforce	P32-39
GRI 403: Occupational Safety and Health 2018	3-3 Management of materiality matters	ESRS S1 Own Workforce	P32-39
	403-1 Occupational health and safety management system	ESRS S1 Own Workforce	P32-39
	403-2 Hazard identification, risk assessment and incident investigation	ESRS S1 Own Workforce	P32-39
	403-3 Occupational health services	ESRS S1 Own Workforce	P32-39
	403-4 Occupational health and safety matters: Worker participation, consultation and communication	ESRS S1 Own Workforce	P32-39
	403-5 Occupational health and safety training for workers	ESRS S1 Own Workforce	P32-39

	403-6 Promoting worker health	ESRS S1 Own Workforce	P32-39
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked to business relationships	ESRS S1 Own Workforce	P32-39
	403-8 Workers covered by occupational health and safety management system	ESRS S1 Own Workforce	P32-39
	403-9 Occupational injuries	ESRS S1 Own Workforce	P32-39
GRI 404: Training and Education 2016	3-3 Management of materiality matters	ESRS S1 Own Workforce	P32-39
	404-1 Average hours of training per employee per year	Sustainability Data Sheet and Notes - Social Performance	P65-67
	404-2 Employee skills enhancement programs and transition assistance programs	ESRS S1 Own Workforce	P32-39
	404-3 Percentage of employees receiving regular performance and career development reviews	ESRS S1 Own Workforce	P32-39
GRI 405: Employee Diversity and Equal Opportunities 2016	3-3 Management of materiality matters	ESRS S1 Own Workforce	P32-39
	405-1 Diversity in governance bodies and employees	Sustainability Data Sheet and Notes - Social Performance	P65-67
GRI 406: Non-discrimination 2016	3-3 Management of materiality matters	ESRS S1 Own Workforce	P32-39
	406-1 Incidents of discrimination and corrective actions taken	ESRS S1 Own Workforce	P32-39
GRI 414: Supplier Social	3-3 Management of materiality matters	ESRS S2 Workers in the Value Chain	P40-43

Assessment 2016	414-1 New suppliers screened using social evaluation criteria	ESRS S2 Workers in the Value Chain	P40-43
GRI 417: Marketing and Labeling 2016	3-3 Management of materiality matters	ESRS S4 Consumers and End-Users	P44-54
	417-1 Requirements for product and service information and labeling	ESRS S4 Consumers and End-Users	P44-54
GRI 418: Customer Privacy 2016	3-3 Management of materiality matters	ESRS S4 Consumers and End-Users	P44-54
	418-1 Substantiated complaints concerning breaches of customer privacy and loss of customer data	ESRS S4 Consumers and End-Users	P44-54

CSRD Index Table

ESRS 2 General Disclosure

ESRS Standards	ESRS Disclosure Requirements	Relevant Section	Page Number
BP-1	General basis for Sustainability Report preparation	About the Report	P1-3
BP-2	Disclosures under specific circumstances	About the Report	P1-3
GOV-1	Role of administrative, management and supervisory bodies	ESRS 2 General Disclosure	P6-15
GOV-2	Information provided to corporate administrative, management, and supervisory bodies and sustainability topics handled by them	ESRS 2 General Disclosure	P6-15
GOV-3	Incorporate sustainability-related performance into incentive programs	Not applicable, planned future actions	/
GOV-4	Statement on due diligence	Not applicable, planned future actions	/
GOV-5	Risk management and internal control strategies for Sustainability Reporting	ESRS 2 General Disclosure	P6-15
SBM-1	Strategy, business model, and value chain	ABOUT US	P4-5
SBM-2	Interests and perspectives of stakeholders	ESRS 2 General Disclosure	P6-15
SBM-3	Material impacts, risks, and opportunities and their interaction with strategy and business model	ESRS 2 General Disclosure	P6-15
IRO-1	Describe the process for identifying and assessing material impacts, risks and opportunities	ESRS 2 General Disclosure	P6-15

IRO-2	Disclosure requirements covered by the enterprise in Sustainability Report according to ESRS	ESRS 2 General Disclosure	P6-15
MDR-P	Policies adopted to manage significant sustainability topics	See the respective topic sections	/
MDR-A	Actions and resources related to material sustainability topics	See the respective topic sections	/
MDR-M	Metrics related to material sustainability topics	See the respective topic sections	/
MDR-T	Tracking policy and action effectiveness through objectives	See the respective topic sections	/

ESRS E1 Climate Change

ESRS Standards	ESRS Disclosure Requirements	Relevant Section	Page Number
E1.GOV-3	Incorporate sustainability-related performance into incentive programs	ESRS E1 Climate Change	P19-25
E1-1	Transition plan for climate change mitigation	Not applicable, planned future actions	/
SBM-3	Material impacts, risks, and opportunities and their interaction with strategy and business model	ESRS E1 Climate Change	P19-25
IRO-1	Description of processes for identifying and assessing significant climate-related impacts, risks and opportunities	ESRS E1 Climate Change	P19-25
E1-2	Climate change mitigation and adaptation-related policies	ESRS E1 Climate Change	P19-25
E1-3	Actions and resources related to climate change policies	ESRS E1 Climate Change	P19-25

E1-4	Climate change mitigation and adaptation-related objectives	ESRS E1 Climate Change	P19-25
E1-5	Energy consumption and structure	Sustainability Data Sheet and Notes - Environmental Performance	P60-64
E1-6	Scopes 1, 2, and 3 total emissions and total GHG emissions	Sustainability Data Sheet and Notes - Environmental Performance	P60-64
E1-7	GHG removal and reduction projects funded through carbon credits	N/A	/
E1-8	Internal carbon pricing	N/A	/
E1-9	Expected financial impacts of significant physical and transition risks as well as potential climate-related opportunities	Not applicable, planned future actions	/

ESRS E2 Pollution

ESRS Standards	ESRS Disclosure Requirements	Relevant Section	Page Number
E2.IRO-1	Describe the process for identifying and assessing material impacts, risks and opportunities	ESRS 2 General Disclosure	P6-15
E2-1	Pollution-related policies	ESRS E2 Pollution	P26-28
E2-2	Pollution-related actions and resources	ESRS E2 Pollution	P26-28
E2-3	Pollution-related objectives	ESRS E2 Pollution	P26-28
E2-4	Air, water and soil pollution	ESRS E2 Pollution	P26-28

E2-5	Substances of concern and substances of very high concern	Not applicable, prohibited use of toxic and hazardous substances	/
E2-6	Anticipated financial impacts of pollution-related effects, risks and opportunities	Not applicable, planned future actions	/

ESRS E5 Resource Use and Circular Economy

ESRS Standards	ESRS Disclosure Requirements	Relevant Section	Page Number
E5.IRO-1	Describe the process for identifying and assessing material impacts, risks and opportunities	ESRS 2 General Disclosure	P6-15
E5-1	Policies related to resource utilization and circular economy	ESRS E5 Resource Use and Circular Economy	P29-31
E5-2	Actions and resources related to resource utilization and circular economy	ESRS E5 Resource Use and Circular Economy	P29-31
E5-3	Resource utilization and circular economy-related objectives	Not applicable, planned future actions	/
E5-4	Resource inflows	ESRS E5 Resource Use and Circular Economy	P29-31
E5-5	Resource outflows	ESRS E5 Resource Use and Circular Economy	P29-31

E5-6	Anticipated financial impacts of resource use and circular economy-related effects, risks and opportunities	Not applicable, planned future actions	/
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ESRS S1 Own Workforce

ESRS Standards	ESRS Disclosure Requirements	Relevant Section	Page Number
S1.SBM-2	Interests and perspectives of stakeholders	ESRS 2 General Disclosure	P6-15
S1.SBM-3	Material impacts, risks, and opportunities and their interaction with strategy and business model	ESRS 2 General Disclosure	P6-15
S1-1	Policies related to own workforce	ESRS S1 Own Workforce	P32-39
S1-2	Procedures for discussing impacts with own workers and their representatives	ESRS S1 Own Workforce	P32-39
S1-3	Procedures for remediating negative impacts and channels for employees to raise concerns	ESRS S1 Own Workforce	P32-39
S1-4	Actions taken to address significant impacts on own employees, methods to mitigate significant risks and seek significant opportunities related to own employees, and the effectiveness of these actions	ESRS S1 Own Workforce	P32-39
S1-5	Objectives related to managing significant negative impacts, promoting positive impacts, and managing significant risks and opportunities	ESRS S1 Own Workforce	P32-39

S1-6	Characteristics of corporate employees	Sustainability Data Sheet and Notes - Social Performance	P65-67
S1-7	Characteristics of non-employee workers in the organization's own workforce	Sustainability Data Sheet and Notes - Social Performance	P65-67
S1-8	Collective bargaining coverage and social dialogue	ESRS S1 Own Workforce	P32-39
S1-9	Diversity metrics	Sustainability Data Sheet and Notes - Social Performance	P65-67
S1-10	Adequate wages	ESRS S1 Own Workforce	P32-39
S1-11	Social protection	ESRS S1 Own Workforce	P32-39
S1-12	Persons with disabilities	ESRS S1 Own Workforce	P32-39
S1-13	Training and skills development metrics	ESRS S1 Own Workforce	P32-39
S1-14	Health and safety metrics	Sustainability Data Sheet and Notes - Social Performance	P65-67
S1-15	Work-life balance metrics	ESRS S1 Own Workforce	P32-39
S1-16	Compensation metrics (any dispersion and total compensation)	Not applicable, planned future actions	/
S1-17	Incidents, complaints and severe human rights impacts	ESRS S1 Own Workforce	P32-39

ESRS S2 Workers in the Value Chain

ESRS Standards	ESRS Disclosure Requirements	Relevant Section	Page Number
S2.SBM-2	Interests and perspectives of stakeholders	ESRS 2 General Disclosure	P6-15
S2.SBM-3	Material impacts, risks, and opportunities and their interaction with strategy and business model	ESRS 2 General Disclosure	P6-15
S2-1	Policies related to value chain workers	ESRS S2 Workers in the Value Chain	P40-43
S2-2	Procedures for discussing impacts with value chain workers	ESRS S2 Workers in the Value Chain	P40-43
S2-3	Procedures for remediating negative impacts and channels for workers in the value chain to raise concerns	ESRS S2 Workers in the Value Chain	P40-43
S2-4	Actions taken to address significant impacts on value chain workers, methods to manage significant risks and seek significant opportunities related to value chain workers and the effectiveness of these actions	ESRS S2 Workers in the Value Chain	P40-43
S2-5	Objectives related to managing significant negative impacts, promoting positive impacts, and managing significant risks and opportunities	ESRS S2 Workers in the Value Chain	P40-43

ESRS S4 Consumers and End-users

ESRS Standards	ESRS Disclosure Requirements	Relevant Section	Page Number
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S4.SBM-2	Interests and perspectives of stakeholders	ESRS 2 General Disclosure	P6-15
S4.SBM-3	Material impacts, risks, and opportunities and their interaction with strategy and business model	ESRS 2 General Disclosure	P6-15
S4-1	Policies related to consumers and end-users	ESRS S4 Consumers and End-Users	P44-54
S4-2	Procedures for discussing impacts with consumers and end-users	ESRS S4 Consumers and End-Users	P44-54
S4-3	Procedures for remediating negative impacts and channels for consumers and end-users to raise concerns	ESRS S4 Consumers and End-Users	P44-54
S4-4	Actions to address significant impacts on consumers and end-users, methods for managing significant risks and seeking significant opportunities related to consumers and end-users, and effectiveness of these actions	ESRS S4 Consumers and End-Users	P44-54
S4-5	Objectives related to managing significant negative impacts, promoting positive impacts, and managing significant risks and opportunities	ESRS S4 Consumers and End-Users	P44-54

ESRS G1 Business Conduct

ESRS Standards	ESRS Disclosure Requirements	Relevant Section	Page Number
G1.GOV-1	Role of administrative, management and supervisory bodies	ESRS 2 General Disclosure	P6-15

G1.IRO-1	Describe the process for identifying and assessing material impacts, risks and opportunities	ESRS 2 General Disclosure	P6-15
G1-1	Corporate culture and business conduct policies	ESRS G1 Business Ethics	P55-59
G1-2	Supplier relationship management	ESRS G1 Business Ethics	P55-59
G1-3	Prevention and detection of corruption and bribery	ESRS G1 Business Ethics	P55-59
G1-4	Confirmed incidents of corruption or bribery	ESRS G1 Business Ethics	P55-59
G1-5	Political influence and lobbying activities	N/A	/
G1-6	Payment practices	N/A	/

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