

# Sanhua Intelligent Controls

## Labor and Human Rights Statement

### Overall Description

Zhejiang Sanhua Intelligent Controls Co., Ltd. ( referred to as “Sanhua Intelligent Controls” or “the Compony” ) is committed to safeguarding the fundamental rights, health and safety of all its employees, suppliers, customers, and other stakeholders. The Company respects and cares for each individual employee, actively promotes the participation of all employees in safety accident prevention, emergency response, and training education, and is dedicated to creating a more equitable, safer, and healthier working environment.

This statement is formulated to standardize the Company's management requirements and measures in terms of labor and human rights.

### Applicability

This statement applies to Zhejiang Sanhua Intelligent Controls Co., Ltd., along with its wholly-owned subsidiaries and holding subsidiaries, covering all employees and the entire process of business operations. Concurrently, suppliers, partners, and other stakeholders are required to actively comply with this statement or equivalent policy requirements.

## Compliance with Laws and Regulations

The Company strictly adheres to labor, occupational health, and safety-related laws and regulations, including the *Civil Code of the People's Republic of China*, the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Production Safety Law of the People's Republic of China*, and the *Prevention and Control of Occupational Diseases Law of the People's Republic of China*. The Company is committed to providing a safe, equitable, and healthy working environment for each employee, ensuring that all business activities comply with national standards and requirements.

## Occupational Health and Safety

The Company has established a Production Safety Management Committee, as the highest authority for production safety management, to research, coordinate, guide, and oversee major production safety issues, organize key production safety activities, and make decisions on significant production safety matters. Additionally, set up the Intelligent Manufacturing and Quality Management Center, as the specific executing agency of production safety management, responsible for coordinating production safety and occupational health management across all business units, formulating and promoting the implementation of occupational health and safety systems, regularly monitoring and measuring EHS (Environment, Health, and Safety) indicators such as the industrial accidents rate and the hidden danger rectification rate, and continuously optimizing EHS performance.

Each business unit has established an EHS Office, responsible for implementing specific tasks.

The Company has established the *Production Safety Responsibility System* to clearly define the responsibilities of all employees and has appointed full-time and part-time safety management personnel to ensure that production safety responsibilities are thoroughly implemented both horizontally and vertically. All employees annually sign the *Production Safety Responsibility Statement*, and the Company has set annual production safety targets relevant to its business, which are incorporated into the performance evaluations of management personnel.

The Company has obtained ISO 45001 Occupational Health and Safety Management System Certification. Under this system standard, the Company has established and improved relevant system documents to ensure management operations and mitigate occupational health and safety risks.

**Production Safety Targets:** From 2024 to 2026, to achieve a 5% reduction in the industrial accident rate each year over the previous year.

## Working Hours and Compensation

The Company highly values the maintenance of employees' welfare and daily life, committing to provide fair working hour arrangements. This commitment aims to promote work-life balance and ensure that all employees receive a living wage adequate to meet their basic needs.

The Company maintains close cooperation with labor unions and organizations, continuously monitoring changes in local economic conditions and living costs to timely evaluate and adjust employee compensation levels.

## Employee Communication and Participation

The Company actively fosters democratic and transparent communication mechanisms, respecting employees' freedom of association and collective bargaining rights. The Company regularly convenes workers' congress and trade union members' congress, and periodically signs collective contracts.

The Company provides channels for employees to reflect and report complaints, and ensures the independence, confidentiality, and full protection of the safety of employees during the complaint process. The Company encourages employees to actively express their views and has established channels such as the "Minister's Mailbox," "Employee Complaint Form," and the Sanhua employee service platform for communication and feedback.

## Employee Equality and Development

The Company adheres to the principles of "openness and fairness," treating all applicants equally and selecting talent based on excellence. No discrimination against any applicant occurs based on age, disability, ethnicity, gender, marital status, nationality, political affiliation, or other factors. The Company strictly prohibits the employment of child labor and forced labor, and conducts irregular internal inspections to ensure maximum compliance with labor laws and regulations.

The Company attaches importance on talent cultivation, establishing targeted training systems at different levels and across various sequences. These systems cover multiple aspects, including job skills, professional knowledge, and management ability, to assist employees in enhancing their abilities and achieving career development.

**Employee Vocational Training Goal:** To achieve a 15% increase in average employee training hours by 2030.

## Diversity and Anti-Discrimination

The Company is committed to creating a respectful and equitable working environment, ensuring that employees are not discriminated against or unfairly treated in terms of compensation, training, and promotion opportunities due to race, religious belief, gender, nationality, age, marital status, disability, or sexual orientation.

The Company has established regulations regarding employment compensation for female employees during pregnancy, maternity leave, and lactation, stipulating that there shall be no discrimination or unreasonable wage reductions. Concurrently, the Company firmly opposes any form of harassment and adopts a zero-tolerance policy towards such behavior.

**Anti-Discrimination Training Goal:** To achieve over 95% coverage for anti-discrimination and anti-harassment training by 2030.

## Implementation and Review

The Company's Production Safety Management Committee regularly reviews the implementation of the occupational health and safety aspects of this statement, and the Human Resources Department reviews the implementation of the working hours and compensation, employee equality and development, and diversity and anti-discrimination aspects of this statement. The Company continuously monitors the progress of relevant goals, through measures such as regular inspections and special rectifications, in cooperation with relevant reward and punishment mechanisms, ensures that all employees can enjoy their basic rights and contribute to creating a fair, inclusive, and equitable society.

The content of this statement will be updated periodically based on applicable standards and policies. Furthermore, in the event of significant changes in the Company's operational activities, the Company will also conduct a review of this statement and its internal management policies to ensure their alignment with the Company's actual business operations.