Creating Sustainable and Safe Environment for Human Society

Stock code: 002271

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Oriental Yuhong 2024 Sustainability Report

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About the Report

This is the 17th sustainability report released by Beijing Oriental Yuhong Waterproof Technology Co., Ltd. (prior to 2021, it was referred to as the Social Responsibility Report). The report systematically presents the Company's strategies, management, and practices in environmental, social, and corporate governance (ESG) aspects, as well as information related to its commitment to sustainable development.

Scope

This report focuses on Beijing Oriental Yuhong Waterproof Technology Co., Ltd. (hereinafter referred to as "Oriental Yuhong", "the Company", or "the Group") and its subsidiaries. The scope of disclosure in this report aligns with the scope covered in the Company's annual report, with the exception of specific organizations noted otherwise.

Reporting Period

This is an annual report covering the period from January 1, 2024 to December 31, 2024. To ensure continuity of disclosure, some content extends beyond this timeframe for explanatory purposes.

Reporting Reference

This report is prepared in accordance with the "Self-Regulatory Guidelines for Listed Companies No. 1 - Standard Operation of Main Board Listed Companies" issued by the Shenzhen Stock Exchange, and references the "Self-Regulatory Guidelines for Listed Companies No. 17 - Sustainability Reporting (Trial)" issued by the Shenzhen Stock Exchange, the International Sustainability Standards Board's "International Financial Reporting Standards for Sustainability Disclosure No. 2 - Climate-related Disclosures (IFRS S2)", the United Nations Sustainable Development Goals (UN SDGs), the International Organization for Standardization's "ISO 26000: Guidance on Social Responsibility (2010)", and the Global Reporting Initiative (GRI) "Sustainability Reporting Standards (GRI-Standards)".

Data Description

The financial data in this report is sourced from the Company's annual report, while other data comes from internal statistics and related documents. Unless otherwise specified, all monetary amounts in the report are in Chinese Yuan (RMB). During the reporting period, adjustments were made to the statistical scope and methodology for some content, resulting in discrepancies with data from previous reports. In such cases, this report shall prevail.

Quality Assurance

The Company's Board of Directors guarantees that this report contains no false or misleading information and is responsible for the authenticity, accuracy, and completeness of its content.

Report Access

This report is published in both Simplified Chinese and English. In case of any discrepancies in interpretation, the Simplified Chinese version shall prevail. The report can be accessed and downloaded from Oriental Yuhong's official website (http://www.yuhong.com.cn).

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Contents

About the Report 01
Letter from the Chairman 02
About Us 04
- Company Profile 04
- Business Distribution 06
- Corporate Culture 08
- Major Awards and Honors 09

Corporate Governance 10
- Board Diversity 10
- Compliance Management 10
- Anti-Corruption 11
- Risk Management 12
- Anti-Unfair Competition 12

Sustainability Governance 14
- Sustainability Working Mechanism 14
- Sustainability Work Plan 15
- Stakeholder Communication and Engagement 18
- Material Topics Identification 19
- Sustainability Ratings and Awards 20

Key Performance Indicators 70
Report Metrics Index 74
UN Global Compact Ten Principles Cross-Reference Table 76

01
Enhancing Building Quality, Safeguarding a Better Living Environment
- 25 Diverse Products and System Solutions
- 26 Product Quality and Safety
- 29 Quality Service
- 31 Customer Information and Privacy Security

02
Technology-Driven Transformation, Innovation Leads Development
- 33 Enhancing Technological Innovation Capabilities
- 38 Developing Green and Eco-friendly Products
- 39 Digital and Intelligent Transformationt

03
Protecting the Ecological Environment, Building Better Homes
- 42 Tackling Climate Change
- 46 Green Production and Operations
- 49 Ecological and Environmental Protection

04
Protecting Employee Rights, Supporting Employee Development
- 52 Fair and Standard Employment
- 54 Training and Development
- 55 Health and Safety
- 57 Employee Care

05
Based on Mutual Benefit and Sharing, Promoting Co-Creation and Win-Win Development
- 62 Supply Chain Cooperation
- 64 Partnership on the Rainbow Path
- 65 Industrial Platform Construction
- 67 Supporting Community Development

Letter from the Chairman

Li Weiguo, Chairman of Oriental Yuhong

> “
> The Company adheres to the values of "Truth, Goodness, and Beauty", pursuing quality operations based on the principle of commercial altruism. We aim not only to meet customer and market demands but also to create optimal economic, social, and environmental value.
> ”

Thirty years have passed in the blink of an eye, each year marked by trials and triumphs. As Oriental Yuhong steps into its thirtieth year, we look up at the stars above, realizing that the entrepreneurial journey of Oriental Yuhong on the global stage has only just begun.

This year, the market environment in which the Company operates has experienced unprecedented turbulence. Like a small boat in a vast ocean, without a solid foundation and reserves as ballast, it would inevitably be overwhelmed and capsized by the stormy waves. In 2024, through the collective efforts of all employees and partners, Oriental Yuhong forged ahead through the storm, striving to hold onto this ballast, standing firm in the fierce currents, and achieving breakthrough development.

This year, the Company not only continued to provide high-quality products and services but also constantly optimized and improved product performance and service levels. We not only expanded our business horizons but also cultivated leading advantages in new fields, reflecting Oriental Yuhong's rational judgment based on long-term value. In 2024, the Company continued to uphold the principle of "not producing a single square meter of non-standard products", ensuring product quality, integrating cross-industry resources to deliver high-quality products, and continuously strengthening the "quality moat" of building materials. We developed a series of key core technologies, filling gaps in the industry. The Company continued to make strides in intelligent manufacturing, green and low-carbon products, and other areas, leading with specialization, refinement, digitalization, and green practices. We actively pursued a differentiated path, expanding the boundaries of building materials system services and enhancing sustainable development capabilities.

This year, against the backdrop of accelerating globalization, the Company deepened its internationalization strategy, opening up new opportunities in global markets. We established overseas production, R&D, and logistics bases in Malaysia, the United States, Saudi Arabia, and other countries, formed strategic partnerships with internationally renowned enterprises, and frequently participated in major domestic and international exhibitions. We fully advanced our overseas layout and developed international markets. By the end of 2024, the Company's business footprint had spread to over 150 countries and regions worldwide.

This year, as a leading enterprise in the industry, the Company actively empowered the industry, making continuous progress in talent development, technical exchanges, and industry advancement. We opened nearly 100 patents to the public, sharing technical resources with industry peers to accelerate industry transformation and upgrading. We promoted the first waterproof system construction atlas under the waterproofing code, driving the standardization of engineering construction. The Oriental Yuhong Vocational School trained 11,798 person-times in building materials throughout the year, cultivating high-quality technical and skilled talents for the industry. The China Building Waterproofing Museum, constructed by the Company, became a popular science education base for civil engineering, enriching social science education resources. By sharing innovative achievements and technological breakthroughs with society, the Company ensured that its development truly benefited the industry and society, creating more value for all.

This year, the Company continued to uphold the values of "Truth, Goodness, and Beauty", pursuing quality operations based on the principle of commercial altruism. We aimed not only to meet customer and market demands but also to create optimal economic, social, and environmental value. The Company joined the United Nations Global Compact, committing to support its ten principles and working with other member companies to advance the achievement of the UN's 17 Sustainable Development Goals. We actively fulfilled our responsibilities as a global corporate citizen, adhered to business ethics, fostered an inclusive culture, protected the ecological environment, and engaged in public welfare initiatives. Guided by the belief that "development keeps us Company and one favorable turn deserves another", we collaborated with all sectors to promote sustainable development.

When the storm rises and the tides surge, Oriental Yuhong is inevitably swept into the current. As the tide recedes and the glamour fades, we once again stand at the crossroads of entrepreneurial struggle. No matter how difficult the days may be, Oriental Yuhong will always uphold its original mission, adhere to long-termism, and believe that success lies in human effort. We will not fear change or shy away from challenges, carving a broad path through countless difficulties. The Company is willing to join hands with global partners to face challenges together, seize opportunities, and stand at the forefront of the times, tirelessly striving to build a sustainable world.

About Us

Company Profile

Beijing Oriental Yuhong Waterproof Technology Co., Ltd. was established in 1995 and is headquartered in Beijing, China. The Company was listed on the Shenzhen Stock Exchange in 2008 (Stock Code: 002271). Pursuing high-quality and steady development, the Company has evolved into a comprehensive building materials system service provider, with waterproofing as its core business and diversified extensions in civil building materials, mortar, architectural coatings, energy-saving insulation, adhesives, piping, building repair, new energy, non-woven fabrics, specialty films, and emulsions.

Since its establishment, the Company has adhered to technological innovation to drive green and low-carbon sustainable development, building a high-quality scientific research and innovation system. Relying on platforms such as the National Key Laboratory of Advanced Waterproof Materials, the National Enterprise Technology Center, the Postdoctoral Research Station, and the North American R&D Center, the Company has strengthened key core technology research and industrial upgrading, continuously providing customers with environmentally friendly, efficient, energy-saving, low-carbon, and safe high-quality products. The Company has won honors such as the 17th "National Quality Award", "National Quality Benchmark", and "National Technology Innovation Demonstration Enterprise", Some products have obtained multiple domestic and international certifications, including EU CE certification and German EC1 certification.

The Company has successfully applied high-quality products and professional system services to numerous fields, including housing construction, highways, urban bridges, subways and urban rail transit, high-speed railways, airports, water conservancy facilities, and utility tunnels. We have provided high-quality and comprehensive system solutions for tens of thousands of major infrastructure projects, industrial buildings, and civil and commercial buildings worldwide, including iconic Chinese structures such as the Great Hall of the People and the Bird's Nest, national major infrastructure projects like the Beijing-Shanghai High-Speed Railway and Beijing Subway, as well as overseas landmark projects under the "Belt and Road" initiative, creating a "professional business card" for the industry's building material system services with high-quality and efficient products and services.

In 2024, the Company was selected for the Fortune China 500, the Global Building Materials Listed Companies Comprehensive Strength Ranking, the Top 10 Asian Building Waterproofing Material Brand Value Ranking, and the China Brand 500 Ranking, and ranked first in the 2024 Asian Building Waterproofing Material Brand Value Ranking.

Asian Building Waterproofing Materials Brand Value List	Global Building Materials Listed Companies Comprehensive Strength List	Fortune China 500 List
1	42	431

Corporate Culture

Oriental Yuhong adheres to the principle of "uniting people through culture and leading development through strategy", closely integrating its core culture with strategic goals. Internally, the Company strengthens its values, improves the business environment, and standardizes corporate governance. Externally, it actively fulfills social responsibilities, pursues harmonious win-win outcomes, and practices sustainable development.

From its inception, the Company chose building waterproofing as its main business, primarily due to the pain of building leakage in China. "Letting people live in leak-free houses" became the Company's most fundamental value pursuit, gradually forming the "Five For" corporate purpose: "For the country, for society, for customers, for employees, and for shareholders", Centered around the "Five For" purpose, the Company established its mission to "create a lasting and safe environment for humanity and society", aiming to become the most valuable enterprise in the global building materials industry.

The Company insists on winning social respect with genuine materials and high-quality products and services, establishing "Truth, Goodness, and Beauty" as its core values. In 2016, the Company summarized its development experience, standardized business principles, and for the first time compiled and released the "Oriental Yuhong Basic Law", formally establishing a cultural value system that serves as a guide for the Company's future development.

Company Tenet	Create value for nation, society, customers, employees and shareholders
Company Mission	To create sustainable and safe environment for human society
Company Vision	To be the most valuable global enterprise in the construction materials industry
Company Value	Genuineness, excellence, elegance
Company Belief	Development keeps us company and one favorable turn deserves another
Company Spirit	Where there is a will, there is a way; strive for excellence, keep moving forward
Guiding Ideology	Return for nation, service to people

> *Company is a form of organisation in human commercial activity. Oriental Yuhong consistently maintains humility in serving humanity and a profound respect for the environment. The Company pursues commercial civilisation and embraces human civilisation; thus, it rejects all environmentally harmful, inhumane, and unlawful ideas and practices.*
>
> - From Article 2, Chapter 1 General Rules of the Basic Rules of Oriental Yuhong

Major Awards and Honors

Awards/Honors	Awarding/Evaluating Organization
2024 Fortune China 500	Fortune China
2024 China Top 500 Private Enterprises	All-China Federation of Industry and Commerce
2024 China Brand Value List	Xinhua News Agency, China Brand Construction Promotion
2024 New Fortune Magazine "Best Listed Companies"	New Fortune Magazine
Top 10 Asian Building Waterproofing Material Brands by Brand Value	GYBrand Global Brand Research Institute
2024 Outstanding Contribution Award in the Home Decoration Industry	National Furniture Decoration Chamber of Commerce
Influential Brand Awards for "Home Decoration Waterproofing", "Waterproof Coatings", "Tile Adhesives", "Grout", and "Putty Powder"	HC Waterproofing Network
Leading Enterprise in the Building Waterproofing Industry	China Building Waterproofing Association
Influential Brand in the Ready-Mixed Mortar Industry	Ready-Mixed Mortar Branch of China Building Materials Federation
2024 Exemplary Furniture Brand	Beijing Evening
2024 People's Craftsmanship Brand	People's Daily Online
2024 Top 20 Building Materials Enterprises	China Building Materials Enterprise Management Association
Huatu Award - Gold Medal for Excellence in Waterproof Coatings	China Building Decoration Materials Association
2024 Global Building Materials Listed Companies Comprehensive Strength Ranking	China Building Materials Federation
2024 Top 500 Comprehensive Strength Enterprises in Real Estate Supply Chain	China Real Estate Procurement Platform
2024 Building Materials Supplier Comprehensive Strength Evaluation (SCI) "Three-Star Supplier"	Caizhu E-commerce Platform
2024 Beijing Top 100 Private Enterprises	Beijing Federation of Industry and Commerce, Tongzhou District People's Government
2024 Preferred Supplier for Central and State-Owned Real Estate Development Enterprises - Top in Waterproofing Category	China Real Estate Association, Shanghai E-House Real Estate Research Institute
Beijing Intelligent Construction Leading Enterprise (First Batch) during the "14th Five-Year Plan" Period	Beijing Municipal Commission of Housing and Urban-Rural Development

Corporate Governance

Oriental Yuhong strictly adheres to the requirements of the "Company Law", "Securities Law", "Corporate Governance Guidelines for Listed Companies", "Listing Rules of the Shenzhen Stock Exchange", and relevant laws and regulations of the China Securities Regulatory Commission and the Shenzhen Stock Exchange. The Company continuously improves its corporate governance mechanisms, refines its corporate governance structure, strengthens internal and external management and supervision, actively practices sustainable development concepts, standardizes operations, enhances corporate governance levels and risk prevention capabilities, and safeguards the interests of the company and all shareholders.

Board Diversity

In the process of selecting directors, the Company strictly follows relevant laws and regulations, fulfills the director election procedures, and ensures that the number and composition of the board of directors meet relevant requirements. The Company values various diversity factors, including but not limited to gender, race, age, cultural background, educational background, and industry experience, and scientifically and reasonably appoints suitable candidates. The Company's board of directors consists of 11 members, including 4 independent directors and 3 female directors, accounting for 36% and 27% of the total board members, respectively.

Compliance Management

Oriental Yuhong adheres to the basic principle of legal and compliant operations, practices the core concepts of the "Oriental Yuhong Basic Law", and complies with business norms, ethical standards, and applicable laws and regulations. The Company has established three lines of defense for compliance management: functional departments and business units as the first line of defense, responsible for the compliance of their respective departments and business areas; the risk control center as the second line of defense, supervising the compliance responsibilities of functional departments and business units; and the audit and supervision center as the third line of defense, responsible for overseeing compliance management duties within its authority, accepting compliance reports, and organizing or participating in investigations of violations.

2024

The training participation rate for new employees on the Oriental Yuhong Basic Law is 100%

Anti-Corruption

The Company has established an audit and supervision department to independently carry out anti-corruption related work, under the business guidance and supervision of the group audit committee, to ensure the Company's business is conducted in a compliant, orderly, and efficient manner.

The Company has established and improved an anti-corruption prevention system, compiling and releasing institutional documents such as the "Audit and Supervision Management Regulations" and the "Major Issues Accountability System", explicitly prohibiting any form of bribery and corruption. The "Audit and Supervision Management Regulations" clarify the audit and supervision institutions and their responsibilities, audit scope, authority and basis, work procedures, and processes, standardizing internal management and audit supervision work; the "Major Issues Accountability System" guides employees to correctly perform their duties and provides a basis for standardizing the handling of various violations, disciplinary actions, and corruption.

The Company has issued the "Oriental Yuhong Whistleblower Management Measures", which clarify the responsibilities and scope of the department handling whistleblower reports, the scope of what can be reported, as well as the methods for reporting, rewards for whistleblowers, and confidentiality matters. It also stipulates clear measures to protect whistleblowers and key informants, encouraging employees and partners to actively participate in Company management and promptly supervise and report any illegal or non-compliant behavior.

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Internal office platform: OA homepage - Integrity Warning Column - Online Reporting
WeChat public account: Oriental Yuhong Integrity and Compliance Public Account - Reporting Channel - Online Reporting

The Company regularly conducts internal audits to assess the effectiveness of the anti-bribery and anti-corruption system, promptly identifying potential risks and issues. In line with external regulatory requirements and the Company's business development needs, it continuously improves and optimizes the anti-bribery and anti-corruption system to ensure it meets the Company's developmental needs and effectively controls corruption risks.

The Company conducts comprehensive anti-corruption risk assessments to identify potential bribery and corruption risk points, such as procurement, sales, finance, and other key areas, as well as high-risk fields involving fund flows and contract signings. It formulates specific anti-corruption risk control measures and strengthens internal audits, regularly reviewing business activities to ensure compliance. At the beginning of each year, the Company formulates an annual audit plan and implements it within the year, covering all business units of the Company.

The Company regularly conducts anti-bribery and anti-corruption training and carries out anti-corruption and integrity education for employees and partners to enhance their compliance awareness and legal consciousness. Throughout the year, the Company organized 43 anti-corruption training sessions, covering approximately 1,500 employees. In 2024, the Company held a logistics supplier conference, at which it clarified its "zero tolerance" stance on corruption issues and expressed its desire to jointly create a fair and clean cooperation platform.

The Company adheres to the principle of "risk control first, steady operation", optimizes the "Oriental Yuhong Risk Control System" and supporting rules, continuously improves the risk control system, controls and prevents risks in business operations and management, enhances risk control levels, and improves business quality.

The Company has upgraded its credit policy, implementing a thorough risk management

Sustainability Governance

Oriental Yuhong integrates sustainability concepts and requirements into the Company's strategic planning, decision-making processes, and business operations, establishes sustainability-related governance mechanisms, actively engages in stakeholder communication, and builds a robust sustainability management system based on internal and external requirements and internal needs, laying a solid foundation for sustainable development.

To strengthen environmental, social, and governance (ESG) work, improve the corporate governance structure, and leverage the core role of the board of directors in the sustainability governance framework, in 2024, the Company adjusted the original "Strategy Committee" under the board of directors to the "Strategy and Sustainability Committee", adding sustainability supervision and management to its original responsibilities, assisting the board of directors in carrying out sustainability-related governance work, and improving decision-making efficiency. The "Sustainability Strategy Committee" was renamed the "Sustainability Executive Committee", with its original responsibilities unchanged, under the supervision and guidance of the board of directors and its special committees, responsible for integrating sustainability concepts into the Company's development strategy and business management activities, identifying, assessing, monitoring, and managing sustainability-related impacts, risks, and opportunities, determining important

Working Area	Definition	Supporting the United Nations Sustainable Development Goals (SDGs)	Key Indicators and Goals
Quality Management	Adhering to business rules and ethics, pursuing uniqueness and excellence on the basis of compliant operations, safeguarding a better living environment with high-quality products and services, and striving for the sustainable development of both the company and society.		100% of new employees complete the study of "Oriental Yuhong Basic Law". By 2025, brand protection actions will cover major building material markets nationwide. By 2025, establish an "Integrated Information Security Protection" project to enhance the company's information security level. Maintain customer satisfaction above 90 points.
Green Innovation	Driving company development through technological innovation, leading industry transformation with green, environmentally friendly, and healthy practices, and contributing to the construction of high-quality buildings that harmonize humans and nature.		Incorporate low-carbon, green, and health factors into R&D design plans. By 2025, obtain domestic and international eco-product certifications for major product categories.
Environmental Protection	Deepening resource utilization, energy conservation, emission reduction, and ecological protection efforts to build a resource-efficient and environmentally friendly enterprise, actively responding to and adapting to climate change.		Achieve carbon peak by 2029. By 2029, reduce carbon emissions in the production process per square meter of waterproofing membrane products by 10% compared to the 2023 baseline. By 2025, achieve a 100% proper disposal rate for all types of solid waste and pilot the construction of "zero-waste" factories; by 2026, establish 3-5 "zero-waste" factories. By 2025, achieve zero discharge of production wastewater at Kunming, Suzhou, Wuhu, and Xianyang factories. By 2025, ensure VOC emissions in key environmental areas* at production, R&D, and logistics bases are ≤10mg/m³.
Employee Development	Advocating for equality, eliminating discrimination, fostering an inclusive, diverse, and healthy work environment, building a learning organization, and growing and developing together with employees.		Create a discrimination-free, respectful, diverse, and inclusive work environment. By 2025, achieve a 99% employee training coverage rate. Maintain zero serious process equipment accidents such as fires and explosions. Maintain zero new cases of occupational diseases.
Win-win Cooperation	Upholding the philosophy of "co-creation, sharing, and win-win", valuing all partners, creating a favorable cooperation environment and industrial ecosystem, and achieving mutual development.		By 2025, 10% of suppliers will sign social responsibility commitment letters. By 2025, conduct social responsibility assessments for 10% of suppliers, incorporating results into performance evaluations and continuously expanding the assessment scope. On the basis of training 900,000 industry professionals by 2023, increase the number by 10,000 annually. Launch the "VASA in Action" campus public welfare series, covering ≥10 schools within three years. Continue the "No Leaks, Serving the People" public welfare series, offering free on-site inspections and tailored repair solutions, promoting waterproofing knowledge in communities, and gradually expanding coverage and beneficiaries.

*Key environmental regions refer to the areas covered by the Beijing-Tianjin-Hebei region and its surrounding areas, as well as the Fenwei Plain, as mentioned in the “2017 Air Pollution Prevention and Control Work Plan for the Beijing-Tianjin-Hebei Region and Surrounding Areas” .

Stakeholders	Primary Communication Methods and Channels	Communication Content	Key Concerns or Expectations
Shareholders	Release periodic reports, hold board meetings, shareholder meetings, and performance presentation. Set up investor hotlines and email, conduct roadshows, strategy meetings, and on-site research	Corporate governance, developing strategies, operational initiatives, financial performance, ESG and climate change response	Sustainable profitability Standardized corporate governance Disclosure of operational information Return to shareholders
Customers	Direct visits, customer inspections, exhibitions, technical promotion meetings, surveys, project follow-ups, meetings, regional manager visits, and site inspections	Product performance, quality and pricing, on-time delivery rate, inspection pass rate, service content and level	Honest fulfillment of contracts Providing high-quality, differentiated products Premium services Customer privacy protection
Employees	Employee satisfaction surveys, discussion forums, skills competitions, Chairman/CEO email, OA, and annual summary meetings and ol56ite research		

In November 2024, Oriental Yuhong officially joined the United Nations Global Compact, committing to support the ten principles of the Global Compact in the areas of human rights, labor, environment, and anti-corruption. The Company has integrated these principles into its strategy, culture, and daily operations, making them part of its code of conduct. Guided by this universal language and framework, Oriental Yuhong will engage in more profound sustainable development actions by participating in capacity-building activities, dialogue platforms, industry standard-setting, and partnership collaborations. Together with other member organizations, the Company will advance the achievement of the United Nations Sustainable Development Goals.

The Company actively participates in sustainability-related initiatives and activities within the industry and professional fields. It has successively joined organizations such as the "China ESG Leaders Organization", the "China Enterprise Anti-Fraud Alliance", and the "Meijia Preferred Alliance", By collaborating with outstanding enterprises, the Company explores concepts and trends related to social responsibility and sustainable development, communicates and exchanges ideas, and learns best practices. Together with these organizations, the Company strives to enhance its ESG and sustainable development management capabilities.

Based on the development characteristics of the building materials field, internal and external stakeholder expectations, and the global sustainability background and trends, the Company refers to domestic and international social responsibility and sustainability-related standards, guidelines, and initiatives, as well as building materials industry development-related documents, to identify issues that impact the Company's creation of economic, social, and environmental value and affect stakeholder evaluation of the Company. After stakeholder evaluation and Company management review, the final material issues are formed.

Sustainability Ratings and Awards

In 2024, while continuously improving its sustainability practices, the Company strengthened its ESG and sustainability-related information disclosure, further enhancing the comprehensiveness, accuracy, and materiality of the information disclosed. Recognized for its achievements in the field of sustainability, the Company received accolades from relevant stakeholders throughout the year.

Key sustainability rating results

ESG Ratings	2023	2024	Rating Description
MSCI	A	A	MSCI is one of the earliest and most influential ESG rating agencies globally. It primarily assesses a company's sustainable development performance based on its ESG risk exposure and ESG management level compared to industry peers. The company's MSCI ESG rating is A, outperforming its peers.
Wind	A	A	The Wind ESG rating system evaluates a company's material ESG risks and its ability to sustain operations, measuring the company's commitment and performance in ESG. The company's Wind ESG rating is A, higher than 80% of building materials companies.
SZSE Index	AA	AAA	The Shenzhen Stock Exchange's SZSE ESG rating methodology comprehensively assesses a company's sustainable development practices and performance across three dimensions: environment, social responsibility, and corporate governance, reflecting the relative level of listed companies' ESG performance in the market.
CUFE IIGF	A-	A+	The CUFE IIGF ESG rating system evaluates a company's overall ESG score, its ESG performance within the industry, its comparison with peers, and annual ESG highlights and risks, providing investors with a value benchmark. The company's ESG rating is A-, higher than 85% of non-metallic mineral products companies.
SynTao Green Finance	B	A-	The SynTao Green Finance ESG rating system integrates international standards with China's actual conditions and market factors. By measuring a company's proactive management level and risk exposure in ESG, it comprehensively evaluates the ESG performance of rated companies, aiming to objectively reflect Chinese companies' performance in environmental, social, and governance aspects.

Main honors of sustainable development

Award	Awarding Organization
Core Competitiveness - ESG Governance Benchmark Enterprise	2024 China International Fair for Trade in Services (CIFTIS) • China International Economic Management Technology Forum
Cross-Strait Carbon Neutrality and Sustainable Development Excellence Award	Tsinghua University Cross-Strait Development Institute, Tsinghua University Carbon Neutrality Research Institute, 21st Century Foundation
ESG Competitiveness Exemplar - Sustainable Development Award	Golden Bee Think Tank

01

Enhancing Building Quality, Safeguarding a Better Living Environment

At its inception, Oriental Yuhong focused on producing waterproofing materials and providing waterproofing construction services, adhering to the simple value pursuit of "letting people live in leak-free houses", and winning market recognition and trust with genuine materials and excellent services. As people's demands for living environments increased, the Company expanded its upstream and downstream and related industrial chains while solidifying its main business, forming diversified products and system solutions centered around waterproofing, comprehensively enhancing building quality and safeguarding a better living environment.

Diverse Products an

While focusing on the building waterproofing industry, Oriental Yuhong continuously expanded its upstream and downstream industrial chains, gradually developing into a building materials system service provider covering waterproofing, civil building materials, mortar powder, architectural coatings, energy-saving insulation, adhesives, piping, building renovation, new energy, non-woven fabrics, specialty films, and emulsions. The Company is committed to providing high-quality building materials and system solutions to society, significantly enhancing building durability and safety, improving the comfort and environmental friendliness of home environments, contributing to green building and sustainable development, and creating better living spaces.

With economic and social development and the improvement of people's living standards, consumers' functional demands for buildings have diversified, shifting from simple waterproofing to aesthetics, comfort, and environmental friendliness. Facing personalized demands, Oriental Yuhong developed and sold waterproofing membranes, coatings, tile adhesives, grout, and architectural coatings for home decoration, focusing on dust-free, lightweight, plant-based, odor-free, and antibacterial products, committed to providing consumers with eco-friendly, efficient, energy-saving, low-carbon, and safe high-quality products. At the same time, the Company continuously upgraded its service system, starting from home repairs, forming services and one-stop solutions around home repairs, decoration, and living, nearly covering all types of consumer decoration and repair construction issues, comprehensively safeguarding a better living environment.

Vocational Skills T

Foundation Improvement
Structural Restora

Building Integrated
Photovoltaics

雨虹管
安全与世界同步

Product Quality and Safety

Oriental Yuhong regards product quality as the lifeline of the enterprise, proposing and adhering to the principle of "not producing a single square meter of non-standard products", making it a consensus and behavioral guideline for every Oriental Yuhong employee, integrated into every process, detail, product, and service. The Company adheres to the principle of quality first, continuously innovating and applying various innovative technologies to product design and production processes, ensuring product quality while enhancing product safety attributes.

Product Quality

To ensure that products such as waterproofing materials, coatings, and insulation materials meet the highest safety standards in terms of fire resistance, environmental protection, and durability, the Company adopts high-standard designs during the research and development phase. The Company strictly controls processes and quality, implements comprehensive performance testing, and provides professional construction guidance and technical support. These measures guarantee the correct application of products during construction, maximizing their performance and effectiveness.

"Five-in-One" Quality Management Model

Innovating Advanced Formula	From product development, laboratory small-scale and pilot tests, application research, engineering trials to final development, each process undergoes strict professional review and comprehensive verification of product production, performance, and reliability before delivery for production.
Selecting High-Quality Raw Material	Collaborating with raw material suppliers such as BASF, Lanxess, Celanese, and Dow to select high-quality global raw materials and jointly develop customized materials to ensure quality.
Intelligent Production and Manufacturing	Introducing advanced domestic and international automated production lines, palletizing robots, and other automated equipment, using digital means to collect and analyze production data, quickly identifying issues and anomalies, and making timely and precise adjustments to ensure product quality stability.
Strict Quality Control	Establishing quality inspection throughout the production process, implementing 5-level inspections from raw material entry to finished product exit, transforming quality management from post-production inspection to full-process quality monitoring. The Company's product testing capabilities are certified by CMA and CNAS, with annual self-inspections, external inspections, and third-party supervision audits ensuring product testing quality.
Optimizating Management Tool	

The Company established a product quality traceability system with "production records, traceable information, trackable flow, accountable responsibility, and recallable products", and through the quality information management platform and product unique identity management information system, became the first in the industry to achieve "single product full lifecycle unique identity management", enabling full-process product traceability.

> *"Firmly not producing a single square meter of non-standard products", "Oriental Yuhong does not produce or sell products that are not number one", these are the beliefs and principles of Oriental Yuhong and will not change due to industry downturns.*
>
> **Li Weiguo, Chairman of Oriental Yuhong**

Product Safety

Oriental Yuhong believes that customers' and consumers' simple pursuit of product health and safety should not be an "optional" feature but a fundamental standard for building materials. The Company is committed to developing and promoting healthy, safe, eco-friendly, and durable building materials, protecting the health and safety of construction workers, consumers, and clients.

Addressing public concerns about toxic and harmful substances such as formaldehyde and VOCs, the Company considers health and safety requirements during formula design, sets environmental indicators, utilizes raw materials that meet environmental requirements, and conducts testing according to hazardous substance restrictions requirement, and submits products to third-party organizations for environmental label certification. Asphalt membranes are prone to ignition during construction, therefore, the Company selects non-flammable, flame-retardant, or high flame-retardant raw materials during formula design, while strengthening construction process research, such as developing self-adhesive and low-melting-point asphalt membranes, and using hot air-assisted or mechanical fixation methods to reduce risks. To minimize air pollution during construction, especially in confined spaces, the Company increased the development and promotion of water-based eco-friendly waterproof coatings, recommended self-adhesive or hot air-welded waterproof membranes to reduce smoke emissions from hot melting and solvent evaporation pollution.

To ensure that waterproofing materials, coatings, and insulation materials meet the highest safety standards in fire resistance, environmental friendliness, and durability, the Company adopts high-standard design during the R&D phase, strictly controls processes and quality, conducts comprehensive performance testing, and provides professional construction guidance and technical support to ensure correct application during construction and maximize product performance.

To protect the health and safety of personnel during product installation and use and reduce fatigue, the Company has launched dust-free tile adhesives, odor-free coatings, and lightweight mortar, to some extent reducing the probability of occupational diseases such as pneumoconiosis and lumbar muscle strain, protecting the health of construction workers.

Qingwei Soft-Touch Colored Waterproof Coating	Utilizing Qingwei technology, this product effectively reduces the ammonia odor released during the mixing process of two-component waterproof powder and liquid materials. It protects construction workers from exposure to irritating smells, safeguards the health of property owners, and establishes a long-term safe and comfortable environment.	
Mold-Proof and Dust-Free Large Tile Adhesive	Incorporating "Anti-Static Dust Suppression Patent Technology", this product creatively introduces high-efficiency additives containing hydrophilic groups that adhere to the surface of tile adhesive particles, forming a micro-film layer. This gives the adhesive a slightly water-absorbing characteristic during use, providing strong anti-static effects and achieving an 85%~90%* dust reduction rate. It fundamentally prevents dust hazards at construction sites and reduces on-site dust emissions.	
Lightweight Tile Adhesive	Designed with low-density technology, this product precisely controls pore structure and porosity through multi-pore gradient regulation technology, achieving lightweight tile adhesive. Compared to traditional products, it reduces resource usage, decreases building load, and makes construction more labor- and time-efficient, improving efficiency by over 10%*. It also offers high adhesion, durability, noise reduction, and other performance benefits.	
"Rainbow Master" Series Tool Products	Developed based on construction waterproofing standards, this series includes tools such as tile push cutters and electric caulking guns to enhance construction convenience and reduce the physical strain on workers. It ensures the health and safety of construction workers to a certain extent, improving their construction experience and comfort.	

* Data sourced from Oriental Yuhong Laboratory. Actual data may vary due to usage environment, operational procedures, and methods.

Quality Service

The Company is committed to becoming the most valuable enterprise in the global building materials industry, providing customers with high-quality building materials, efficient logistics services, standardized construction management systems, and quick service response times, offering customers a higher level of service experience.

Efficient Logistics System

Relying on nationwide production, R&D, and logistics bases and over 100 subsidiaries, Oriental Yuhong strives to achieve the service commitment of "300-kilometer radiation radius, 24-hour mission delivery", aiming to provide efficient logistics services with better quality, higher standards, and more warmth, safeguarding people's better lives.

By building an efficient warehouse management system and logistics platform, the Company achieves functions such as appointment, factory management, and automated shipping plans, reducing time costs, ensuring smooth and efficient order processing and delivery, and ensuring timely, safe, and reliable delivery of products to customers. For some products, the Company launched a "half-day delivery" service, reducing intermediate handling and transportation time, delivering some goods to customers within half a day, ensuring customers receive products in the shortest possible time.

Mission Accomplished Without Fail

Service Coverage Radius

Standardized Construction

To ensure safe and reliable performance in construction projects, high-quality building materials and rigorous construction processes are indispensable, and only their mutual cooperation can achieve high-quality projects. Based on long-term exploration and practice, Oriental Yuhong pioneered the concepts of "standardized construction" and "making standards a habit, making habits comply with standards" in the industry, and based on this, promoted the standardization of "construction management, construction processes, and construction techniques", creating a high-quality, efficient, safe, and standardized construction system, providing customers with one-stop building material system services throughout the project lifecycle.

Standardized Construction Management

Standardizing all aspects from worker onboarding education, construction process safety management, material storage management, equipment and tool management to waterproofing construction and quality acceptance.

Standardized Construction Processes

Every step is constructed according to standardized processes. All construction process documents and records are uniformly archived, ensuring traceability for each step.

Standardized Construction Techniques

Standardizing construction techniques ensures unified operations by construction workers, meeting relevant specifications and quality requirements while achieving aesthetic results

Case Study: Beijing Chaoyang Station Underground Waterproofing Project for the Beijing-Harbin High-Speed Railway Won the 2024 Building Waterproofing Industry Science and Technology Award "Engineering Technology Award (Golden Yu Award - Waterproofing Project)"

The Beijing Chaoyang Station transportation hub project for the Beijing-Harbin High-Speed Railway has a total construction area of 133,000 square meters, with a first-level waterproofing grade. Due to the high groundwater level, high standards, and complex construction conditions, the construction difficulty increased. After comprehensive consideration and rigorous screening of design, product performance, and supporting services, the project ultimately adopted Oriental Yuhong's PMH3080 polymer self-adhesive membrane waterproofing membrane, with high-density polyethylene (HDPE) as the base film, single-sided coated with polymer hot-melt pressure-sensitive adhesive film, and organic/inorganic composite reinforcement coating on the surface. The side walls used Oriental Yuhong's PMH-3041 polymer self-adhesive membrane waterproofing membrane (base self-adhesive). During the project construction, the Company's technical team supported the construction unit in completing the waterproofing project with high quality through efficient and high-quality engineering services. The project ultimately won the 2024 Building Waterproofing Industry Science and Technology Award "Engineering Technology Award (Golden Yu Award - Waterproofing Project)",

Handling Customer Complaint

The Company established a customer complaint handling mechanism, optimized the "Customer Complaint Handling Management System", clarified the customer complaint handling department, and stipulated the acceptance and handling of customer inquiries, queries, complaints, and improvements according to complaint types, continuously improving service levels. The Company fully implemented the "first-contact responsibility system" for handling customer complaints, where the first employee to receive a complaint is responsible for delivering it to the department handling customer complaints, which then categorizes and processes it according to the actual situation, stipulating the completion time for various complaint events, strengthening complaint management, and shortening the handling cycle.

Customers can file complaints, inquiries, and queries through the 400 service hotline, official website, Weibo, official WeChat, letters/fax, visits, phone calls, and email. In 2024, the Company provided 232,000 customer consultations, offering professional and efficient service support with timely and attentive responses.

The Company values customer satisfaction evaluation, conducting satisfaction surveys through various channels. Customer satisfaction measurement combines qualitative and quantitative research, primarily using the "Customer Satisfaction Questionnaire", supplemented by one-on-one in-depth interviews, seminars, telephone interviews, and other forms, comprehensively collecting customer feedback. Analysis and research are conducted from multiple levels and dimensions such as brand image, product and service satisfaction, identifying weak points in production and operations and making effective improvements. In 2024, the Company conducted a satisfaction survey for all customers, receiving over 2,100 valid questionnaires, with a customer satisfaction score of 93.2.

232,000

Provided consultation services throughout the year

93.2

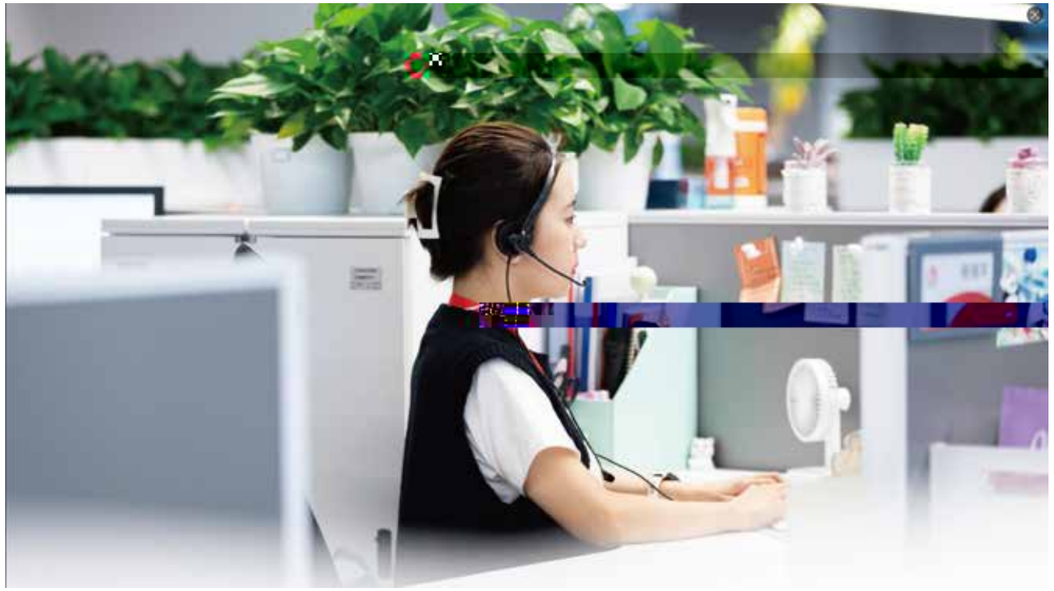
Customer satisfaction score

Customer Information and Privacy Security

With the deepening of digitalization, Oriental Yuhong has established a data management system to effectively integrate and efficiently utilize data assets, providing strong support for intelligent decision-making. The Company places great emphasis on information and privacy security, establishing an Information Security Committee and formulating regulations such as the "Information Security Management Measures" and "Information Security Emergency Plan System", Monitoring systems have been deployed across network and information security, system security, business system operation security, operational security, personnel security management, and environmental security to comprehensively ensure information security.

The Company has established regulatory documents such as the "Confidentiality Management System" and "Confidentiality Inspection System" to ensure the security of customer information during collection, storage, use, and transmission. Information security technologies such as encryption, access control, security audits, vulnerability scanning and penetration testing, and virus defense systems are employed to provide technical safeguards for information security. Minimized role-based access control is implemented for customer information and privacy, ensuring that personnel with different roles have corresponding permissions and cannot access beyond their authority, thereby safeguarding customer information security and privacy.

The Company regularly conducts information security awareness training for employees to enhance their awareness of information security. Upon joining, employees sign confidentiality agreements, and those who transfer or change positions undergo job security handovers, fulfilling corresponding confidentiality requirements to prevent the leakage of Company trade secrets and provide security for business development.



02

Technology-Driven Transformation, Innovation Leads Development

As a building materials system service provider, the Company relies on cutting-edge industry research platforms, professional technical talent, and extensive experience in building materials product development to continuously enhance technological innovation. By deepening expertise and pioneering innovation, the Company actively explores new fields and tracks while implementing an innovation-driven development strategy, enhancing the new productive forces in the building materials industry and injecting new momentum for sustainable development.

Enhancing Technological Innovation Capabilities

Technological Innovation System

The Company places great importance on R&D innovation, establishing a comprehensive scientific research and innovation system spanning basic research, technological breakthroughs,achievement transformation, and industrial integration. It has set up four major R&D centers for product development, application technology, production process equipment, and engineering construction technology. The Company has built an enterprise innovation platform centered around the National Key Laboratory for Advanced Waterproof Materials, the National Enterprise Technology Center, the Postdoctoral Research Station, and the North American R&D Center. It actively expands cooperation with domestic and international research institutions and renowned enterprises to strengthen innovation capabilities, providing new momentum for the development of the Company and the industry. In 2024, the Company signed joint strategic cooperation agreements with Wanhua Group and Zhejiang Construction Technology, focusing on key common technical challenges in water-based polyurethane waterproof coatings and the waterproofing field, leading the original development of forward-looking and cutting-edge technologies, accelerating the cultivation of new productive forces, and enhancing development momentum.

The Company has completed successively

1 National 863 Program Project	3 National Torch Program Projects
2 National Key New Product Technologies	49 Core Scientific and Technological Achievements

The Company actively fosters a culture of scientific research and innovation internally, establishing a diversified R&D incentive system to encourage innovative projects and achievements in basic research, research result transformation, product optimization, and quality improvement. It implements rewards for scientific and technological achievements, product quality enhancement, and scientific and technological achievement appraisal, with annual rewards exceeding 10 million yuan. In collaboration with the Zhan Tianyou Science and Technology Development Foundation, the Company has established the Zhan Tianyou Railway Science and Technology Award - Oriental Yuhong Materials Award to promote technological innovation and the growth of outstanding talents.

For many years, the Company has conducted internal evaluations and recognition activities for scientific and technological achievements. In 2024, it organized the 10th Scientific and Technological Achievement Awards, with a total of 20 achievements recognized and cumulative rewards amounting to 2.7 million yuan. The awarded projects spanned technology development, process innovation, and basic research. Additionally, the Company hosted the "Breaking Limits, Surpassing Boundaries" Technology Forum, addressing existing issues and technical bottlenecks in R&D work by proposing scientifically sound and actionable measures. Through appraise through comparison, corresponding awards were granted, accompanied by cash incentives.

Technological Innovation Achievements

Based on market demand and industry development needs, the Company continues to strengthen core technology tackling, forming a batch of key core technologies through independent scientific research and innovation, filling multiple industry technology gaps, and leading industry transformation. In 2024, Oriental Yuhong launched over 500 new products, including the Polyurea System, Exterior Wall Insulation Waterproof and Breathable System, New HDPE Self-adhesive Membrane Composite Waterproof System, "Forest Echo" Series, and Ultra-strong Concrete Waterproof Tiles for Tile Roofs, empowering the construction of quality projects and safeguarding beautiful living environments.

Major technological innovations achieved in 2024

Innovative Technologies and Products	Description
Complete Technology and Equipment for Ultra-Wide and Long-Length TPO Anti-Seepage Membrane Products	Developed to address complex environments in water conservancy and hydropower projects, such as high water pressure, long-term immersion, and uneven settlement, this innovation features a 6-meter ultra-wide and 100-meter-long TPO anti-seepage membrane product. It was first applied in the world-class Jiangsu Jurong Pumped Storage Power Station, filling a gap in China's water conservancy and hydropower engineering construction waterproof materials.
Visual HDPE Polymer Self-Adhesive Pre-Applied Waterproof Membrane	This transparent and lightweight waterproof membrane has an overall light transmittance of over 60%*, solving the problem of accurately locating and quickly welding fixed points under dim conditions. It is suitable for waterproofing applications in low-light underground projects such as mountain tunnels, underground excavation storage, municipal underground corridors, and subway stations.
Dahongren Non-Curing Rubber Asphalt Waterproof Coating Thermal Chain Storage and Transportation Project	A pioneering innovation in the industry, Dahongren intelligent equipment uses insulated tank packaging to deliver "hot" non-curing rubber asphalt waterproof coating directly to construction sites. This enables immediate production, delivery, and use, revolutionizing the traditional "storage, transportation, and use" model of barrel-packaged non-curing materials. It eliminates the need for reheating, saving time and being energy-efficient and environmentally friendly.
Alpina New Classic Wall Paint	Developed in collaboration with suppliers, this product features an innovative formula free of preservatives, solvents, plasticizers, and harmful volatiles. It offers high coverage, easy application, a smooth finish, and efficient brushing. It protects walls from moisture, stains, corrosion, and oxidation, extending the lifespan of walls. The product has received the New Blue Angel certification and the FREI VON eco-label.
Fiberglass Mesh Reinforced Polyester Base Fabric	This fiberglass mesh-reinforced base fabric serves as a skeleton material for waterproof membranes, offering excellent dimensional stability. It significantly increases the production capacity of waterproof membranes and reduces production costs. Compared to conventional base fabrics, the produced waterproof membranes show a 100% improvement in thermal aging dimensional change rate, with a reduction of 0.3% in thermal aging dimensional change rate.
DMSC Silane-Modified Polyether Waterproof Coating	This DMSC silane-modified polyether waterproof coating maintains good flexibility and strong mechanical properties even at low temperatures of -40 * after film formation. The waterproof layer does not become brittle or fail due to low environmental temperatures, thermal expansion, contraction, or deformation of the substrate. It provides long-term protection for building structures, meeting the needs of cold region.

* Data sourced from Oriental Yuhong Laboratory. Actual data may vary due to usage environment, operational procedures, and methods.

Major Scientific and Technological Innovation Awards Received in 2024

Award-Winning Project	Award Name
"Green and Low-Carbon Silane-Modified Polyether Building Waterproofing and Joint Sealing Material Complete Technology and Application" Project	2023 Second Prize for Building Materials Science and Technology Award (Technological Progress Category)
Beijing Chaoyang Station Underground Waterproofing Project for the Beijing-Harbin High-Speed Railway	2024 'Building Waterproofing Industry Science and Technology Award – Engineering Technology Award (Golden Yu Award - Waterproofing Project)' Gold Prize
"Key Technology and Industrialization of Visual HDPE Polymer Self-Adhesive Pre-Applied Waterproof Membrane" Research Project	2024 "Building Waterproofing Industry Science and Technology Award – Technological Progress Award" First Prize
Key Technology and Industrialization of High-Strength Coarse-Denier Polypropylene Spunbonded Needle-Punched Geotextile	First Prize for Science and Technology Progress Award by China National Textile and Apparel Council
"Preparation and Efficient Application of High-Performance Mineral Composite Photocatalytic New Materials" Project	2024 "Non-Metallic Mineral Science and Technology Award" Second Prize (Technology Invention Category)

Intellectual Property and Standards

In accordance with the "Requirements for Enterprise Intellectual Property Compliance Management System" (GB/T 29490-2023), the Company has established and operates an intellectual property management system internally, which has been certified by a third party. The Company has set up a dedicated intellectual property department responsible for managing intellectual property-related matters, respecting and avoiding infringement of others' intellectual property while cultivating competitive advantages in intellectual property. Before initiating product R&D projects, the Company analyzes industry patent situations to avoid patent infringement risks. During the product R&D process, it fully identifies technological innovation points and arranges advance, strengthening the strategic reserve of high-quality intellectual property assets and building a comprehensive competitive advantage in intellectual property. In 2024, during its overseas expansion, the Company actively protected its overseas trademark brands and accumulated 19 valid overseas patents.

As of the end of 2024, the Company has accumulated 1,897 valid domestic patents, including 420 invention patents, 1,187 utility model patents, and 290 design patents.

1,897

Domestic Valid Patents

In May 2024, Oriental Yuhong made nearly 100 patents freely available to the public, allowing enterprises in the waterproofing industry to use them without charge. These open patents cover technical fields such as waterproofing materials, green production, and intelligent construction. By sharing these patent resources, the Company aims to accelerate the industry's transformation and upgrading, promote the sharing of scientific and technological achievements, and empower the industry's development.

The Company actively participates in the formulation and revision of standards in the construction and building materials sector, aiming to regulate and drive technological progress and development within the industry. In 2024, Oriental Yuhong contributed to the development of a series of national and industry standards, including the “Technical Specification for Waterproofing Engineering of Building Exterior Walls” , “Pre-applied Waterproofing Membranes” , “Safety Technical Specifications for Building Waterproofing Coatings” , “Polymer-modified Cementitious Waterproofing Coatings” , “Green Product Evaluation: Ready-mixed Mortar for Decoration” , and “Synthetic Resin Emulsion Wall Coatings” . Among these, the national standard “Limits of Harmful Substances in Coatings - Part 1: Architectural Coatings” , which the Company helped compile, sets requirements for the limits of harmful substances in architectural coatings and their auxiliary materials, along with testing methods, inspection rules, packaging, and labeling. This standard represents the most authoritative environmental benchmark in the architectural coatings industry.

Developing Green and Eco-friendly Products

Against the backdrop and trend of global low-carbon and green transformation, the use of green building materials and the creation of green buildings have gradually become a broad consensus in the construction industry and society at large. Oriental Yuhong, based on its core business of building materials, leverages its scientific research and technological advantages to enrich the green and eco-friendly attributes of existing products, actively expanding diversified application scenarios to provide comprehensive green waterproofing system services to society.

The Company strictly complies with laws, regulations, and technical specifications such as the "Technical Requirements for Environmental Labeling Products", considering the environmental and social impacts of waterproofing products throughout their lifecycle, including production, use, and disposal, during the R&D and design stages.

In recent years, the Company has continuously developed and used low-carbon, eco-friendly raw materials and production processes to reduce environmental burdens and health impacts on production personnel. It explores the use of recyclable materials to reduce resource consumption and employs formaldehyde-free, asbestos-free, and heavy metal-free raw materials to ensure indoor air quality. Through continuous innovation breakthroughs, the Company brings healthier, safer, more eco-friendly, and more durable products to the market.

Major green environmental protection technology in 2024

- Utilized polyurethane dispersion (PUD) as the primary film-forming material to develop two types of water-based polyurethane waterproof coatings for the first time. These coatings use water as the dispersion medium, contain no organic solvents, have a VOC content of ≤10g/L, and are completely odorless during application
- Research on low-emission technology for asphalt materials involved studying the VOC release curves of rubberized asphalt and iteratively optimizing VOC release technology, achieving a 50% reduction in VOC emissions
- Preparation of eco-friendly bio-based materials involved incorporating bio-based materials into waterproofing products, reducing the use of petrochemical raw materials in waterproofing materials and enhancing the environmental performance of the products
- Development of water-based polyurethane waterproof coatings simplified the production process by eliminating the need for heating, dehydration, and polymerization, thereby reducing carbon emissions during production

In 2024, the Company remains committed to a user-centric approach, continuously achieving technological breakthroughs based on industry challenges and consumer needs. We have launched a series of cutting-edge, low-carbon, energy-efficient, and eco-friendly products, providing consumers with a healthier and more pleasant living environment.

Zhen·Formaldehyde-Removing Anion Sealant	This product incorporates natural mineral powder, which generates a large number of anions to decompose harmful substionances in the air, such as formaldehyde, toluene, and bacteria. Combining the air-purifying effects of anions with practical features like wear resistance, stain resistance, and acid-alkali resistance, it provides consumers with a safe and durable whole-house seam beautification system solution.
PPR Antibacterial Series Pipes	By adding nano-silver ion antibacterial agents to the original PPR standard pipe material, an antibacterial layer is formed. The silver ions adhere to the surface of bacteria, inhibiting their activity and reproduction, achieving sterilization and disinfection effects. The entire product line has passed strict antibacterial testing by the China Antibacterial Association (CIAA) testing laboratory, meeting the Grade I antibacterial standard.
Home service Odor and Formaldehyde Removal Box and Other Odor and Formaldehyde Removal Series Products	Leveraging photocatalytic product preparation technology, these products use photocatalytic materials to treat VOCs, bacteria, and viruses in indoor and vehicle air. The Yuhong Daojia series offers green, eco-friendly, and worry-free solutions for environmental purification and improved living comfort.

The Company considered the environmental health safety performance of its products as one of the key testing metrics, assessed the impact of the products on human health and the environment. Multiple products have received green certifications from authoritative domestic and international institutions.

By the end of 2024, the Company had cumulatively obtained environmental and health testing certification certificates from major authoritative organizations

Attestation of Chinese Environment Mark	China Green Building Materials Product Certification	EMICODE EC1
171	142	206
The China Environmental Mark indicates that the product meets quality standards and complies with specific environmental protection requirements during production, use, and disposal. It highlights environmental advantages such as low toxicity, minimal harm, and resource conservation.	This certification involves a professional third-party organization evaluating the entire lifecycle of building materials, including production, processing, transportation, use, and recycling. It ensures that the materials meet environmental protection and sustainable development requirements.	The EMICODE EC1 standard simulates living environments and tests the VOC content and other harmful substances released from materials over 28 days after the application of chemical products. EC1 certification represents very low emissions, meeting stringent environmental and health requirements.

Digital and Intelligent Transformation

Relying on cutting-edge technologies such as big data, artificial intelligence, and cloud computing, Oriental Yuhong has built a digital management system across six core areas: R&D-production-supply-sales collaboration, smart factory construction, digital marketing, business-finance integration platform, unified online operation platform, and internet business model innovation. The Company has deployed over 50 digital management platforms, gradually achieving a comprehensive digital layout of "R&D, production, supply, sales, and service", empowering enterprise operational efficiency with digitalization and continuously enhancing core competitiveness in the era of the digital economy.

The Company has achieved comprehensive process optimization and system restructuring across all business areas, establishing a unified online business analysis and management platform. This enables centralized management of information and data, effectively enhancing decision-making efficiency and accuracy. By integrating the financial accounting system and strengthening financial analysis capabilities, the company provides robust support for business decisions. Additionally, the construction of a risk control platform optimizes internal risk management, ensuring compliance and operational stability. In 2024, the Company was selected for the Ministry of Industry and Information Technology's "Digital Leadership" list, recognizing its exemplary integration of next-generation information technology with manufacturing.

The Company is actively building smart factories by introducing advanced automated production lines from both domestic and international sources. It explores the application of robotic arms, automated storage systems, and autonomous transport robots to enhance factory automation and intelligence. Leveraging digital control technologies, the company implements refined management and develops intelligent warehousing systems and product supply chain management collaboration systems. Through data collection, transmission, modeling, and analysis at the equipment level, the Company achieves automatic warning systems, intelligent monitoring, and self-learning capabilities. Furthermore, the company explores intelligent construction technologies and independently develops smart equipment. It has launched over 30 models of intelligent equipment across five series, including the "Tantu," "Rider," "Hongxiang High-Pressure Airless," "Hongxiang S," and "Non-Curing" series, driving the mechanization, automation, intelligence, and visualization of construction processes.

03

Protecting the Ecological Environment, Building Better Homes

Energy conservation, emission reduction, and environmental protection are not only the social responsibilities of enterprises but also crucial means to promote the development of green markets and mitigate climate change risks. Oriental Yuhong has been actively engaged in comprehensive resource utilization, energy conservation, and emission reduction efforts. By improving energy and resource efficiency and reducing waste emissions, the Company is fully committed to fostering new engines for green development and building a resource-efficient and environmentally friendly enterprise.

Tackling Climate Change

Climate change has varying degrees of impact on human life, production, and social activities. Mitigating and addressing climate change is a shared responsibility of all humanity and an inescapable duty for every enterprise. Oriental Yuhong places great importance on tackling climate change, integrating climate-related issues into its sustainable development governance framework. The Company's Sustainable Development Executive Committee is responsible for identifying, analyzing, and managing climate-related risks and opportunities, and organizing responses, under the supervision and guidance of the Board of Directors and the Strategy and Sustainable Development Committee.

Climate Change Risk Management

The Company strives to identify the impacts of climate change on its production and operational activities. In accordance with standards such as the “International Financial Reporting Standards (IFRS) S2 - Climate-related Disclosures” , the Company conducts the identification, analysis, management, and response to climate-related risks and opportunities, integrates these into its sustainable development planning. The Company actively takes measures to mitigate adverse impacts while proactively responding to global low-carbon development policies and initiatives, engaging in energy-saving and emission-reduction activities, and developing low-carbon products and services to reduce its own carbon emissions and contribute to societal carbon reduction.

The Company identifies as many climate change-related risks and opportunities as possible, analyzes their types, scope, timing, and development trends. By leveraging its operational characteristics and business resources, the Company optimizes its business operations and enhances product durability to tackle the impacts of climate change. For identified key risks and opportunities, the Company organizes relevant departments to actively study and deploy response measures, minimizing the financial, market, and reputational impacts of climate change while seizing industry development opportunities brought by climate change.

Key Climate Change Risks and Opportunities Faced by the Company and Response Measures

Risk Type	Risk Name	Risk Description	Impact Scope	Response Strategy
Acute Physical Risk	Flooding	Flooding in the factory area may damage production infrastructure, require maintenance or equipment replacement, leading to increased operational costs and accelerated asset depreciation.	Product Production, Daily Operations	R&D Stage: Develop new products with improved resistance to extreme temperatures and other performance.
	Heatwave	Extreme summer heat poses health and safety risks to outdoor workers at construction sites. Avoiding high-temperature periods reduces production and installation efficiency, prolongs production cycles, and creates delivery risks. High temperatures may also affect the performance of building materials, such as reducing waterproofing products, potentially their lifespan.	Engineering Construction, After-sales Maintenance	Production Stage: Implement comprehensive measures to protect the factory area from extreme temperatures, including adjusting work schedules, preparing emergency supplies, and providing personnel protection. Establish clear roles and responsibilities, develop response mechanisms, conduct disaster drills, and enhance emergency awareness training.
	Extreme Cold	In regions severely affected by low temperatures, certain construction projects may be halted. Increased heating demands for offices, workshops, and production lines in some factories may arise. Low temperatures may also impact product storage and transportation.	Product Production, Engineering Construction, After-sales Maintenance	Warehousing and Transportation Stage: Plan for multiple transportation methods, schedule logistics based on weather forecasts to avoid extreme weather conditions, prepare materials in advance, and store them in suitable warehouses. Strengthen communication with customers.
Policies and Legal Risks	Carbon Emission Reduction and Compliance Risk	Requirements for companies to reduce carbon emissions and increase pressure on carbon reduction efforts. Failure to comply on time may result in fines and damage the Company's brand image.	Product Production, Daily Operations	Closely monitor carbon management policies issued by domestic and overseas regulatory agencies. Phase out high-energy-consuming equipment, prioritize low-energy-consuming equipment, promote low-carbon technologies, build photovoltaic power stations, and implement energy-saving and carbon reduction management to gradually reduce carbon emissions.
	Climate Information Disclosure Risk	Capital market regulators, institutional investors, and clients increasingly demand detailed disclosure of organizational and product-level carbon emissions, raised carbon accounting costs, information disclosure costs, and compliance risks.	Daily Operations	Establish a dedicated team to study domestic and international carbon disclosure policies, standards, and guidelines. Conduct carbon accounting at both organizational and product levels, assess emissions from raw materials, production, operations, and transportation, and build a carbon accounting system and capabilities. Continuously enhance the team's expertise to meet increasingly stringent external disclosure and compliance requirements.
Market Risk	Increasing Demand for Low-Carbon Products	Customers, aiming to reduce the carbon footprint of their purchased products, are demanding carbon footprint reports from upstream suppliers. They compare the carbon footprints of products from different suppliers, which may affect the Company's order acquisition and market share.	Daily Operations, Market Expansion	Invest more resources in developing low-carbon products and acquiring low-carbon equipment and technologies. Research and promote the recycling and reuse of building materials, such as waterproofing membranes, so as to reduce the carbon emissions of products throughout their lifecycle.
Operational Risk	Investment in Low-Carbon Products and Technologies	To reduce carbon emissions at both the operational and product levels, the Company purchases low-carbon and green raw materials, acquiring energy-efficient equipment, adopting carbon reduction technologies, and implementing low-carbon management, leading to increased overall management costs.	Daily Operations	Based on current carbon emission assessments, set appropriate and feasible carbon reduction targets to guide the Company in gradually implementing carbon reduction actions and reasonably controlling carbon reduction expenditures.
Market Opportunity	Development and Provision of Low-Carbon Products and Services	The Company's continuous investment and accumulation in green and low-carbon initiatives have increased its range of low-carbon products and technologies, enhanced its competitiveness in the market compared to similar products and enabling it to capture a larger market share.	Daily Operations	Actively respond to domestic and international policies in the construction and building materials industry, innovate green and low-carbon products, and guide customers and consumers to support and purchase environmentally friendly products. Leverage the Company's role as an industry leader to continuously participate in the formulation of relevant policies and standards, driving the industry toward green, low-carbon, and sustainable development.

Carbon Emission Reduction

To monitor, manage, and reduce carbon emissions, the Company has established data collection and monitoring mechanisms, regularly accounting for and reviewing data to quantify and monitor corporate carbon emissions. In 2024, the Company's total operational (Scope 1&2) carbon emissions were 722,300 tons of CO2 equivalent, a 5.11% increase compared to 2023.

Scope 1&2 carbon emissions in 2022-2024

Indicator	Unit	2022	2023	2024
Scope 1	10,000 tons CO_2-eq	29.47	35.99	39.56
Scope 2	10,000 tons CO_2-eq	27.03	32.73	32.67
Scope 1&2	10,000 tons CO_2-eq	56.50	68.72	72.23

The Company actively responds to the national "Carbon Peak" and "Carbon Neutrality" strategic goals. In 2024, it comprehensively reviewed internal carbon emissions, combined with development strategies and energy-saving potential, and formulated the "Oriental Yuhong Carbon Reduction Targets and Implementation Path" report, proposing the goal of achieving carbon peak by 2029. The plan is driven by "energy-saving and clean energy utilization", promoting comprehensive carbon reduction through energy-saving technological upgrades, fuel substitution, photovoltaic power utilization, and green power trading. Based on an assessment of energy resource usage and energy-saving potential, the Company set a carbon reduction target of "reducing carbon emissions in the production process per square meter of waterproofing membrane by 10% by 2029, using 2023 as the baseline year",

In 2024, the Company further implemented the development philosophy of "low-carbon environmental protection, quality improvement, and consumption reduction", strengthened energy consumption benchmarking management across production bases and encouraged the use of biomass fuels, construction of photovoltaic power stations, and upgrades to electromechanical equipment. By the end of 2024, the Company had built 25 photovoltaic power stations with a total installed capacity of 100.40 MW, it used 72 million kWh of green electricity throughout the year, reducing greenhouse gas emissions by 38,600 tons of CO_2-eq.

- Xianyang Oriental Yuhong Building Materials Co., Ltd. fully utilized rooftop and factory space to install distributed photovoltaic power generation facilities, with a total installed capacity of 3.6 MW. The annual photovoltaic power usage was 1.856 million kWh, and the Company purchased 3.6 million kWh of green power certificates, achieving a green power usage ratio of 45% for the year.
- Kunming Fengxing Waterproof Materials Co., Ltd. leveraged regional advantages and resources to replace natural gas with biomass fuel, addressed cost issues caused by the lack of natural gas pipelines and reduced CO2 emissions from fossil fuel combustion. In 2024, the Company saved 1.48 million cubic meters of natural gas, reducing greenhouse gas emissions by 3,202 tons of CO_2-eq.
- Tangshan Oriental Yuhong Waterproof Technology Co., Ltd. replaced two 160 kW Class 3 energy efficiency air compressors with two 132 kW Class 1 energy efficiency permanent magnet air compressors, reducing electricity consumption in the production process. This saves 486,000 kWh of electricity annually, equivalent to reducing carbon emissions by 261 tons of CO_2-eq.
- Tiandingfeng Nonwoven Fabric Co., Ltd. adjusted the control program of fan equipment, appropriately increasing the high-frequency operation time of fans. Without affecting production efficiency, the Company shut down crystallization fans and stopped low-frequency fan operation, saved 1.6422 million kWh of electricity annually and reduced carbon emissions by 881 tons of CO_2-eq.

To reduce carbon emissions in transportation, Oriental Yuhong utilized "half-day delivery" return trips to recycle pallets, promoting pallet reuse and improving vehicle efficiency. The Company adopted green transportation methods, using waterway transport for some raw material transfers between factories. For short-distance, small-tonnage orders, the Company actively promoted the use of new energy vehicles. In loading and unloading operations at factories, diesel forklifts were gradually replaced with electric forklifts to reduce carbon emissions.

Oriental Yuhong actively engaged in building carbon emission expertise, organizing internal training on carbon accounting, corporate carbon management, and carbon reduction. The Company conducted three carbon management training sessions throughout the year, covering approximately 50 participants. The Company also actively participated in the formulation of carbon emission standards for the building waterproofing industry, collaborating with the China Building Waterproofing Association and other industry players to develop the national standard "Greenhouse Gas Emission Accounting and Reporting Requirements - Part 40: Building Waterproofing Material Manufacturers", providing a clearer framework for carbon accounting and reporting in the industry.

In 2024, the Company launched a pilot carbon footprint management program at its Chongqing Oriental Yuhong Production, R&D, and Logistics Base. Focusing on the SAM921 high-extension self-adhesive asphalt waterproofing membrane product, the initiative monitored carbon emissions across key dimensions, including controlling critical factors influencing product carbon footprints, carbon footprint accounting and reporting, critical supply chain management, and data measurement and monitoring. The Company independently completed the product carbon footprint accounting and obtained the first "Product Carbon Footprint Certification" in China's waterproofing industry. Additionally, in collaboration with the globally renowned Building Research Establishment (BRE), the Company conducted a Life-Cycle Assessment (LCA) for two self-developed HDPE waterproofing membrane products and completed China's first Environmental Product Declaration (EPD) for waterproofing membranes under BRE's global certification system.

Green Production and Operations

Oriental Yuhong strictly complies with laws and regulations such as the “Environmental Protection Law” and “Air Pollution Prevention and Control Law” . It has established a robust environmental management system, integrated green concepts into R&D, manufacturing, logistics, and business management. Through technological innovation and management optimization, the Company reduces resource consumption, minimizes pollution emissions, implements clean production, and strives to achieve green and low-carbon production and operations.

Each of the Company's factories has established environmental protection systems and documents, such as the “Environmental Protection Management Measures” , which defines the responsibilities of environmental protection management agencies, the operation and maintenance of equipment and facilities, and other related aspects. Additionally, environmental accident emergency response plans have been developed, outlining the organizational structure and duties, procedures, and emergency drills to ensure preparedness and effective response to potential environmental incidents. In 2024, 43 production plants obtained environmental management system certifications, 9 were recognized as provincial-level green factories, and 7 were designated as national-level green factories.

43	9	7
Environmental Management System Certification	Provincial-Level Green Factories	National-Level Green Factories

Sustainable Resource Utilization

The Company adopts efficient resource utilization and recycling methods during production to reduce resource consumption and waste emissions, aiming for sustainable resource use.

When designing new factory buildings, the Company adheres to the principle of maximizing the use of natural light by installing transparent glass windows to fully utilize daylight for illumination needs. Energy-efficient lighting equipment is installed, and zoned lighting controls are implemented in production areas, allowing for adjustable lighting intensity based on specific environmental requirements to conserve energy. Advanced production equipment, both domestic and international, is introduced and regularly maintained to ensure optimal operation, meeting production demands while enhancing energy and resource efficiency. The Company also periodically implements energy-saving technical upgrades, such as retrofitting air compressors and repairing insulation on asphalt pipelines, to minimize energy and resource waste.

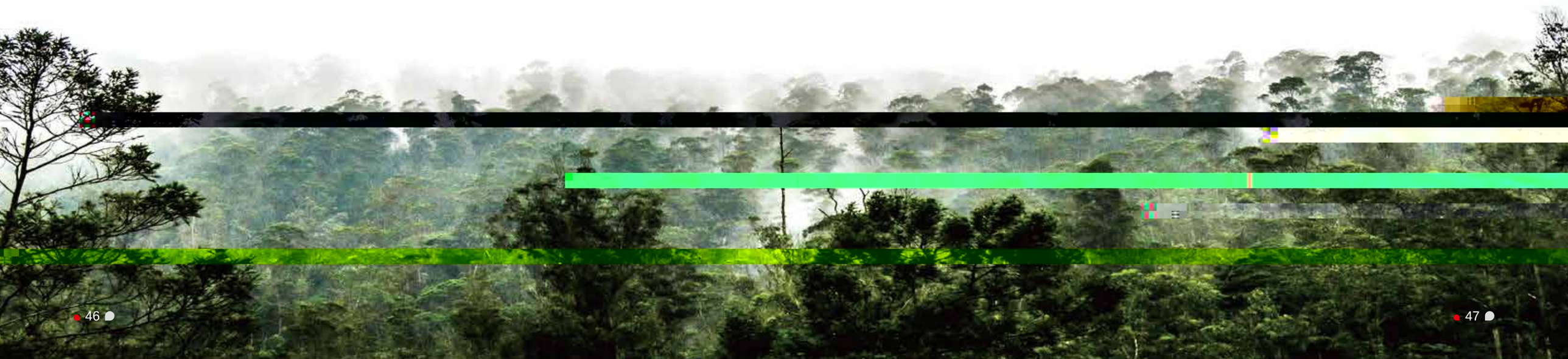
The Company employs advanced technological systems such as intelligent warehousing, flexible production, real-time production visualization, remote monitoring, and visual cargo transport to achieve low-carbon operations, conducted regular equipment inspections and maintenance to ensure optimal performance, while identified and replaced outdated machinery promptly, upgraded existing motors with frequency conversion technology to enhance energy efficiency. In factory operations, production water is cooled and reintroduced into the circulatory system for reuse. The construction of intelligent warehouse and high-rise shelving increases storage capacity, optimizing the use of storage space resources. By aligning production and storage plans with sales forecasts and inventory levels, the Company reduces transportation distances and costs, thereby conserving fuel and resources during transit.

Key Resource Recycling Technologies Developed in 2024:

Developed ultra-high molecular weight polyethylene (UHDPE) modification, crosslinked polyethylene decomposition, and composite co-extrusion technologies, achieving over 30% recycled polyethylene content in polymer waterproofing membranes.

Developed R-recycled rubber-modified asphalt technology, enhanced low-temperature adhesion and phase stability.

Through in-depth research on renewable biomass components and their reconstruction,synthesized high-performance eco-friendly bio-based activators to enable circular use of biomass materials.



Emissions Management

The Company adheres to laws such as the “Air Pollution Prevention and Control Law” and “Water Pollution Prevention and Control Law” . It actively manages pollution control and waste emissions, regularly monitors pollutants, such as exhaust gases, wastewater, and continuously addresses particulate matter, VOCs, boiler emissions, and noise. The Company invests in technologies and engineering facilities to enhance emission control, minimizes the environmental impact caused by abnormal pollutant discharges. Each factory has established regulatory documents such as the “Waste Pollution Control Management Measures” , “Waste Gas and Wastewater Emission Management Measures” , and “Noise Pollution Control Management Measures” to ensure that all pollutant emissions meet national laws, regulations, and standards, thereby preventing environmental pollution incidents.

The Company's production processes generate waste gas emissions primarily consisting of particulate matter and VOCs from production lines for coatings, mortar, and gypsum putty powder, as well as asphalt fumes from related production lines. To mitigate these emissions, the Company has established a waste gas management system and implemented measures such as process and equipment improvements, raw material substitution, and the introduction of Regenerative Thermal Oxidizers (RTOs). These efforts ensure that waste gas emission concentrations comply with national and local standards. By the end of 2024, the Company had installed 33 RTOs, achieving a VOCs treatment efficiency of 95%.

The Company's wastewater primarily consists of production wastewater and domestic sewage. Production wastewater undergoes pretreatment within the factory and is then treated at the wastewater treatment station to ensure it meets discharge standards before being released. The Company actively promotes the recycling and reuse of wastewater, striving to efficiently utilize water resources while complying with relevant laws and regulations.

The solid waste generated during the Company's production process mainly includes general solid waste and hazardous waste. General solid waste comprises materials such as waste packaging materials and waste fabric bags, while hazardous waste includes floating oil, sludge, waste activated carbon, and filter residues. In accordance with the principles of "classified recycling, centralized storage, unified treatment, and comprehensive evaluation", the Company controls and reduces waste emissions, ensuring proper disposal of waste that cannot be recycled or reused. For general solid waste, the Company implements centralized management, either recycling it or periodically entrusting it to third-party companies for treatment. For hazardous waste, each factory has established “Waste Control Procedure” to manage the transportation, storage, usage, and disposal processes, and regularly engages qualified third-party companies for treatment.

The primary sources of noise in the Company are operational noises from production equipment. While meeting the requirements of process design, the Company prioritizes the use of low-noise and low-vibration equipment that complies with relevant standards to reduce noise levels. High-noise equipment is strategically positioned within the plant area, leveraging buildings and greenery for sound insulation. Additionally, soundproofing and sound-absorbing materials are used for doors, windows, and walls to prevent the spread and transmission of noise. As a result, the noise levels at the factory boundaries consistently meet the requirements of the “Noise Emission Standards for Industrial Enterprises at Boundary” .

- Huizhou Oriental Yuhong Building Materials Co., Ltd. invested RMB 390,000 to retrofit boilers by installing low-nitrogen burners, replacing blowers, upgrading BMS control cabinets, and adding FGR butterfly valves and actuators. This reduced nitrogen oxide emissions from ≤80mg/m³ to ≤50mg/ m³.
- Macheng Yangguang Energy-saving Insulation Materials Co., Ltd. has installed a denitrification device on its rock wool production line. By utilizing advanced technologies such as integrated wet electrostatic precipitators for desulfurization and spray wet electrostatic precipitators, the Company has reduced pollutant emissions from the exhaust vents of the rock wool production workshop and the cupola furnace. This initiative is expected to reduce particulate matter emissions by at least 20.38 tons, sulfur dioxide emissions by 15.92 tons, and nitrogen oxide emissions by 13.34 tons annually.
- Xianyang Oriental Yuhong Building Materials Co., Ltd. has installed a circulation pump at the sedimentation tank of the high-energy peristalsis bed outlet and laid reclaimed water pipelines. After treatment and monitoring by the Company's wastewater treatment station, the water is reused as recycle cooling water in the coil workshop, effectively reducing wastewater discharge. This measure is projected to reduce wastewater emissions by up to 729.36 tons annually.
- Kunming Fengxing Waterproof Materials Co., Ltd. was listed in Kunming’ s 2024 first batch of "Zero-Waste Cell" initiatives and honored as a "Zero-Waste Factory",

Ecological and Environmental Protection

The Company strictly adheres to the requirements of relevant laws and regulations, such as the “Environmental Protection Law” , and proactively identifies factors affecting the ecological environment. It continuously improves and optimizes ecological and environmental protection measures to safeguard the environment in areas where it operates. When implementing new, expansion, or renovation projects, the Company commissions professional institutions to conduct environmental impact assessments before commencing work, fulfilling its environmental impact assessment obligations rigorously. Construction begins only after obtaining approval from the administrative license authority in the operating location. The Company implements the "Three Simultaneities" system, ensuring that pollution prevention facilities are designed, constructed, and put into operation simultaneously with the main project. Additionally, it conducts detailed assessments of existing vegetation and rare animal and plant species at the construction site, developing corresponding engineering protection plans based on the assessment results.

Environmental protection requires the participation of the entire society. The Company strengthens cooperation with local governments and communities, actively organizing and participating in environmental education and awareness campaigns to enhance the environmental consciousness of employees and the public. On June 5, 2024, the Company's Xuzhou factory visited local schools to conduct environmental protection publicity activities, helping students develop an awareness of environmental protection from a young age and encouraging them to take active steps in environmental conservation.

The Company's manufacturing group in Yueyang, Hunan, carried out a team-building activity themed "Protecting the Clear Waters of the River, Oriental Yuhong Manufacturingh.6 (arenW d a

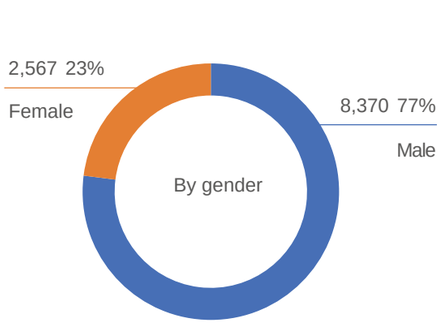
04

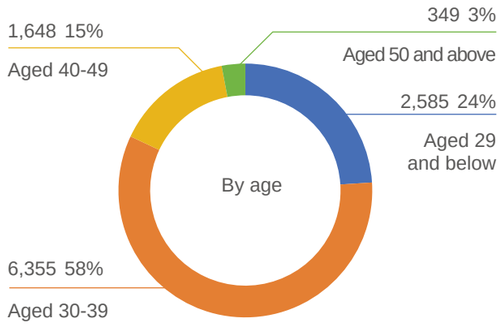
Protecting Employee Rights Supporting Employee, Development

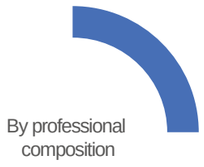
Oriental Yuhong regards employees as the primary resource for the Company's development and adheres to the strategic guiding principle of "people-oriented, professionalism-oriented, team-oriented, and execution-oriented", The Company has established a comprehensive talent development system centered around the four aspects of "selection, utilization, cultivation, and retention", By building a people-oriented, open, diverse, and innovative career development platform, Oriental Yuhong aims to inspire employee vitality and create a favorable environment for the sustained growth of both employees and the Company.

Fair and Standard Employment

Oriental Yuhong strictly complies with policies and regulations such as the “Labor Law” , “Labor Contract Law” , and “Trade Union Law” , as well as the laws and regulations of the countries and regions where it operates overseas. It adheres to international conventions approved by the Chinese government, advocates for equal and non-discriminatory employment policies, and prohibits any form of discrimination in employee recruitment, compensation, benefits, and promotions. The Company strictly prohibits and resists any form of child labor, forced labor, debt bondage, and human trafficking. Guided by the development philosophy of "people-oriented", the Company treats employees from different nationalities, skin colors, ethnicities, races, cultures, and religious backgrounds fairly, fully respects the customs and habits of employees from various ethnic groups, respects employees' freedom of religious belief, and focuses on promoting employment for women and ethnic minorities. The Company continuously strives to create a fair, just, harmonious, and humane working environment for its employees. As of the end of 2024, the Company had a total of 10,937 employees.







In accordance with relevant laws and regulations, the Company has established and improved a compensation incentive system based on the principles of "position-based pay, pay adjustment with position changes, efficiency first, performance-based rewards, and fairness", The Company regularly reviews and adjusts salaries, gradually improves various forms of medium- and long-term incentives, and strives to provide employees with a stable, attractive, and comprehensive compensation system. The Company's compensation policy favors grassroots employees, aiming to cultivate industry-leading technical personnel and build a top-notch team of craftsmen. The Company continuously innovates employee incentive policies, rewarding employees who truly identify with, believe in, and strive for the Company's goals, enhancing their internal motivation, and sharing the fruits of the Company's development with employees.

The Company regards "co-creation and sharing" as the core guiding principle of its human resources work. It has successively introduced incentive methods such as "My Salary, My Decision" and "Partnership Sharing", fully stimulating employees' goodwill and their innovative, creative, and entrepreneurial vitality. In addition to the annual commendation and recognition of outstanding employees, the Company has added the "Touching Yuhong Figures" award to honor advanced collectives and individuals who have achieved outstanding performance and rapid growth in engineering, technology, management, functions, and sales. Special recognition is given to grassroots frontline employees and ordinary workers who have repeatedly achieved new heights, rewarding them for better utilizing their expertise.

The Company pays employees' salaries on time, promptly contributes to the five social insurances and one housing fund for all employees, safeguarding their legal rights. For employees who frequently travel on business, the Company purchases additional accidental injury insurance, and for those attending external training and group activities, the Company buys commercial accident insurance, ensuring that employees can work with peace of mind and travel safely.

Employee training

To ensure the orderly conduct of learning and development activities and effectively support employee growth, the Company has established and gradually formed a three-dimensional framework consisting of a training system management system, training resource management system, and training operation management system, striving to build a learning organization. The Company collaborates strategically with waterproofing industry expert associations, universities, and consulting firms, inviting experts and renowned instructors to conduct lectures. It also establishes an internal lecturer training and certification system, regularly selecting outstanding lecturers and mentors to build a strong

In 2024, based on the establishment and improvement of the safety management system, the Company identified key safety control areas in the building materials industry, further strengthening safety management in the production, storage, and transportation processes. The Company implemented in-depth safety production measures in areas such as production machinery safety, fire safety management, warehouse and logistics safety, labor protection, and occupational disease prevention.

Key Safety Management Measures in the Company's Focus Areas

Working Area	Main Measures
Production Machinery Safety	On the basis of continuously improving the level of automated production, the Company has strengthened safety protection and control measures for automated production lines. For equipment such as automated production lines, robotic arms, automatic packaging machines, automatic wrapping machines, and belt conveyors that may pose mechanical risks, safety guardrails and automatic interlocking emergency stop safety doors that meet national standards have been installed. Forklift sensors have been added to each production line to ensure that personnel do not enter hazardous mechanical areas during forklift operations, thereby safeguarding the safety of personnel during the production process.
Fire Safety Management	In strict accordance with the provisions and requirements of the Fire Protection Law, the Company has set up fire control rooms and assigned corresponding personnel to ensure that any abnormalities are promptly identified and addressed. An annual fire safety competition is organized, which includes the use of fire extinguishers, fire hydrants, foam hydrants, and first aid training. Through these competitions, the maintenance of fire safety facilities in the factory is checked, and employees' fire safety skills are assessed to ensure the overall fire safety of the factory.
Warehousing and logistics safety	Before products leave the factory, they are stored in standardized warehouses that comply with national fire safety standards, and the stacking height meets product quality requirements. Before being put into use, all racks are inspected by professional rack testing companies to ensure they are stable, reliable, and safe. Additionally, the weight of each palletized product on the racks is kept within safe load limits. Dedicated personnel are assigned to regularly inspect warehouse fire safety and rack safety, ensuring that fire exits are unobstructed and the racks are secure. During the loading of goods onto vehicles, horizontal lifelines are installed in high-risk loading and unloading areas to ensure the safety of personnel working at heights.

The Company has established a standardized labor protection system, equipped with comprehensive labor protection equipment and safe construction tools. Regular practical and theoretical training is conducted to help employees master standardized operating procedures, correctly use protective equipment and personal protective gear, and enhance their self-protection skills. The Company strictly follows national regulations to provide heatstroke prevention subsidies, distributing heatstroke prevention medicines and beverages during the hot season. In extreme cold or heavy smog conditions, the Company adjusts working hours and tasks in a timely manner to ensure the safety and health of employees in special environments.

In accordance with the relevant requirements of the “Occupational Disease Prevention and Control Law”, the Company pays close attention to employee occupational health and safety monitoring and the prevention and control of occupational hazard factors. It continuously improves working conditions to prevent, control, and eliminate occupational hazards. Employees engaged in jobs with occupational hazards undergo pre-employment, on-the-job, and post-employment occupational health check-ups, with all results promptly and accurately recorded in their employee files. For employees in special job positions, the Company provides health subsidies and rest periods as per regulations.

The Company sets up occupational health and safety warning signs at production sites and regularly conducts tests for occupational hazard factors such as dust, noise, and chemical toxins. It also commissions qualified occupational health service agencies to conduct annual health monitoring for positions with occupational hazards. The Company has upgraded and improved protective 2 T4 Tn to empp dthenction -1.111 p(ant)0.out.outd111dprevention h monit0.002ss

Employee Health

The Company places great importance on employee health, encouraging all employees to pay attention to their physical and mental well-being and cultivate healthy lifestyle habits. The Company has issued the "Employee Health Management System", which clarifies health management responsibilities, health promotion, daily management, assistance, and care, thereby strengthening employee health management. The Company organizes a series of "Healthy and Energetic Yuhong People" activities, sets employee health management standards, conducts various health promotion campaigns, and releases monthly health education infographics on different topics to popularize health management knowledge. It also interprets common issues in health check-up reports and provides improvement suggestions. In 2024, the Company continued to carry out the "Encourage Exercise, Quit Smoking, Lose Weight, and Be a Healthy and Energetic Yuhong Person" campaign, rewarding employees who consistently engage in moderate exercise, lose excess weight, and successfully quit smoking.

The Company incorporates mental health management into its daily operations, paying attention to employees' psychological changes and proactively addressing the mental states of different employees at different times. It makes appropriate job placements and transfers to help employees manage stress, alleviate anxiety, and promote mental well-being.

Employee Care

The Company adheres to the management philosophy of "unlimited care", striving to retain employees through career opportunities, competitive compensation, a positive work environment, and emotional connection. It maximizes efforts to serve and meet employee needs, enhancing their sense of belonging, recognition, and happiness.

Employee Communication

The Company promotes a "boundaryless" work philosophy, actively listening to and reasonably adopting employee suggestions and feedback. It uses OA systems, WeChat, public email, and phone calls to establish various forms of multi-level communication platforms, fostering positive communication with employees.

In accordance with the “Company Law” and relevant regulations for listed companies, the Company holds an annual employee representative meeting to review the Company's articles of association, elect employee supervisors, and listen to the opinions and suggestions of the labor union, ensuring employees' participation and right to know. Employee representatives and the labor union involved in collective bargaining collect and organize employee demands through offline and online "Employee Voice" channels. They then formulate collective bargaining content based on their roles and the union's responsibilities, inviting the human resources department to negotiate on the relevant demands at an agreed time.

Oriental Yuhong continuously conducts employee satisfaction surveys, focusing on key factors that influence employee satisfaction, such as fair opportunities, career development, cultural atmosphere, and compensation benefits. Through office systems and WeChat, the Company categorizes and researches the satisfaction levels of employees at different levels and sequences, identifying key factors affecting satisfaction and implementing specific measures for improvement to enhance overall employee satisfaction.

Work-Life Balance

The Company organizes a variety of cultural and sports activities, such as art festivals and family open days, to create opportunities and platforms for employees to relax, showcase themselves, and enhance their families' understanding of the Company. These activities help employees work efficiently and live healthily.

In 2024, the Company held the 18th Cultural and Art Festival with the theme "Surpassing Ourselves, Growing Towards the Sun", The three-day event featured various exciting competitions, including a singing contest, speech competition, choir competition, and track and field events. Employees' families were also invited to participate, experiencing the Company's vibrant and positive cultural atmosphere.

Employee Benefits

Oriental Yuhong treats employees as family, caring for each employee with kindness. The Company continuously improves its employee benefits system, covering four major areas: life & assistance benefits, health & safety benefits, holiday & care benefits, and team-building & vacation benefits.

For female employees, the Company cares for their physical and mental health, fully ensuring their "three-period" leave (pregnancy, maternity, and breastfeeding). Female employees are strictly prohibited from engaging in heavy physical labor or working in cold water or low temperatures during menstruation. Considering the special needs of female employees, the Company provides additional prenatal check-up leave during different stages of pregnancy and sets up "nursing rooms" to offer convenience for female employees.

Since 2013, the Company has established the "Yuhong Care Fund", providing annual financial assistance to employees and their children who face difficulties due to medical, educational, or natural disaster-related reasons.

05

Based on Mutual Benefit and Sharing, Promoting Co-Creation and Win-Win Development

The growth of Oriental Yuhong is attributed to the progress and development of society, as well as the support and assistance of its stakeholders. In the process of development, the Company, together with its stakeholders, strives to contribute to the development of the industry and society, achieving co-creation, sharing, and win-win development.

Supply Chain Cooperation

Oriental Yuhong is committed to establishing long-term and stable cooperative relationships with suppliers, continuously

Driven by the philosophy of "co-creation, sharing, and mutual benefit", Oriental Yuhong has implemented the "platform + maker" business management model since 2015, developing business partners and forming a "partner" mechanism that shares visions, jointly plans development, and co-creates value.Leveraging its resources and advantages in product and service quality, brand, and training, the Company provides partners with a rich product portfolio, mature service systems, and standardized construction norms. Partners are authorized to use the Oriental Yuhong trademark and receive support in brand, business information, product technology, and preferential prices. By promoting Oriental Yuhong's products and system services in their regions and standardizing construction, partners can earn dividend income.

The Company regards partners as important members of the enterprise, committed to forming a value community of co-creation and mutual benefit with a wide range of business partners. It continuously provides industry-leading services in product R&D and manufacturing, construction technology, marketing, talent assurance, financing development, and risk prevention, maximizing the goodwill and potential of like-minded individuals.In September 2024, Oriental Yuhong's Civil Building Materials Group launched the fifth "Dawn Plan", building a growth platform for potential and existing partners to share resources, experiences, and mutual assistance, inspiring and motivating partners to achieve rapid personal and professional growth.

Oriental Yuhong Partner Xie Qihe

Oriental Yuhong Partner Sun Lizhi

Vocational Skills Training

As a leading enterprise in China's building waterproofing industry, Oriental Yuhong has always regarded vocational skills training as an important force for promoting the sustainable development of the enterprise and the industry. In 2013, the Company established the Oriental Yuhong Vocational Skills Training School (referred to as "Yuhong Vocational School"), building a vocational skills training platform for society, dedicated to cultivating high-quality technical and skilled talents in the building materials field, broadening career development channels for industrial workers.

Since its establishment, Yuhong Vocational School has continuously integrated resources, possessing advanced teaching facilities and training bases covering 12 provinces and cities across the country. It has established cooperative relationships with multiple universities and research institutions, forming an integrated "industry-academia-research-evaluation" education model, ensuring that teaching content is updated in sync with technological advancements. It has launched 10 vocational skills training systems and over 300 high-quality courses in building waterproofing, decoration, energy-saving insulation, coating, and project management.

Yuhong Vocational School has always adhered to the concept of open education, enrolling students from all sectors of society, including but not limited to construction industry practitioners, fresh graduates, and career changers. By the end of 2024, Oriental Yuhong had trained over 910,000 industrial skilled personnel. Through systematic training, a large number of students have achieved skill enhancement and career advancement, broadening their career development paths.

Building an Industry Employment Platform

Oriental Yuhong actively shares its advantageous resources with society, empowering industry and social development with its strengths.

The Company developed the "Yuhong Craftsman" labor platform APP to meet its internal labor needs. The Company has opened this platform to the public and gradually developed it into the construction industry's first social matching platform that connects jobs with people, people with jobs, and people with people. Focusing on construction teams and craftsmen as the main service targets, the platform aims to solve the difficulties of finding projects for workers and finding workers for projects. By the end of 2024, the platform had reached 420,000 users, 9,537 teams, and facilitated 9,701 projects.

To protect the legitimate rights and interests of frontline construction workers, the Company has established a series of engineering management systems, including "Real-Name Attendance and Weekly Salary Distribution Management for Construction Projects", "Empowering Partner Engineering Management and Standardized Construction Group Evaluation Rules", "Regulations on the Use of 'Technology-Based Employment Models' for Project Labor Fees", and "Unified Regulations on Training and Certification of Construction Labor Personnel", to standardize labor management during the construction process. In 2024, the Company further deepened its employment management measures. Building on initiatives such as insurance "informatization", commission "visualization", and training "full coverage", the Company established a construction safety management system, formulated the "Construction Project Safety and Quality Management System", and produced a 5S creative promotional video for safety construction management to strengthen education and training, enhancing the safety awareness of construction workers. Through digital and informatization methods, the Company conducts regular project inspections, recognizes excellence, and urges underperforming projects to improve, thereby maximizing personnel safety.

Insurance "Informatization"------Online accident insurance for construction workers, providing affordable and convenient insurance services. Project construction personnel can view insurance status in real-time, inquire, and handle online claims and disability assessments.

Commission "Visualization"------The system aggregates the actual attendance and work status of each construction worker, forming a commission distribution table, displaying the review process and node progress in real-time, creating a more transparent, efficient, and visual labor commission distribution system.

Training "Full Coverage"------Organizing job training and vocationentg "ssll s4versviesa---st, fenca

In 2024, the Company organized the "Skilled Craftsmen, Inspiring China" Oriental Yuhong 12th Tile Laying and Grouting Competition. The competition lasted for six months, attracting 6,122 participants from 185 counties and cities across the country. After 180 intense matches, 74 contestants advanced to the finals, with 6 ultimately emerging as winners. This event provided a platform for participants to showcase their professional skills. Through judge evaluations, technical exchanges, and other activities, the competition enhanced the overall professional competence and skill levels of the workers. It also promoted thelineage of the spirit of master craftsmen, inspiring and encouraging industrial workers to innovate and transform their techniques, thereby driving the improvement of industry-wide construction standards and technical expertise.

"Craftsmen have never shone so brightly as they do now; we have caught the happiest era to be craftsmen",
——National Gold Craftsman in Grouting, Yang Mucun

Supporting Education

Guided by the principle of "Responsibility Builds the Future", the Company has always been committed to supporting education, particularly focusing on the growth and education of young people. Through practical actions such as donating money and materials and renovating school buildings, it improves the educational environment and support the development of education.

In October 2024, Oriental Yuhong held an E-FACTORY open day event themed "Rainbow Heart Protection, Blooming Towards the Sun" at its Yueyang production, R&D, and logistics base. The event invited teachers and students from Yueyang Special Education School to visit the production workshop, experiencing the Company's advanced manufacturing technology and intelligent management up close. Using safe and environmentally friendly Deawei Youxuan wall paint and sand powder materials, participants fully utilized their imagination and creativity to create colorful and artistic works, showcasing their unique artistic talents and hands-on skills. During the event, the Company donated a series of teaching and learning materials, including rehabilitation equipment, sports equipment, craft materials, and school supplies, to enhance the children's learning and living quality, helping them receive education and grow in a more pleasant atmosphere.

In July 2024, Oriental Yuhong's Sand Powder Technology Group launched the "VASA in Action" campus public welfare initiative. Throughout the year, it completed exterior wall renovation projects at Gadong Central Primary School in Xishuangbanna, Yunnan, and Building 7 of Rengtu Middle School in Huizhou, Guangdong, improving students' learning environments. Additionally, in collaboration with school teachers, the Company organized fun chemistry courses combining theory and practice using gypsum as the material, empowering rural education.

In 2024, the China Building Waterproofing Museum, constructed by the Company, was approved as one of the first batch of China Civil Engineering Science Education Bases for the 2023-2027 period.

Conducting Public Welfare Donations

The Company actively advocates and participates in public welfare and charitable causes such as blood donation and elderly care, joining hands with employees to gather positive and kind forces, adding more warmth to the community through public welfare.

In July 2024, a breach occurred in the dyke of Tuannzhou Yuan, Tuannbei Village, Tuannzhou Township, Huarong County, Yueyang, Hunan, causing the Yuan area to be flooded. Oriental Yuhong's Yueyang factory sent warmth and strength to the disaster-stricken people, working together with the affected areas and residents to overcome the crisis.

In September 2024, the Company supported the local government in carrying out village-residence linkage public welfare projects, improving old roads in residential areas, and building new electric vehicle charging sheds and elderly activity rooms. It actively purchased local agricultural products, promoting income growth for local farmers

In October 2024, the Company's Xuzhou factory visited local nursing homes, delivering holiday gifts and blessings to the elderly, and taking photos for them, bringing warmth and joy to the elderly through companionship and care.

In November 2024, the Company's Yueyang factory actively responded to the call of the Yueyang Federation of Industry and Commerce, as one of the "Hundred Enterprises Link with Hundred Villages" enterprises, supporting the construction of a comprehensive camellia oil processing project in Baojing County, Yueyang. It funded the construction of a new camellia oil production factory, purchased production equipment, and promoted the development of the local camellia oil industry, increasing farmers' income.

Key Performance Indicators

Main Economic Performance	Unit	2023	2024
Total Assets	RMB 100 million	511.74	447.15
Revenue	RMB 100 million	328.23	280.56
Total Profit	RMB 100 million	29.53	5.35
Tax Payment	RMB 100 million	25.38	23.62

Corporate Governance	Unit	2023	2024
Independent Director Ratio	%	33	36
Female Director Ratio	%	33	27
Anti-Corruption Training Sessions	Session	/	43
Anti-Corruption Training Coverage	Person-time	/	1,359
New Employee Anti-Corruption Training Coverage	%	100	100
Employee Integrity Agreement Signing Rate	%	100	100
Supplier Integrity Agreement Signing Rate	%	/	96.26
New Employee Basic Law Training Rate	%	100	100

Technological Innovation	Unit	2023	2024
R&D Investment	RMB 100 million	6.06	5.86
R&D Investment as proportion of Revenue	%	1.85	2.09
Number of R&D Personnel	Person	527	669
R&D Personnel Ratio	%	4.14	6.12
Cumulative Domestic Patents	Item	1,735	1,897
Invention Patents	Item	443	420
Utility Model Patents	Item	1,026	1,187
Design Patents	Item	266	290
Cumulative Foreign Patents	Item	17	19

Environmental Protection	Unit	2023	2024
Environmental Investment	RMB 100 million	0.81	0.51
Tackle Climate Change	**Unit**	**2023**	**2024**
Greenhouse Gas Emissions[1]	10,000 ton CO_2-eq	68.72	72.23
Scope 1[2]	10,000 ton CO_2-eq	35.99	39.56
Scope 2	10,000 ton CO_2-eq	32.73	32.67
Greenhouse Gas Emission Intensity	Ton/10,000 CNY Revenue	0.21	0.26
Green Electricity Usage	100 million kWh	0.42	0.72
Green Electricity Usage Ratio	%	7.73	11.61
Sustainable Resource Utilization	**Unit**	**2023**	**2023**
Total Energy Consumption	10,000 tce	23.13	28.59
Direct Energy	10,000 tce	8.01	7.47
Indirect Energy	10,000 tce	15.12	21.12
Energy Consumption Intensity	Ton/10,000 CNY Revenue	0.07	0.10
Water Resource Usage	10,000 ton	215.26	187.79
Water Resource Usage Intensity	Ton/10,000 CNY Revenue	0.66	0.67
Emission Management	**Unit**	**2023**	**2023**
Particulate Matter (PM)	Ton	52.24	40.61
Asphalt Smoke	Ton	10.42	24.24
Volatile Organic Compounds (VOCs)	Ton	62.45	40.15
Sulfides	Ton	/	17.59
Nitrogen Oxides	Ton	/	101.06
Total Wastewater Discharge	10,000 tons	38.71	25.44
Chemical Oxygen Demand (COD)	Ton	/	42.76

[1]Greenhouse gases include carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF_6).
[2]The calculation for Scope 1 & 2 is primarily based on the accounting methods and parameters specified in the “Guidelines for Greenhouse Gas Emission Accounting and Reporting for Industrial and Other Enterprises (Trial)” issued by the National Development and Reform Commission. For the 2024 carbon emission accounting, the electricity emission factor used is the national average carbon dioxide emission factor for electricity, as published by the Ministry of Ecology and Environment and the National Bureau of Statistics in December 2024.

Environmental Protection		2023	2024
Biochemical Oxygen Demand (BOD)	Ton	/	22.32
Ammonia Nitrogen	Ton	/	1.57
Suspended Solids	Ton	/	8.25
Total Waste Generation	10,000 tons	5.15	7.21
General Solid Waste	10,000 tons	4.96	6.97
Hazardous Waste	10,000 tons	0.19	0.24
Comprehensive Utilization	10,000 tons	/	2.40
General Solid Waste Density	Tons/10,000 CNY Revenue	0.02	0.02
Hazardous Waste Density	Tons/10,000 CNY Revenue	0.0006	0.0009

Employee Structure	Unit	2023	2024
Total Employees	Person	12,736	10,937
By Gender			
Male	Person	9,837	8,370
Female	Person	2,899	2,567
By Age			
29 years and below	Person	3,418	2,585
30-39 years	Person	7,357	6,355
40-49 years	Person	1,603	1,648
50 years and above	Person	358	349
By Professional Composition			
Production Staff	Person	3,306	2,733
Sales Staff	Person	4,713	4,274
Technical Staff	Person	2,505	2,147
Financial Staff	Person	306	263
Administrative Staff	Person	1,906	1,520
By Education Level			
Postgraduate and above	Person	669	687
Undergraduate	Person	5,840	5,431
College and below	Person	6,227	4,819

Equal Employment Norms	Unit	2023	2024
Minority Employees	Person	619	576
Female Managers	Person	235	170
Annual Paid Leave Days	Day	6.57	6.83
Employee Labor Contract Signing Rate	%	100	100
Social Insurance Coverage	%	100	100
Female Employee Return Rate After Maternity Leave	%	100	100

Employee Training	Unit	2023	2024
Employee Training Coverage	%	96	98
Average Training Hours	Hour	60	49

Workplace Safety	Unit	2023	2024
Safety Investment	RMB 10 thousand	4,577	3,873
Major Safety Incidents	Incident	0	0
Employee Fatalities	Person	0	0
Workdays Lost Due to Injuries	Day	2,063	840
Occupational Disease Cases	Cases	0	0
Safety Training Sessions	Person-time	44,388	46,709

Public Welfare Donations	Unit	2023	2024
Total Donations	RMB 10 thousand	557	889
Number of Volunteers	Person	/	152
Volunteer Hours	Hour	/	179

Report Metrics Table

		SDGs
About the Report	2-2/2-3/2-4	
Letter from the Chairman	2-22	
About Us		
Company Profile	2-1	
Business Distribution	2-1	
Corporate Culture		
Major Awards and Honors		
Corporate Governance		
Board Diversity	2-9/2-17	
Compliance Management	2-27	
Anti-Corruption	205-2	SDG5/SDG16
Risk Management		
Anti-Unfair Competition	206-1	
Sustainability Working Mechanism		
Sustainability Work Plan	2-12/2-13/2-14/2-16/2-17/3-3	
Sustainability Work Plan	2-26/2-28/2-29	
Material Issue Identification	2-16/3-1/3-2	
Sustainability Work Plan	2-22/2-23	SDG17
Sustainability Ratings and Awards		
Technology-Driven TransformationInnovation Leads Development		
Diverse Products and System Solutions	2-6	
Product Quality and Safety	416-1	
Quality Service		SDG9/SDG11
Customer Information and Privacy Security	418-1	
Technology-Driven Transformation Innovation Leads Development		
Enhancing Technological Innovation Capabilities		
Developing Green and Eco-friendly Products		SDG3/SDG12
Digital and Intelligent Transformation		
Protecting the Ecological Environment Building Better Homes		
Tackling Climate Change	201-2/302-4/305-5	
Green Production and Operations	306-1/306-2	SDG12/SDG13
Ecological and Environmental Protection		
Protecting Employee Rights Supporting Employee Development		
Equal Employment Standards	2-7/2-30/405-1	
Training and Development	2-7/404-1/404-2/403-10	SDG3/SDG5 SDG8/SDG10
Health and Safety	2-7/2-8/403-1/403-2/403-3/403-5/403-6/403-10	
Employee Care	2-7/2-30/401-2	
Based on Mutual Benefit and Sharing Promoting Co-Creation and Win-Win Development		
Supply Chain Cooperation	2-6/409-1/414-2/	
Partnership on the Rainbow Path	2-8	
Industrial Platform Construction		
Supporting Community Development	413-1	SDG1/SDG2/SDG4
Key Performance Indicators	201-1/302-1/302-3/303-3/303-4/305-1/305-2/305-4/305-7/306-3/403-9	
Report Metrics Index		

UN Global Compact Ten Principles Cross-Reference Table

	The Ten Principles of the UN Global Compact	Page
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	52-590 62-69
	Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	52
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	57
	Principle 4: Businesses should eliminate all forms of forced and compulsory labour.	52-590 62
	Principle 5: Businesses should eliminate effective abolition of child labour.	52
	Principle 6: Businesses should eliminate discrimination in respect of employment and occupation.	52
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges.	42-49
	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.	42-49
	Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.	35-390 47
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	11-13