SIFANG

2025 ESG Report

股票代码 Stock Code 601126





About This Report

01 Report Introduction

This report provides a comprehensive overview of Beijing Sifang Automation Co., Ltd. ("SIFANG", "the Company" or "we")'s practices, initiatives and performance in environmental protection, social responsibility and corporate governance. It aims to facilitate transparent communication with stakeholders regarding the Company's sustainability philosophy, specific actions, and performance. Adhering to the principles of objectivity, standardization, transparency and integrity, the Report systematically addresses the sustainability topics of concern to various stakeholders.

02 Reporting Scope

This annual report covers the period from January 1, 2025, to December 31, 2025. The reporting scope includes Beijing Sifang Automation Co., Ltd. and its controlled subsidiaries and branches, such as Beijing Sifang Engineering Technology Co., Ltd., and is consistent with the consolidation scope of the Beijing Sifang Automation Co., Ltd.(601126.SH) 2025 Annual Report(the "2025 Annual Report"). Where necessary, certain disclosures may extend beyond this scope.

03 Report Preparation Basis

This Report has been prepared with reference to relevant standards including the Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies – Sustainability Report (Trial) and Guidance No. 4 of Shanghai Stock Exchange for Self-Regulation of Listed Companies – Preparation of Sustainability Report, while taking into account the Company's industry context and business characteristics.

04 Data Sources

All sustainability related data and information in this Report are derived from original operational records of the Company and its subsidiaries, the 2025 Annual Report, surveys or interviews, and other official documents. Unless otherwise specified, all monetary amounts in this Report are denominated in Renminbi (RMB).

05 Report Availability

The electronic version can be downloaded from the official website of Shanghai Stock Exchange at https://www.sse.com.cn/ and the official website of SIFANG at https://www.sf-auto.com/.

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Chairman's Statement

First and foremost, I would like to express my sincere gratitude to all stakeholders and partners who have long supported SIFANG's sustainable development.

In 2025, the global transition towards renewable energy continued to deepen, the development of new electricity system advanced steadily, and digital and intelligent transformation gained momentum. Seizing opportunities amid challenges, we remained committed to technology-driven growth and green development, fulfilling our environmental and social responsibilities while strengthening our core businesses and contributing to the high-quality development of the energy industry.

In 2025, we continued to enhance corporate governance and successfully completed the election of the Eighth Board of Directors, building a diversified and professional governance framework. We advanced the development of a unique comprehensive risk and compliance management system, issued the Internal Control Management System, and strengthened proactive risk prevention. Through high-quality information disclosure and diversified investor communication, we continued to protect shareholders' legitimate rights and interests and enhance investor confidence with concrete actions.

In 2025, we actively addressed climate change. We systematically conducted greenhouse gas inventories and verification, expanded photovoltaic applications across our production bases, coordinated self-owned PV generation with green electricity trading to promote clean energy transition, and leveraged intelligent technologies to improve energy efficiency. We were recognized as a "National Green Factory" and a "Beijing Green Supply Chain Management Enterprise", while our green finance initiatives achieved an annual reduction of 13.61 tCO_2e, demonstrating our solid capabilities in green development.

In 2025, innovation remained a key driver of our transition toward a zero-carbon future. We participated in 705 renewable energy projects with a combined installed capacity of 70GW, covering wind power, PV, energy storage, zero-carbon parks and ports, and data centers. We delivered safe, reliable, efficient and grid-friendly products and solutions to partners including China Energy Investment Corporation, China Huaneng Group, China Datang Corporation, China Resources Group and China Three Gorges Corporation. In zero-carbon parks and ports, our intelligent energy management platforms enabled coordinated utilization of multi-energy and green energy consumption. In data centers, our innovative "direct green electricity supply + full DC power supply" solution met emerging demand from computing power growth. We continued to drive industrial upgrading through independent innovation: seven technological achievements passed authoritative appraisal at internationally leading levels, and we undertook 17 national key R&D programs.

We always uphold our core values of "Customer First, Quality Priority, People-Oriented and Innovation-Driven Development", embedding quality and safety throughout the entire product lifecycle. In 2025, we optimized our quality management system, deepened QMS implementation, and promoted closed-loop quality management and proactive hazard identification. We also strengthened supply chain security through supplier classification and green procurement, building an independent, controllable and reliable industrial ecosystem.

We value our employees' rights and development. We enhanced our talent system, implemented equity incentives to share growth with employees, promoted equal employment, diversity and inclusion, protected female employees' rights, maintained effective internal communication channels, and fostered an open, healthy and collaborative workplace.

In fulfilling our social responsibilities, we leveraged the SIFANG Ruixiang Public Welfare Foundation to support rural revitalization, educational assistance and disaster relief through scholarships and science education programs.

Looking ahead, we will continue to integrate sustainability principles into our corporate strategy and operations. Driven by technological innovation, guided by green and low-carbon development, and supported by responsible governance, we will work together with our partners and stakeholders to build a cleaner, more intelligent and more efficient energy future, contributing our expertise and strength to the global green and low-carbon energy transition.

Chairman: Gao Xiuhuan

ESG

Statement from the Board of Directors

The Board of Directors of SIFANG is committed to creating long-term sustainable value. While driving business growth and enhancing operational efficiency, the Board continuously strengthens the Company's sustainability governance framework, promotes the integration of economic, environmental and social value creation, and supports the Company in achieving sustainable and high-quality development.

As the highest governance body responsible for sustainability matters, the Board of Directors oversees the identification and assessment of sustainability-related risks and opportunities, determines sustainability strategies and goals, and regularly monitors the progress and effectiveness of relevant initiatives.

The Company is deeply aware of the significant impacts that sustainability risks may have. Based on industry development trends and its own development stage, the Company regularly identifies and evaluates material sustainability topics, conducts in-depth discussions of related risks and opportunities, and takes the management and improvement of material topics as a core element of its sustainability system construction, incorporating them into the Company's overall development strategy. It continuously monitors related management performance, ensuring the Company's steady progress toward long-term sustainable development.

This Report presents SIFANG's sustainability practices, initiatives and achievements during 2025. The relevant disclosures have been reviewed by the Strategy Committee and approved by the Board of Directors, and are hereby published.

To make electricity

safer,more intelligent, more efficient and cleaner

About SIFANG



Company Profile

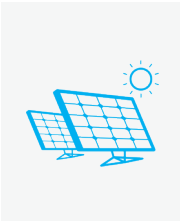
As a leading protection and automation solution provider, Beijing Sifang Automation Co., Ltd. ("SIFANG", Stock Code: 601126) was founded in 1994 by Professor Yang Qixun, one of the first academicians of the Chinese Academy of Engineering. The Company has been deeply engaged in the energy and power sector for more than 30 years, providing comprehensive products and solutions including relay protection, automation and control systems, power electronics, primary and secondary integrated equipment, and smart IoT, covering all key segments of power generation, transmission, distribution, load and storage along the new electricity system value chain.

Headquartered in Beijing, the Company operates R&D centers and production facilities in Nanjing, Wuhan, Baoding, and Huzhou, along with overseas subsidiaries in India, the Philippines, and Kenya. The Company delivers comprehensive power and energy solutions and services to the energy and power industry, large public utilities, industrial enterprises, and various application scenarios such as industrial parks and commercial buildings.

Business Overview

Smart Power Generation and Renewable Energy Business

In the new energy generation sector, the Company focuses on the construction needs of the new electricity system. Leveraging its substation integrated automation systems and primary and secondary equipment integration technology, the Company provides solutions featuring grid-friendly connection and smart, flexible regulation and control. The Company has built a smart operation and maintenance (O&M) platform for renewable energy that supports unmanned operation, remote centralized monitoring and intelligent diagnostics, effectively enhancing the capacity for renewable energy integration and utilization. In the conventional power generation sector, the Company offers domestically-produced, self-controllable solutions covering the entire generation process, including power protection, electrical automation, process control platforms and simulation training, thereby promoting energy efficiency optimization and intelligent upgrading of conventional power generation.



Smart Grid Business

In the power transmission and transformation sector, the Company provides a full range of protection and automation products and solutions, ranging from 1,000 kV Ultra-High Voltage (UHV) to 10 kV Low Voltage. Its offerings include relay protection, substation automation, DC transmission control and protection, power grid security and stability control, dispatch automation, protection information and secondary equipment O&M systems, and smart operation and inspection. The Company has accumulated extensive experience and profound technical expertise in these areas, with a market-leading position.



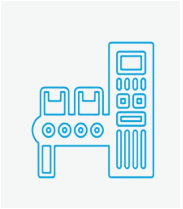
New Power Distribution Business

Catering to domestic and international power producers and large industrial customers for their smart distribution and smart energy needs, the Company offers a full range of products, integrated solutions and supporting services. These include integrated primary and secondary switchgear, smart terminals, power dispatch automation systems, and integrated energy management and equipment O&M control systems, enabling the integrated operation and management of the source-grid-load-storage system.

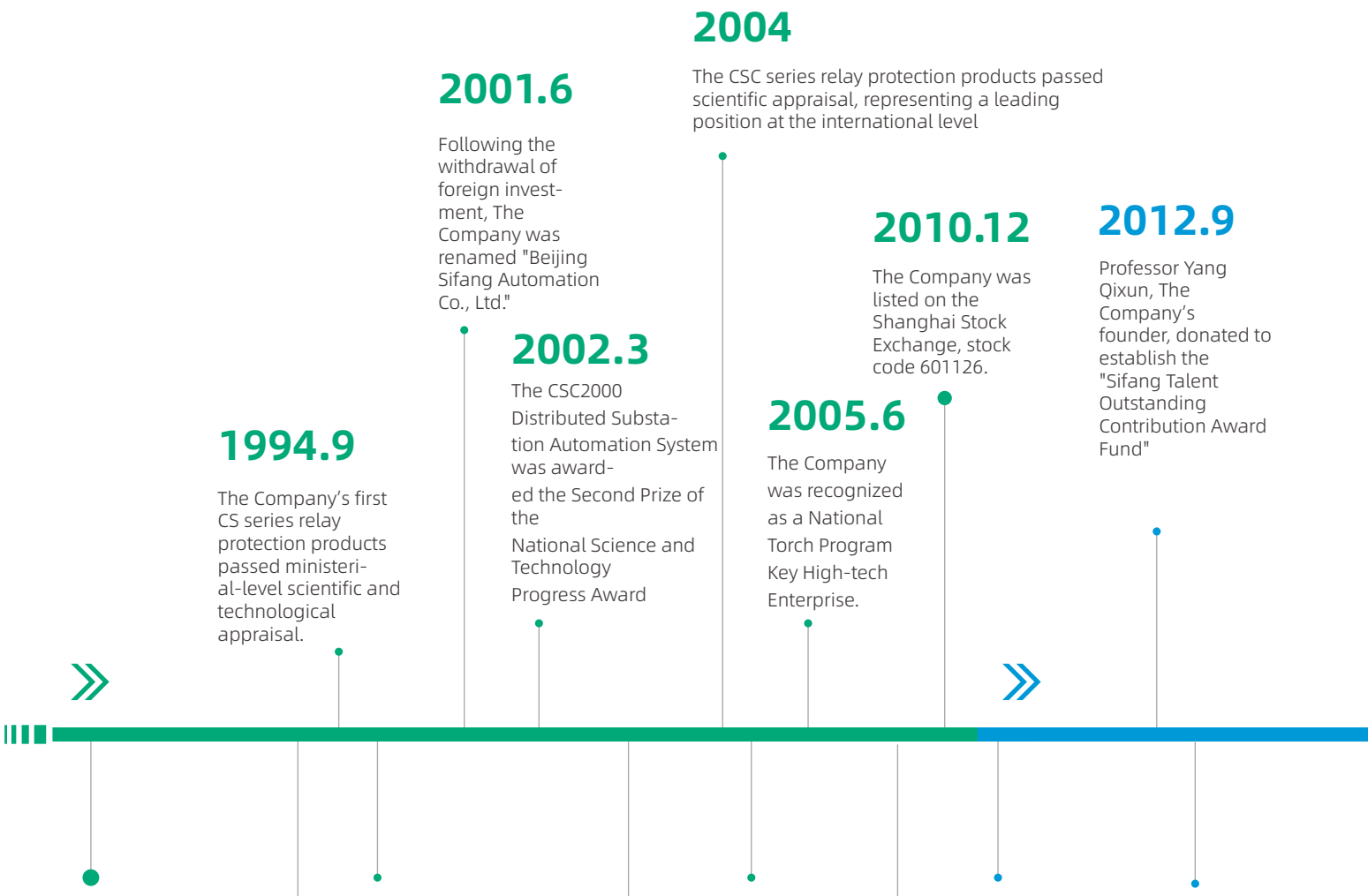


Smart Power Consumption Business

Focusing on the intelligent upgrading of the industrial and energy sectors, the Company provides integrated solutions for industrial scenarios such as petroleum and petrochemicals, iron and steel metallurgy and rail transit, which encompass smart protection and control, integrated energy management and IoT security protection. By leveraging AIoT technology, the Company develops digital products and solutions for commercial and industrial power consumption. It offers systems and supporting services that integrate functions such as smart monitoring and early warning, energy efficiency optimization and equipment O&M management, helping customers build a multi-dimensional electricity safety and efficiency management system and continuously elevating the intelligence level of power consumption management.



Development Milestones



1994.4

SIFANG's predecessor, the Sino-US joint venture Beijing Hathaway Sifang Protection, Measurement and Control Equipment Co., Ltd., was established.

1994.6

Company's founder Professor Yang Qixun was appointed as one of the first academicians of the Chinese Academy of Engineering.

1994.9

The Company's first CS series relay protection products passed ministerial-level scientific and technological appraisal.

1997.12

The Company passed the ISO9001 international quality system certification for the first time, receiving a quality management system certificate from the British Standards Institution (BSI).

2001.6

Following the withdrawal of foreign investment, The Company was renamed "Beijing Sifang Automation Co., Ltd."

2002.3

The CSC2000 Distributed Substation Automation System was awarded the Second Prize of the National Science and Technology Progress Award

2002.4

An R&D and production base was established in Nanjing.

2004

The CSC series relay protection products passed scientific appraisal, representing a leading position at the international level

2004.7

A production base was established in Wuhan, Hubei.

2005.6

The Company was recognized as a National Torch Program Key High-tech Enterprise.

2007.9

The Company has been recognized as a National Enterprise Technology Center

2010.12

The Company was listed on the Shanghai Stock Exchange, stock code 601126.

2012.4

An R&D and production base was established in Baoding, Hebei.

2012.9

Professor Yang Qixun, The Company's founder, donated to establish the "Sifang Talent Outstanding Contribution Award Fund"

2013.10

An R&D base was established in Wuhan.

2015

In April, an R&D and production base was established in Huzhou, Zhejiang.

In May, the Company's first overseas subsidiary, Sifang Automation India Pvt. Ltd., was officially established.

2015.7

The Company's first overseas production base was established in India.

2016.12

The Company's first overseas EPC project–the Sonatrach oil and gas pipeline project for Algeria's national oil company

The Company's technology, equipment and application for the control and protection of sub-synchronous resonance/oscillation of large steam turbine generator sets won the National Science and Technology Progress Second Prize, breaking the monopoly position of foreign companies.

SIFANG Type Test Laboratory successfully passed the on-site audit conducted by experts from German TÜV Rheinland, and was recognized as a "TÜV Rheinland Approved Cooperative Laboratory."

2017

In June, the Company passed the CMMI Level 5 assessment.

In December, the Company's testing laboratory was successfully accredited by CNAS (China National Accreditation Service for Conformity Assessment).

2018.1

Recognized as "Top 50 Social Responsible Enterprises in China's Electronic Information Industry for 2018."

The Company passed the ISO 20000 service management system certification, becoming one of the first enterprises in the power sector certified for its equipment service and management capabilities.

2018.9

The Company was honored as a "National Technology Innovation Demonstration Enterprise."

2019.4

The Company's 12 scientific and technological achievements have passed technical appraisal, with 9 achievements reaching internationally leading technical levels, 3 achievements reaching internationally advanced technical levels, and delivering multiple pioneering technologies

2020.9

SIFANG Party School was established.

2020.12

Established the energy storage business unit, transforming into an energy storage system service model.

4 independently developed and controllable technological achievements passed authoritative appraisal, with 3 of them at internationally leading level, and multiple pioneering technologies have been developed

2021.1

Signed a strategic cooperation agreement with North China Electric Power University to jointly establish the Huadian SIFANG Innovation Research Institute.

2021.12

The Company retained its position among the "Top 100 Enterprises in China's Electrical Industry" and was selected as "Top 10 Leading Enterprises in China's Electrical Industry".

4 technological achievements passed authoritative appraisal. 3 of them have reached the international advanced level as a whole, and 1 of them features multiple internationally leading technologies, with a number of world-first technologies developed.

Awarded the honorary title of "Model Collective of Beijing". Selected as one of the first batch of "Hidden Champion" enterprises in Beijing.

2022

13 technological achievements covering power electronics, energy storage, operation & maintenance monitoring, relay protection, automation systems and other fields have passed authoritative appraisal

2023

Officially recognized as a "National Green Factory."

2024

20 technological achievements covering energy storage, hydrogen production, protection, control, automation, power distribution and utilization and other fields have passed authoritative appraisal

recognized as a Manufacturing Single Champion Enterprise by Ministry of Industry and Information Technology

2025

Annual newly-signed contract value exceeded RMB 10 billion;

won the world's largest PV-plus-energy-storage project – the Terra Solar-Storage Project in the Philippines.

Awards and Honors

For its outstanding performance in industry leadership, technological innovation, and social contribution, SIFANG has received numerous prestigious awards. The Company has been consecutively recognized with honorary titles such as the " Top 100 Competitive Enterprises in Software and Information Technology Services," "Top 100 Enterprises in China's Electrical Industry," "Top 100 Private Enterprises in Beijing," "Top 100 Private Enterprises in Beijing for Technological Innovation," "Top 100 Manufacturing Enterprises in the Beijing-Tianjin-Hebei Region," "Top 100 High-tech and High-value Enterprises in Beijing," "Top 100 Manufacturing Enterprises in Beijing," and "Top 100 Enterprises in Beijing's Software and Information Services Industry by Comprehensive Strength."

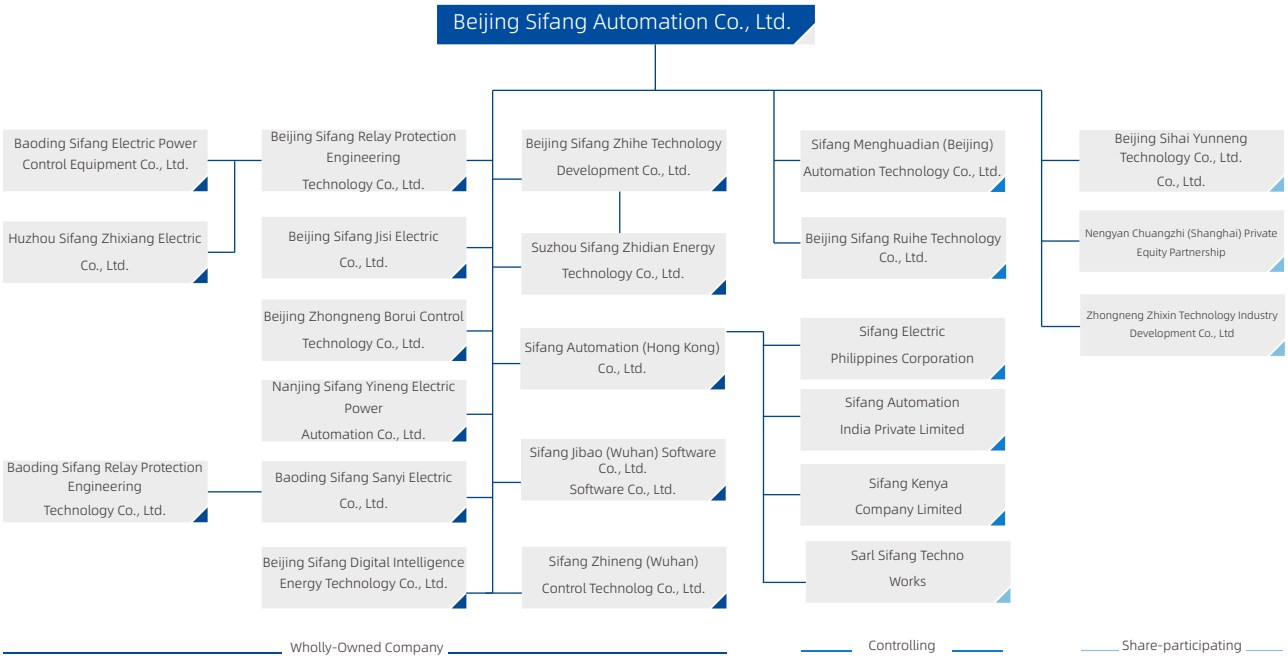
Selected Honors in 2025

No.	Honor Name	Issuing Authority
1	Top 100 Competitive Enterprises in Software and Information Technology Services	China Electronics Information Industry Association
2	Top 100 Enterprises in China's Electrical Industry	China Machinery Industry Research Institute; Electrical Age Magazine
3	Top 10 Innovation Enterprise in China's Electrical Industry	China Machinery Industry Research Institute; Electrical Age Magazine
4	Top 100 Private Enterprises in Beijing	Beijing Federation of Industry and Commerce
5	Top 100 Private Enterprises in Beijing for Technological Innovation	Beijing Federation of Industry and Commerce
6	Outstanding Cases of Social Responsibility of Private Enterprises in Beijing	Beijing Federation of Industry and Commerce
7	Top 100 Enterprises in Beijing's Software and Information Services Industry by Comprehensive Strength	Beijing Software and Information Service Association
8	Top 100 Manufacturing Enterprises in the Beijing-Tianjin-Hebei Region	Beijing Enterprise Confederation; Beijing Entrepreneurs Association; Tianjin Enterprise Confederation; Tianjin Entrepreneurs Association; Hebei Enterprise Confederation; Hebei Entrepreneurs Association
9	Top 100 High-tech and High-value Enterprises in Beijing	Beijing Enterprise Confederation; Beijing Entrepreneurs Association
10	Top 100 Manufacturing Enterprises in Beijing	Beijing Enterprise Confederation; Beijing Entrepreneurs Association
11	Beijing Top 100 Enterprise	Beijing Enterprise Confederation; Beijing Entrepreneurs Association
12	Corporate Social Responsibility Governance Rating of Enterprises in Beijing's Software and Information Service Industry (AA Level)	Beijing Software and Information Service Association
13	Beijing Software Core Competitiveness Enterprise (Technology R&D Type)	Beijing Software and Information Service Association
14	Beijing Well-known Trademark Brand	Beijing Trademark Association
15	Integrity Great Wall Cup Enterprise	Integrity Great Wall Cup Enterprise Accreditation Office
16	Contract-Abiding and Creditworthy Enterprise	Contract-Abiding and Creditworthy Enterprise Evaluation Office; Zhongqipingxie Credit Rating Center (Beijing) Co., Ltd.
17	2025 Excellent Practice Case for Sustainable Development of Listed Companies	China Association for Public Companies
18	2025 Excellent Practice Case for Boards of Directors of Listed Companies	China Association for Public Companies
19	Annual Information Disclosure Evaluation- A Rating	Shanghai Stock Exchange
20	Shanghai Securities Eagle · "Golden Quality" 2025 Technology Innovation Award	Shanghai Securities News
21	3rd "Guoxin Cup" Golden Bull Award for ESG Technology Leadership	China Securities Journal
22	Golden Bull Award for Listed Company Dividend Returns	China Securities Journal
23	Golden Information Disclosure Award	China Securities Journal
24	Golden Stallion Award for the Most Investment-Worthy Listed Company	Securities Daily






Corporate Structure



Corporate Culture

MISSION

To make electricity safer, more intelligent, more efficient and cleaner

VISION

To become a global leading enterprise with lasting creativity and reliability

Core Values

Customer First, Quality Priority, People-Oriented, and Innovation-Driven Development

Sifang Spirit

Issues Do Not Stay Unresolved Overnight

Motto

To build the business with solid work, to create the brand with earnest effort

Leadership Guideline

Assertive, Caring, Decisive, Fair, Inclusive

Employee Guideline

Proactive, Collaborative, Positive

LOGO Interpretation

Ambition, Diversity,

Collaboration, Compliance

Slogan

Innovation lights our future.

Company Anthem

Aspiring to SIFANG

Advancing Green Development



Tackling Climate Change

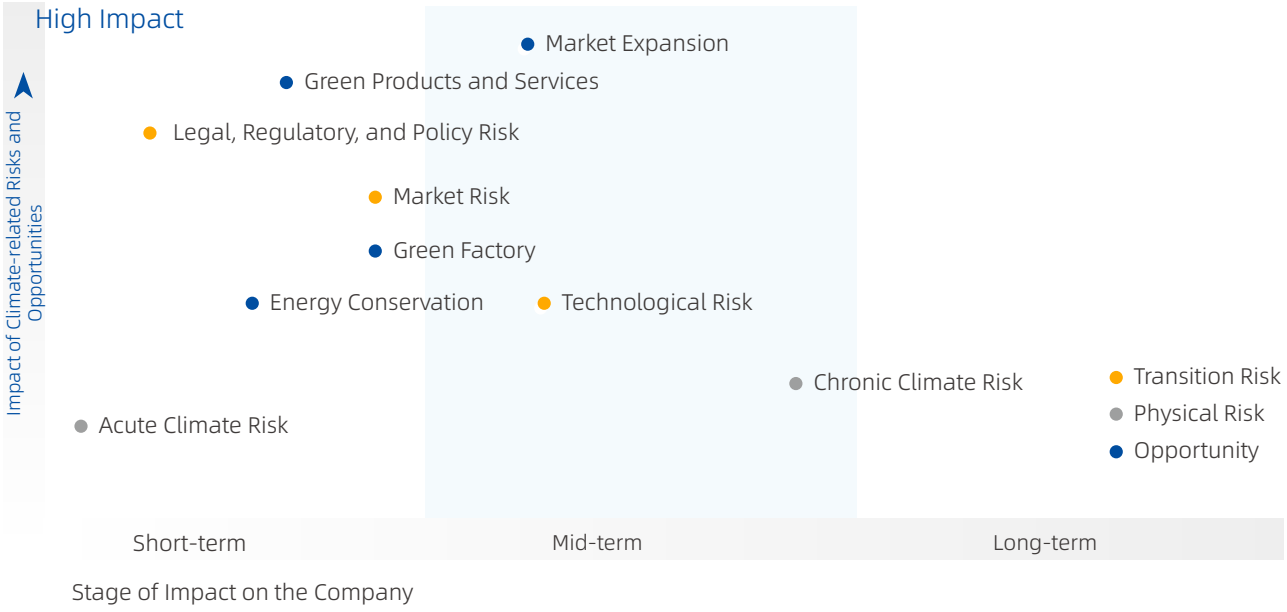
Climate change and its cascading impacts are reshaping the global industrial landscape and have become an important indicator of corporate sustainability performance. As a leading enterprise in the energy and power sector, SIFANG proactively identifies and systematically manages climate-related impacts. Through technological innovation and strategic optimization, the Company continues to advance its low-carbon transition, promote energy structure transformation and accelerate the development and application of low-carbon technologies. By supporting the development of new electricity system and promoting green transformation across the energy industry, SIFANG is committed to creating long-term sustainable value, contributing to global climate action and setting an industry example for global climate change response.

Identification and Management

Risk and Opportunity Identification

The Company conducted a comprehensive survey of its internal operations, business relationships and external environment related to climate change. The Company combined industry characteristics and business models to identify potential significant impacts of business activities on the economy, environment, society, and stakeholders, Based on this, the Company systematically analyzed the risks and opportunities that may be encountered in the process of responding to climate change, providing strong support for formulating scientific climate response strategies and sustainable development plans.

Climate Risk and Opportunity Matrix



Climate Adaptability and Scenario Analysis

In identifying, analyzing and managing climate-related risks and opportunities, the Company utilizes climate-related scenario analysis to assess their actual and potential impacts on its operations, strategy, and financial performance, as well as the actions that may need to be considered in its strategy and financial planning, thereby exploring and identifying the Company's development strategies and direction.

Physical Risk

Risk Type	Risk Description and Potential Impact	Response Strategy
Acute Climate Risk	Natural disasters caused by climate change, such as typhoons, heavy rain, and blizzards, may lead to situations like water and power outages and the destruction of production facilities. This can result in business interruption, damage to production equipment, and threats to employee safety, ultimately preventing normal business operations and causing economic losses. Related acute risks will also impact logistics and transportation to varying degrees, leading to potential economic losses.	●Formulate relevant emergency plans for various extreme weather events, establish monitoring and early warning mechanisms, and supervise each production base to conduct natural disaster emergency drills based on local climate characteristics, ensuring an adequate supply of emergency materials. ● Establish an emergency task force, set up emergency rescue teams, and maintain a reserve of emergency supplies. ●Pay real-time attention to official warnings for natural disasters and extreme weather and communicate them instantly. Keep abreast of how the Company's subsidiary companies are affected by natural disasters and coordinate support in terms of personnel, finances, and materials.
Chronic Climate Risk	Chronic risks caused by climate change, such as rising sea levels, changes in water resource distribution, and an increase in high-temperature weather, may have potential impacts on business operations. These can include the need for site relocation, increased demand for cooling equipment, and shortened equipment lifespan, all of which will increase the Company's operating costs.	

Transition Risk

Transition Risk	Risk Description and Potential Impact	Response Strategy
Policy and Compliance Risk	National and regional authorities are successively introducing new policies to support the green and low-carbon energy transition. High-emission economic activities will face pressure, thereby increasing the Company's compliance risks. As the Company's business has gradually expanded overseas, the formulation or improvement of climate change-related laws and regulations in countries and regions worldwide will increase its operational compliance costs.	Closely follow the development direction of low-carbon policies in the countries and industries where the Company operates. In line with the Company's development, it will accelerate the pace of corporate transformation and resolutely advance the green and low-carbon energy transition.
Technology and Operations Risk	Under increasingly strict carbon reduction policies, the Company needs to increase R&D investment to improve products, production equipment, and processes, which may increase operating costs.	Strengthen technological R&D capabilities and continue to increase investment in the research and development of new technologies and products. Promote the active adoption of new energy-saving and carbon-reducing technologies and equipment in all factories, and improve the efficiency of research and technological transformation for energy-saving and carbon-reducing processes.
Market Risk	The downstream value chain and customers are increasingly focusing on the low-carbon attributes of the company's products and services, leading to rising low-carbon requirements for its main products. To meet market changes, the Company may face risks of an untimely or ineffective low-carbon transformation of products, which could in turn affect the efficiency of new market development.	Vigorously develop R&D for green product technologies and the construction of green production lines. Accelerate the promotion of the Company's green products and expand their market share.

Energy Management Actions

SIFANG has established a comprehensive energy management framework guided by the principles of "energy conservation, efficient utilization, green and low-carbon development and continuous improvement". Leveraging the PDCA continuous improvement model, the Company implements systematic energy and GHG management throughout the entire energy lifecycle, including energy input, conversion, consumption and recovery. Through continuous optimization of energy efficiency management, the Company promotes improvements in energy efficiency and GHG emissions reduction performance.

GHG Accounting and Verification

The Company actively develops and implements decarbonization measures, conducting annual carbon inventories, carbon verification and product carbon footprint assessments.

In 2025, in accordance with ISO 14064-1:2018, the Company conducted a comprehensive inventory of greenhouse gas (GHG) emissions for all its factory areas and related regions, forming a GHG inventory report that was subsequently verified through an on-site audit by a third-party verification body. At the same time, the Company continues to advance life-cycle carbon footprint verification for its products, identifying opportunities to reduce carbon emissions at each stage of the product life cycle and continually optimizing its management. By meeting customers' demand for product carbon footprint information, the Company provides strong support for promoting sustainable production and consumption, thereby achieving a low-carbon transition and green development.



Note: The reporting boundary covers SIFANG's organizational boundary and the research and development, design, manufacturing, and sales of power and industrial automation equipment, power electronics equipment, distribution equipment, and software, as well as related management activities and processes that generate GHG emissions. This includes direct GHG emissions from sources (Scope 1), and indirect GHG emissions from purchased energy (Scope 2). The main emission sources include electricity, steam, and the use of gasoline and diesel. The reported GHG emissions primarily consist of CO_2, CH_4, and N_2O.

SIFANG's 17 core products have successfully completed third-party carbon footprint certification assessments, establishing green product labels and demonstrating low-carbon capabilities across the entire product lifecycle.



Cleaner Production

To actively respond to climate change challenges, SIFANG continuously promotes product design optimization and process innovation based on the principles of pollution prevention at source and reduced resource consumption during production processe. Through process innovation and manufacturing optimization, the Company reduces energy and resource consumption at the source. For example, the adoption of through-hole reflow technology reduces reliance on wave soldering processes and improves production efficiency. The Company has also implemented intelligent production scheduling systems to enhance manufacturing coordination and minimize unnecessary energy consumption. Through equipment upgrades, preventive maintenance and systematic equipment health management, the Company extends equipment lifecycle, reduces operational losses and continuously improves energy efficiency.

Complying with the RoHS Directive to Reduce Hazardous Substance Emissions

The Company strictly adheres to the RoHS Directive to reduce the emission of hazardous substances such as lead, mercury, cadmium and hexavalent chromium. All newly introduced components comply with RoHS standards, and the Company is progressively replacing legacy components. At the same time, the Company has fully implemented lead-free processes, using materials such as halogen-free and eco-friendly solder wire and bars, environmentally friendly conformal coatings and soldering flux to ensure that its production processes are harmless to the environment and human health.

Phasing Out High-Energy-Consumption Equipment and Using Green Energy

Equipment Replacement and Green Energy Transition Initiative.

By adopting energy-saving equipment such as high-efficiency electric motors and permanent-magnet variable-frequency air compressors, optimizing production processes and maintenance standards, the Company will substantially cut energy consumption and improve energy-use efficiency.

Promoting Green Processes to Achieve Energy Conservation and Emission Reduction

In hardware design, the Company prioritizes the selection of low-power components, improves processes, and develops green technologies. For example, it has shifted from soldering to press-fitting and transitioned from thermal curing to UV curing for coating processes, thereby reducing equipment energy consumption. Concurrently, it has introduced new environmentally friendly materials, such as replacing wooden packaging for screen cabinets with paper packaging, which reduces waste and saves costs.

Lean Production to Improve Production Efficiency

The Company utilizes new-generation technologies such as information technology, the Internet of Things (IoT), and big data to achieve automation, digitalization, and intelligence in its manufacturing processes, thereby enhancing production efficiency and innovation capabilities. Through the independent development of an intelligent production scheduling system, equipment retrofitting, and a preventive maintenance mechanism, the Company extends equipment lifespan, reduces failure rates, and lowers energy consumption. Simultaneously, it strengthens the management of recyclable materials to reduce resource waste and promote the development of a circular economy.

Low-Carbon Office

SIFANG integrates green development principles into daily office operations and systematically reduces direct and indirect emissions from daily operations.

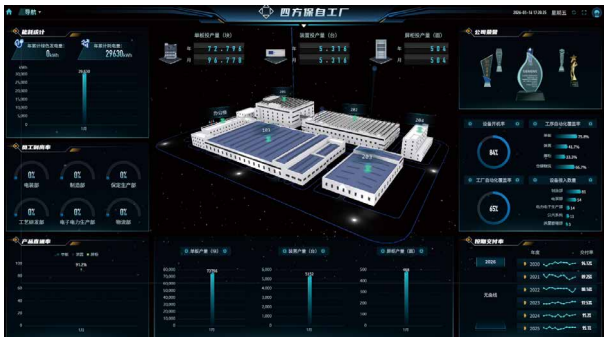
Travel Management	Promote video conferencing systems, advocate for green travel, encourage the preferential use of public transportation and electric vehicles to reduce carbon emissions.
Office Resource Management	Promotes paperless office practices, improves resource utilization efficiency and encourages recycling and reuse of office materials.
Energy Conservation Management	Improves energy efficiency through measures including maximizing natural lighting utilization, applying photovoltaic energy solutions and optimizing air-conditioning management.

Intelligent Manufacturing

SIFANG continues to promote the digital transformation and upgrading of production lines. The Company has established highly automated production lines, with automation applied across key manufacturing processes. Leveraging its internally developed industrial IoT platform and data management system, SIFANG enables real-time monitoring and intelligent management of production processes and energy consumption.

Digital manufacturing capabilities have significantly improved operational efficiency while reducing energy consumption per unit of product. Through precise process control and continuous optimization, the Company effectively reduces raw material waste and energy consumption. In recognition of these achievements, SIFANG obtained the Intelligent Manufacturing Capability Maturity Model Level 3 certification in 2025, representing a significant milestone in the Company's systematic advancement toward intelligent manufacturing.


智能制造能力成熟度
标准符合性证书
依据GB/T 39116-2020《智能制造能力成熟度模型》、GB/T 39117-2020《智能制造能力成熟度评估方法》国家标准，经评估，北京四方继保工程技术有限公司 符合要求，达到智能制造能力成熟度等级 三级，特发此证书。
证书编号：
评估范围：
评估地址：河北省保定市北三环 5999 号
发证机构：国机工业互联网研究院（河南）有限公司
2025年06月04日 核发
证书有效期：2028年06月03日 止



Green Finance

The Company actively promotes green finance by supporting green industry projects through green deposit funds. According to calculations by a third-party institution, the green projects supported by this green deposit have achieved significant environmental benefits, with an annual carbon emission reduction of 13.61 tons of CO_2 equivalent.



Environmental Compliance Management

SIFANG adheres to the "Environmental Protection Law," the "Water Pollution Prevention and Control Law," the "Atmospheric Pollution Prevention and Control Law," and other relevant laws and regulations. The Company has actively implemented the ISO 14001 environmental management system and established environmental protection regulations. It has made the investigation of hidden environmental risks a routine practice and conducted environmental impact assessments across the entire life cycle of research and development, design, procurement, production, sales, and services. The Company is committed to a green development strategy, continuously improving its environmental and energy management system. No environmental pollution incidents occurred in 2025, demonstrating its steadfast fulfillment of environmental responsibilities.

Environmental Management System Development

The Company has established a comprehensive environmental management system and obtained certification under the GB/T 24001-2016 environmental management system. The Company sets clear environmental objectives and quantitative indicators each year, and through systematic process supervision and regular reviews, ensures that the system is effectively implemented, strengthening supervision and inspection to ensure all environmental protection measures are in place.

Environmental Risk Emergency Plan

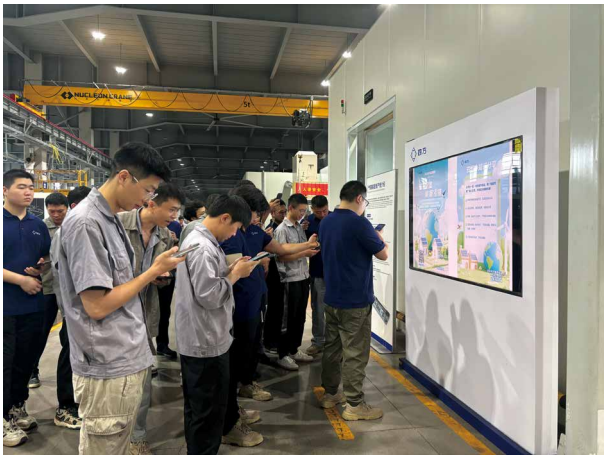
To prevent potential secondary environmental impacts arising from emergencies such as fires, SIFANG has established environmental emergency management procedures, including the Environmental and Occupational Health and Safety (OHS) Operation Control Procedures and the Fire Accident Emergency Response Plan. These procedures clarify requirements for risk prevention, emergency response, accountability and post-event management.Through regular training and emergency response exercises, the Company continuously improves employees' ability to respond quickly and effectively to environmental incidents, safeguarding environmental safety.

Environmental Protection Training

SIFANG continuously strengthens environmental awareness among employees and promotes green and low-carbon practices as part of its sustainability culture. During the 2025 National Energy Conservation Publicity Week, the Company aligned with the national theme of "Energy Conservation and Efficiency Improvement, Renewal-Led Development" and organized a series of online and offline initiatives. Through interactive campaigns and knowledge-sharing activities, SIFANG enhanced employees' understanding of energy conservation and environmental protection, encouraging all employees to contribute to green development through daily actions.







Pollutant Management

SIFANG recognizes that employees, local residents and the ecological environment may be affected by the Company's operations. The Company has always regarded environmental protection as an essential responsibility for sustainable development, attaching high importance to pollutant emission reduction and environmental control. It has established pollutant treatment processes, operational procedures and emergency response plans, and implemented strict full-process control over wastewater, exhaust gases, noise, and solid waste. Every year, the Company entrusts qualified third-party institutions to conduct sampling and testing of pollutant emissions to prevent any non-compliant discharges at the source, thereby safeguarding the rights and interests of its employees, local residents and the environment.

Wastewater Management

The wastewater generated by the Company is mainly domestic sewage. The Company strictly adheres to the "Environmental Protection Law of the People's Republic of China" and the "Water Pollution Prevention and Control Law of the People's Republic of China", as well as local wastewater discharge standards. The Company has obtained discharge permits in accordance with the law, implements regular septic tank cleaning and wastewater monitoring, ensuring that all wastewater is discharged into the municipal pipeline network only after meeting the standards through pretreatment.

Exhaust Gases Emission Management

The Company's exhaust gases mainly come from oil smoke generated by canteen catering activities. The Company strictly complies with the "Atmospheric Pollution Prevention and Control Law of the People's Republic of China" and local air emission standards, and effectively collects and purifies catering oil smoke to ensure exhaust gas emissions comply with national regulations.

Noise Management

The Company's main sources of noise are machining processes in the production area. The Company strictly abides by the "Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution" and the "Emission Standard for Industrial Enterprises Noise at Boundary". The Company ensures noise at the factory boundary meets standards by installing soundproofing facilities, optimizing operating hours, and conducting regular noise monitoring..



Wastewater

Management System	"Energy and Resource Management Procedures"
Applicable Standards	Comprehensive Wastewater Discharge Standard
Emission Type	Domestic Sewage
Monitoring Indicators	pH, SS, COD, Ammonia Nitrogen, Total Phosphorus, Total Nitrogen, Total Zinc
Control Measures	Regular septic tank cleaning and wastewater monitoring



Exhaust Gases

Management System	"Environmental and Occupational Health and Safety Control Procedures"
Applicable Standards	Emission Standards for Major Air Pollutants
Emission Type	Catering Oil Smoke
Monitoring Indicators	Particulate Matter
Control Measures	Regular cleaning of fume ducts



Noise

Management System	"Environmental and Occupational Health and Safety Control Procedures"
Applicable Standards	Emission Standard for Industrial Enterprises Noise at Boundary
Emission Type	Noise from machining processes in the production are
Monitoring Indicators	Equivalent Sound Level
Control Measures	Installing Soundproofing Facilities

Waste Management

The Company strictly adheres to laws and regulations such as the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste" and the "Administrative Measures for the Prevention and Control of Environmental Pollution by Electronic Waste", and has established rules for waste management. It has formulated and implemented the Waste Management Procedures, the Energy Conservation and Material Saving Management Measures and other regulations, and established a comprehensive waste classification and treatment system. The Company precisely classifies recyclables, hazardous waste and general industrial solid waste. It manages and disposes of recyclable items, minimizes resource consumption and properly handles hazardous waste. In its office areas, the Company has implemented waste sorting, formulated detailed implementation plans and trained employees on the use of designated waste bins to ensure accurate waste classification and placement. Currently, the Company's waste mainly comes from office garbage,non-conforming products during production, and packaging waste. Recyclable items are reused through recycling channels. Hazardous waste is entrusted to qualified third parties for safe disposal, and general waste is properly handled regularly after classification.



Hazardous Waste

Main Types	Waste batteries, waste oil, etc.
Handling Method	Classified collection and entrusted to qualified third-party organizations for disposal.
Performance Targets	100% entrusted to qualified organizations for disposal.



General Waste

Recyclable		Non-recyclable	
Main Types	Waste paper, packaging boxes, waste plastics, waste steel bars	Main Types	Kitchen waste
Handling Method	Classified and centralized collection for unified recycling	Handling Method	Centralized collection and entrusted to third-party organi- zations for regular disposal.
Performance Targets	100% recycled	Performance Targets	100% recycled

Clean Energy Utilization

SIFANG has established an energy management framework certified under GB/T 23331-2020 / ISO 50001:2018 energy management system certification and adheres to the principle of "Energy Transformation and Green Development". The Company has formulated systems such as the "Energy Review Management Measures", integrating green operations into all stages of the lifecycle including design, procurement, production, packaging, and logistics. In 2025, SIFANG set a target of reducing comprehensive energy consumption per unit product by 0.5% year-on-year, with a focus on improving energy efficiency, optimizing energy utilization and reducing operational costs. Through continuous energy management improvement, the Company effectively fulfills corporate social responsibilities while supporting business growth.

National Green Factory

As part of its sustainable development strategy, SIFANG continues to promote green manufacturing practices. Leveraging the achievements of its national green factory development, the Company’s Baoding production base has established a digital energy efficiency management system integrating comprehensive energy management, smart power distribution and intelligent lighting systems. The system enables real-time monitoring and intelligent management of energy generation, consumption and key energy-intensive equipment across the facility. Through systematic energy management practices, continuous assessment and process optimization, the Company improves overall energy utilization efficiency. It also continues to phase out inefficient and energy-intensive equipment while introducing intelligent and high-efficiency manufacturing equipment, achieving more precise production control and enhanced energy performance.

The Baoding production base has installed a rooftop photovoltaic power generation system with a capacity of more than 1,000 kWp. In 2025, the system generated more than 1 million kWh of renewable electricity, representing a year-on-year increase of over 30% compared with 2024, equivalent to saving more than 130 tons of standard coal. Renewable energy accounted for more than 13% of the facility’s total energy consumption, further strengthening SIFANG’s commitment to green manufacturing and sustainable operations.

Smart Green Electricity Use

To further reduce operational carbon emissions and strengthen climate governance capabilities, SIFANG continues to increase the utilization of renewable energy through initiatives including the development of self-owned photovoltaic systems and green electricity procurement. Self-owned photovoltaic facilities enable localized generation and consumption of renewable energy, while green electricity certificates provide credible verification of green electricity consumption and ensure traceability of environmental benefits. Through these measures, SIFANG continuously optimizes its energy mix, effectively increasing the proportion of green electricity in its total electricity consumption, and demonstrates its commitment to accelerating the transition toward a low-carbon energy structure.

Nanjing Base

Newly added photovoltaic capacity of 256.86 kW, bringing the total photovoltaic capacity of the Nanjing base to 357 kW, with annual green power generation of 410,000 kWh.

The "Nanjing Sifang Yien Power Automation Co., Ltd. Microgrid Project" was recognized as one of the first annual "Top Ten Cases" of energy conservation and carbon reduction by the China Energy Conservation Association and Green National Grid.



Huzhou Base

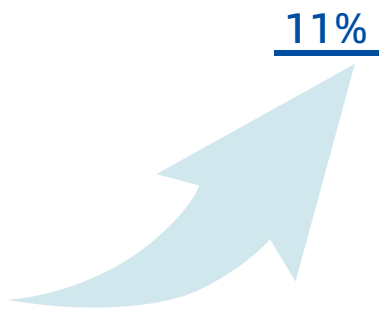
A total capacity of 767.52 kW of rooftop distributed photovoltaic power generation system, was put into use in August 2025, and had generated 300,000 kWh of renewable electricity by the end of 2025.



Purchase of green electricity certificates: 4,250 MWh







Increase in Green Electricity Trading Volume: 2024-2025

Water Resource Utilization

SIFANG implements systematic water management practices under the Energy Conservation and Material Saving Management Measures, strengthening water use management throughout the entire process of water intake, consumption, and drainage. The Company focuses on key water-use scenarios from daily operationss, and implements various water-saving initiatives such as installing water-efficient faucets, and fully upgrading water-saving equipment in office area restrooms to reduce water waste. Meanwhile, SIFANG actively promoting the concept of water conservation and enhancing employee awareness of saving water through campaigns and feedback mechanisms, fostering a company-wide culture of responsible water use. The Company's water-saving management goal is to maintain water consumption at its current level while ensuring continuous business growth through selecting high-efficiency cleaning products and promoting the renovation of water-using equipment, improving water resource management, thereby effectively supporting the Company's sustainable operations.

Circular Economy

SIFANG follows the Circular Economy Promotion Law of the People's Republic of China and has established the development of a circular economy as a core strategy to address resource constraints and achieve sustainable growth. The Company integrates circular economy principles into product packaging design, storage and transportation processes, focusing on waste reduction, resource reuse and efficient utilization. Through these efforts, SIFANG continues to build an efficient waste recycling system and promote resource conservation across its operations.

To maximize resource efficiency and minimize waste generation, SIFANG focuses on three key areas: enhancing sustainable product and packaging design; improving resource efficiency throughout manufacturing and logistics operations; and collaborating with suppliers and partners to promote sustainable value chain development. Through strict implementation of the Waste Management Procedures, the Company ensures standardized waste classification, collection and compliant disposal. The Company also conducts circular economy training and awareness initiatives to enhance stakeholder engagement and promote green, low-carbon and resource-efficient development.

In 2025, SIFANG established scheduled and fixed-route internal shuttle transportation between production bases, creating an efficient internal logistics circulation system. The initiative improved logistics efficiency, supported packaging optimization and reduced both transportation costs and packaging material consumption.

Packaging Material Reduction Measures

Packaging Material Optimization

Optimize packaging materials for production base transfers.

Annual packaging materials savings

Approx. 50,000 sets.

Packaging Reuse

Reuse packaging for instrument transformer and chassis.

Annual reuse:

instrument transformer packaging **15,000** Sets

chassis packaging **13,400** Sets

Empowering the Green Transition

SIFANG actively embraces the global transition toward clean energy and leverages technological innovation to continuously enhance renewable energy utilization efficiency. Through advanced technologies and comprehensive solutions, the Company contributes to global climate change mitigation efforts and supports the transition toward a greener and more sustainable energy system. In 2025, SIFANG was deeply involved in 705 renewable energy projects, covering a cumulative installed capacity of approximately 70 GW. The Company provided reliable, grid-friendly and flexible control solutions for renewable energy projects developed by leading domestic energy enterprises, including China Energy Investment Corporation, Huaneng Group, China Datang Corporation, State Power Investment Corporation, China Resources Group, China General Nuclear Power Corporation and China Three Gorges Corporation. Through its innovative solutions and professional services, SIFANG supports the high-quality development of the renewable energy sector and provides critical technical support for the national energy transition and the development of the new electricity system.

Wind Power

The Company actively responds to national policies for supporting the vigorous development of new energy. With internationally competitive products and innovative solutions, the Company continues to empower the large-scale deployment of wind power projects across the country and supports the development of intelligent and unmanned wind power stations by enhancing automation, digitalization and smart operation capabilities.

Participated in Wind Power Projects **295**

Cumulative Installed Capacity Approx.**30** GW

Cumulative Annual Green Power Generation Approx.**58,000** GWh

Annual standard coal savings: Approx.**17.4** million tons

CO_2 Emission Reduction Approx. **46.40** million tons

Zhejiang China Resources Cangnan No.1 Offshore Wind Power Phase II Project

The project has a total installed capacity of 200 MW and comprises 24 offshore wind turbines with an individual capacity of 8.5 MW. It is equipped with a 220 kV offshore booster station and an onshore centralized control center. Once fully operational,, the project is expected to generate approximately 690 million kWh of renewable electricity annually, equivalent to saving approximately 209,000 tons of standard coal and reducing approximately 572,000 tons of CO2 emissions each year. At the same time, it significantly reduces emissions of soot and nitrogen oxides. By improving regional renewable energy utilization and reducing pollutant emissions, the project contributes to regional energy restructuring, ecological protection and the "dual carbon" goals.



HuaNeng Xinjiang Turpan 1 GW Wind Power Project

SIFANG provided a complete set of grid-forming SVG equipment with energy storage for Xinjiang's first demonstration project of grid-forming SVG integrated with energy storage. The solution effectively addresses voltage fluctuation challenges in large-scale renewable energy base by enhancing grid disturbance resistance, improving short-circuit capacity support, suppressing transient overvoltage and providing inertia response.

The project strengthens the capability of regional power grids to integrate high proportions of renewable energy and provides critical technical support for the secure and stable operation of the new electricity system.



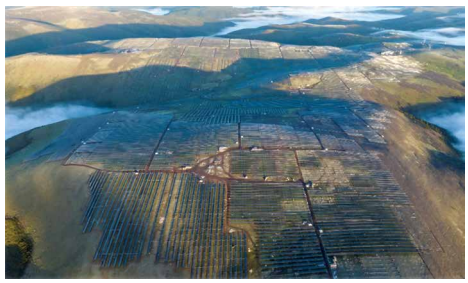
Photovoltaics (PV)

With renewable energy as its core strategy, the Company seizes the opportunities of the green and low-carbon transition and continuously increases investment and innovation, contributing to the large-scale deployment of clean photovoltaic energy.

Participated in PV Projects	Cumulative Installed Capacity	Cumulative Annual Green Power Generation	Annual standard coal savings:	CO_2 Emission Reduction
410	Approx. **40** GW	Approx. **77,000** GWh	Approx. **23.2** million tons	Approx. **61.80** million tons

Sichuan Yalong River Zhalashan Photovoltaic Power Station Project

As a key component of the Yalong River Basin integrated hydro-wind-solar complementary demonstration project, the Zhalashan Photovoltaic Power Station applies SIFANG's integrated automation systems and intelligent power control solutions. The Company addressed major operational challenges faced by mountainous photovoltaic projects, including complex geographical conditions, unstable solar resources and high maintenance requirements. Through implementing SIFANG's key equipment and integrated solutions, the project achieved millisecond-level response capability and centralized monitoring for a million-kilowatt-scale photovoltaic facility. The solution significantly improves operational efficiency and provides a replicable technical approach for the safe and reliable operation of high-altitude photovoltaic projects.



Energy Storage

SIFANG is among the earliest companies in China to engage in the R&D and commercialization of energy storage technologies. Through continuous technological innovation and extensive project experience, the Company has established strong expertise in energy storage system integration and applications. It focuses on the independent development and integrated delivery of core energy storage equipment. By leveraging its proprietary technologies and self-developed product portfolio, including energy storage monitoring systems, Energy Management Systems (EMS), Power Management Systems (PMS), Power Conversion Systems (PCS), control and protection equipment, DC-side integration systems, integrated energy storage battery containers, Battery Management Systems(BMS) and battery PACKs, the Company provides intelligent and grid-friendly energy storage solutions, with differentiated capabilities in grid frequency regulation, voltage regulation, and grid-forming control technology.

Its comprehensive product portfolio covers critical components and complete systems, enabling end-to-end delivery capabilities from individual equipment to integrated energy storage solutions.

Participated in Energy Storage Projects **266+**

Cumulative Installed Capacity Approx. **1** GW

Cumulative Annual Green Power Generation Approx. **400** GWh

Annual Standard Coal Savings Approx. **150,000** tons

CO_2 Emission Reduction Approx. **360,000** tons

Energy Storage on Renewable Energy Generation Side

For the CECEP Gansu Wuwei Photovoltaic Power Station Energy Storage Project, SIFANG delivered a 52 MW / 104 MWh energy storage system utilizing both low-voltage centralized and high-voltage cascaded technology routes.

For the 300 MW Heilongjiang Fujin Wind Power Project, SIFANG provided 30 MW grid-forming energy storage equipment, effectively improving the short-circuit ratio at the point of common coupling of the wind farm, and successfully resolving challenges associated with the transmission of renewable power.



Energy Storage on Grid Side

For the Ningxia Zhongguangdian Tongxin County 150 MW / 300 MWh Shared Energy Storage Power Station Project, SIFANG provided integrated Power Conversion System (PCS) and transformer equipment. The project enhances renewable energy consumption capacity and improves the utilization efficiency of existing grid infrastructure.



Thermal Storage Combined Frequency Regulation

For the Huadian Laizhou Thermal- Storage Combined Frequency Regulation Project, SIFANG provided a 30 MW / 30 MWh energy storage system together with a coordinated control system integrating thermal power generation and energy storage. By supporting frequency regulation operations of two generating units, the solution significantly improves regulation performance, reduces mechanical stress and operational wear caused by frequent load adjustments and enhances equipment availability and service life.

The above three application scenarios fully demonstrate SIFANG's comprehensive capabilities in energy storage technology innovation, system integration and project delivery.

Through diversified energy storage solutions, the Company continues to support the transformation of the energy structure toward a cleaner, more flexible and low-carbon electricity system.

Data Centers

SIFANG has established a comprehensive solution portfolio covering the entire value chain from renewable power generation to data center electricity consumption.

Through green computing integrated control solutions and substation automation solutions, the Company enables intelligent optimization of data center power systems, improves coordination between renewable energy supply and electricity demand and supports secure, reliable and efficient operation.

The Company's innovative "direct green electricity supply+ full DC power supply" solution breaks the efficiency bottleneck of traditional power supply architectures and supports the increasing demand for high-performance, high-density computing infrastructure.

Zhongwei Cloud Base Data Center Project

For the Ningxia Zhongwei Cloud Base Data Center, SIFANG provided a green computing integrated control system that enables intelligent coordination between renewable electricity generation and data center electricity consumption.

Through source-grid coordination and source-load interaction mechanisms, the system achieves dynamic power balancing, improves renewable energy utilization efficiency, ensures reliable power supply, and supports lower energy costs.

Located in Zhongwei, Ningxia, the cloud base data center cluster is an important component of national strategic initiatives such as "Digital China", "Cyberpower Strategy" and "East Data West Computing", leveraging regional advantages to serve as a key node in China's integrated computing infrastructure network.



Zero-carbon Industrial Parks

SIFANG continues to develop integrated solutions for zero-carbon industrial parks, focusing on the green transformation of power systems.

Through four major dimensions, including renewable energy deployment, intelligent energy consumption management, power system reliability enhancement and full-lifecycle facility O&M, the Company addresses critical challenges in zero-carbon park development, including efficient renewable energy utilization, adaptation to the new electricity system, comprehensive carbon management and optimization of energy efficiency.

Leveraging its Industrial Internet platform, SIFANG has developed a zero-carbon energy management and control platform that enables flexible integration, intelligent scheduling and coordinated operation of renewable energy generation such as wind and photovoltaic power. Through the establishment of a "source-grid-load-storage" integrated interaction framework, the Company promotes multi-energy coordination, microgrid applications and distributed energy development, builds a comprehensive optimization development pattern of energy supply and consumption in zero-carbon parks, and supports industrial parks in achieving lifecycle carbon reduction and advancing toward low-carbon and zero-carbon operations.

Henan Yulian Industrial Park Smart Power Supply Project

The project integrates intelligent power management, digital manufacturing and energy control capabilities, covering: centralized power control and intelligent inspection; online monitoring of primary equipment; power supply line monitoring; harmonic governance; smart workshop development. The project incorporates 100 MW photovoltaic power and 87 MW wind power resources.

Through overall digitalization, including automated production, integrated equipment, intelligent production and visualized operations.



SIFANG integrates smart energy management, intelligent manufacturing and digital operation systems to support the transformation of the industrial park into a lean factory, smart park and zero-carbon industrial park.

Zero-carbon Ports

In response to the "Dual Carbon" strategy and the development trend toward smart and green ports, SIFANG continues to enhance its smart port energy management platform.

The platform enables end-to-end monitoring, control and analysis of energy consumption across port operations, covering electricity, fuel and gas usage.

By integrating power dispatching, equipment management and energy-carbon management functions, the Company establishes an integrated energy management model covering energy generation, distribution and consumption.

The Company has developed an innovative three-level energy and carbon analysis framework covering ports, port areas and terminals, providing data-driven support for energy planning and carbon reduction initiatives. Through these solutions, the Company effectively empowers the green, low-carbon and sustainable development of ports and supports the construction of world-class green ports.

Green and Low-carbon Port Development Practice at Tianjin Port

SIFANG continues to support Tianjin Port Group's three-step strategic roadmap toward "zero-carbon terminals, zero-carbon port areas and zero-carbon ports", and fully advances the development of the power energy dual-carbon management system. As of 2025, Tianjin Port had achieved remarkable green development results: cumulative installed renewable electricity capacity of 152 MW, annual renewable electricity generation of 140.8587 million kWh and approximately 125,000 tons of carbon emission reduction.

In recognition of its technical strength and industry influence, the Tianjin Port Smart Energy Management Platform received the Second Prize of Tianjin Science and Technology Progress Award and the First Prize of China Ports & Harbours Association Science and Technology Progress Award in 2025.



Iron and Steel Metallurgy

SIFANG continues to expand its presence in the iron and steel metallurgy sector by providing integrated smart energy management and intelligent operation and maintenance solutions along full value chain. The Company's diversified solutions cover key areas including smart electricity management, intelligent substations, smart power plants, power quality optimization and digitalized operation and maintenance. By leveraging advanced technologies and accumulated industry experience, the Company helps steel and metallurgy enterprises enhance power supply reliability, improve smart manufacturing and optimize energy utilization. Through intelligent energy management and efficient operational solutions, the Company supports customers in achieving higher operational efficiency, energy conservation and emission reduction, contributing to the industry's transition toward green and intelligent development.

Shanxi Jingang Smart Manufacturing Substation System Project

SIFANG's next-generation smart manufacturing substation system has been successfully implemented at Jingang Group Project. Based on substation power supply, the solution integrates advanced energy management, auxiliary monitoring and operational management capabilities to establish an intelligent power management system aligned with modern energy development trends.

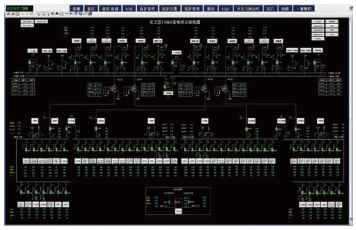
Through multi-source data integration and intelligent data networks, the system improves operational visibility and maintenance efficiency. The project supports Jingang Group in building up a green steel production base and intelligent manufacturing demonstration area, and lays a solid foundation for cooperation between SIFANG and Jingang Group in smart manufacturing and green energy transition.

Petrochemicals

SIFANG's self-developed products, including power protection, grid control, station-level automation, and power system simulation, are widely applied in the petrochemical industry. The Company provides industry customers with integrated solutions covering power generation, centralized monitoring of enterprise power equipment, smart operation and maintenance, and simulation training. This enables an "unmanned or minimally-attended" intelligent management model, ensuring a sustainable, stable, efficient, and safe power supply for industry customers.

North Huajin Fine Chemical and Raw Material Engineering Project

The North Huajin Fine Chemical and Raw Material Engineering Project represents an important initiative under China's Northeast Revitalization Strategy and the Belt and Road Initiative. For this project, SIFANG provided comprehensive power automation solutions, including two regional centralized control systems, more than 60 integrated automation systems across various voltage levels and relay protection solutions. Upon completion, the project will contribute to the upgrading of Liaoning Province's petrochemical industry toward higher-value chemical production. It also supports national strategic objectives by enhancing energy and industrial security, promoting international energy cooperation and supporting the development of a world-class petrochemical and fine chemical industrial cluster in Liaoning Province.



Rail Transit

As an important comprehensive product and solution supplier of power monitoring systems and intelligent operation and maintenance systems for the rail transit industry, SIFANG provides integrated digital operation management platforms combining cloud-based online platforms and physical infrastructure. Leveraging advanced technologies in digitalization, automation and intelligent control, the Company supports the safe, stable and efficient operation of urban rail transit systems, contributing to the digital transformation and high-quality development of China's urban rail transit industry.

Changchun Urban Rail Transit Airport Line Power Monitoring and Power Quality Monitoring System Project

SIFANG provided a comprehensive power monitoring and power quality management solution for Changchun Urban Rail Transit Airport Line. The solution enhances operational safety and reliability, improves maintenance efficiency and reduces energy consumption and lifecycle operating costs.

By supporting the intelligent and green transformation of Changchun's urban rail transit infrastructure, the project contributes to the development of an integrated "air-rail intermodal transport" hub and promotes regional connectivity, and creating a safe, convenient, efficient, and green smart transportation system.







Fulfilling Social Responsibility

Rural Revitalization Practices

In response to national strategies including rural revitalization and prioritized development of education, SIFANG Ruixiang Public Welfare Foundation actively fulfills its corporate social responsibilities and continues to support communities through targeted public welfare initiatives. In 2025, the Foundation implemented a series of programs, contributing to livelihood improvement and sustainable rural development.

Disaster Relief

Following the 6.8-magnitude earthquake in Dingri County, Shigatse City, Tibet, the Foundation provided targeted financial support for emergency resettlement, essential supplies and post-disaster livelihood restoration, benefiting approximately 200 affected households. In response to severe flooding in Miyun District, Beijing, the Foundation provided financial assistance for emergency relief, affected resident resettlement, material procurement and infrastructure restoration, covering multiple affected villages and benefiting approximately 300 households. Meanwhile, the Foundation established a standardized emergency response mechanism to enhance its disaster relief capabilities and improve the efficiency of future emergency support.

Educational Assistance

SIFANG Ruixiang Public Welfare Foundation provided financial support to Weichang Town No. 4 Primary School in Weichang Manchu and Mongolian Autonomous County. The funding was used to purchase advanced science and technology education equipment, including 3D printers and laser cutting machines, supporting the successful implementation of the school's Science and Technology Festival. The initiative benefited 2,836 students and 637 kindergarten children, contributing to improvements in rural education infrastructure and science education quality. The Foundation also provided scholarships and grants to Weichang Town No. 6 Primary School. Through a transparent and standardized selection process, financial assistance was provided to 50 students facing economic difficulties, helping reduce household financial pressure and supporting students in continuing their education.

Industrial Empowerment

The Foundation supported the idle asset revitalization project in Menggu Daying, Bairin Left Banner, Inner Mongolia. The project focused on facility renovation, environmental enhancement and the creation of culturally distinctive scenarios, while introducing an innovative operating model combining public welfare support with market-based development. Upon completion, the project is expected to revitalize approximately 22,700 square meters of idle assets and benefit around 1,400 local residents. By creating employment opportunities, expanding sales channels for agricultural and livestock products and promoting integrated development of primary, secondary and tertiary industries, the project provides a replicable model for sustainable rural development and rural revitalization.

Diverse Social Contribution

SIFANG remains committed to fulfilling its corporate social responsibilities and actively contributes to public welfare. Over the years, the Company has continuously initiated and participated in various charitable activities, demonstrating its commitment as a responsible corporate citizen and creating positive social impact.

Scholarships

The Company has established long-term and stable cooperative relationships with multiple universities. Through establishing scholarships and grants, SIFANG provides targeted assistance to students from financially disadvantaged families while encouraging outstanding students to pursue excellence through diligence and commitment. In 2025, the Company donated a total of RMB 620,000 to partner universities. The funds were specifically used to support students from financially disadvantaged families, creating a supportive learning environment and helping young students focus on academic research, achieve personal growth and pursue future success. Through effective educational assistance, the Company fulfills its corporate social responsibility.



Charitable Donations

For many years, the Party Committee of SIFANG has held the "Communist Party Members' Love Donation" fundraising event. In 2025, the Company continued this initiative under the theme "Caring for People's Livelihood and Advancing Toward a New Journey". The campaign promoted the traditional Chinese virtue of aiding the poor and helping those in need, with 146 Party members and employees actively participating and contributing to charitable causes.

Public Welfare Foundation

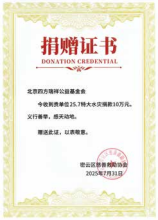
SIFANG Ruixiang Public Welfare Foundation is committed to promoting public welfare development through professional and sustainable charitable practices on a non-profit basis. With the mission of conducting charitable activities, supporting disadvantaged groups and advancing social welfare, the Foundation actively fulfills its corporate social responsibility. The Foundation has established a systematic and standardized public welfare charity management system and a comprehensive and standardized governance framework based on its articles of association and internal policies. Its governance structure consists of strategic oversight by the Board of Directors and professional implementation by the Secretariat, supported by teams with expertise in charity management, finance, legal affairs and project execution. The Foundation has also established regular reporting and public disclosure mechanisms to enhance transparency and ensure stakeholders have timely access to relevant information.

The Foundation has established a multi-level supervision mechanism incorporating internal audits, independent third-party evaluations and regular Board reviews. Through continuous monitoring, performance evaluation and improvement mechanisms, the Foundation ensures efficient, compliant and effective utilization of charitable resources. In addition, the Foundation has obtained the Social Organization 3A Rating Certificate issued by the Beijing Municipal Civil Affairs Bureau. This recognition reflects government acknowledgment of the Foundation's governance capabilities, transparency, project effectiveness and public credibility, demonstrating that its management standards meet recognized industry requirements.

The certification represents recognition of the Foundation's achievements while encouraging continuous improvement in governance, professionalism and operational capabilities. Moving forward, the Foundation will continue to strengthen its charitable initiatives and pursue sustainable, high-quality development with higher standards.







SIFANG Committee for the Wellbeing of the Next Generation

In 2025, SIFANG's Committee for the Wellbeing of the Next Generation (hereinafter referred to as "the Committee") focused on science education and social responsibility, leveraging corporate resources to support youth development. The Committee aligned its resources precisely with the growth needs of young people, thoroughly implemented the "enhancing science education" requirements under the "double reduction" policy, and actively promoted innovation in the school-enterprise collaborative education model. Through its long-term partnership with Shangdi Education District and participation in the "Double Hundred Action" science outreach program, SIFANG organized technical experts and senior lecturers to deliver science lectures and open courses, including "Exploring the Wonderful World of Electricity". By integrating corporate technological expertise with educational resources, the Company helps inspire young people's interest in science and cultivate future innovation capabilities.

For children in need, the Committee carried out household visits to better understand their actual circumstances and provide targeted support. Through the "Books Deliver Hope, Paintings Warm Children's Hearts" public welfare campaign, the Committee donated 685 books and 53 painting sets to primary schools in Weichang County, Hebei Province, bringing educational resources and care to children facing difficulties. Within the Company, the Committee partnered with the Labor Union to establish a summer childcare program for the children of 45 employees', providing diversified courses such as traditional culture, sports and exercise, and safety science popularization, effectively solving childcare needs of employees during summer vacations and actively building a family-friendly workplace.

Furthermore, the Company actively participated in the development of the social science popularization system and took part in compiling the educational publication "General Science Courses Hidden in Large Factories", showcasing corporate technology stories and innovation achievements while bringing accessible science knowledge to a wider youth audience.

In 2025, the Committee's work was positively recognized during a research visit by Haidian District Committee for the Wellbeing of the Next Generation. As the only enterprise representative invited to speak at the district-level consultation meeting, the Company shared its practices and achievements in youth development, ideological and moral education and school-family-community collaboration. These efforts demonstrate the Company's commitment, as a responsible enterprise, to promoting scientific literacy among young people and supporting their healthy growth.

Innovation-Driven Development

SIFANG has always upheld its commitment to strengthening technological innovation capabilities and continuously improving its R&D management system. With products deployed nationwide and exported to more than 90 countries and regions, the Company has established R&D centers in Beijing, Wuhan and Nanjing, forming a collaborative innovation model featuring "centralized platform coordination + agile business unit response". Under this model, the Company's R&D center coordinates strategic resources and technology planning, while business units respond efficiently to market-specific requirements. Through dynamic allocation and integration of R&D resources, together with continuous optimization of organizational structures and operational processes, the Company enhances its ability to respond to market changes and supports strategic initiatives including new product development, product upgrades, expansion into emerging markets and advanced technology research.

SIFANG has established a comprehensive R&D innovation management framework. In terms of technology layout, the Company's Technology Committee oversees innovation resources and leads long-term technology development and targeted technological breakthroughs across key areas. In terms of R&D management, the R&D Management Committee coordinates R&D governance, including talent development, quality management and efficiency improvement, promoting integrated and standardized R&D operations.Through continuous optimization of the PAC preliminary review mechanism, the Company improves resource allocation efficiency, strengthens technology reuse and achieves overall optimal allocation and rapid decision-making response. In response to the rapid evolution of AI technologies, the Company established an AI Studio to accelerate AI applications across multiple business areas, including power generation and consumption, transmission and transformation, distribution, energy storage and testing. By integrating advanced AI capabilities into R&D processes, the Company enhances product design efficiency, improves design quality and accelerates technological innovation.

With the accelerated development of AI technologies and the resulting transformation of the power infrastructure landscape, SIFANG closely monitors global AI industry trends and seizes emerging opportunities in AI Data Centers (AIDC), particularly in high-density computing power deployment and advanced power supply systems. The Company is actively developing key power electronic products and solutions, including Solid-State Transformer (SST) solutions for AIDC applications, to support next-generation power distribution architectures. By enabling more efficient, reliable and flexible power systems, SIFANG aims to address the high-density, high-reliability and high- efficiency power supply demand of AIDC, while continuously improving space utilization and overall energy performance.



Technical Personnel	R & D Personnel	R&D Investment	Industry Positions
2637 people	1390 people	730 RMB million	150+ Positions
>64% of total employees	>33% of total employees	~9% 9% of revenue	Personnel serving in industry technical and academic organizations and assisting in drafting standards

Technological Achievement Appraisal:

7 technological achievements passed authoritative appraisal, all at internationally leading levels, and 4 new products and technologies also passed appraisal.

National Key R&D Programs:

The Company has undertaken 17 national key R&D programs.

Intellectual Property Protection

SIFANG places significant emphasis on intellectual property (IP) protection and continuously strengthens IP management capabilities. Through a comprehensive IP management system and strict compliance with applicable laws and regulations, the Company has been recognized as a "National Intellectual Property Advantage Enterprise". In 2025, SIFANG successfully passed the reassessment as a Beijing Intellectual Property Advantage Enterprise, while its trademarks were recognized as Beijing Well-known Trademark Brand.

The Company has established a systematic IP management framework covering the entire lifecycle of intellectual property, including creation, protection, application and commercialization. IP compliance measures are embedded across key business processes, including R&D, manufacturing, sales, supplier management, human resources and compliance review. The Company has established a dedicated IP management team under the guidance of the Technology Committee. The team is responsible for IP governance, innovation achievement applications, technology intelligence analysis and commercialization of IP assets, ensuring that IP resources effectively support business development.

Protecting Proprietary IP and Enhancing Value Creation

Oriented toward serving strategic development and enhancing core competitiveness, the Company leverages AI-powered search tools to improve patent intelligence monitoring, technology analysis and potential risk identification. Through forward-looking IP planning in key technology fields, together with patent filings, software copyright registrations and trademark protection, the Company continues to build technological advantages and strengthen its brand protection framework. The Company also conducts regular internal and external training programs to enhance employees' IP awareness and establish a company-wide culture of IP protection.

Respecting and Protecting the IP of Others

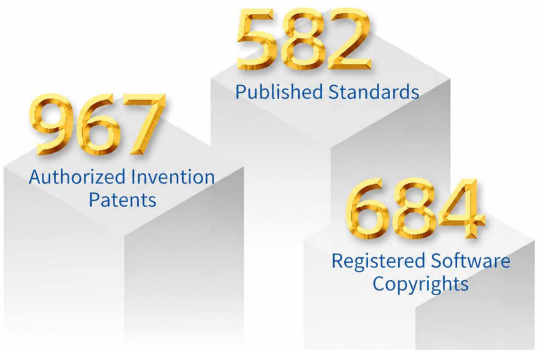
The Company has established a categorized patent risk monitoring and early warning mechanism, integrating patent intelligence analysis throughout the R&D lifecycle. Through proactive IP risk assessment and continuous compliance review, the Company effectively prevents potential infringement risks and ensures that innovation activities and business operations are conducted in compliance with applicable requirements.

Honors

National High-Tech Enterprise
National Technology Innovation Demonstration Enterprise
National Enterprise Technology Center
National Industry-University-Research Cooperation and Innovation Demonstration Enterprise
Standardization Pilot Unit of the Zhongguancun National Independent Innovation Demonstration Zone
Manufacturing Single Champion Enterprise
National Intellectual Property Advantage Enterprise
Beijing Intellectual Property Advantage Enterprise
Haidian District Standard Innovation Unit
Electrical Industry Standardization Demonstration Enterprise

Scientific and Technological Awards

China Patent Gold Award | 1
Beijing Patent Award | 5
China Standard Innovation Contribution Award | 11
Electric Power Innovation Award (Standardization Achievement) | 1



210+

Provincial and ministerial-level (and above) Scientific and Technological Awards

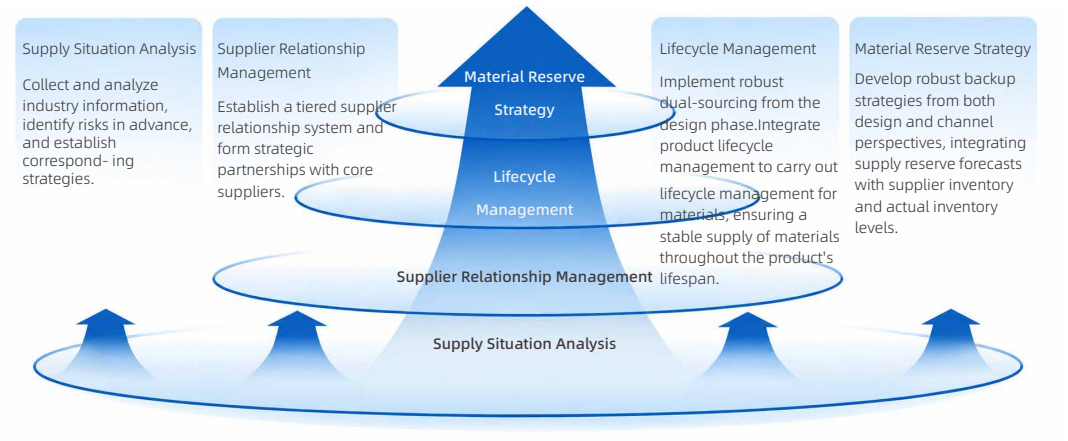
40+

National Key R&D Programs

Supply Chain Security

Supply Chain Management

As a key participant in the power system industry chain, SIFANG deeply integrates environmental, social, and risk governance into its supply chain strategic planning. By building a full lifecycle management mechanism covering supplier onboarding, performance evaluation, risk early warning, and elimination, the Company systematically strengthen supply chain resilience and sustainable development. The Company embeds requirements such as energy management systems, green factories, hazardous substance control, as well as occupational health and safety management and environmental management systems into the supplier onboarding audit process. Through cross-departmental task forces, the Company conducts spot inspections of key suppliers to ensure the safety, stability, and sustainable development of the supply chain.



Supply Chain Enhancement

SIFANG leverages digital technologies to strengthen supplier management and improve supply chain efficiency. The Company has implemented a new Supplier Relationship Management (SRM) system and enhanced supplier quality management capabilities through iterative upgrades of the supplier quality management module in the Quality Management System (QMS).

By optimizing supplier evaluation mechanisms, strengthening supplier classification management and refining procurement strategies, the Company continuously improves supply chain resilience and achieves 100% closed-loop management of quality issues through the QMS system. Through the SRM platform, supplier development processes are digitally managed with enhanced transparency, real-time data integration, intelligent processing and cross-functional collaboration. The Company has further standardized and automated procurement management processes, enabling more accurate supplier evaluation, and comprehensively enhancing supplier management and procurement delivery capabilities. Furthermore, SIFANG actively develops strategic partnerships with domestic industry participants to strengthen cooperation and build a more secure and resilient domestic supply chain ecosystem. Through the Supplier Non-compliance Behavior Management Measures, the Company reinforces compliance oversight across the supply chain, and has established transparent reporting channels and promptly investigates any misconduct, including fraud, corruption or other violations, ensuring ethical business practices, supply chain integrity and protection of corporate reputation.



Sustainable Supply Chain

SIFANG advances the low-carbon transition and efficiency improvement of the supply chain through the integrated approach of "green transformation + digital transformation". From a green supply chain perspective, the Company prioritizes procuring products from suppliers certified as national green factories, promotes packaging reduction and the use of recyclable materials, and encourages suppliers to conduct carbon emissions and product carbon footprint accounting. On the digital side, the Company has connected remote video monitoring systems at key production nodes with its ERP system to deepen collaboration with suppliers. Through intelligent monitoring systems, the Company improves production efficiency and cost control, promoting high-quality development of a green and intelligent supply chain. The Company systematically integrates sustainability factors into the entire procurement process, taking into account environmental, social and economic impacts, transforming the supply chain from a cost center into an engine that creates long-term value, enhances resilience and drives innovation. The Company implements procurement sustainability at every key stage, from procurement strategy formulation, supplier selection and management, to risk assessment and contract management.



Fair Treatment of SMEs and Medium-Sized Enterprises(SMEs)

Fair Cooperation

The Company is committed to providing fair cooperation opportunities for SMEs. In procurement and project bidding, it sets reasonable scales and thresholds for different material categories to ensure that SMEs can participate. When cooperating with various enterprises, the Company follows fair commercial terms and transaction rules, provides equal opportunities for competition, encourages performance based on capabilities and makes payments in accordance with contractual terms. For small and medium-sized suppliers, the Company adheres to fair pricing principles, strictly complies with contractual payment terms, and safeguards suppliers' legitimate returns and stable cash flows.

Information Sharing and Communication

The Company values good communication and information sharing with its suppliers. It promptly shares key information such as market dynamics, industry trends, and product demand, helping SMEs better understand the market, adjust their production and business strategies, and jointly respond to market changes and risks.

Empowerment and Support

The Company actively builds a risk-sharing and capability-building mechanism with key SME suppliers. For strategic suppliers, the Company provides project-based financial support to help ease funding pressures and strengthen cooperation stability. For deeply integrated suppliers, the Company conducts annual quality improvement activities, providing on-site expert support, technical assistance and joint R&D to enhance competitiveness and resilience across the value chain.

Product and Service Safety & Quality

Product and Service Quality Management

SIFANG has fully implemented the national strategy of building a "quality-oriented nation" and has developed a core quality culture centered around the philosophy of "pursuing quality is pursuing the future". The Company has established a standardized, rigorous, practical, efficient and adaptable quality management system, and has obtained the ISO 9001 Quality Management System Certification and the CMMI Level 5 certification, the highest maturity level certification in the software industry.

The Company strictly implements a quality accountability system with senior management accountability and has established a Quality Leadership Group headed by the President, which is responsible for the systematic planning and ongoing implementation of the Company's quality culture development initiatives. Throughout the year, the Company continuously conducted various quality-themed activities to enhance employees' awareness and emphasis on quality, foster a shared commitment to quality across the organization, and encourage all employees to actively participate in quality management.

In 2025, the Company optimized and revised the Regulations on Rewards and Punishments for Quality Incidents, further strengthening the closed-loop management and accountability mechanisms for quality incidents. By clarifying quality responsibilities at all levels, strictly implementing the accountability and incentive assessment system for quality incidents, the Company enhanced employees' sense of responsibility for quality management and cultivated a quality culture characterized by proactive responsibility-taking, problem identification and efficient resolution, significantly improving the internal response and handling efficiency of quality incidents.

Meanwhile, the Company actively promoted a preventive quality management mindset among all employees and established a special incentive mechanism for quality hazard investigation and quality improvement to continuously enhance product quality. Throughout the entire production process, the Company leverages digital technologies to conduct quality risk data analysis and prediction. Through the QMS system, the Company has established a product lifecycle quality traceability system, enabling scientific, refined and traceable quality management.

Quality Management Philosophy	Quality Priority
Quality Policy	Quality is Dignity, Total Commitment to Quality, Prevention-Oriented, Zero-Defect Delivery



Customer Service Management

Management Policy

- **Customer First--Starting from a focus on "customer satisfaction."**
- **People-Oriented--Supported by the fulcrum of "cultivating professional talent."**
- **Quality Priority--Following the main line of "lean management."**
- **Innovation-Driven Development--Propelled by the driver of "innovating service models."**

SIFANG continuously monitors changes in customer demand, improves its customer satisfaction management mechanisms, enhances customer experience and service capabilities, and builds an agile and efficient service team to support the growth of its core business.

Engineering services are supported by the ISO 20000 Service Management System, the ESP information platform and the digital call center platform. The Company continues to promote the construction and visualization transformation of service process architecture, while strictly implementing the service commitment of "first-contact ownership and issues do not stay unresolved overnight."

Through a 24/7 service hotline and standardized complaint handling procedures, the Company achieves full recording of customer needs, monitored handling time, feedback surveys focusing on experience, and mandatory accountability for complaint incidents, ensuring rapid response and resolution of customer needs, and ensuring the safe and stable operation of customers' products and systems while delivering enhanced service experiences.

Meanwhile, the Company further enhances service capabilities through AI technologies. By leveraging its electronic document download system, the Company promotes green operations and reduces carbon emissions. Through large language model (LLM) technology, the Company improves the accuracy of service issue identification and first-time resolution rates, strengthening service sustainability and digitalization capabilities, supporting the development of an agile and efficient service team, enhancing customer satisfaction through high-quality services, and driving sustainable high-quality growth of its core business.

Major Event & Project Support Services

In response to customer needs, we provide reliable support for major events and key milestones of major projects nationwide. We formulate scientific and comprehensive support and emergency response measures across service teams, expert teams, spare parts reserves and other resources.

Emergency Incident Response

We provide 24/7 on-site emergency response services. Professional technical teams establish dedicated emergency response task forces and uphold the SIFANG spirit of "issues do not stay unresolved overnight", ensuring safe and reliable solutions and facilitating the rapid resolution of incidents.

On-site Support Services

We have the capability to undertake station-side commissioning and operation and maintenance services, as well as engineering solution development. Our services cover power grids, power plants, distribution networks, DC systems and power electronics, rail transit, security, industrial control, simulation and other fields. Our engineering service teams undergo regular theoretical and system training and are available 24/7 for on-site dispatch.

Technical Support Services

With professional technical teams, we provide users with detailed technical solutions and analysis services, establish a rapid response mechanism for user inquiries, and provide 24/7 support for the operation and maintenance of equipment and application systems.

Call Center Platform Support

Our professional call center enables rapid response to customer needs, comprehensive recording, effective tracking and closed-loop management, with a focus on customer experience in follow-up surveys and return visits. Accountability is enforced for all complaints.

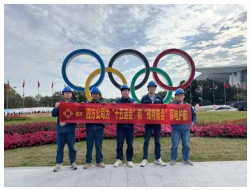
IT Platform Support

We provide comprehensive information technology support through the ISO 20000 service management system and the ESP Engineering Service Dispatch and Command Platform, delivering efficient and high-quality services to users.

In 2025, the Company achieved further breakthroughs in service capabilities and business performance. The intelligent customer service system continued to deliver strong results, with intelligent Q&A services recording over 550,000 visits in aggregate, including an average monthly usage volume of more than 6,300 multi-round Q&A sessions. The "One-Code Access" service provided over 20 types of electronic document download services, with cumulative downloads exceeding 440,000 copies and the highest monthly downloads reaching 57,450 copies, providing domestic and overseas customers with intelligent, efficient and convenient services and significantly improving service quality and customer satisfaction.

In terms of project execution, the Company undertook 246 key engineering projects in 2025, covering multiple fields including ultra-high voltage transmission, synchronous compensators, offshore wind power, centralized control stations, DC de-icing and energy storage. The Company received 690 customer commendation letters from engineering sites during the year.

In addition, closely following customer needs, the Company provided reliable support and rapid response for major national events and critical milestones of major projects across China. By developing optimized support plans and emergency response measures covering service teams, expert teams and spare parts reserves, the Company successfully completed 14 key power supply assurance missions throughout the year, including the 80th Anniversary of the Victory of the War of Resistance Against Japanese Aggression and the World Anti-Fascist War, the Shanghai Cooperation Organization (SCO) Summit and The World Games 2025 Chengdu. Through proactive preparation and precise execution, the Company achieved zero failures and zero errors in power supply assurance areas, earning high recognition from customers through strong professional capabilities and a high sense of responsibility.







Data Security and Customer Privacy Protection

Information Security

SIFANG places high importance on the construction of its information security system, continuously increasing investment to comprehensively build a robust information security management framework. The Company strictly adheres to national laws and regulations, follows the ISO 27001, and has obtained certification under the latest applicable version of ISO 27001 to ensure that its information security policies and management measures align with industry best practices.

The Company regularly conducts information security attack and defense drills and phishing email simulation exercises to enhance employees' awareness of information security and data protection. In response to increasingly complex cybersecurity threats, the Company regularly performs risk assessments and introduces advanced technical measures. In 2025, based on its existing defense-in-depth security architecture, the Company introduced a zero-trust security protection framework, further strengthening secure network access management and fine-grained authorization controls, thereby ensuring the effectiveness, advancement and compliance of information security measures.

By establishing an integrated linkage mechanism between cloud-based and on-premises security operations, the Company has established a 24/7 uninterrupted defense and timely response mechanism for its core assets, providing a solid foundation for the stable development of the Company's business.

Uninterrupted Protection for Critical Assets **7/24**

Detected and repelled **1.63** million attacks

Resolution of Severe and High-Level Threats **100%**

Information Security Incidents **0**

Customer Privacy Protection

SIFANG attaches great importance to customer privacy, having formulated systems and regulations such as the "Data Management System," "Data Asset Management Standards," and "Data Security Management System." These regulations classify and label data assets at different levels, clarify the principles for data collection, use, storage, and sharing, and ensure that the Company's important assets and customers' sensitive information remain secure, confidential, and complete. Through a series of strict measures, including data encryption, access control, data leakage prevention, and approval and audit procedures for external data transmission, the Company guarantees the confidentiality and integrity of customer data. The Company is committed to fully safeguarding the legitimate rights and interests of its customers, promoting a sustainable and trustworthy business relationship, and providing customers with reliable services.

Data Asset Classification & Grading

Classify corporate data assets into 10 major categories and more than 1,000 items. Define data levels and scope of knowledge, to prevent unauthorised data circulation beyond the prescribed scope.

Identity & Access Management

Deploy zero-trust access and information system permission controls. Ensure customer information is only used for authorised, business-necessary purposes and prevent data misuse.

Data Encryption Technology

Encrypt customer information in transit and at rest to prevent external data breaches and ensure the end-to-end security of customer data.



Employee Rights and Well-being

Talent Development

SIFANG regards talent as its most important asset and seeks to continuously enhance organizational vitality to drive the business. The Company continuously optimizes its talent management mechanisms and enhances its brand image. It places great emphasis on talent cultivation, having perfected its talent structure and strengthened its talent pipeline. It continuously enhances employee training and skill improvement, ensuring an adequate talent pool, a well-structured talent pipeline and an optimized workforce structure, thereby enabling the Company's sustainable development.

Based on its strategic goals, business development direction and the needs of its talent pipeline, the Company has formulated a talent development system. It has established a long-term and effective incentive mechanism to enhance corporate cohesion and provide a broad platform and growth space for high-quality talent, supporting the Company's high-quality development.

Broaden Channels to Attract Top Talent

Expand recruitment channels and attract top innovative talent:

The Company actively explores talent strategies and attracts top professionals within the industry through various channels such as industry forums, talent exchange meetings, headhunting, internal recommendations and online platforms. It specifically targets high-end talent in fields such as new energy, smart grids, smart energy consumption and energy storage to inject vitality into the Company's innovation and development.

Build the Company's industry brand identity and precisely position talent needs:

The Company participates in university-enterprise cooperation and showcases its industry influence and leadership in technology R&D, standard setting and patent authorization through various channels. This allows the Company to accurately position and screen for relevant talent, enhancing their sense of identification and pride. Simultaneously, through a joint training model, the Company promotes common growth for both its talent and itself.

Optimize talent development mechanisms to support employees' professional and career development:

The Company has established a comprehensive talent development and training system, continuously improving the professional qualification system and expanding the coverage of job qualifications. This clarifies the career development path for technical personnel. By strengthening the alignment between job qualifications, employees' capability improvement and organizational needs, the Company continues to optimize career advancement channels and supports employees' professional and career development through institutionalized frameworks and standards.

University-Enterprise Exchange

The Company builds a bridge for talent cultivation and academic exchange through various university-enterprise interaction formats such as campus visits, open days and practical training. It has constructed a platform that closely integrates industry, academia and research, achieving a win-win situation for both universities and enterprises.

Recognize Excellence and Improve Talent Incentive Mechanisms

Honorary Incentives

To ensure the timeliness and longevity of the incentive model, encourage R&D and innovation, the Company implements timely recognition that is linked to performance appraisal. Through a tiered and categorized honor and recognition management system, the Company enhances employees' innovation capabilities and team cohesion. By creating scenarios for significant contributions, tackling tough challenges, and fostering individual development, the Company stimulates employees' sense of honor, accomplishment, and belonging, thereby inspiring their enthusiasm and creativity. In 2025, the Company awarded honors including Outstanding Team, Outstanding Manager, Engineering Service Star, Innovation Star, Global Star, Outstanding Project Manager and Rising Star, covering over 740 individuals.

Equity Incentives

To continuously deepen the long-term incentive system and mobilize the enthusiasm of managers and core personnel, thereby promoting the Company's sustainable development, the Company has launched the "Qihang (Voyage) No. 2 Restricted Stock Incentive Plan", granting restricted shares to 524 core employees. As of 2025, the vesting conditions for all three unlocking periods had been satisfied, successfully fulfilling the Company's commitment of value return to its core talent.









Focusing on the Future and Improving the Talent Development System

SIFANG attaches great importance to employee development and capacity building, continuously improving the training management system and regulations, integrating and optimizing internal and external training resources, and expanding diversified training methods to accurately match business development needs and talent strategy planning.

As the Company's professional training platform, SIFANG Academy has established a systematic, hierarchical and categorized and phased training system, aiming to achieve deep integration between employee career development and organizational growth.

Management Training

The Company systematically promotes management development programs covering senior managers, middle-level managers and young talent, involving more than 200 participants. By integrating internal and external expert resources, the Company adopts diversified training approaches, including case studies, simulation exercises, specialized workshops and action learning, to systematically enhance participants' strategic thinking, organizational management capabilities and practical leadership skills. The programs are implemented at different levels with targeted empowerment: For senior and mid-level executives, the focus is on strengthening strategic planning and organizational performance improvement capabilities; For middle-level managers, the focus is on enhancing comprehensive management capabilities and cross-functional collaboration; For future management candidates, the focus is on strengthening management fundamentals and team leadership skills. These initiatives provide strong support for the Company's sustainable corporate governance and talent pipeline development.



R&D Capability Enhancement Training

For R&D personnel with different levels of experience and development directions, the Company provides specialized R&D management training programs to enhance technological innovation capabilities, project management skills and product planning capabilities, ensuring continuous development of high-quality talent within the R&D system.



New Employee Orientation

In 2025, more than 400 campus recruits and experienced hires participated in new employee orientation programs.

Through various formats including introductory internships, classroom lectures, team-building activities, site visits and practical exercises, the Company helped new employees quickly understand the Company's corporate culture, business and products, rules and regulations, acquire basic job skills, and accelerate team integration and role transition.







Professional Capability Improvement

The Company organized a number of career transition camps, aiming to continuously develop and deploy cross-functional talent for various business lines. Meanwhile, the Company expanded internal career development pathways, providing systematic support for diversified role allocation and employees' professional and personal growth through institutional mechanisms.

Offlne Training

Offline Training : In 2025, the Company invited industry experts and scholars to conduct 45 specialized training sessions covering policy interpretation, technological frontiers and management practices. For training projects centrally organized by the Company, the average offline learning duration per employee reached 28.7 hours.

Online Training

Leveraging the "SIFANG Online Learning Platform", the Company established a comprehensive digital course library. In 2025, the average online learning duration per employee reached 13.16 hours.

Through regularly issued training weekly calendars, the "Weekly Recommendation" micro-course series and short-video-based mandatory courses covering information security and workplace safety, the Company ensured efficient learning coverage and enhanced the learning experience.

2025 Average Learning Hours Per Employee

>41Hours

2025 Invited Experts for Offline Training

45 Sessions

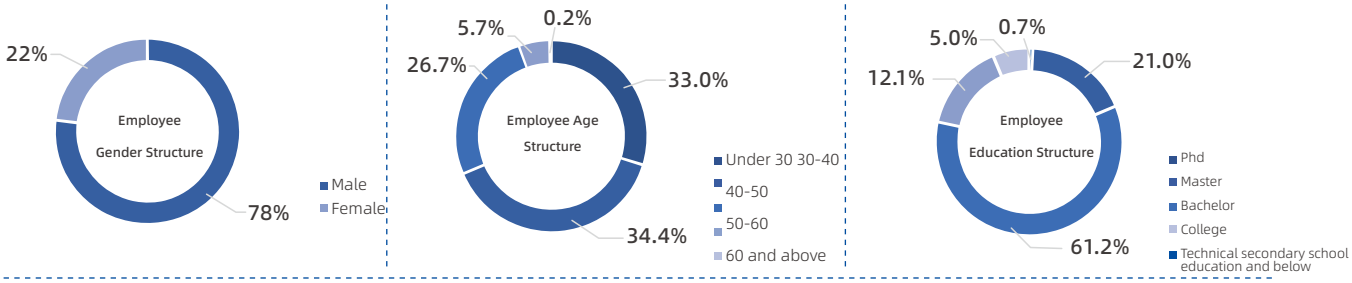
Employee Rights and Interests

SIFANG adheres to the core value of being "people-oriented," standardizes labor and employment in accordance with the law, protects the legitimate rights and interests of employees, and practices the principles of fair and diverse employment. The Company has established systems covering labor contract management, recruitment, leave, and educational training, optimizing its human resources management mechanism to ensure that employees legally enjoy rights such as pensions, medical care, work-related injury benefits, unemployment insurance, and maternity benefits. At the same time, the Company has improved its compensation policies and formulated a "Compensation Management System" and a "Performance Management System" to implement a fair and reasonable compensation and welfare framework that offers competitive remuneration. Through an integrated short, medium, and long-term incentive mechanism and welfare policies, the Company stimulates employee potential, enhances satisfaction, maximizes the value of its talent, and promotes the Company's sustainable development.

Fair and Standard Employment

The Company strictly abides by the "Labor Law", the "Labor Contract Law" and the policy regulations of its overseas operating regions to protect the legitimate rights and interests of employees. It adheres to a people-oriented approach, advocates for equal employment and opposes any form of discrimination, not implementing differentiated hiring based on age, gender, nationality, ethnicity, or other differences, and adheres to the principle of equal pay for equal work. The Company strictly reviews the qualifications of new hires to ensure a 100% labor contract signing rate, explicitly prohibits the recruitment and employment of child or forced labor, strictly forbids internal personnel from recommending child labor, and eliminates such practices from the source and upholds the philosophy of fair and standardized employment.

Personnel Composition



Rights and Interests of Female Employees

The Company values and respects its female employees, creating a "caring" work environment to protect their legitimate rights. It strictly enforces national and local regulations regarding maternity leave, breastfeeding leave, and extended maternity leave for female employees, ensuring they fully enjoy parental leave, nursing leave, and other rights, thereby safeguarding their legitimate labor rights and physical and mental health. At the same time, the Company provides facilities such as nursing rooms and dedicated refrigerators for breastfeeding mothers to effectively address their practical needs. To further protect the rights and interests of female employees, the Company has established a Female Workers' Committee within the labor union. Through holiday greetings and themed activities, the Company enhances the workplace happiness of its female employees, fostering an atmosphere of equality and respect.

Effective Communication Channels

The Company actively cultivates positive employee relations, establishing an open, mutually trusting, and transparent two-way communication environment to promote harmonious labor relations. Through activities such as labor unions, employee representative meetings, executive-level forums, and employee satisfaction surveys, the Company smooths communication channels for employees and effectively safeguard their rights to information, participation, and supervision, and allows them to understand the Company's development and engage in its management. For issues raised by employees, the Company actively investigates and promotes solutions, improving employee satisfaction and their sense of belonging, and fostering a culture of unity and collaboration.

Production Safety

SIFANG strictly complies with the Production Safety Law of the People's Republic of China and relevant regulations.

In 2025, the Company revised various safety management documents, including the Production Safety Information Reporting Management System and the Fire Safety Management System, as well as related safety management forms, continuously improving its workplace safety management system.

The Company established the Production Safety Committee (the "Safety Committee"), chaired by the President and vice-chaired by Vice Presidents, responsible for overall workplace safety management, formulation of technical measures and plans, as well as safety inspections and supervision.

Meanwhile, the Company has established and continuously operated the Occupational Health and Safety Management System (ISO 45001:2018) and the Production Safety Standardization Management System. In 2025, the Company successfully passed the annual review and certification of ISO 45001:2018 Occupational Health and Safety Management System. The Company strictly implemented a dual prevention mechanism combining hierarchical safety risk management and hazard identification and remediation, ensuring continued stable improvement in workplace safety performance.

Production Safety Objectives and Accountability

The Company aims for "Zero deaths and serious injuries due to work, and zero lost-time accidents," establishing a safety-first development philosophy. Guided by these goals, the Company provides a strong safety net for high-quality development. At the beginning of each year, the entire organization signs a safety production responsibility agreement, clarifying the safety responsibilities of leaders at all levels and employees, and ensuring that accountability cascades down through each layer. Through a hierarchical accountability system, the Company assigns clear safety responsibilities and objectives to personnel at all levels, ensuring a stable and safe working environment and supporting the successful completion of annual operational objectives.

Safety Emergency Management

To effectively respond to safety accidents and minimize casualties and property losses, the Company has released various production safety emergency rescue plans. In 2025, the Company updated emergency rescue plans at its Baoding, Nanjing and Huzhou bases. The Company conducts emergency drills annually. In 2025, various operating bases conducted more than 40 emergency drills. Through different types of emergency drills and exercises, the Company continuously improves its ability to respond to sudden production safety accidents.

Employee Benefits and Care

SIFANG continuously improves its welfare policies, strictly adhering to laws and regulations such as the "Social Insurance Law" to fully implement corporate social responsibility and earnestly protect the legitimate rights and interests of its employees. On this basis, the Company has further enriched its welfare system to create a diverse, demand-oriented, safe, and secure work and living environment. Through comprehensive employee care initiatives, the Company enhances employees' sense of well-being and belonging, laying a solid foundation for sustainable development.

Occupational Health

The Company has established an Occupational Hygiene Management Committee, built a comprehensive occupational health management framework, and implemented the responsibility for preventing and controlling occupational diseases. The Company strictly follows national laws, regulations and internal policies, conduct annual testing for occupational disease hazards, and performs occupational health status evaluations every three years. All testing and evaluation results have met regulatory requirements. The Company has formulated and implemented occupational health management policies and operating procedures to prevent and control occupational hazards, prepare emergency plans, and ensure a clean and hygienic work environment, thereby safeguarding the physical and mental health of its employees.

Each year, the Company organizes health examinations for all employees and regularly holds mental health lectures to fully protect employee health. For positions with occupational hazards, the Company provides complete protective equipment and requires its proper use. The Company also invites professional institutions to conduct on-site physical examinations for relevant positions, and no cases of occupational diseases have been found. Concurrently, the Company regularly commissions third-party organizations to conduct on-site sampling, testing, and evaluation, with all results meeting national standards. The Company has also strengthened occupational health awareness, regularly organizes occupational health knowledge training to enhance employees' awareness of occupational health and protection, and conducting professional qualification assessments for occupational health management personnel to ensure they effectively perform duties.

In addition, the Company adopts multiple measures to support employees' physical and mental well-being, including organizing health seminars, establishing and operating employee health canteens, and setting up Catering Committee to conduct regular assessment and supervision of catering service providers. Local labor unions actively organize cultural and sports activities to promote employees' positive spirit.

Beijing

Jointly conducted 2 sessions of CPR emergency response training with the Red Cross Society of Haidian District

Baoding

Organized employees to donate for medical treatment of employees in difficulty, passing on mutual care

Huzhou

Held the 2nd "Vitality Cup" 3-on-3 basketball tournament and shooting competition to enrich employees' leisure time

Nanjing

Organized traditional Chinese medicine health services, including pulse diagnosis, scraping therapy, cupping and moxibustion

Wuhan

Participated as a team in the fun sports event organized by the Science and Technology Park of Huazhong University, showing team vitality











Holiday Greetings

The Company organizes a variety of colorful activities for holidays and festivals, providing care and comfort to relevant employees and their families on occasions such as Children's Day and Women's Day. During traditional festivals, the Company organizes a variety of cultural activities. Some production bases also provide childcare services for employees' children during winter and summer vacations, allowing employees to deeply feel the Company's care and warmth and fostering a strong sense of belonging and a supportive corporate culture.







Family Care

Housing Support

To help employees alleviate housing pressure, The Company provides public rental housing and dormitory resources for them to apply for, assisting employees in securing stable living conditions. In 2025, The Company leased 175 units of public rental housing, resolving the accommodation issues for 204 employees and their families.

Summer Childcare Program for Employees' Children

Sifang Committee for the Wellbeing of the Next Generation, partnered with the Labor Union, established a summer childcare program for the children of 45 employees', providing diversified courses such as traditional culture, sports and exercise, and safety science popularization, effectively solving childcare needs of employees during summer vacations.

Overseas Assignment Benefits

For employees assigned overseas, The Company purchases additional accident and international travel insurance to fully guarantee their personal safety during their work abroad.







Sustainability-Related Governance

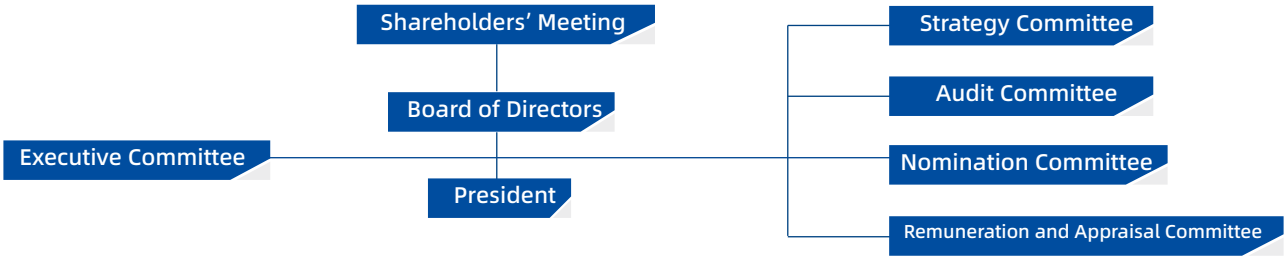


Corporate Governance

SIFANG operates in strict compliance with relevant laws and regulations, including the "Company Law of the People's Republic of China", the "Securities Law of the People's Republic of China" and the "Code of Corporate Governance for Listed Companies", to maintain a sound and standardized corporate governance structure. The Board of Directors focuses on effective and well-informed decision-making, while strengthening the management team's operational responsibilities to support the Company's sound and orderly development. In recognition of its corporate governance practices, SIFANG was selected by the China Association for Public Companies as a "2025 Excellent Practice Case for Sustainable Development of Listed Companies" and a "2022 Excellent Practice Case for Boards of Directors of Listed Companies".

Corporate Governance Structure

A sound corporate governance mechanism is of great significance to the high-quality development of the Company. SIFANG has established a standardized governance structure consisting of Shareholders' Meeting, Board of Directors, and senior management, clarifying the responsibilities and work procedures of each organizational body. The Board of Directors has established a Strategy Committee, an Audit Committee, a Nomination Committee, and a Remuneration and Appraisal Committee. Each special committee fully leverages its professional expertise and talents in decision-making and review of major issues, ensuring the scientific rigor and rationality of decision-making and providing a solid guarantee for the Company's healthy and sustainable development.



The Eighth Board of Directors

Chairman: Gao Xiuhuan

Executive Directors: Gao Xiuhuan, Liu Zhichao, Zhang Tao, Zhu Zhaohui, Zhao Zhiyong, Xi Shuyang

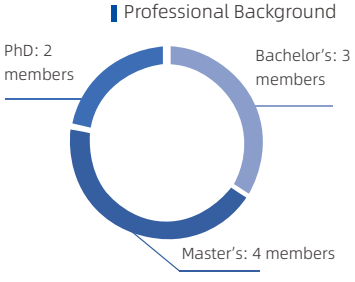
Independent non-executive Directors: Sun Weiguo, Li Chengrong, Xie Huisheng

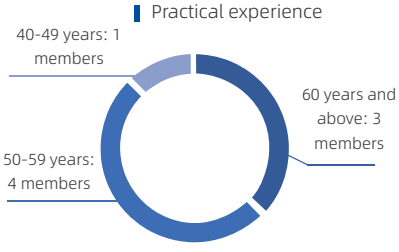
Board Secretary: Qian Jinwen

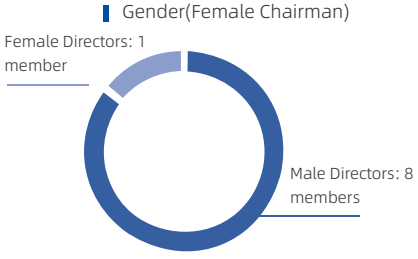
During the reporting period, SIFANG completed the election of the Eighth Board of Directors. The composition of the Board members and their respective committee appointments are as follows:

Board of Directors	Strategy Committee	Audit Committee	Remuneration and Appraisal Committee	Nomination Committee
Gao Xiuhuan	Chairman	-	Member	Member
Liu Zhichao	Member	-	-	-
Zhang Tao	Member	-	-	-
Zhu Zhaohui	Member	-	-	-
Zhao Zhiyong	Member	Member		
Xi Shuyang	Member	-	-	-
Sun Weiguo	-	Chairman	Member	Member
Li Chengrong	Member	-	-	Chairman
Xie Huisheng	-	Member	Chairman	-

The composition of the Eighth Board of Directors of SIFANG adheres to the principle of diversification, balancing professional background, practical experience, the characteristics of the Company's industry and multiple perspectives such as gender to enhance scientific decision-making.







Protection of Investors' Rights and Interests

Investor Returns

SIFANG places strong emphasis on shareholder returns and continuously enhances investment value by improving operational quality. The Company strengthens its responsibility for shareholder returns and safeguards shareholders' legitimate rights and interests. Through a scientific and rational profit distribution system and transparent dividend mechanisms, the Company seeks to enhance investor confidence and promote long-term, stable development, thereby creating sustainable value for shareholders. Since its listing, the Company has paid dividends for 16 consecutive years, with cumulative dividends of approximately RMB 4.5 billion and a dividend-to-financing ratio of approximately 250%.

2025

Proposed Cash Divided: **600** million yuan
Divided per Share: **0.72** yuan
Payout Ratio (as a % of net profit attributable to parent company): **72%**

2024

Proposed Cash Divided: **600** million yuan
Divided per Share: **0.72** yuan
Payout Ratio (as a % of net profit attributable to parent company): **84%**

2023

Proposed Cash Divided: **500** million yuan
Divided per Share: **0.6** yuan
Payout Ratio (as a % of net profit attributable to parent company): **80%**

Investor Communication

SIFANG is dedicated to protecting the rights and interests of minority investors. It maintains high-quality information disclosure and actively holds results briefings to effectively communicate the Company's operating performance and protect investors' right to know. At the same time, it actively carries out investor research and exchange activities. Through platforms such as the SSE Roadshow Center and SSE e-interaction, the Company engages in online interactions. In 2025, the Company held one on-site "Walk into SIFANG" event, where senior management and investors engaged in face-to-face communication, answering questions of concern to investors. This has further enhanced investors' understanding of and trust in the Company, building a transparent and trusting relationship with its investors.





- Received an "A Rating in the Shanghai Stock Exchange Annual Information Disclosure Evaluation", demonstrating commitment to high-quality information disclosure;
- Organized the "I Am a Shareholder – Visiting Listed Companies on the Shanghai Stock Exchange" initiative to enhance communication channels with small and medium investors;
- Hosted more than 180 investor research and exchange sessions, involving over 1,400 participants, establishing a long-term trust-based investor communication mechanism.

Communication Channels

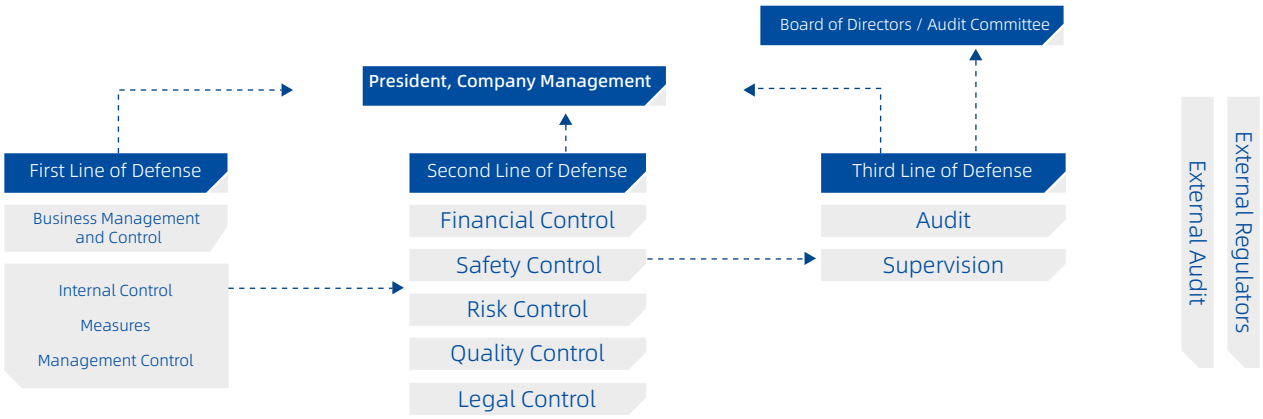
Information Disclosure: 57 documents
Results Briefings: 8 sessions
Investor Relations Records: 10 documents

Visualized Periodic Reports: 4 documents
News Reports: 1000+ times
Responded to 148 questions on "SSE e-interaction" with a 100% annual response rate

Investor Communication: 1400+ participants
Investor Research Sessions: 180+ sessions

Compliance Management

SIFANG adheres to the principle of "creating value for customers through compliant operations" and has progressively improved its unique comprehensive risk and compliance management system. In 2025, the Company further strengthened its focus on risk management and increased resource investment in compliance governance. Compliance management has been integrated into all levels and systems of business operations and has become a fundamental institutional safeguard supporting stable corporate development. The Company continues to implement a proactive risk prevention approach, following the principles of forward-looking positioning, comprehensive management and control, meticulous investigation, long-term planning and early intervention. Through these efforts, the Company has established a robust compliance management framework and continuously promoted the systematic, institutionalized and standardized development of compliance governance, safeguarding high-quality and sustainable growth.



Internal Control

SIFANG continuously advances the optimization and enhancement of its internal control system, strengthening the foundation for effective internal control and ensuring the achievement of key internal control objectives.

In 2025, the Company formatted and issued the Internal Control Management System, further enhancing the integration of internal control with business operations and financial management. The Company conducted comprehensive reviews of internal control processes in key areas, accurately identified potential risks and improved relevant procedures in a timely manner.

These efforts effectively support the overall objectives of internal control, including:

- ensuring lawful and compliant operations;
- safeguarding corporate assets;
- ensuring the authenticity and completeness of financial reports and related information;
- improving operational efficiency and effectiveness; and
- supporting the realization of development strategies.

The Company strictly implements closed-loop management for identified issues and adopts a systematic approach by combining fundamental rectification with preventive control measures, building a solid internal control foundation for sustainable development.

Internal Control Evaluation and Audit

Board of Directors' Assessment	The Company carries out annual self-assessment of internal control system construction, comprehensively reviews the effectiveness of internal control process operation, and issues the "Internal Control Evaluation Report."
Annual Auditor's Opinion	The Company engages the annual audit accounting firm to conduct special-purpose audits on the compliance and effectiveness of internal control system construction, and issues the "Internal Control Audit Report."

Audit and Supervision

Focusing on key areas of operations and critical business processes, SIFANG continuously strengthens internal control mechanisms and improves the effectiveness of internal audit supervision.

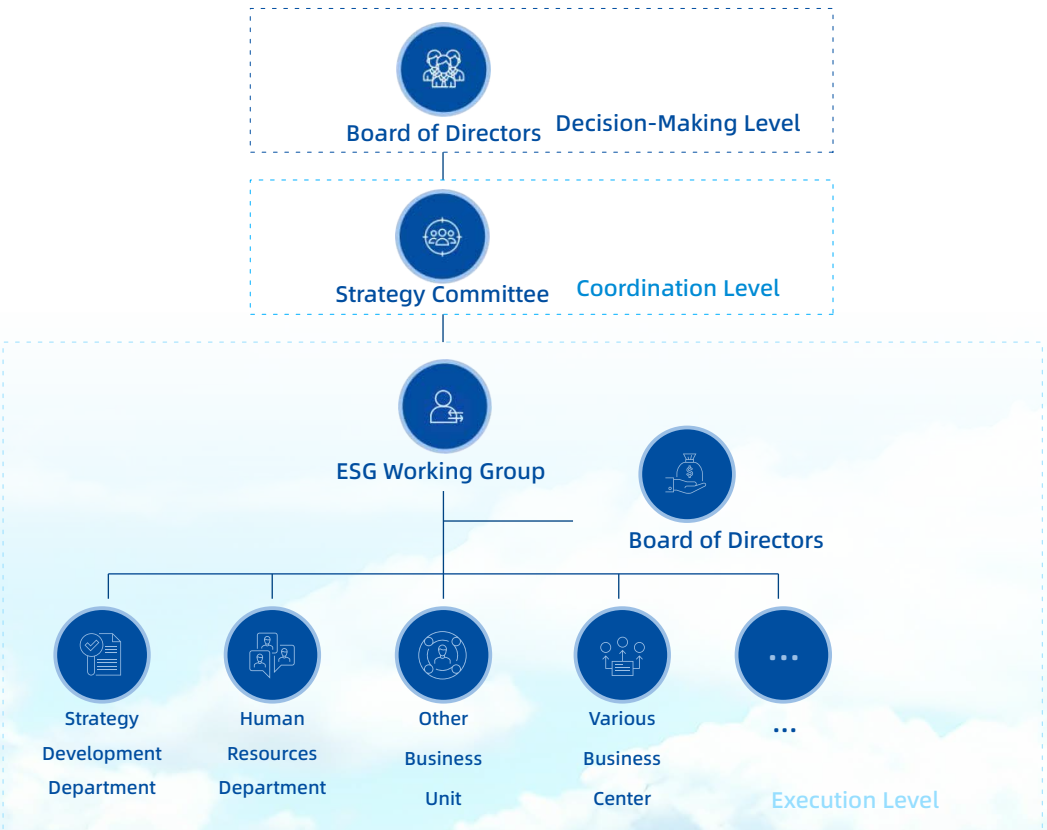
In 2025, the Company further enhanced tenure audits for senior executives, revised the Tenure Audit Management System, conducted various special-purpose audits and carried out conflict-of-interest investigations, continuously expanding the scope and depth of internal audit coverage.

The Company's audit and supervision activities adhere to principles of objectivity and fairness, restoring the essence of business activities based on facts. By focusing on process optimization and closed-loop rectification of audit findings, and applying scientific and rigorous assessment standards, the Company strengthens accountability and ensures effective implementation of corrective measures, establishing a strong supervision framework to support stable and sustainable development.

Stakeholder Communication

Sustainable Development Management

SIFANG will continue to integrate the concept of sustainable development into its corporate development. In its daily operations, the Company will continuously explore sustainable development practices and work with all stakeholders to build a sustainable management and practice system with SIFANG's unique characteristics. The Company will incorporate sub-topics of sustainable development into its annual performance and key task management. By closely linking them with the remuneration of relevant senior executives, it will ensure that sustainable development goals are closely aligned with the Company's strategy.



Materiality Assessment

In conjunction with national and industry policies and guided by relevant principles of sustainable development, the Company adheres to the principles of materiality, completeness and balance. It maintains close communication with internal and external stakeholders, fully collecting and organizing their concerns and demands to identify material topics. Based on its sustainable development goals, the Company formulates work plans and regularly reviews progress to ensure that its sustainable development practices are consistent with the Company's strategic objectives, thereby promoting the coordinated development of the economy, environment and society.

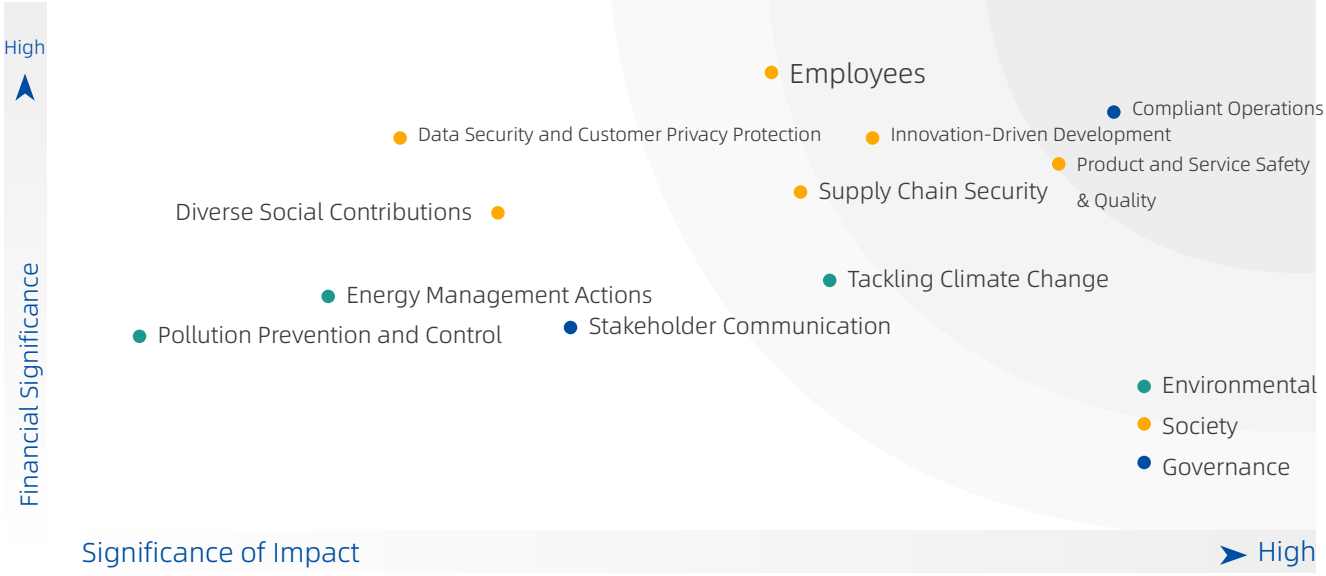
Identification and Communication with Corporate Stakeholders

The healthy development and achievements of SIFANG are inseparable from the support of stakeholders such as government and regulatory agencies, investors, customers, employees, suppliers and the community. The Company upholds the principles of transparency and equality, placing great importance on communication and cooperation with stakeholders. During the reporting period, the Company further improved its stakeholder communication mechanisms, carried out various communication activities and promptly understood and responded to the expectations and demands of its stakeholders. Through close cooperation with stakeholders, the Company is committed to achieving shared consensus and harmonious development, laying a solid foundation for the realization of its sustainable development goals.

Stakeholder Type	Key Material Topics	Communication Methods
Government and Regulatory Authorities	Legal Compliance Lawful Taxation Safe Production Supporting economic development Adapting to policy adjustment Collaborating with the government to guide industry development Environmental safety	Government research and supervision Information disclosure Daily communication and reporting
Investor	Legal Compliance Sustainable Operation Returns and Growth Controlling risks Protecting the interests of minority investors Open and transparent information disclosure	Roadshows Shareholders' meeting Information disclosure Performance Release Investor Research Communication Meetings Interactive Platforms, Hotlines
Client	Legal Compliance Protection of Customer Rights and Interests Quality Management High-quality services Technological innovation	Service hotlines, After-sales Service, Interactive platforms Ensuring Product Quality Forums and Visits Customer Satisfaction Surveys
Employee	Occupational Health Sustainable Operation Democratic Management Salary and Welfare Protection Legal compliance, building a culture of integrity Employee care and development opportunities Safe production environment	Performance management Employee labor union Internal and external training Employee Representative Congress Employee Care Activities Employee Satisfaction Surveys Other
Supplier	Win-win Cooperation Honoring Contracts Fairness and justice	Public bidding Contract negotiation On-site research Supplier Conferences Other
Competitor	Fair and Orderly Competition Promoting Technological Advancement	Industry exchange and seminars Technological innovation projects Project cooperation
Community	Driving Regional Development Public Welfare Activities	Providing employment positions Volunteer services

Material Topics Management

The Company conducts a materiality assessment based on its actual situation, communicates with stakeholders, consults external experts and benchmarks against industry peers. In accordance with the Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies – Sustainability Report (Trial), the Company has confirmed the material sustainability topics for this Report and discloses and elaborates on them herein.



2025 ESG Performance Review

Economic Performance

Operating Revenue
8.193 billion yuan
Year-on-year increase
+17.87%

Net Profit Attributable to Parent Company
829 million yuan
Year-on-year increase
+15.84%

R&D Investment
732 million yuan
Year-on-year increase
+7.81%

Environmental Performance

Environmental Protection Investment
1.09 million yuan

GHG Emissions
10,500 tCO_2e

Waste Emissions
330 t

Proportion of Renewable Electricity Use
33%

Social Performance

Number of Employees
4,110

Number of Graduates Hired
325

Total Taxes Paid
570 million yuan

Charitable Donations
2.1 million yuan

Anti-Commercial Bribery and Anti-Corruption

The Company has always regarded honest and compliant operations as the foundation of sustainable development. It strictly complies with relevant laws and regulations, including the Private Economy Promotion Law. The Company has also benchmarked against the "United Nations Convention against Corruption" to ensure that its full-process risk management system, which covers both domestic and international operations, is aligned with international standards. It regularly conducts systematic evaluations and risk assessments of its anti-bribery strategic management framework to create a transparent and reliable business environment and long-term value for its stakeholders.

In 2025, the Company optimized the Bidding and Tendering Supervision Management Measures, continued implementing the Sunshine Declaration Administration Measures and issued the Conflict of Interest Administration Measures, strengthened integrity education, enhanced employees' professional ethics and conduct and promoted the construction of a compliant corporate culture. The Company has also established clear systems for business ethics, legal compliance and corporate culture transformation to prevent violations of laws and regulations.

The Company regularly organizes compliance training and dynamically responds to laws, regulations and changes in the business environment. In 2025, compliance training covered all employees, demonstrating the Company's strong commitment to compliance culture development. Management training programs such as the "Qihang Program" and "Yangfan Program", as well as annual meetings of various business departments, incorporated compliance courses focusing on anti-fraud, anti-bribery, anti-monopoly and fair competition requirements. The Company resolutely prevents illegal activities such as bribery, accepting bribes, and abusing power for improper gains.

Integrity commitment letters and the "Sifang Bidding Discipline" are embedded in the Company's bidding and procurement documents. The Company maintains publicly available reporting phone numbers and supervision channels, accepts reports of improper conduct, while strictly protecting the information of whistleblowers and conducts independent, objective and timely investigations.

Anti-Unfair Competition

SIFANG has always adhered to business ethics, viewing integrity as the cornerstone of its survival and development. The Company is committed to upholding the principle of integrity, competing lawfully and operating in compliance to earn the trust and respect of the market. The Company strictly abides by the Anti-Unfair Competition Law, the Anti-Monopoly Law, the Tendering and Bidding Law and other relevant laws and regulations to ensure the legality of its business activities. The Company provides comprehensive awareness and conducts training on anti-unfair competition to all employees, and has systematically implemented multi-level compliance training by introducing the Business Compliance Code of Conduct covering key business areas such as sales, procurement and engineering design, providing employees with clear behavioral guidelines.The Company attaches great importance to fair competition compliance, strengthens its compliance management system, accurately identifies, assesses and prevents antitrust risks, and proactively regulates business practices to effectively prevent anti-unfair competition and safeguard a fair market order, setting an example of integrity and compliance in the industry.

Key Performance Indicators

Key Economic Performance

No.	Indicator	Unit	2025	2024
1	Total Assets	Billion Yuan	12.705	11.046
2	Operating Revenue	Billion Yuan	8.193	6.951
3	Total Profit	Million Yuan	932	824
4	Net Profit Attributable to Shareholders of the Listed Company	Million Yuan	829	716
5	Total Tax	Million Yuan	569	531
6	Basic Earnings Per Share	yuan/share	1.00	0.87
7	Weighted Average Return on Net Assets	%	17.75	16.62

Key Environmental Performance

No.	Indicator	Unit	2025	2024
Energy Consumption				
1	Environmental Protection Investment	1,000 yuan	1,090	1,100
2	Electricity Consumption (Thermal Power Generation)	kWh	16,556,008	14,230,334
3	Electricity Consumption (Photovoltaic Power Generation)	kWh	1,790,209	938,769
4	Purchased Green Electricity	kWh	4,250,000	3,830,000
5	Green Electricity Ratio	%	33	31
6	Water Consumption	t	93,151	67,139
7	Steam Consumption	MJ	17,434,710	29,963,910
8	Total Waste Generation	t	329.6	247.0
9	(Hazardous Waste)	t	6.0	0.5
10	(Non-hazardous Waste)	t	323.6	246.5
Greenhouse Gas Emissions	Note: The verification scope covers Beijing, Baoding, Huzhou, Nanjing, and Wuhan.			
1	Total GHG Emissions	tCO_2e	249,686	146,861
2	GHG Emissions(Scope 1)	tCO_2e	846	799
3	GHG Emissions(Scope 2)	tCO_2e	9,654	8,580
Circular Economy				
1	Amount of Recycled Waste	t	9	9
2	Consumption of Renewable Resources	tce	132	101
3	Ratio of Renewable Resource Consumption to Total Resource Consumption	%	13	13

Key Social Performance

No.	Indicator	Unit	2025	2024
Social Contribution				
1	External Donations	million yuan	2.10	4.80
Employee				
1	Number of Employees	people	4,110	3,790
2	Number of Graduates Hired	people	325	305
3	Number of Jobs Created	people	586	613
4	Percentage of Female Employees	%	22	23
5	Percentage of Ethnic Minority Employees	%	5	6
6	Labor Contract Signing Rate	%	100	100
7	Social Insurance Coverage Rate	%	100	100
8	Occupational Health Check-up Coverage Rate	%	100	100
9	Employee Work-Related Injury Insurance Coverage	%	100	100
10	Number of Deaths due to Work-Related Incidents	people	0	0
11	Employee Training Coverage Rate	%	100	100
Innovation-driven				
1	R&D Investment Amount	million yuan	730	680
2	R&D Investment as a Percentage of Main Business Revenue	%	8.9	9.8
3	Number of R&D Personnel	people	1,390	1,260
4	Percentage of R&D Personnel	%	34	33
5	Number of Invention Patent Applications during the Reporting Period	patents	189	160
6	Number of Invention Patents Granted during the Reporting Period	patents	101	84
7	Number of Valid Patents during the Reporting Period	patents	1,040	982
8	Number of National Key R&D Programs Undertaken	projects	17	5

Feedback

Dear Readers:

Thank you very much for reading this report. We sincerely invite you to provide your valuable opinions and suggestions. We will listen to your feedback and consider it an important basis for our continuous improvement of The Company's sustainable development governance and practices.



Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies – Sustainability Report (Trial)

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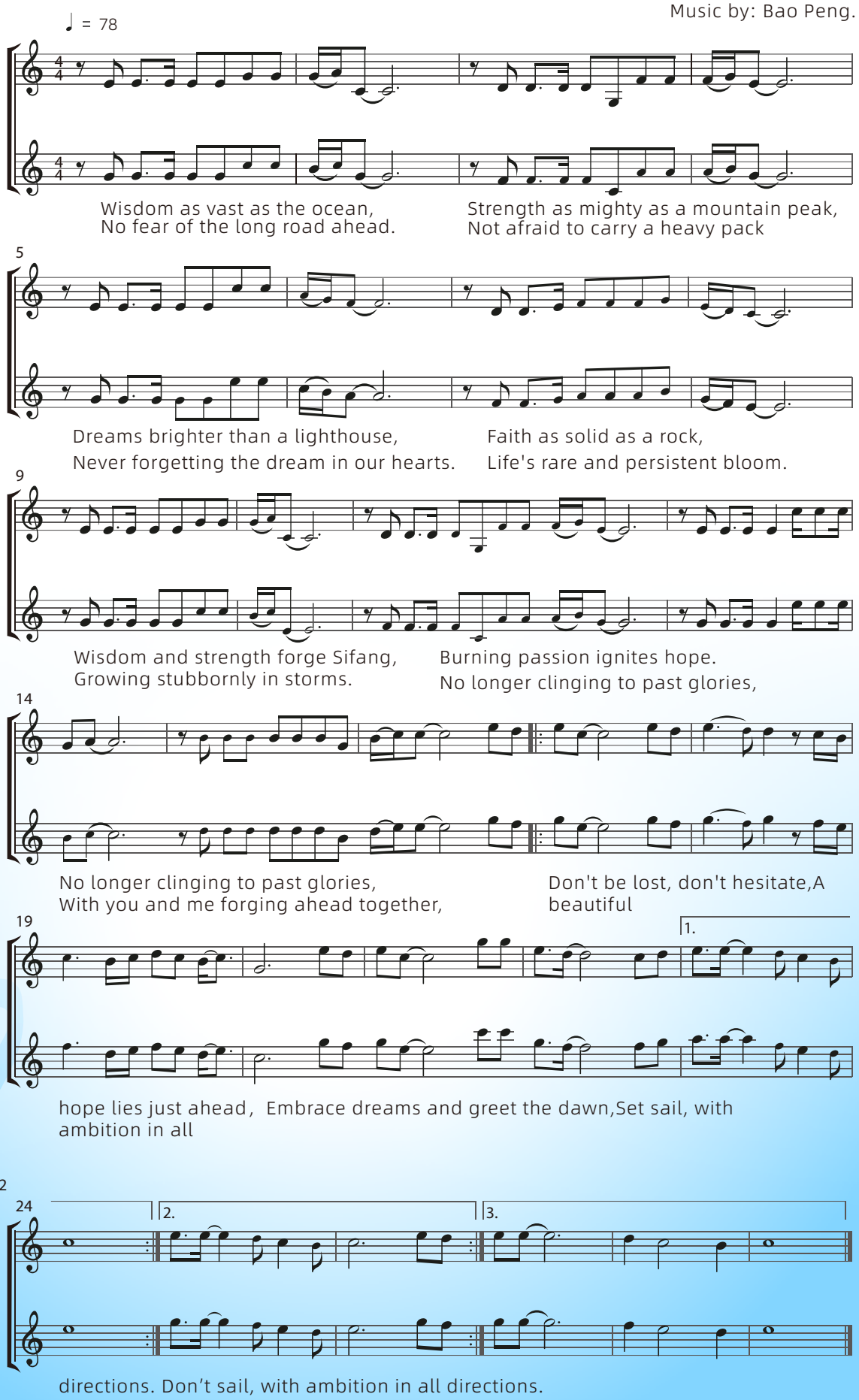
Ambition in All Directions

Lyrics by: Gao Xiuhuan, Song Jianding, et al
Music by: Bao Peng.



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