

# **Environmental, Social** and Governance Report

2024



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# **About This Report**

## Report Summary

This is the inaugural environmental, social, and governance (ESG) report published by Jason Furniture (Hangzhou) Co., Ltd. (hereinafter referred to as "KUKA HOME," "the company," or "we"). It discloses KUKA HOME's practices and performance in environmental, social, and corporate governance in 2024.

## Data Coverage

The data in this report covers the period from January 1, 2024 to December 31, 2024. To enhance data comparability and content continuity, certain information has been appropriately extended beyond this timeframe.

## Report Scope

This report covers KUKA HOME as well as its branches and subsidiaries.

## Preparation Basis

This report has been prepared in accordance with the fourth edition of the "GRI Sustainability Reporting Standards" (GRI standards 2021) issued by the Global Sustainability Standards Board (GSSB), the "Shanghai Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 4 - Preparation of Sustainability Reports" (SSE Guidelines No. 4), the "Shanghai Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 14 - Sustainability Reports (Trial)" (SSE Guidelines No. 14 (Trial)), the United Nations Sustainable Development Goals (SDGs), and other relevant frameworks.

## Indicator Selection

This report mainly considers the materiality, quantifiability, balance, and consistency of specific indicators related to the disclosure of performance on material topics. We will continue to refine and optimize these disclosed indicators in future reports.

- Materiality: We identify environmental, social, and governance topics that are material or relevant to both our company and stakeholders through ESG-related questionnaires and other methods. We then prioritize these topics based on their materiality.
- Quantifiability: The key performance indicators (KPIs) disclosed in this report are all quantifiable.
- Balance: This report represents an objective account of our environmental, social, and governance performance.
- Consistency: The reporting standards and criteria, as well as the indicator collection and calculation methods will remain consistent over time. Any changes will be provided in the form of notes.

# **Data Source and Reliability**

The policies and data presented in this report cover the company and its subsidiaries. Unless otherwise stated, all monetary amounts are denominated in Renminbi (RMB). The data and case studies used in this report are primarily sourced from our statistical reports and related documents and materials. They are consistent with the information disclosed in our financial reports. Management has reviewed all data and content in this report prior to its publication. The Board of Directors guarantees that this report contains no false or misleading statements and takes full responsibility for the truthfulness, accuracy, and completeness of its content.

# Report Access

We are committed to publishing an ESG report annually. This report is available in both digital and print formats, and can be accessed through the SSE website (www. sse. com.cn) or our official website (http://gw.kukahome.com).

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# Message from the Chairman

Faced with environmental challenges and the demand for sustainable development, the global home furnishing industry is feeling an increasingly significant impact from climate change, with technological advancements driving the industry toward more environmentally friendly practices. At KUKA HOME, we recognize that sustainable development is not just an industry responsibility—it is a core element for our own development. As a committed practitioner of this responsibility, we have remained true to our mission of creating inspired spaces for better living. Regarding ESG principles as essential to business survival and development, we are reshaping the relationship between people and nature through green, intelligent manufacturing, and redefining the culture of living by focusing on human needs.



# Protecting Nature and the Ecosystem, and Leading the Way Toward a Green Civilization

Sustainable development is an inevitable trend in a company's growth journey. At KUKA HOME, we actively refine our production processes, eliminate outdated production capacity, reduce energy and resource consumption, and cut greenhouse gas (GHG) emissions. In support of China's carbon peaking and carbon neutrality goals ("dual carbon" goals), we proactively adapt to climate change and focus on enhancing the environmental friendliness and safety of our products, with several of them having received carbon footprint and carbon neutrality certifications. Additionally, we have launched "trade-in" programs to promote healthy, eco-friendly living environments for our customers. Amid global environmental challenges, we are committed to protecting the planet through green initiatives and leading the industry's sustainable development through innovation.

# Building a Better Living Ecosystem with Humanistic Care

Home furnishings, in essence, are concrete expressions of humanity's desire for a happy life. By optimizing our products with a usercentric approach, we integrate health and safety, elderly care, and intelligent interaction into the core features of our products, allowing technologies with a human touch to reach households around the world. Upholding the "Strivers Thrive Together" philosophy, we are reconstructing our organizational ecosystem to build a community of shared future between employees and the company. Furthermore, backed by our core businesses and value chains, we have actively promoted common prosperity and established platforms for coordinated urbanrural development, enabling the home furnishing industry to serve as a catalyst for social progress.

#### Strengthening the Governance Foundation for High-Quality Development

Excellent governance is a company's passport to transcen-ding cycles and stepping onto the global stage. We have developed a governance system centered on the Board Strategy and ESG Committee, supported by cross-departmental working groups and specialized task forces. By optimizing our governance structure and improving the effectiveness of strategic leadership and supervision, we deeply embed ESG goals into our business decision-making. Through digital platforms for supply chain compliance management, we reinforce our commitment to business ethics, information security, and privacy protection. In today's complex and everchanging world, we are demonstrating the accountability of Chinese companies through transparent governance, contributing to global business civilization and sharing wisdom through innovative practices.

#### Shaping a New Chapter of Sustainable Development in Future

KUKA HOME will continue to embed ESG principles deeply into our corporate DNA as we strive to become the world's leading integrated home furnishings brand. Together with our global partners, we are committed to championing sustainable living through home furnishings, building a bridge to common prosperity across our value chain and shaping a new chapter of sustainable development driven by innovation!

# **About Us**

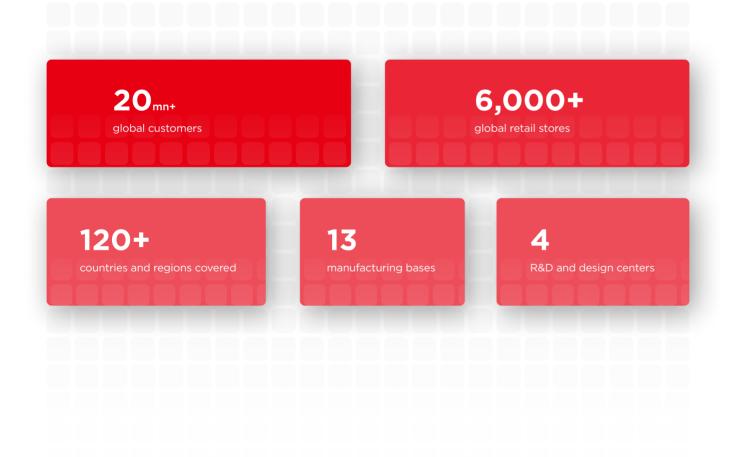
# Company Profile

#### KUKA HOME is a brand with global recognition in the home furnishing sector.

Since our founding in 1982, we have adhered closely to our founding principles of craftsmanship and a distinct vision centered on the concept of "home." We conduct extensive research, design, development, production, sales, and service of home furnishings tailored for various living spaces including living rooms, dining rooms, and bedrooms, as well as offering options for whole-home customization. Working closely with our business partners, we provide global consumers with high-quality craftsmanship, cutting-edge design, ultimate comfort, diverse and integrated whole-home solutions, and superior services throughout the entire product lifecycle. We now operate a portfolio of brands including KUKA, JULIO, F, CatzZ, NICE HOME, ROLF BENZ, and more. We have also forged strategic partnerships with such brands as LAZBOY and NATUZZI.

KUKA Home is more than a provider of home furnishings; we are a creator of enhanced lifestyles. Our customers' aspirations for a better life are the driving force behind everything we do. At KUKA, there is a strong commitment to advocating for improved living and building a sustainable and environmentally responsible future together with our customers.

In October 2016, KUKA Home was listed on the SSE under the ticker of 603816.



# Corporate Culture

Building on more than 40 years of innovation and growth, KUKA HOME has cultivated a deep-rooted and unique corporate culture.



# **Business Overview**

KUKA HOME operates more than 6,000 retail stores in over 120 countries and regions worldwide. Our main brand is KUKA HOME, complemented by a diverse portfolio of sub-brands, including JULIO, a premium lifestyle brand; F, a youthful functional sofa brand; CatzZ, offering youthful sleep solutions; and NICE HOME, a supply chain brand. Under our main brand, we offer four distinct series that embody tradition, smarter living, modern living, and fine woodwork, respectively. We also manage two exclusive channel brands—one for distributors and the other for contractors. In addition, we operate several independent brands, including ROLF BENZ, a premium German brand we have acquired; LAZBOY, an American functional sofa brand; and NATUZZI, an Italian premium home furnishings brand. With this diverse family of brands, we empower thousands of families around the world to enjoy a better, more comfortable life.

By adopting a customer-centric approach, we continue to innovate around user demand, launching a home furnishing services brand—KUKA CARE—to provide full-lifecycle, high-quality services. We aspire to create inspired spaces for better living across the globe through our sustained efforts!

Jason Furniture (Hangzhou) Co.,Ltd.

#### KUKA HOME's Family of Parent Brands in 2025

Parent Brand

INTERNATIONAL DOMESTIC BRANDS **BRANDS** Main or **ROLF** NATUZZI Inde-LAZBOY KUKA pendent Brands Kuka Home: The German Elegance American Functional Italian Premium Home Kuka Home's Group's Premier in Home Sofas **Furnishings** Signature Domestic Brand Furnishings Global Brand CatzZ NATUZZI NATUZZI 居礼 嘉好 Sub-**Brands** Premium Youthful Youthful Sleep Supply Chain Functional Sofas Brand Solutions Brand Channel ■ 顾家乐活 Brands **Exclusive Distributor** Exclusive Contractor **Channel Products Channel Products** Brand ■ 顾家悦尚 ■ 顾家经典 ₩ 顾家智享

# **Annual Recognitions**

Company-level Recognition	Awarded By
2024 Top 500 Asian Brands	The Organizing Committee of the Asian Brand Celebration
The 409th of Top 500 Private Enterprises in China's Manufacturing Industry	All-China Federation of Industry and Commerce
2024 Top 500 Chinese Brands	The Organizing Committee of the Brand Power Forum
2023 National Healthy Enterprise Construction Featured Case	China Enterprise Confederation and China Enterprise Directors Association
Yangtze River Delta Healthy Enterprise	Coordination and Promotion Office for China Enterprise Confederation's Healthy China Enterprise Action
Development Alliance Initiator	Special Action Group on Occupational Health Promotion for Healthy China Enterprise Action
High-tech Enterprise	Guangdong Provincial Department of Science and Technology, Guangdong Provincial Department of Finance, and Guangdong Provincial Taxation Bureau of the State Administration of Taxation
2023 Outstanding Contribution Award for Targeted Support Work	The Development and Reform Bureau of Qiantang District, Hangzhou
2023 Private Enterprise with Outstanding Integrity Management in Qiantang District	Office of the Leading Group for Establishing Integrity Management Systems in Private Enterprises in Qiantang District, Hangzhou

Product-level Recognition	Product
Red Dot Winner 2024	Hanoi sofa
Innovative Product of the Year, 2024 China Furniture Materials Innovation Competition	Savon sofa
Living Room Furniture Gold Award Grand Prize, 2024 China Furniture Materials Innovation Competition	Xingyun sofa
Innovative Material Application of the Year, 2024 Go Trend	Digital star fabrics
Original Product Excellence Award, 2024 Go Trend	B3009 Galaxy Floating Island bed
Gold Award for Highest Intelligent Product, 2024 Z-DOT AWARD	Level 5 smart bed
Best Ergonomic Excellence Award, 2024 Z-DOT AWARD	KG.200 Yunyi
Excellence Award for Best Innovative Application, 2024 Z-DOT AWARD	KG.162 Yunji
Excellence Award for Best Innovative Manufacturing, 2024 Z-DOT AWARD	B1052·Legend Slam bed
Best Ergonomic Gold Award, 2024 Z-DOT AWARD	FREE-B chair

# Sustainability Performance in 2024

### Stable Operations for Long-Term Growth

Over the course of the year, we held

9

board meetings

and formulated, revised, or adjusted various management systems  $% \left( 1\right) =\left( 1\right) \left( 1\right) \left($ 

8

times to ensure scientific and rational decision-making



We hosted

3

results briefings through the SSE Roadshow Center

and responded to

17

investor inquiries on the E-interactive platform

In 2023, our total cash dividend amounted to

**гмв 1,128,758,161.09** 

representing a payout ratio of

**56.27**%





In terms of data security incidents, there were

no

occurrences of data security incidents, data breaches involving financial losses, and customer privacy breaches



All new employees received anti-bribery and anticorruption training

suggesting a

100%

participation rate

The total training duration reached

1,550 hours



### Sustainable Development for Ecological Conservation

During the year, we cumulatively reduced

37,082 tco<sub>2</sub>e

of GHG emissions

which marks a

43.5%

YoY increase in emission reductions

We completed the construction of photovoltaic (PV) power stations at all our major production bases except the older Dongguan facilities and a few sites with structural limitations



In terms of water conservation, we achieved total water savings of

1,379.25...

through measures such as water recycling and reuse

Our total installed PV capacity now exceeds

68.94<sub>MW</sub>

with cumulative power generation surpassing

68 million kWh

This has significantly lowered our electricity costs and carbon emission intensity



We planned and successfully held

5

environmental training sessions for employees, attracting a large number of enthusiastic participants with strong appeal with a total of

185

employees participating

We implemented "trade-in" programs nationwide

which benefited

8,235

households

and successfully recycled

2,058 of old furniture

This has significantly promoted the concept of green living

8

of our suppliers received certifications from the Leather Working Group (LWG) These suppliers account for

**87**%

of our annual procurement



FSC-certified products represent

**25**%

of the wood we procured from foreign countries  $% \left\{ 1\right\} =\left\{ 1\right\} =\left\{$ 

### Taking Responsibility to Create Inspired Spaces for Better Living

KUKA HOME employs

material sciences

staff members dedicated to R&D

We have developed a top-tier talent pool spanning areas

such as product design, intelligent manufacturing, and

KUKA HOME regards chemical safety as a core action direction for green manufacturing. In China, the spray-painting process for

wooden chair manufacturing

materials has achieved

100.

use of water-based paints

with R&D expenditures

accounting for

**1.52**%

of revenue

We operate

R&D centers

and hold

original design patents

We have won

including

more than 100

global design awards

Red Dot Design Awards



In 2024, our overall customer satisfaction score was

94.87%

reflecting a

1.99%

increase from 2023 based on comparable data

Our net promoter score (NPS) also rose by

0.78

from 2023, based on comparable data



We have actively advanced our supplier environmental impact assessments

evaluating

1.007

suppliers

which reflects a

5.9%

increase compared to 2023



By upholding openness, transparency, integrity, and compliance, we have implemented a multi-channel engagement system for over 1,000 suppliers to facilitate smooth communication and feedback. Meanwhile, we have publicized and implemented integrity policies grounded in the "Eight No Principles" across more than 400 major suppliers. So far 100% of our suppliers have signed relevant integrity and selfdiscipline commitment letters. These efforts have strongly promoted the development of a clean and ethical supply chain ecosystem.



We have actively empowered supplier growth by carefully organizing training programs. Our procurement team has conducted five rounds of supplier value stream improvement projects, with 40 suppliers participating, resulting in over 500 topics or projects and generating income exceeding RMB 50 million. All these efforts have contributed to the enhancement of suppliers' management capabilities.

We have actively engaged in public welfare, charity, and volunteer programs, contributing a total of 200 service hours, with 157 employees enthusiastically participating. Through these concrete actions, we have demonstrated our corporate accountability.

#### Nurturing Talent for a Better Company

We have further upgraded our incentive system with the implementation of a restricted stock incentive plan

granting

9.72 million

shares

employees

These shares account for

of our total

outstanding shares

We have maintained a

100%

three-level safety education completion rate for three consecutive years, laying a solid foundation for production safety



We have actively fulfilled our commitment to employee care

investina

RMB 7.8397 million in employee work injury insurance

YoY increase

This has resulted in a

**100**%

coverage rate of work injury insurance and a 100% safety responsibility agreement signing rate

During this period, there were no fire incidents



Our production sites have worked efficiently together to hold a total of 10 emergency first aid training sessions. With the help of professional and systematic teaching methods, over 200 employees have received first aid certificates. These efforts have significantly boosted the emergency response capabilities of our employees.

Over the past three vears, we have maintained a "zero" record for new cases of occupational diseases

of our workers undergoing occupational health examinations

This underscores our strong commitment to occupational health

We have continued to prioritize employee development. making ongoing investments in training and building a comprehensive talent development system for all staff

The training coverage reached

85.03%

with an average of

of training per person per

and training expenses totaling

RMB 1.92 million

(approximately USD 267,000)



A total of

3,614

employees have taken courses on our internal training platform

KUKA Academy, accumulating

of learning

Through our education advancement support program, we have provided 53 employees with structured learning support, including tuition subsidies, flexible work arrangements, and access to internal training resources.

We have further strengthened our cooperation with universities, signing partnership agreements with 11 of them, including Donghua University, Beijing Foreign Studies University, Jiangnan University, Zhejiang University, and Zhejiang University of Technology. We have also organized 15 exchange activities to promote the development of practical training bases.

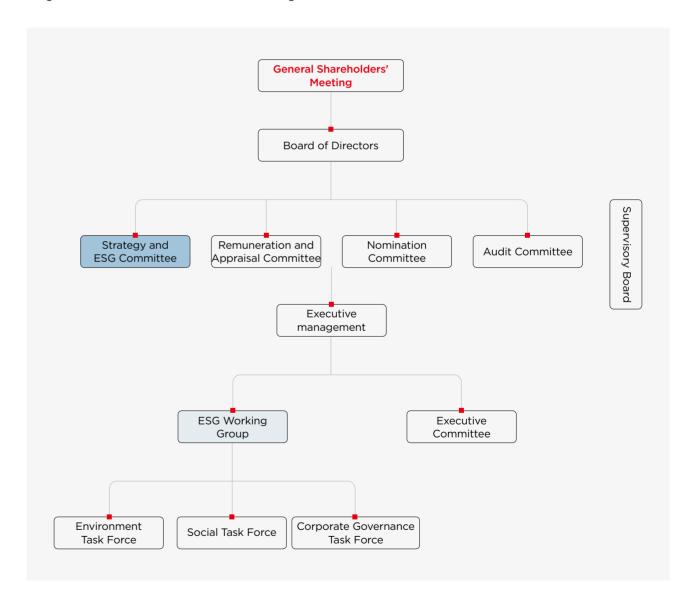
# **Sustainability Governance**

Guided by the mission of creating inspired spaces for better living, and grounded in stable operations, sustainable development, a strong sense of responsibility, and talent cultivation, we have optimized our management structure and innovated production processes to protect nature and the ecosystem, foster a warm and harmonious living environment, and collaborate with global partners to write a sustainable development chapter.



## **ESG Governance**

KUKA HOME attaches great importance to ESG governance, viewing it as a vital foundation for long-term and sustainable development. Our Board of Directors is the highest authority for ESG governance. It is responsible for defining the strategic direction of our sustainable development, reviewing, approving, and overseeing the implementation of relevant work and systems, and deliberating on the sustainability reports. The Board has established a Strategy and ESG Committee responsible for studying the company's sustainable development strategy, setting goals, developing evaluation mechanisms, and providing relevant recommendations. In addition, we have set up a collaborative governance framework covering the EHS Management Center, the Investment and Securities Management Center, the Human Resources Management Center, the Legal and Compliance Inspection Center, the Supply Chain Operations Center, and other departments to drive the full integration of ESG efforts across all areas of the organization.



During the reporting period, we established a dedicated ESG Working Group and developed well-defined policy documents to ensure the effective execution of the Board's sustainable development strategy. Under this Working Group, three specialized task forces focus on environment, social, and corporate governance, respectively, and include leaders from each domain as implementation owners, with their responsibilities and goals clearly defined.

#### Strategic Planning

- Set ESG goals and indicators, including carbon emission control, employee satisfaction, and other metrics
- Ensure alignment between the ESG strategy and the organization's overall strategy and values
- Incorporate ESG factors into the company's long-term strategy to guide decision-making

# Information Disclosure and Communication

About Us

- Prepare and publish ESG reports to communicate performance to stakeholders
- Communicate with shareholders, investors, customers, and suppliers, and respond to ESGrelated concerns and issues



- Update ESG policies, regulatory requirements, and indicators on a real-time basis
- Organize external training and internal communication to raise employee awareness of ESG
- Review and optimize business processes and management systems
- Coordinate cross-departmental ESG cooperation and communication



- Risk Assessment and Compliance
- Develop risk management strategies to mitigate environmental, social, and reputational risks
- Ensure compliant operations to prevent regulatory and legal risks

#### **ESG Task Force**



#### **Environment Task Force**

- Draw up environmental protection policies and action plans
- Drive the R&D and application of green technologies
- Identify and assess environmental risks, and formulate relevant strategies



#### Social Task Force

- Organize public relations and community public welfare activities
- Ensure the quality and safety of products and services
- Enhance employee rights and satisfaction
- Manage social responsibility across the supply chain



#### **Corporate Governance Task Force**

- Improve the governance structure and the decision-making supervision mechanism
- Establish the stakeholder management mechanism
- Improve the internal control system, strengthen risk management, and enhance internal control auditing

# Stakeholder Communication

KUKA HOME firmly believes that long-term, sustainable development hinges on the trust and collaboration among stakeholders. We regard ESG management as a key bridge for fostering strong bonds and enhancing engagement with all parties. Our stakeholders mainly include government agencies, investors, employees, suppliers, customers, communities, and other related groups. We are committed to gathering their feedback through diverse communication channels, and striving to establish transparent and efficient stakeholder communication mechanisms that support sustainable development and social responsibility.

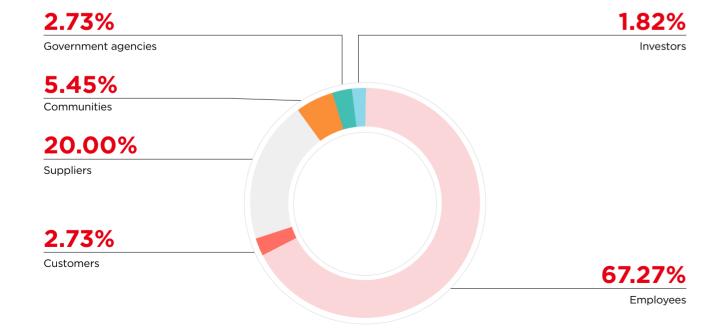
Stakeholder	Group	Issue of Concern	Communication Mechanism and Method	Communication and Response
Customers	00	Product quality and safety Green products R&D and innovation Customer satisfaction Information security and privacy protection	Official website, official Weibo/ WeChat account, and customer service hotline Customer complaints and callbacks Satisfaction surveys Store specialists	Ensuring product quality and safety Making green products Improving product innovation Providing high-quality services Establishing customer privacy protection systems and processes
Investors	H	Corporate governance Internal controls and risk management Protection of investors' rights and interests R&D and innovation Industrial cooperation and development Information disclosure	General shareholders' meeting Investor hotline SSE's E-interactive platform Investor inbox Results briefings Investor group reception day Field studies, etc.	Optimizing the governance structure Improving risk management Providing reasonable investment returns Enhancing R&D and innovation Fostering collaboration actively Releasing regular reports and company announcements
Government agencies		Business ethics and anti- corruption Climate change Employment protection Compliant operations	Policy responses Information disclosure Supervision and inspections Specialized reporting Government meetings Policy briefings Regular symposiums	Upholding business ethics Addressing climate change Creating employment opportunities Ensuring sound and compliant operations
Employees		Employee rights and benefits Employee training and development Occupational health and production safety Diversity and equal opportunities	"KUKA People" (our in-house publication) KUKA communities Employee symposiums Satisfaction surveys Employee surveys Interaction platform on DingTalk Direct complaint channel Workers' Autonomy Committee	Ensuring employee rights Improving the training system and career paths Optimizing occupational health measures Providing safety protection in production Respecting diversity in the work environment Providing equal opportunities
Suppliers		Sustainable supply chain management Fair procurement Joint development	Procurement activities Supplier training Supplier evaluation Supplier conferences	Improving supply chain management Reviewing and empowering suppliers' ESG management Strengthening cooperation and communication
Communities		Community communication and development Public welfare and charity initiatives	Public welfare and volunteer activities Information disclosure Field visits	Active communication Volunteer activities

# Material Topic Assessment

By systematically identifying and assessing key topics, KUKA HOME has conducted in-depth analyses of critical environmental, social, and governance factors. This process has helped define the scope of sustainability impact assessment and key areas for information disclosure, enabling us to effectively respond to stakeholder expectations. During the reporting period, we identified key issues and defined targeted material topics based on industry trends, policy developments, and relevant standard requirements.

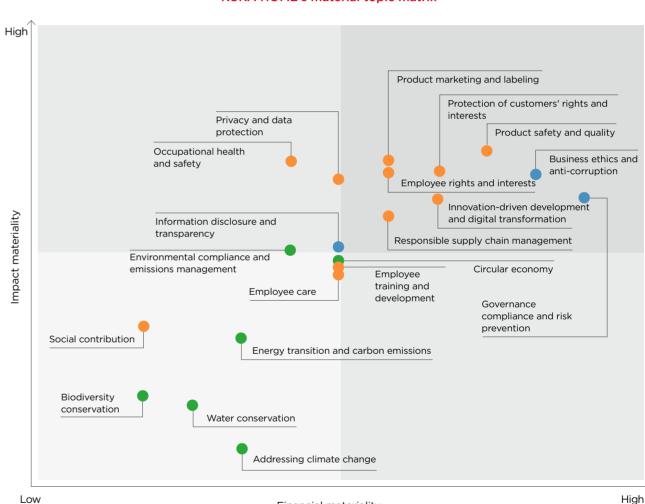


In addition, we conducted in-depth internal interviews and external research to gain a comprehensive understanding of key stakeholder concerns. Combined with the results of questionnaires, we identified key topics of significant importance to all parties and conducted a thorough analysis to determine the priority of material topics. Throughout the year, we collected questionnaire surveys on material topic analyses from investors, employees, suppliers, and other stakeholders, which provided crucial data support. The figure below shows a breakdown of the survey respondents by stakeholder group:



By gathering feedback from management and the results of stakeholder questionnaires, KUKA HOME conducted a deeper assessment of the identified ESG material topics. Based on the conclusions, we will precisely allocate resources and prioritize the implementation of key ESG topics, thereby more effectively supporting the achievement of our sustainability goals. After extensive discussions among our executives and approval by the Board, we defined the key ESG topics for the year, as outlined below:

#### KUKA HOME's material topic matrix



In the material topic assessment for the year, we identified and categorized 20 topics, including eight core material topics, seven key material topics, and five foundational material topics. We prioritized on the eight core material topics and have taken proactive measures to address them, conducting in-depth research and developing comprehensive response measures aligned with our corporate strategies. These strategies will undergo regular reviews and adjustments to ensure effective implementation. Additionally, we continue to closely watch key and foundational topics for ongoing monitoring and timely responses. We ensure timely responses to current key issues and maintain full preparedness for potential future challenges, demonstrating enhanced sustainability capabilities.

Financial materiality



# 1.1 Corporate Governance

Robust corporate governance is the key to ensuring a company's stable growth. At KUKA HOME, we continuously optimize our management structure and improve our internal supervision and risk control mechanisms. At the same time, we actively protect the rights and interests of our investors, with a strong emphasis on safeguarding data security and personal privacy. These efforts constitute a solid foundation for our long-term development.

### Governance Structure

Sound and healthy corporate governance is the cornerstone of a company's sustainable development. At KUKA HOME, we make sustained efforts to improve our governance system, establishing a robust governance structure, optimizing the composition of the Board and specialized committees, strengthening the Supervisory Board's oversight mechanism, and fully safeguarding shareholders' rights and interests. Upholding compliant operations and business ethics, we improve our information security and privacy protection mechanisms to promote our long-term, sustainable development.



#### General Shareholders' Meeting

We hold our general shareholders' meetings in strict accordance with the "Company Law of the People's Republic of China," the "Rules for Shareholders' Meetings of Listed Companies," the "Articles of Association," and other relevant regulations. Through a combination of in-person meetings and online voting, we ensure that the opinions of our shareholders are effectively gathered. Furthermore, we engage professional lawyers to observe the entire meeting process and provide authoritative legal opinions. With adherence to the principle of equality, we are committed to protecting the legitimate rights and interests of all shareholders, especially minority shareholders. We safeguard their rights to be informed of, participate in, and vote on critical matters concerning the company's direction, ensuring that their voice in corporate governance is clearly heard.

#### **Board of Directors**

As the centerpiece of corporate governance, our Board of Directors reports to the general shareholders' meeting, exercises decision-making authority, leads strategic direction, oversees business operations and execution, mobilizes resources in a coordinated manner, and maintains control over major decisions. The Board has established an Audit Committee, which oversees financial supervision and risk assessment and ensures the accuracy of information; a Strategy Committee, which focuses on strategic planning and decision-making support and steers the company's development direction; a Remuneration and Appraisal Committee, which formulates fair and reasonable remuneration and performance plans, and provides both incentives and constraints for senior executives; and a Nomination Committee, which manages the nomination and election of directors and senior executives, ensuring the suitability of appointments. These committees work collaboratively to improve the governance structure and strengthen internal management, information disclosure, and investor relations, thereby enhancing the overall standard of governance.

The Board of Directors is composed of nine members, including two females and three independent directors. These members specialize in law, economics, finance, and other fields. We convene the Board of Directors in strict accordance with legal procedures, fully ensuring the exercise of each director's rights.



### **Supervisory Board**

Our Supervisory Board consists of three supervisors, one of whom is an employee supervisor elected by the employee representative assembly, while the remaining supervisors are elected by the general shareholders' meeting. This composition is in compliance with legal and regulatory requirements. As a standing body responsible for supervising the company's operations and management, the Supervisory Board is mainly responsible for overseeing the decision-making process of major company issues to ensure that decisions are legal and rational; examining the company's financial condition to ensure the authenticity and transparency of financial information; and monitoring the fulfillment of duties by board members and senior executives to prevent abuse of power or harm to the company's interests.

Indicator		Unit	2024	2023	2022
Total number of members in the Supervisory Board		Person	3	3	3
Breakdown of the Supervisory Board members by	Male	Person	1	3	3
gender	Female	Person	2	0	0

# Internal Controls and Risk Management

KUKA HOME has developed internal control measures in accordance with relevant laws and regulations, putting a comprehensive system of control measures in place. Moreover, we continue to optimize corrective processes to ensure the effectiveness of internal controls and risk management. We adopt a "three lines of defense" model, where business departments, functional departments, and the audit and supervision departments each fulfill their roles to jointly mitigate risks. We will continue to optimize our internal control and risk management system to ensure stable operations and sustainable development.

#### **Internal Controls**

In accordance with the "Basic Standards for Enterprise Internal Controls" and its supporting guidelines, we have formulated the "Basic Rules for Internal Controls" and established and refined our internal control system. The Board of Directors leads and oversees the establishment and implementation of internal controls, while management is responsible for their execution. Through organizational structure adjustments and business change analyses, we continuously optimize our internal controls, identify business process linkages, and standardize procedures by integrating internal controls with information systems. In the meantime, we enhance remediation process management by clearly defining key elements such as issue identification, rectification plans, responsible parties, and completion timelines. Leveraging internal systems, we closely track and monitor the progress to ensure transparency, traceability, and effectiveness in internal controls and risk management, thereby promoting sound business development.

#### **Risk Management**

In strict accordance with the requirements of relevant laws, regulations, policy documents, and centering on our development strategy, we have formulated the "Risk Management Framework." This framework is based on our current development status and future business strategy needs, and incorporates our risk management practices and experience. It clearly outlines our risk management principles, responsibilities, and strategies, and establishes management mechanisms for various risks, with the goal of continuously improving our overall risk management capabilities.

Content of Risk Management			
Strategic risk management	Investment risk management	Fund risk management	Exchange rate risk management
Asset risk management	Channel risk management	Overseas operations risk management	Quality risk management
Human Resource risk management	Product technology risk management	Brand risk management	EHS risk management
Cadre and employee conduct risk management	/	/	/

### **Risk Management Goals**

We have set short-, medium-, and long-term risk management goals to minimize the likelihood of risk events and their potential impact, while merging risk control into our culture and processes to ensure stable operations and sustainable development.

#### Short-Term Goal (1-2 Years

Short-term risk management focuses on establishing rules and regulations. To this end, we have formulated the "Risk Management Framework" and improved our risk management processes and mechanisms. This approach allows us to address uncertainties with certainties, ensuring that rules and regulations not only protect us but also become integral to our competitiveness.

#### Medium-Term Goal (3-5 Years)

We will continually strengthen closedloop risk control and management, keeping risk-related losses within a reasonable range, ensuring that major risks do not recur, and achieving baseline risk management maturity.

#### Long-Term Goal (Ongoing)

We will strive for excellence in risk management, enabling business operations to comply seamlessly without noticeable constraints, reaching the advanced state of 'freedom within boundaries'.

### Risk Management System

Through a hierarchical risk control system, we have established three lines of defense to align our comprehensive risk management efforts. We have clearly defined the responsibilities and authorities of all departments and responsible parties, built sector- and business-specific risk management mechanisms, and created a closed-loop management system.

#### First line of defense

Business units at all levels assume the primary responsibility for risk management, implement risk control processes, anticipate risks associated with major decisions and innovative initiatives, regularly assess internal control compliance, correct non-compliant behaviors, cooperate with audits and inspections, and establish risk information databases.

#### Second line of defense

Functional departments at our headquarters assume the comprehensive responsibility for risk management within the scope of their duties. They identify key risks, develop strategies and assessment indicators, organize and coordinate risk management efforts, guide and supervise the risk control work of business units, create and maintain risk pools, conduct annual assessments and prepare reports, and drive continuous improvement in risk management across their functional areas.

#### Third line of defense

Audit and inspection departments act as the final line of defense in risk management. They audit and supervise the business units, inspect their operations, provide guidance on risk management, review major risk response plans, oversee the rectification of issues, investigate and address violations, create risk information systems, organize risk control training, and ensure that business units operate with compliance.

#### Risk Alert System

We have established an effective risk alert system to promptly identify and respond to potential risks. This allows us to implement appropriate risk mitigation and control measures. Meanwhile, by analyzing both the quantitative and qualitative metrics for distributors and establishing an operational alert system, we can monitor distributor activities in real time to proactively identify and assess potential anomalies or sudden financial crises.



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About This Report Message from the Chairman

Sustainability Governance

About Us

Stable Operations for Long-Term Growth Sustainable Development for Ecological Conservation

Taking Responsibility to Create Inspired Spaces for Better Living

# Protection of Investors' Rights and Interests

Strictly complying with the requirements set forth in relevant laws and regulations, including the "Administrative Measures for Information Disclosure of Listed Companies," and the "Information Disclosure Management System," we uphold the principles of truthfulness, accuracy, completeness, timeliness, and fairness in our disclosure. We are committed to rigorous and meticulous information disclosure, effectively implementing and maintaining robust information disclosure responsibility mechanisms to ensure that investors have timely and comprehensive access to key information such as our operations and finances.

To optimize investor relations management, we have formulated the "Investor Relations Management System." The board office, as the dedicated functional department, oversees these responsibilities under the leadership of the Board Secretary. With a deep understan-ding of our operations, management, strategies, and other key areas, the department plans and organizes investor relations activities while managing day-to-day engagements to foster long-term, stable, and harmonious investor relations.

We place great emphasis on investor relations management, utilizing various channels, platforms, and methods to advance related efforts, effectively ensuring that investors' right to be informed about and participate in major corporate matters. Fully leveraging such channels as our official website, new media, SSE's E-interactive platform, phone and fax lines, emails, and the network infrastructure of stock exchanges and securities depository and clearing agencies, we engage in comprehensive communication with investors through formats like general shareholders' meetings, investor communication meetings, roadshows, analyst meetings, visitor receptions, and roundtable discussions.

In addition to regular reports, interim announcements, and special report disclosure, we provide further details on our operations, key businesses, and finances during in-person meetings or conference calls following the release of regular reports. Moreover, we arrange for our Chairman, President, and senior executives to engage with investors through general shareholders' meetings, investor communication meetings, and other formats. We also proactively establish communication channels and attend strategy conferences at home and abroad.

#### During the reporting period

We hosted

3

results briefings through the SSE Roadshow Center

and responded to

17

investor inquiries on the E-interactive platform

We are committed to actively returning value to our shareholders. Our profit distribution policy focuses on providing reasonable returns to investors. As long as our sustainable operations and long-term development are not compromised, we aim to establish continuous, stable, and effective mechanisms for investor returns, seeking win-win outcomes for both our investors and the company. On the basis of ensuring stable operational performance and a continuous improvement in profitability, we implement a cash dividend policy to share the benefits of our growth with our shareholders.

#### 2023

Our total cash dividend amounted to

**РИВ 1,128,758,161.09** 

representing a payout ratio of

**56.27**%

# Information Security and Privacy Protection

To ensure data security, KUKA HOME has formed a data security management committee, led by our Chief Information Officer (CIO), to develop and implement our data security strategy and oversee the execution of related policies. The committee has established several specialized working groups, including those for technology, legal compliance, and risk assessment. They are responsible for institutional development, technology support, risk control, and other relevant work. The committee has also hired high-caliber specialists to continuously improve our overall information security governance capabilities.

#### **Security Management**

In line with the management principles of "unified planning, risk reduction, concurrent progress in technology and management, and continuous optimization," we attach great importance to information and data protection. Based on government and industry standards, we have formulated the "Internal Data Processing Guidelines," the "Personal Identification Information Processing Standards," the "KUKA HOME Business System Data Security Management Standards," and other policy documents. We have also established a management framework covering data classification, processing, storage, and transmission to ensure the security of critical information and data assets, prevent data breaches, misuse or loss, and support stable operations while maintaining the trust of our customers.

Our daily information security efforts mainly focus on risk prevention and control, as well as building a strong security foundation. Apart from regularly assessing risks, we have continued to strengthen our data usage compliance and information security management by adopting measures such as data anonymization of sensitive information, tiered access control management, and approval processes for batch data operations. During the reporting period, we did not receive any penalties resulting from violations of information security and privacy protection laws and regulations.

#### Risk Assessment and Response

**Regular assessment:** Biannual risk assessments of all information assets, including servers and databases

**Dynamic adjustment:** Timely updates to security protection measures and emergency response plans based on assessment results

**Perimeter defense:** Introduction of active situational awareness and traffic monitoring technologies to strengthen network perimeter security capabilities

#### Basic Security

**Perimeter security:** Deployment of network perimeter security devices such as firewalls and intrusion prevention systems to effectively block malicious external access and attack attempts

**Terminal protection:** Installation of security protection tools on terminal devices and servers to prevent the intrusion of viruses, Trojan horses, and unknown malicious software

**Data protection:** Implementation of sensitive data identification, data anonymization, and access control to limit unauthorized bulk exporting and misuse

**Application defense:** Implementation of code audits and security testing on online business systems to promptly address high-risk vulnerabilities and ensure the secure and stable operations of application systems

At the same time, we try to keep pace with emerging technologies and industry trends, actively promoting the practical application of protection technologies to strengthen our data security capabilities in daily operations. Through the implementation of these technologies, we have effectively addressed the rising risks of cyberattacks and further strengthened the strategic foundation for our data and information security.

Data loss prevention (DLP) system

Based on user behaviors, data sensitivity levels, and data loss prevention policies, the system intelligently determines whether data transfers should be intercepted, approved, or allowed, effectively mitigating the risk of data leakage

Network-wide situational awareness and traffic analysis platform

The platform monitors traffic on the company network on a real-time basis to identify and intercept malicious traffic and quickly respond to potential threats

Secure operations and maintenance audit management system

The system strengthens server and database operation and maintenance security to prevent unauthorized access and operations, ensuring the security of core assets

#### **R&D Data Security Assurance**

To comprehensively safeguard the information security of R&D data throughout their entire lifecycle—from creation, production, dissemination, collection, to processing—KUKA HOME has established and improved the "Information Security Management System" and specialized R&D data management measures, with revisions and updates made in 2024. These measures clearly stipulate that R&D data are highly classified information, requiring multi-dimensional security controls, including personnel management, software application controls, physical environment protection, and information exchange protocols, to ensure they are not leaked, altered, or lost due to accidental or malicious acts.

At the operational level, we strictly limit the transmission of R&D data through channels such as emails and external storage devices. Sensitive information must be authorized and protected through encryption and other security measures. All R&D-related materials are stored on servers with controlled access, and sharing channels must not be established on personal devices. In addition, specific constraints and approval mechanisms are in place for key processes such as third-party access, software installation, and account management. This forms a closed-loop management system to prevent security risks and effectively safeguard our R&D assets.

#### **Responsibility for Protecting Partner Information**

At KUKA HOME, we place great importance on the responsibilities and obligations of our partners within the information security system. A systematic review and control mechanism has been established around compliant data processing. We conduct stringent qualification reviews and ongoing supervision of all partners handling sensitive information to ensure their operational processes align

with our established data processing standards. At the same time, in actual data processing activities, we require suppliers to sign the "Data Security Delegated Processing Agreement" to clarify both parties' legal responsibilities and obligations in personal information protection. We set forth special provisions for the information transmission process to mitigate risks during all data flow stages.

# Information Security Training and Awareness Promotion

KUKA HOME has continuously strengthened employees' security awareness and ability to fulfill responsibilities, establishing a regular information security education mechanism. We conduct annual information security training for both new and existing employees. The training is tailored to employees' job responsibilities and covers core topics such as data protection fundamentals, sensitive information identification, and data security awareness requirements. It is organized and assessed through the KUKA Academy platform to ensure practical results.

At the same time, we actively promote information security awareness through initiatives such as the Cybersecurity Awareness Week. Leveraging internal platforms, community materials, and other channels, we disseminate information security knowledge across multiple levels. Driven by institutionalized training and cultural guidance, KUKA HOME enhanced employees' professional competence in network information management, helping them gain a firm understanding of the fundamental knowledge and behavioral norms in this area. This has laid a solid foundation for sustainable operations and customer information protection.







Cybersecurity Awareness Week



#### **Cybersecurity Level Protection Certificates**

### **Customer Privacy Protection**

Customer privacy protection is one of the focuses of KUKA HOME's information management system. We view it as a key driver of our sustainable operations. So far, we have established a relatively comprehensive privacy management system, covering documents such as the "KUKA HOME Standards for Processing Users' Personal Information," the "Privacy Policy," the "Platform Usage Agreement," and the "Template for Personal Information Processing Agreement." These documents define the compliance boundaries for the collection, use, storage, and sharing of personal information, refine relevant operational processes and the division of responsibilities, and ensure that all data processing activities across business scenarios are supported by clear procedural foundations.

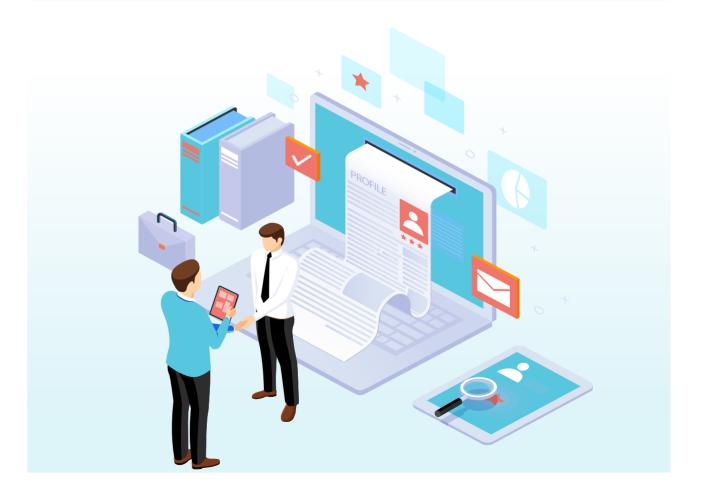
In addition, we continue to improve our customer information management mechanisms and focus on the standardized management of user authorization processes and access control. We have published a privacy statement on our official website to ensure that users are clearly informed about our data usage purposes and processing rules before their personal information is collected, allowing them to make informed choices. Besides, we use such information solely for specific and lawful purposes. Internally, we grant access to sensitive or identifying information strictly on a need-to-know basis, with all related operations recorded and subject to audit. This ensures the security and controllability of data processing.

#### During the reporting period

In terms of data security incidents, there were

no

occurrences of data security incidents, data breaches involving financial losses, and customer privacy breaches

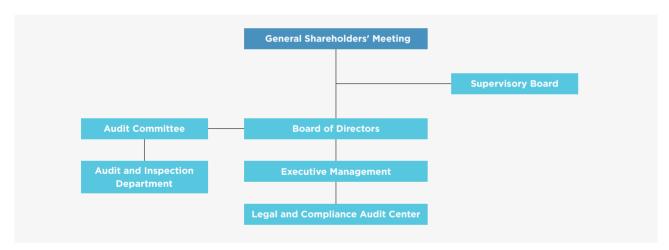


# 1.2 Business Ethics

KUKA HOME strictly complies with all applicable anti-bribery and anti-corruption laws and regulations, including the "Criminal Law of the People's Republic of China," the "Company Law of the People's Republic of China," the "Anti-Unfair Competition Law," the "Anti-Monopoly Law," the "Anti-Money Laundering Law," the "Interim Provisions on Prohibiting Commercial Bribery," (issued by the State Administration for Industry and Commerce, Order No. 60) as well as the "Corporate Governance Code" under the Listing Rules and other relevant domestic and international regulations. Through the integrated advancement of institutional development, supervisory mechanisms, and cultural guidance, KUKA HOME consistently enhances employees' business ethics awareness and strengthens their ability to fulfill related responsibilities. These efforts lay a solid foundation for corporate compliance and enhance the long-term sustainability of the company's overall governance.

# Anti-corruption Management

At KUKA HOME, we uphold the principle of operating and managing our business with integrity and in full compliance with all regulations. We continuously improve our clean governance system and actively develop and enforce anti-corruption policies. Under the guidance of our Board and led by our Legal and Compliance Audit Center, we have constructed the clean governance system, establishing policies and mechanisms that cover all employees, and initiating investigation and disciplinary procedures for individuals suspected of violating the code of conduct.



KUKA HOME has always upheld the principle of operating with integrity and is committed to building a clean and transparent business environment. To comprehensively prevent corruption risks, strengthen corporate governance and internal controls, and regulate the conduct of employees and suppliers, we have formulated and implemented a series of anti-bribery and anti-corruption policies that apply to all employees and suppliers. Specific measures include, but are not limited to, the strict enforcement of documents such as the "Employee Handbook," "Integrity and Self-Discipline Commitment Letter," "Ten Codes of Conduct for Professional Managers," and the "Gifts and Hospitality Management Policy".

To further improve anti-corruption management system, we officially released the "Integrity Management Policy" on June 7, 2024. This policy clearly standardizes business operations and management practices, reduces corruption risks, safeguards our legitimate rights and interests, and

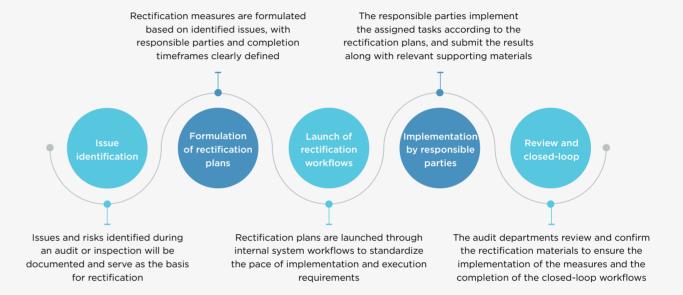
ensures the achievement of business objectives and the sustainable, stable, and healthy development. In the future, we will continue to refine relevant policies as needed, including anti-money laundering measures, to continuously improve our compliance management capabilities and reinforce our anti-corruption defenses.

We extend anti-corruption governance to the entire supply chain and systematically builds an anti-corruption compliance framework for suppliers. All suppliers are required to sign a legally binding "Business Integrity Agreement," which explicitly requires suppliers to establish an anti-corruption institutional system that matches the scale of their business, including, but not limited to, the development of written anti-corruption policies, the establishment of a risk assessment mechanism, the design of a special training program, and the setting of internal reporting channels. Suppliers are required to submit anti-corruption program documents (e.g., conflict of interest

declaration records, gift and hospitality declaration ledgers, third-party compliance due diligence reports, etc.) to KUKA on a regular basis for compliance verification.

In addition, we continuously improve our anti-corruption compliance management system, strictly enforce a zero-tolerance policy, and have established a systematic mechanism for handling violations of business conduct standards and managerial codes of ethics. The Audit and Supervision Department conducts penetrating oversight

across the entire value chain, including key areas such as procurement, supply, production, and marketing, with a particular focus on ethics audits for personnel in critical positions. Comprehensive audits are conducted every two months, with an annual audit frequency of no less than six times. By establishing a regular supervision mechanism and a tiered accountability system, we effectively enhance the visibility of compliance governance, comprehensively prevent ethical risks, and ensure healthy and sustainable development.



To strengthen anti-fraud governance and foster external collaboration, KUKA HOME actively participates in industry-wide anti-corruption initiatives. We have joined the Anti-Fraud Enterprise Alliance and serve as a board member. Through this platform, we share a 'blacklist' of high-risk personnel with other members to mitigate potential risks arising from the movement of individuals who have been sanctioned for fraud within the industry. Meanwhile, we leverage the Alliance's resources to actively engage in activities such as specialized training, joint initiatives, information sharing, and industry exchanges. This allows us to continuously learn from best practices and improve our professional anti-fraud management capabilities.

# Recognition Development of C

#### Development of Corporate Integrity Culture - the Integrity Rising Star Award ——

In 2024, during an integrity-themed month hosted by the Anti-Fraud Enterprise Alliance, which has over 1,300 members from industry-leading companies, more than 50% of them being listed companies, we won the Integrity Rising Star Award. This prestigious award was conferred by authoritative organizations such as the Enterprise Internal Control Association, recognizing our innovative practices in integrity culture promotion and internal management. This honor demonstrates not only our outstanding achievements in corporate integrity development, but also our positive contributions to advancing the integrity culture within the industry.



#### **Anti-Fraud Model Short Video Competition - the Best Popularity Award**

In the anti-fraud short video competition held in 2024, we won the Best Popularity Award for our work—" Six Don'ts on Integrity and Self-Discipline". This competition is hosted by the Enterprise Internal Control Association and other authoritative institutions. The winner of the Award was determined through rigorous preliminary selection by the organizing committee and the final expert review. In a vivid and engaging short video, we effectively communicated our core philosophy of integrity culture and fully demonstrated our social accountability as an industry benchmark.



# Whistleblowing Management

KUKA HOME emphasizes integrity management. We have formulated relevant regulations such as the "Standard Operating Procedures on Whistleblowing Management" and the "Internal Supervision and Complaint Management Guidelines," clearly defining the scope of handling and processing procedures. We have set up a multi-channel whistleblowing system accessible to employees, customers, suppliers, and all other stakeholders, and have integrated it into our supplier relationship management (SRM) system. We have also included relevant provisions in our contractual agreements to enhance the compliance of our collaboration with external partners.

We maintain a zero-tolerance stance toward corrupt behaviors. We encourage all our employees and partners to actively report any behaviors that violate integrity and self-discipline regulations, including but not limited to accepting gifts, kickbacks, banquet invitations, entertainment hospitality, or other forms of bribery. The Legal and Compliance Audit Center Business Audit Department, as the responsible department, is required to complete the investigation within 15 working days, issue an "Investigation Report," and ensure the authenticity, completeness, and accuracy of the report's content. The results of the investigation are communicated to the individual under investigation and provided to the whistleblower within three working days to ensure closed-loop management.

We place great importance on anti-corruption efforts and the promotion of business ethics, and are committed to providing safe and transparent reporting channels for employees and external stakeholders. To protect the legitimate rights and interests of whistleblowers, the "Integrity Management Measures" issued in June 2024 explicitly include provisions for whistleblower protection, ensuring they are safeguarded from any form of retaliation. Furthermore, the "Employee Handbook" reinforces that any retaliatory actions against whistleblowers will be met with strict disciplinary measures. These policies uphold the fairness and effectiveness of the reporting mechanism and lay a solid foundation for fostering a clean, honest, and ethical corporate culture.

#### **Reporting Channel**



Reporting email

tsztc@kukahome.com



WeChat public account

Integrity at KUKA



Reporting hotlin

0571-85016127



DingTalk workbench

Direct complaint channel/employee community



#### Reporting address

KUKA Building, No. 599 Dongning Road, Shangcheng District, Hangzhou Legal and Compliance Audit Center - Business Audit Department



# **Integrity Promotion**

We are committed to upholding high standards of business ethics and anti-corruption practices. Both our employees and suppliers undergo comprehensive training on anti-corruption and business ethics standards. To this end, we have established and strictly enforce a series of regulatory documents, including the "Integrity Management Policy," "Joint Operation Audit Management Guidelines," and "Operational Audit Manual". These form a multi-dimensional anti-corruption and anti-fraud management system, covering risk assessment, compliance monitoring, ongoing supervision, compliance audits, exit audits, whistleblowing & investigations, and training & communication. This system not only guides and regulates employee conduct but also positively influences external stakeholders.

On our WeChat public account and internal platforms, we regularly release posts and promotional videos on integrity, publicizes incidents of legal, regulatory, and disciplinary violations to all employees through typical case studies, and organize integrity rectification activities and seminars to actively promote integrity culture and foster an atmosphere of integrity. We require all our employees to sign an "Integrity and Self-Discipline Commitment Letter" upon boarding, and provide them with integrity training. Additionally, in our "Employee Handbook," we regulate employee behaviors, with strict requirements especially in areas such as abuse of power, bribery, gifting, and business hospitality. These measures collectively ensure the integrity of our corporate culture and the compliance of our business conduct.

In terms of cultural development, we integrate the concept of integrity into our routine management, establishing a 'constant reminder' segment as a fixed part of our semi-annual and annual meetings to strengthen frequent communication. At the same time, we actively share our integrity governance achievements with partners and call for joint commitment to compliance. By establishing a mechanism that links regulatory enforcement with promotion and education, we continuously foster integrity culture, transforming regulatory requirements into internal recognition and building an integrity ecosystem.

#### During the reporting period

All our new employees received anti-bribery and anti-corruption training, suggesting a

100%

participation rate

The total training duration reached

1,550 hours





#### "Integrity at KUKA HOME, Built Together by You and Me"

In 2024, KUKA HOME organized the "Integrity at KUKA HOME, Built Together by You and Me" training. The training, using typical case studies, covered the basic concepts of integrity, its positive impact on both individuals and the company, and how to practice integrity by exercising selfrestraint, developing the right values, and acquiring relevant knowledge. The training also introduced our internal reporting channels and encouraged employees to actively par-ticipate in integrity building and jointly foster an atmosphere of honesty and transparency in the workplace.



# 1.3 Compliance Management

Compliance management is of great significance to the development of a company and serves as a key safeguard for its stable operations. KUKA HOME has always adhered to a strict compliance baseline, resolutely resisting unfair competition in market activities and fostering a fair and just market environment. We incorporate supply chain compliance management into our core operating system, clearly stipulating the "Code of Business Conduct" and the handling of violations in supplier cooperation agreements. Detailed action plans to address specific issues are also included in these agreements. In 2024, we joined the Compliance Professional Committee of the Zhejiang International Chamber of Commerce, becoming a committee member to further strengthen compliance management and solidify our development foundation.



KUKA HOME has always upheld the principle of operating with integrity. We strictly comply with the "Anti-Unfair Competition Law of the People's Republic of China" and other laws, regulations and industry codes, and firmly oppose any form of unfair competition. We are committed to eliminating behaviors such as false advertising, commercial bribery, and the infringement of trade secrets by improving our internal compliance management system, thereby maintaining a fair and competitive market environment.



Indicator	Unit	2024	2023	2022
Number of lawsuits due to unfair competition practices	Case	0	0	0
Number of major administrative penalties due to unfair competition practices	Case	0	0	0
Amount involved in lawsuits or major administrative penalties due to unfair competition practices	RMB	0	0	0

### **Equal Treatment of SMEs**

KUKA HOME is committed to building a fair and transparent supply chain system. We aim to foster a cooperative atmosphere based on fairness, integrity, openness, and transparency. We offer small and medium-sized enterprises (SMEs) equal business opportunities, help them enhance their lean management capabilities, and promote collective growth with our suppliers. In addition, we help SMEs optimize quality management, delivery capabilities, and efficiency through regular review and feedback mechanisms, thereby achieving win-win, sustainable development.

### **Tax Compliance**

We strictly comply with the "Tax Collection and Administration Law of the People's Republic of China," the "Enterprise Income Tax Law," and other relevant laws and regulations to fully meet our tax obligations, ensuring timely and full payment of taxes. With a comprehensive tax compliance management system in place, we optimize our tax declaration processes, strengthen internal audits, and conduct regular tax training to improve the tax compliance awareness among all employees.

### Responsible Marketing

We strictly adhere to laws, regulations, and industry standards in our marketing activities to ensure responsible marketing. We provide accurate and fair product and service information to ensure that our communication with stakeholders satisfies legal and business ethics requirements. In addition, all our external communications undergo compliance review to prevent infringement or violations of advertising laws. We manage our written content, verbal expressions, and the use of logos in a standardized manner, and update them in time to ensure compliance. This ensures the continuous enhancement of our reputation and customer trust. During the reporting period, no illegal incidents related to marketing and logo usage occurred within our company.









In 2024, several of KUKA HOME's marketing videos received recognitions at the Tiger Roar Awards





# **Sustainable Development**

# for Ecological Conservation

At KUKA HOME, we are acutely aware of our responsibility and mission in the face of severe global ecological challenges. In response, we have taken concrete actions to protect nature and the ecosystem: from actively addressing climate change through end-to-end response solutions, to enhancing resource management effectiveness based on an intensive approach; from rigorous environmental management compliance, to establishing green, circular closed-loop systems.

Complying with the SSE Guidelines No.4 and No.14 (Trial)

#### **Guideline Requirement** Section Addressing climate change 2.1 Addressing Climate Change Pollutant emissions Strict Environmental Management Strict Environmental Management Waste disposal Ecosystem and biodiversity Strict Environmental Management conservation 2.3 Strict Environmental Management Environmental compliance Enhancing Resource Management management Effectiveness Energy utilization 2.2 Enhancing Resource Management Effectiveness ■ Water resource utilization 2.4 Achieving Green Recycling Circular economy

#### Responding to the United Nations SDGs









# **2.1** Addressing Climate Change

KUKA HOME recognizes climate change as a critical driver of sustainable development, in light of its profound and farreaching impact. We are committed to continuously strengthening our strategic awareness and systematic response capabilities in addressing this challenge. Over time, we have progressively established a comprehensive response framework that encompasses management mechanisms, information identification, and action deployment. Our goal is to maintain stable development in a constantly changing environment, while actively exploring new opportunities during the transition. Through these efforts, we aim to enhance our long-term resilience and value creation capabilities.

### Governance

At KUKA HOME, we integrate climate change and carbon emissions into our corporate governance framework as key considerations in strategic decision-making. The Board of Directors has established a dedicated mechanism for the development and oversight of climate-related strategies. Our Strategy Committee focuses on the identification, screening, assessment, and management of climate-related risks and opportunities, and provides strategic recommendations to the Board.

Our decision-making and management teams continuously improve their climate-related knowledge and expertise, promoting top-down, in-depth discussions on relevant topics. At the same time, we require our functional departments, subsidiaries, and factories to incorporate climate-related risk management into their daily operations. By focusing on key energy efficiency indicators such as carbon emission intensity at the manufacturing stage and reliance on purchased electricity, we are strengthening our ability to reduce carbon emissions and address related risks. This allows us to steadily advance our response governance and drive sustainable development in the face of climate change.

# Climate-related Risks and Opportunities

We systematically identify risks associated with the uncertainties posed by climate change, classifying them into short-term (0–1 year), medium-term (1–5 years), and long-term (above 5 years) categories based on their duration. Climate-related risks primarily include physical risks and transition risks. Physical risks refer to the frequent occurrence of extreme weather events such as high temperatures and rainstorms, which could disrupt our raw material procurement, order fulfillment, and manufacturing stability. Transition risks involve the potential impacts of policy changes, shifts in market preferences, and rising costs related to green compliance as we transit to a low-carbon development model.

Given the characteristics of the furniture manufacturing industry and our own operational practices, we evaluate the potential impacts of climate-related risks on our operations and finances across various stages of our value chain. Based on this evaluation, we develop differentiated management and control strategies to strengthen our resilience and response to climate change.

Physical Risk				
Risk and	Impa Value Chain	Impact of Risk		· Response Measure
Description	value Chain	Specific Impact	Financial Impact	Response measure
Acute risk Increases in extreme weather events, such as typhoons, extreme precipitation, and extreme heat and cold Short-term	<ul> <li>Product design</li> <li>Production and operations</li> <li>Material supply</li> <li>Logistics and distribution</li> <li>Storage, transportation, and sales</li> </ul>	Changes in product design cycles; factory shutdowns; equipment and facility damage; transportation interruptions; increases in shutdown/delay times; and compromised delivery schedules and customer experience	Asset losses, sales losses, and cost increases	<ul> <li>Improving the disaster prevention measures and maintenance plans for factories and warehouse facilities.</li> <li>Monitoring market demand and flexibly adjusting new product launch schedules in real time based on weather changes to avoid inventory buildup caused by extreme weather events.</li> <li>Establishing a weather alert mechanism and flexibly adjusting production and transportation plans.</li> <li>Improving the supply chain's adaptability by regularly assessing climate change-related risks and encouraging suppliers to develop response mechanisms and action plans.</li> <li>Taking our insurance to manage potential economic losses caused by extreme weather events.</li> </ul>
Chronic risk Global warming, water resource shortages, and ecosystem degradation Long-term	<ul> <li>Raw material procurement</li> <li>Product design</li> <li>Production and operations</li> <li>Storage, transportation, and sales</li> </ul>	The unstable supply or price fluctuations of raw materials such as wood, leather, and foam; the shortage of water resources potentially increasing municipal water prices and thus raising water costs; and the rising instability of energy supply driving up operational costs for businesses.	Operational fluctuations, sales losses, and cost increases	<ul> <li>Adopting environmentally friendly materials to replace traditional high-resource consumption raw materials and actively building a sustainability-oriented green supply system.</li> <li>Leveraging data analysis and consumer insight tools to systematically track the impact of seasonal changes on different product categories and dynamically optimize the product mix.</li> <li>Implementing targeted promotions by planning sales strategies for the off-season in advance to reduce the risk of inventory buildup and resource waste.</li> <li>Adopting eco-friendly production processes and technologies, advancing energy transition, strengthening water resource management and ecological protection, and gradually reducing reliance on high-carbon energy sources to ease environmental burdens.</li> </ul>

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About This Report Message from the Chairman

About Us

Sustainability Governance

		Transition Ris	ik	
		Impact of Ris	sk	
Risk and Description	Value Chain	Specific Impact	Financial Impact	Response Measure
Policy and regulatory risk  Heightened information disclosure requirements and increasing regulatory scrutiny  Short-, medium-, and long-term	Operation management	New climate and environmental policies have been announced both domestically and internationally. For example, the SSE has introduced increasingly stringent regulations on climate-related information disclosure by listed companies, requiring more comprehensive and quantifiable data to enhance management transparency.	Higher governance and compliance costs	<ul> <li>Closely watching domestic and international climate and environmental policies to ensure that business operation meet the compliance requirements of mainstream markets.</li> <li>Actively communicating with industry associations and regulators to reduce the negative effect of regulatory changes.</li> <li>Actively participating in thematic events organized by home furnishing industry associations to speed up the response to policy changes.</li> <li>Strengthening training for management to enhance their awareness of climate change, environmental policies, and related issues.</li> </ul>
Technology risk  Green materials and production technologies are increasingly used within the industry  Short-, medium-, and long-term	<ul><li>R&amp;D and design</li><li>Production and manufacturing</li></ul>	To achieve a green transition, it is necessary to use more environmentally friendly materials and energy-saving equipment. This poses higher systematic requirements for green design and carbon emission reduction.	Higher investment costs and increased technology renovation expenditures	<ul> <li>Providing design and R&amp;D teams with specialized training on green material application, energy-saving technology integration, and so on to improve their sustainability design awareness and capabilities.</li> <li>Advancing technology renovation on equipment and the use of energy-saving processes to control energy consumption and emissions.</li> <li>Promoting the procurement of green raw materials and optimizing the carbon footprint of products to improve environmental performance over the full lifecycle of products.</li> </ul>
Market risk  Growing preference for environmentally friendly products  Medium- and long-term	<ul><li>R&amp;D and design</li><li>Marketing and sales</li><li>Brand marketing</li></ul>	The environmental friendliness of products needs to be improved, as consumers are placing increasing importance on sustainability and eco-friendly fashion.	Higher costs for environmentally friendly design, procurement, R&D, and after- sales services	<ul> <li>Prioritizing the selection of green materia and enhancing the development of relate processes to create furniture product line that meet environmental standards.</li> <li>Embedding environmental protection concepts into brand strategies and promoting recyclable and reusable products to increase consumer recognitic of green consumption.</li> <li>Promoting green product categories through targeted advertising and education, guiding end customers toward a shift in awareness and preferences.</li> </ul>
Reputational risk  Climate-related disclosure requirements are intensifying, and stakeholders are showing heightened scrutiny of environmental protection initiatives  Medium- and long-term	<ul><li>Compliance and marketing</li><li>Brand marketing</li></ul>	Stakeholders' expectations regarding a company's social and environmental responsibilities need to be satisfied, as regulatory scrutiny increases.	Higher governance, and compliance costs	<ul> <li>Increasing the frequency of communication on environmental protection topics, and addressing stakeholders' concerns over both environmental protection commitments and practical actions.</li> <li>Monitoring regulatory requirements, providing timely and effective information disclosure, and strengthening transparence in brand management.</li> <li>Publishing an annual ESG report to systematically disclose key environmental performance data such as carbon emissions and resource usage, and to demonstrate actions and achievements in environmental protection and social responsibility to the public.</li> </ul>

Type of Opportunities	Climate-Related Opportunity	Impact on Business Models	Impact on Value Chains
Resource efficiency	<ul> <li>Promoting green manufacturing and energy efficiency improvements, and optimizing the use of wood, water resources, and energy.</li> <li>Introducing automation equipment and digital management systems to reduce labor and energy costs.</li> <li>Driving energy-saving retrofits in factories, such as using heat recovery systems.</li> </ul>	<ul> <li>Reducing raw material and energy waste, improving production efficiency, and lowering operating costs.</li> <li>Promoting the standardization of internal management processes to reduce employees' physical labor intensity, enhancing work efficiency, and improving overall operational stability.</li> </ul>	• Increasing production capacity and unit capacity utilization to reduce the carbon footprint per unit of product.
Low-carbon products and services	<ul> <li>Introducing green materials through R&amp;D and technological innovation, and collaborating with upstream and downstream partners to implement carbon reduction solutions.</li> <li>Launching eco-friendly furniture product lines, such as those using green panels.</li> <li>Offering furniture recycling services to extend product lifecycles.</li> </ul>	<ul> <li>Enhancing customers' perception and experience of ESG to promote repeat purchases.</li> <li>Providing more differentiated selling points and improving product competitiveness to drive the sales mix toward green products.</li> </ul>	<ul> <li>Promoting cross-departmental collaboration to drive reforms in green R&amp;D and procurement mechanisms.</li> <li>Strengthening product lifecycle management capabilities.</li> <li>Encouraging suppliers to adopt green certification standards.</li> </ul>
Markets	Eco-friendly products and services can tap into emerging green consumer market segments, unlocking new revenue streams.	<ul><li>Exploring new market opportunities and channels.</li><li>Enhancing customer loyalty and market influence.</li></ul>	<ul> <li>Driving collaboration for green transformation across the supply chain, enhancing overall supply chain resilience, and exploring emerging markets.</li> </ul>
Reputation and brand building	<ul> <li>ESG is a key component of brand equity and can enhance a brand's value.</li> <li>Carbon footprint data and environmental achievements help strengthen consumer trust.</li> </ul>	<ul> <li>Creating a green brand image can help enhance customer loyalty.</li> <li>Improving ESG ratings can help gain long-term support from the capital markets.</li> </ul>	<ul> <li>Meeting market and product demands while establishing a green brand image.</li> <li>Enhancing transparency in communication with regulators, investors, and customers.</li> </ul>

# **Indicators and Actions**

As climate change continues to reshape global resources and market dynamics, GHG management has become a crucial element for companies to achieve sustainable growth, impacting their resilience and long-term value. KUKA HOME places a significant emphasis on the systemic impact of climate topics, continuously strengthening awareness of adaptation and mitigation. We focus on key areas such as the green value chain and energy transition, steadily advancing our responsibility-driven transformation process.

Since 2018, we have reserved space for PV and energy storage systems in all new, renovated, and expanded projects, gradually integrating green energy into factory construction and operations. So far, we have completed PV system installations at several of our production sites, with a total electricity generation exceeding 68 million kWh. As the scale of PV power generation continues to expand, the share of renewable energy in our energy mix has steadily increased, providing strong support for our carbon reduction and green transformation efforts. During the reporting period, we cumulatively reduced 37,082 tCO $_2$ e of GHG emissions, which marks a 43.5% YoY increase in emission reductions.

In 2024, we actively carried out GHG emissions accounting. However, due to the wide scope and complexity of GHG emission data—covering numerous processes and disparate systems—data collection presented considerable challenges. With the calculation of Scope 1 emissions encountering significant difficulties, we only disclosed Scope 2 emissions, including those from purchased electricity, for the year. Going forward, we will improve our data collection system with the goal of comprehensively tracking GHG emissions data. This will help us clearly understand our carbon emissions situation, develop more effective emission reduction strategies, and contribute to the mitigation of climate change.

#### During the reporting period

We cumulatively reduced

37,082 tCO<sub>2</sub>e

of GHG emissions

which marks a

43.5%

YoY increase in emission reductions

- In	ndicator	Unit	2024
	cope 2 GHG missions	tCO <sub>2</sub> e	38,538.9055

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Sustainability Governance

# 2.2 Enhancing Resource Management Effectiveness

At KUKA HOME, we have always pursued intensive and efficient development, continuously optimizing our management strategies and technological approaches throughout the entire resource utilization process. By comprehensively improving our resource allocation efficiency and reducing consumption intensity, we are steering our operational model toward a green, low-carbon, and sustainable direction, creating new, long-term momentum for our high-quality development.

# **Energy Management**

In strict adherence to the "Energy Conservation Law of the People's Republic of China," the "Renewable Energy Law of the People's Republic of China," and other relevant laws and regulations, we have continuously improved our energy management system. We have established and implemented relevant measures, including the formation of an Energy Inspection Group that regularly monitors issues such as overflow, gushing, dripping, and leakages at our production sites. With dynamic monitoring, timely issue reporting, and closed-loop rectification, we aim to effectively improve our energy utilization efficiency. Meanwhile, we actively promote energy-saving, emission reduction, and renewable energy projects to comprehensively drive green production and operations, while continuously optimizing our energy mix.

Indicator	Unit	2024
Total energy consumption	Tce	5,644.3590
Direct energy consumption	Tce	431.3018
Indirect energy consumption	Tce	5,213.0572

### **Improving Energy Efficiency**

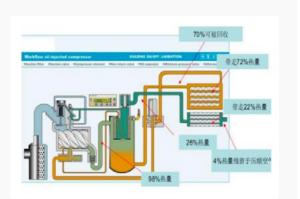
KUKA HOME has established energy-saving management systems across its production bases to guide the daily inspection and management of energy use. We continue to strengthen emissions reduction efforts by strictly implementing green factory standards across all plants. We have carried out energy-saving upgrades on high-energy-consuming equipment, optimized fan systems, reduced electricity consumption intensity, and improved overall energy efficiency. For woodworking processes, we have introduced intelligent upgrades to reduce idle energy consumption by adjusting operating speeds based on actual demand, thereby further lowering electricity costs. Currently, we are actively advancing projects such as energy storage systems and waste heat recovery from air compressors, aiming to systematically optimize our energy structure and continuously build a highly efficient, low-carbon operational system.

We actively implement demand-side energy management measures, aiming to better control the energy consumption associated with our products and services. By deploying an intelligent monitoring platform, we enable real-time tracking of water, electricity, and gas usage across our production workshops. This significantly enhances the accuracy and transparency of energy data, providing a strong foundation for enforcing energy consumption limits and optimizing energy efficiency.



#### Waste Heat Recovery from Air Compressors

To further tap into energy-saving potential during production, we focus on energy recycling and reuse, promoting the efficient utilization of waste heat resources. We have installed waste heat recovery systems for air compressors across our production sites to fully recycle waste heat resources generated during production, such has high-temperature exhaust gas and waste steam. In particular, the system at our Jiangdong site recycles waste heat to produce 70t of hot water per day for use in employee living quarters. We have begun installing such a system at our Huanggang site, with an expected daily supply capacity of 15t of hot water upon completion. The system will help effectively reduce steam and power consumption. Through this project, we save energy costs and reduce carbon emissions by 912t per year, further enhancing energy utilization efficiency and supporting lowcarbon operations.



#### **Applying Renewable Energy Technologies**

At KUKA HOME, we actively respond to China's "dual carbon" goals by advancing the green energy transition across our production sites. Since 2015, we have continued this initiative by deploying PV power generation projects. Among all completed projects, those at our Jiangdong and Linjiang sites in Hangzhou, as well as at our Jiaxing and Hengshui sites, feature PV power generation systems designed and constructed to high standards. These sites have achieved PV power self-consumption with surplus electricity fed into the grid, fully leveraging clean energy to support production and operations. Furthermore, when planning new and expanded projects, we incorporate PV systems in our designs and reserve space for energy storage, continuously increasing the share of green energy in the energy mix of our sites. In this way, we steadily build a low-carbon, energy-saving, and efficient operational system.

We continue to optimize our PV power generation systems to improve the efficiency of solar power across our production sites, while steadily increasing the proportion of green electricity used to reduce carbon emissions and energy consumption. In 2024, we added two new energy storage systems at our manufacturing bases, further enhancing energy utilization efficiency and strengthening the stability of power supply. These initiatives not only demonstrate our strong commitment to sustainable development but also showcase our leading practices in green manufacturing and energy management. Looking ahead, we will continue to invest in green energy technologies, contributing actively to the achievement of carbon neutrality goals.

#### As of the end of the report period

We had completed the construction of PV power plants at all our major production bases except the older Dongguan facilities and a few sites with structural limitations. This has significantly lowered our electricity costs and carbon emission intensity.

Our total installed PV capacity now exceeds

with cumulative power generation surpassing

68.94<sub>MW</sub>

**58** million kWh

#### **PV Power Generation Projects**

In 2024, we continued to increase our PV projects. The new 7.5MW PV power generation project at the Jiangdong production site II has officially broken ground, and is expected to generate no less than 8 million kWh of electricity in its first year of operations. This project will significantly improve our self-sufficiency of green power supply. By deploying PV power plants, we are reducing our reliance on conventional energy sources, transforming our production model into a low-carbon, energy-efficient one, and enhancing our green operational capabilities.

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#### **Energy Storage Projects**

We have completed and commissioned a 3MW/6MWh energy storage system at our Jiangdong site. Based on the local time-of-use electricity pricing policy, the system completes two charging and two discharging cycles every 24 hours, enabling peak shaving and optimizing our electricity consumption mix. Since the system's commissioning, the proportion of peak load ratio at the site has declined from 40% to 10%, significantly improving electricity efficiency while reducing energy costs and carbon emission intensity.









Indicator	Unit	2024
PV power generation volume	10,000 kWh	1,802.722
Natural gas	m <sup>3</sup>	324,120.5

# Water Resource Management

We place great importance on the rational utilization and management of water resources, and are dedicated to ensuring well-regulated and efficient water usage throughout our production and operations. Given our overall low water usage intensity, with the majority of water used for employee living purposes and relatively little for industrial purposes, we have unified our inlet water and outlet water charges across all production sites, and have not established an independent wastewater measurement system. Moreover, we have established clear requirements for water resource management, focusing on raising awareness, managing water usage, and using water-saving technologies, and have formulated the corresponding measures as follows:



#### Raising awareness

Placing water conservation signs throughout all plant areas to improve employees' awareness and sense of responsibility regarding water conservation



#### Managing water usage

Urging water users to promptly close water valves to prevent overflow, gushing, dripping, and leaks; recording daily water usage data; and addressing any abnormalities in a timely manner



# Using water-saving technologies

Prioritizing water-efficient fixtures in all public areas, reasonably selecting efficient water usage products, avoiding continuous water flow, and improving water resource utilization efficiency

Going forward, we will continue to closely monitor water resource usage. Through structural optimization of water usage, enhanced water monitoring systems, and continued exploration of water conservation and efficiency measures, we are committed to promoting more rational and sustainable water resource utilization.

#### During the reporting period

In terms of water conservation, we achieved total water savings of

1,379.25

through measures such as water recycling and reuse



Indicator	Unit	2024
Total water withdrawal	m³	5,038,276.56

# <sup>2.3</sup> Strict Environmental Management

At KUKA HOME, we uphold sustainability principles, comply with both international and local environmental protection standards, and continuously enhance our environmental governance framework and protection strategies. We consistently implement stringent environmental management measures in areas such as waste management and ecological protection, while closely monitoring environmental indicators to ensure emissions remain fully compliant. During the reporting period, we did not engage in any violations of environmental protection laws and regulations, were not involved in any disputes arising from pollution incidents, and did not receive any administrative penalties for environmental violations.

# Management System

We have established a well-structured environmental governance system to ensure that all our environmental protection efforts are effectively promoted and implemented. In 2024, we revised our "General Provisions for Environmental Protection Management" and "Guidelines on Responsibilities for Environmental Protection Management," further clarifying the duties and obligations of our employees at all levels and positions in environmental protection work. We have also strengthened the development of our environmental governance system and improved our environmental management capabilities, building a solid framework for ensuring environmental compliance.

#### **EHS Governance Structure**



■ The Safety Committee, as the highest decision-making body for environment, health, and safety (EHS), is responsible for coordinating production safety, environmental protection and occupational health management, as well as overseeing and evaluating EHS performance. The Committee has established an EHS Management Center as its operational arm to supervise and manage EHS activities. coordinate environmental protection efforts at all levels, and ensure the effective operation of the EHS management system. Additionally, all business units have implemented localized governance structures to ensure the effective enforcement of EHS policies, objectives, and management requirements.

#### **EHS Management System**



Our "Guidelines on Responsibilities for Environmental Protection Management" standardize our environmental protection efforts and unify our management framework. We improve the professional capabilities of our environmental protection personnel at all levels through training, ensuring they possess the knowledge and skills required for their roles. The Management Center is responsible for guiding environmental protection efforts at all levels. Business units cooperate with local EHS departments to complete related tasks. Together, the local departments and business units oversee registerkeeping and procedure follow-up. This system guarantees adherence to environmental protection regulations, establishes EHS technical standards and audit system covering key areas, and enhances company-wide standardized management.

#### **EHS Risk Management**



■ We have established an emergency response mechanism for unexpected environmental incidents and improve it on a constant basis. We have also formulated corresponding rules and measures to ensure a rapid and effective response process. We require all levels of environmental protection personnel to possess basic knowledge and engage in continuous learning to meet their job requirements. Through regular inspections, audits, and maintenance of our environmental protection equipment, as well as environmental protection-related emergency drills, we enhance our emergency response capabilities and create a comprehensive, systematic risk prevention and control framework.

### **System Certification**

During our management and production, we maintain a commitment to minimizing our environmental impact. In strict adherence to sustainability principles, we prioritize environmental considerations in all aspects of our management and production. In strict accordance with the "Environmental Protection Law of the People's Republic of China." the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste," and other relevant laws and regulations, we have established a comprehensive environmental management system. This system covers the "General Provisions for Environmental Protection Management," the "Guidelines on Responsibilities for Environmental Protection Management," the "Regulations on the Management of the Three Wastes," and the "Environmental Protection Facility Operation and Management System." Based on this system, we conduct comprehensive supervision and monitoring of various types of emissions, including air pollutants, solid waste, wastewater, and noise. We have also obtained ISO 14001:2015 environmental management system certification.



Environmental Management System Certification

#### **Environmental Protection Training**

We aim to embed environmental awareness deeply into the values of every employee. To this end, we organize regular environmental education and training sessions each year to integrate the concept of sustainable development into all aspects of our daily operations and management. Through these efforts, we comprehensively enhance employees' environmental consciousness and sense of responsibility, supporting our pursuit of green development.





# Management of Exhaust Gas, Wastewater, and Waste

At KUKA HOME, we actively fulfill our social responsibilities by strictly complying with the waste management laws and regulations of the People's Republic of China and those of our operating regions. We continuously improve our environmental management system to ensure full compliance with relevant certification requirements. At the same time, we enforce strict controls over emissions related to exhaust gas, wastewater, solid waste, and noise during our production and operations, ensuring regulated discharge and striving to minimize negative environmental impact to the greatest extent possible.

#### **Exhaust Gas**

Emissions of exhaust gases pose significant potential risks to both the environment and employee health. The primary air pollutants in our operations come from dust generated during furniture manufacturing and volatile organic compounds (VOCs) produced during the spraying process. We strictly adhere to regulatory requirements, including the "Comprehensive Emission Standards for Air Pollutants" (GB 16297 - 1996) and the "Emission Standards for Air Pollutants in Industrial Coating Processes" (DB 33/2146 - 2018). Through meticulous daily management and cross-departmental collaboration, we continuously optimize measures to control exhaust gas emissions.

In addition, we have engaged a qualified third-party environmental monitoring firm to regularly conduct pollutant monitoring, ensuring that the concentration and emission rate of air pollutants comply with the relevant emission standards. During the reporting period, all exhaust gas emissions met national and local standards.

Activity Generating Exhaust Gases	Exhaust Gas	Treatment Method
Wood cutting, drilling, and other processing activities	Dust	Installing and using efficient bag dust collectors to effectively capture and remove dust generated during the processing, thereby reducing environmental pollution.
Furniture spraying	VOCs	Reducing VOC emissions by replacing oil-based coatings with water-based ones and increasing the use of water-based adhesives; using activated carbon adsorption units to lower VOC emissions; and introducing catalytic incineration units to reduce the amount of disposed waste activated carbon.
Fuel combustion in the cafeteria	Cooking fumes	Using clean energy sources such as natural gas or electricity and installing grease smoke purifiers to significantly reduce cooking fumes emissions, thereby minimizing the discharge of air pollutants.
Heating boiler combustion	Fly ash and nitrogen oxides (NO <sub>x</sub> )	Using a combination of cyclone separators and bag dust collectors to treat fly ash, employing selective catalytic reduction (SCR) technology for denitrification inside the furnace, and applying non-selective catalytic reduction (SNCR) technology outside the furnace to reduce fly ash and NOx emissions.



#### Optimizing Waste Activated Carbon Disposal Through Regulated Treatment Processes

As a key company in Xiaoshan District, Hangzhou, KUKA HOME actively responds to the city's policy on the regeneration and recycling of waste activated carbon through a closed-loop management approach. Leveraging the small and micro collection and transportation units supporting the Green Island Project in Xiaoshan, we ensure nearby and standardized collection and transport of waste activated carbon generated from our exhaust gas treatment. By implementing standardized procedures such as uniformly labeled vehicles and leakage-prevention packaging, we effectively reduce the costs of replacing and disposing of waste activated carbon. At the same time, we comply with the city's VOC control facility upgrade requirements to improve our pollution control efficiency. Under the Green Island model, KUKA HOME has set an example for Hangzhou's Blue Sky Protection Campaign, contributing to the home furnishing industry's transition toward green and low-carbon development.



#### **Reducing Emissions of Volatile Substances Through Pollution Control Practices**

During our production processes, we strictly implement scientifically sound and stringent pollutant control measures in line with the government's 14th Five-Year Plan (FYP). Through continuous experiments, we are gradually increasing the proportion of solvent-free adhesives used to replace solvent-based ones, thereby reducing VOC emissions and protecting both the environment and human health. In the meantime, we are actively promoting the full replacement of traditional oil-based coatings with water-based ones, given the latter's low volatility and excellent environmental performance. Currently, all of our domestic factories have fully adopted water-based coatings.



#### Adding a Catalytic Incineration System to Reduce Emissions

During the production stages such as spraying and drying at the Jiangdong production site II, VOC exhaust gases with complex components can be generated. To ensure compliant exhaust gas emissions and minimize the impact on both the plant area and its surrounding environment, we have adopted an efficient and cost-effective activated carbon adsorption process with a designed absorption rate of over 95%. This process effectively reduced the emissions of organic pollutants, ensuring reliable environmental protection at the production site and contributing to our green manufacturing efforts.



Air Pollutant	Unit	2024
NO <sub>x</sub>	t	1.3358
Sulfur dioxide	t	0.0698
Particulate matters	t	72.8103
VOCs	t	48.7278

#### Wastewater

Our wastewater originates primarily from the production of functional metal frame products and domestic sewage generated throughout our plants. To ensure compliant wastewater emissions, we have established independent industrial wastewater treatment facilities for the exhaust water generated during the production of functional metal frame products. After undergoing physical, chemical, and other treatment processes to meet the Class III standards specified in the "Comprehensive Emission Standards for Sewage" (GB 8978-1996), the treated water is then connected to the municipal sewage network for further advanced treatment.

In addition, we have entrusted environmental monitoring companies with accredited environmental testing qualifications to conduct regular tests on the industrial wastewater and domestic sewage discharged, ensuring they consistently meet the relevant standards. Additionally, we have separated rainwater from sewage across our plant areas to ensure that our sewage and rainwater collection and discharge systems are managed separately, eliminating the risk of mixing sewage with rainwater. This effectively prevents the dilution and overflow of wastewater and further ensures the effectiveness of wastewater treatment and environmental safety.

#### Waste

To comply with relevant laws and regulations, including the "Environmental Protection Law of the People's Republic of China" and the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste," regulate environmental protection management, and clarify job responsibilities, we have established the "KUKA HOME Solid Waste Management Standards" and the "KUKA HOME Hazardous Waste Identification and Labeling Standards" to reduce environmental pollution.

We have set comprehensive emission reduction targets to ensure that the generation and treatment of solid waste follow the '3Rs' principle of reduction, reuse, and recycling. We have also defined standards for general and hazardous waste, specifying the workflow from waste generation and control to storage, management, and disposal. Through strict classification and proper disposal, we ensure the compliant treatment of waste from our production and operations, preventing any negative impact on the environment.

#### General solid waste

Waste source: Scrap wood pieces and wood dust, sponge offcuts, metal scraps, dust collected by dust collectors, waste packaging materials, fabric offcuts, household waste, and kitchen waste generated during the furniture production process.

Disposal method: Sorting waste into different categories, and sending recyclable materials such as scrap wood pieces, wood dust, sponges, metal scraps, dust collected by dust collectors, waste packaging materials, and fabric offcuts to relevant recycling units for proper disposal. Kitchen waste, classified as wet waste, is collected by local specialized recycling companies. Household waste is collected and removed by local sanitation authorities.

#### Hazardous waste

Waste source: Waste activated carbon generated from exhaust gas treatment, waste filter cotton from exhaust gas treatment in the spraying stage, waste lubricating oil generated during equipment use and waste lubricating oil barrels, waste glue barrels, water-based paint sludge, and waste water-based paint barrels, etc.

Disposal method: Entrusting companies with accredited hazardous waste storage and disposal qualifications for safe storage or disposal to achieve "zero emissions" of hazardous waste and reduce the environmental impact.

Waste Source and Disposal Method

Indicator		Unit	2024
	Total quantity	t	62,604.2345
Solid waste	Incineration and landfill volume	t	3,571.5545
	Utilization rate	%	94.54
General solid waste	Total quantity	t	62,277.896
	Incineration and landfill volume	t	3,310.277
	Utilization rate	%	94.99
Hazardous waste	Total quantity	t	326.3385
	Incineration and landfill volume	t	261.2775
	Utilization rate	%	8.96

#### Noise

KUKA HOME fully acknowledges the potential impact of noise on employee health and our communities. We implement strict noise management and control measures throughout our production and operational processes. Noise during furniture manufacturing originates primarily from equipment operation and handling practices. We use low-noise equipment, implement sound insulation and absorption measures, and provide employees with personal protective equipment (PPE) such as noise-canceling earplugs and ensure their proper use to significantly reduce the impact of noise on the environment and employees. All the noise emissions meet the Class III standards specified in the "Emission Standard for Industrial Enterprises Noise at Boundary" (GB 12348-2008).

# Noise source control

Prioritizing the selection of equipment with low noise through a rigorous evaluation and selection process at the equipment selection stage.

# Noise propagation control

Combining the use of a series of effective methods such as sound insulation, sound absorption, and vibration reduction through scientific planning and implementation.

# Control at the receiver end

Providing employees with professional protective equipment such as noise-canceling earplugs, enforcing proper usage through regular reminders, and conducting comprehensive supervision to ensure proper wearing.

# **Ecological Protection and Biodiversity**

As a leader in the furniture industry, we not only focus on our own development but also pay close attention to the protection of the surrounding ecosystem. We strictly adhere to the relevant laws and regulations, including the "Environmental Protection Law of the People's Republic of China" and the "Environmental Impact Assessment Law of the People's Republic of China". In our internal document, the "General Provisions for Environmental Protection Management," we stipulate that we must minimize the negative impact on the ecological environment during our project development, construction, production, and operations, while also meeting the requirements for protecting biodiversity to achieve harmonious co-existence between people and nature.

We have constructed a rooftop garden spanning nearly 10,000 square meters on the building of our headquarters. As our industry's scale expands, we are transforming our production sites across various locations into garden-style factories. When selecting vegetation, we follow the principles of suitability for greening and biodiversity conservation. We prioritize local honey source and fruit-bearing plants, such as fragrant pear trees and mango trees from the south, as well as apple trees and water peach trees from the north. We have also chosen overseas durian trees and jackfruit trees to further improve biodiversity. Additionally, we are committed to increasing the variety of nectar-feeding insects and bird species, and have selected plants that are easy to manage, have strong adsorption capabilities, and are resistant to pests and diseases, in order to create a green and eco-friendly environment at our production sites.

#### A taxus Planting Project for Biodiversity Conservation

With a strong emphasis on biodiversity conservation, the management team at our Jiangdong Meilin production site has actively led the implementation of a taxus planting project as part of their biodiversity conservation efforts. The project was carefully planned, with the management team personally involved in planting a batch of taxus saplings. After years of meticulous care, these saplings have grown into approximately 4,000 tall and robust mature trees. As a first-class nationally protected plant in China, taxus has not only enriched the plant community structure in the production site, but also provided an ideal habitat for animals that rely on it for shelter and food, attracting birds and small mammals such as squirrels. This has enhanced the biodiversity of the production site.



# <sup>2.4</sup> Achieving Green Recycling

Consistently upholding the concept of green recycling, KUKA HOME fully recognizes the importance of balancing economic benefits, environmental protection, and social responsibility to achieve sustainable development. We are committed to establishing a closed-loop system that enables green recycling across all operational stages—from raw material procurement and product design to production and end-of-life recycling. Our goal is not only to enhance internal operational efficiency but also to foster collaboration with consumers, suppliers, and other stakeholders, thereby thoroughly fulfilling the responsibilities of corporate citizenship and steadily marching toward long-term sustainable development.

# Selecting Eco-Friendly Materials

KUKA HOME actively promotes sustainable procurement practices and places great emphasis on supply chain transparency. In our daily operations, we prioritize the sourcing of key raw materials such as leather, cotton, and wood, enforcing strict controls over their origins and processing procedures. In parallel, we have established a traceability system to enhance the transparency throughout the procurement process, taking concrete actions to support the sustainable development of our industry.



#### Sustainable wood procurement



- In terms of wood procurement, we have formulated and implemented a clear sustainable sourcing policy and set defined sustainability targets to ensure that all wood used meets environmental standards.
- We apply a "dual certification + multi-dimensional" sustainable management system in our wood procurement practices. All suppliers have obtained Chain of Custody (CoC) certification from the Forest Stewardship Council (FSC), ensuring that the sources of wood are traceable and meet the highest sustainability standards. In 2024, FSC-certified wood accounted for 25% of our total wood procurement. At the same time, we actively expanded our multi-certification framework. Core products have obtained the China Environmental Labeling Certification (also known as the "Ten-Ring" certification) and the China Environmental Product Certification.
- Currently, we have acquired the CEC (China Environmental Certification) Green Supplier Certification, and some wood suppliers have also obtained CFCC (China Forest Certification Council) Chain of Custody certification to ensure compliance with sustainable forest management standards. In addition, some suppliers have joined the CARB (California Air Resources Board) program, further demonstrating our commitment to reducing carbon emissions and promoting environmental protection.

#### Sustainable leather procurement



- In leather procurement, we strictly adhere to the principles of sustainable development by formulating clear sustainable sourcing policies and leveraging third-party certifications to ensure our leather products meet the highest environmental standards. Currently, all of our leather suppliers comply with GB/T 24001-2016 / ISO 14001:2015 Environmental Management Systems—Requirements with Guidance for Use. Eight of our regular suppliers have obtained Leather Working Group (LWG) certification, covering approximately 87% of the annual procurement volume. Some suppliers have even achieved LWG Gold, Silver, or Bronze ratings. In addition, all domestic suppliers are members of the China Leather Industry Association, reflecting our active role in promoting industry-wide sustainable development and environmental practices.
- We are committed to advancing sustainable leather procurement and has set clear future targets to upgrade environmental standards across our supply chain. By 2025, 90% of bovine leather suppliers within our system are expected to be LWG-certified, ensuring that the vast majority of leather raw materials meet the most stringent sustainability certification requirements. Starting in 2026, LWG certification will become a mandatory prerequisite for all new suppliers, further reinforcing our commitment to responsible sourcing.
- We place great emphasis on supply chain transparency and are dedicated to improving traceability of leather raw materials. As of now, over 80% of the leather used in our products is traceable back to the original farms, meaning that the origin of most leather materials can be accurately identified. Going forward, we will continue to optimize our traceability systems, striving to achieve an even higher rate of material traceability and providing consumers with more transparent and eco-friendly product choices.

#### Sustainable cotton procurement



- In cotton procurement, we have established a clear sustainable sourcing policy and actively responds to environmental and social responsibility requirements. In April 2024, we officially joined the China Cotton Industry Alliance (CCIA), further strengthening our efforts in sustainable cotton sourcing. Through collaboration with CCIA, we are committed to promoting sustainable cotton cultivation and procurement, reducing environmental impact, and supporting the green development of the cotton industry.
- We have set clear future targets to drive sustainable cotton procurement, aiming to ensure both environmental responsibility and supply chain transparency. We will conduct statistics on the share of sustainable cotton and gradually increase the procurement volume and proportion of sustainable cotton across all products. This plan will be implemented progressively, starting from 30% and increasing to 60%, and so on. Suppliers are explicitly required to source raw materials through supply chains certified by CCIA to ensure that the cotton used meets the highest sustainability standards. Additionally, in the process of applying for certification from the China Inspection and Certification Group (CCIC), we require suppliers to provide documentation such as upstream and downstream procurement records and warehouse in/out certificates, to enable full traceability of cotton origins and flow.
- We are gradually building a cotton origin traceability system. At present, products made with CCIA-certified cotton can be traced back to specific production bases. However, due to the relatively small scale of current sales of new cotton-based products, precise traceability to individual farms is not yet feasible. As the proportion of CCIA cotton use increases in the future, we will continue to enhance our traceability mechanism, striving to achieve full traceability from production bases down to individual farms.

#### As of the end of the report period

Eight of our suppliers have received certifications from the Leather Working Group (LWG). These suppliers account for

**87**%

of our annual procurement volume

FSC-certified products represent

**25**%

of the wood we procured from foreign countries

# **Advancing Green Production**

Environmentally sustainable production is crucial for a company's sustainable development, serving as a significant action in fulfilling social responsibilities and adapting to environmental trends. KUKA HOME actively promotes clean production by upgrading energy-saving technologies and optimizing production processes. We also work to reduce energy consumption and pollution through innovative packaging solutions and the development of low-carbon logistics systems. These efforts contribute meaningfully to both our own sustainable development and that of society as a whole.

#### **Advancing Clean Production**

KUKA HOME unswervingly practices the concept of clean and green production, actively advancing technological research to support the continuous adoption of green, low-carbon materials, technologies, equipment, and production processes. We are committed to establishing green factories and building a circular industrial ecosystem of "resources-products-recycled resources," aiming to achieve eco-economic objectives that emphasize low extraction, high utilization, and low emissions.

In the production process, we have developed and applied technologies such as the classification and processing of irregular wood offcuts; cold pressing, finger-jointing, and panel assembling of wood offcuts, and shredding of sponge scraps; and the key processes for the forming, mechanical pressing, and dewatering of recycled leather,

significantly improving resource recycling efficiency and effectively promoting resource conservation, waste reduction, and pollution mitigation.

In addition, we have implemented digital and intelligent upgrades to our production processes. Through our independently developed intelligent control digital platforms, we integrate quality traceability with physical systems to achieve precise control over product quality and environmental metrics. We have also enhanced the level of intelligent manufacturing in our workshops by introducing centrally integrated automatic dust removal systems and adopting the 6S standardized management system, ensuring green manufacturing throughout the entire process.



#### **Transformation Toward Intelligent Production**

By introducing automation and intelligent technologies, we have driven our transformation toward green production, enhancing both production efficiency and product quality while effectively reducing manufacturing costs and the environmental impact. We have adopted automated guided vehicle (AGV) transport systems to replace traditional manual handling, achieving logistics automation and lowering energy consumption as well as carbon emissions. Meanwhile, we have upgraded our production management systems, optimized production processes, and minimized resource waste to further reduce our carbon footprint—achieving a win-win outcome for both environmental protection and economic efficiency.

### **Packaging Streamlining and Optimization**

We actively promote the reduction of packaging materials and adopt eco-friendly and recyclable packaging materials as far as possible to improve our resource efficiency. By improving packaging technologies, we have eliminated excessive packaging and enhanced packaging and loading efficiency, thereby reducing packaging waste generation. These measures help ease the burden on waste treatment systems and lower soil, air, and water pollution, thereby contributing to the development of a green and sustainable ecosystem.

## **Establishing a Low-Carbon Logistics System**

Motor vehicles such as cars and forklifts are widely used in our production and operations. However, their exhaust emissions contain air pollutants. Therefore, we have vigorously promoted the replacement of diesel forklifts with electric alternatives and are phasing out diesel forklifts in accordance with government regulations. This initiative aims to reduce emissions of NOx, CO, and non-methane total hydrocarbons from vehicle exhaust. Through these efforts, we are committed to building a more efficient and lower-carbon transport system.

# Offering Eco-Friendly Products

Driven by the global push for green development and growing consumer awareness of environmental protection, the home furnishing industry is witnessing new transformation and challenges. Against this backdrop, KUKA HOME actively embraces the shift toward sustainable consumption and is committed to providing consumers with high-quality sustainable products. We incorporate sustainable design across multiple product categories and broaden the use of sustainable materials, while upgrading our quality management system, increasing investment in R&D and innovation, and enforcing strict chemical safety controls to ensure product quality and safety throughout our green transformation.



Green Product Design KUKA HOME's product design always prioritizes the concept of green health and a minimal environmental impact. To provide consumers with a healthier and more environmentally friendly home life, we continuously explore renewable, eco-friendly materials in the development of new materials to meet market demand and stricter environmental requirements. This includes the design and development of green materials such as simulated ecological leather, biomimetic microfiber fabrics, and formaldehyde-free boards like "Eco No. 7." These innovations help replace imported materials, resolve raw material supply bottlenecks, and build a virtuous ecological value chain.



Making Green Products Our products have been awarded authoritative certifications, including the China Environmental Label Product Certification and the Green Supply Chain Evaluation Technical Specification Five-Star Certification. We have also been recognized multiple times as a leading green and environmentally responsible enterprise in Zhejiang's furniture industry, receiving honors such as the Integrity Demonstration Enterprise, Green Design Demonstration for Industrial Products, and Green Factory. These accolades further emphasize our ongoing efforts and commitment to promoting sustainable development and environmental protection.





Certificate for China Environmental Labeling Product Certification (type II)

#### The Eco No. 7 core plate contributes to a new home furnishing ecosystem with its breakthrough technologies

Traditional plywood has hindered the home furnishing industry's development due to its excessive raw material use, high energy consumption, and poor environmental performance. To address global ecological challenges, KUKA HOME is dedicated to innovating basic materials and advancing eco-friendly design, driving the industry's shift to high-quality and sustainable development. We have developed the Eco No. 7 | LSB-5 core panel, which redefines environmental standards in the home furnishing industry while ensuing exceptional performance with its breakthrough technologies. The panel emits only 0.007 mg/m<sup>3</sup> of formaldehyde, significantly below government regulatory limits. In addition, it boasts superior formaldehyde-purifying and antibacterial properties, with a formaldehyde-purifying efficiency of 84.3% and an antibacterial rate of 99.99%, effectively inhibiting bacterial growth and providing customers with a healthy and reassuring living environment.

Backed by its five main advantages and eight-fold assurance system, the Eco No. 7 | LSB-5 core panel offers durable, safe, and eco-friendly home furnishing solutions, transforming living spaces into true health havens. The product has obtained several internationally recognized certifications, including Japan's F4-Star Rating Standard, dual U.S. NAF (No Added Formaldehyde) certifications from both the CARB and the EPA (Environmental Protection Agency), CTC (China Building Material Test & Certification Group) Children's Safety certification, the CIAA (China Antimicrobial Materials and Products Association) antibacterial certification, the Ten-Ring certification, and the Swiss SGS certification.







#### Safire Leather

During the reporting period, we successfully developed the eco-friendly Safire Generation II leather. This leather features highly stable, eco-friendly additive agents, reducing the volatility and oxidation of additive agents from the outset throughout the leather's lifecycle. This not only effectively lowers the leather's VOC emissions and atomization—significantly reducing its impact on indoor air quality and ensuring compliance with green home furnishing environmental standard—but also considerably improves its oxidation resistance, thereby extending product lifespan and minimizing resource waste. Additionally, this leather does not require extra softening maintenance, further reducing energy consumption and the use of chemical agents.

After rigorous testing by the National Leather Quality Inspection and Testing Center based on the GB/T 20944.3-2008 and QB/T 5253.1-2018 standards, the leather sample achieved a Class 4-5 contamination performance, far above the industry's requirement of at least Class 3 contamination performance. Its inhibition rates for Escherichia coli, Staphylococcus aureus, and Candida albicans are as high as 93%, 94%, and 95%, respectively, all exceeding the 90% standard. These results clearly demonstrate that this leather product not only offers superior environmental performance with a reduced environmental impact, but also contributes to a healthy, safe, and green living environment for consumers through its excellent antibacterial and bacteriostatic properties.





#### **Green Skin-Friendly Materials**

KUKA HOME uses COOL-FIT fabric, an eco-friendly material that complies with the OEKO-TEX Standard 100. This fabric is resistant to contamination and wear. Its excellent physical properties allow it to undergo multiple eco-friendly processes, ensuring it is both environmentally and skin-friendly.



Message from

the Chairman

# Promoting Eco-Friendly Recycling

Plastic, metal, foam, and other waste generated from old furniture can have an immeasurable environmental impact if not properly disposed of. In alignment with national policies and ESG-driven green concepts, KUKA HOME is exploring the recycling and reuse of old furniture to establish a circular value chain. This approach provides users with practical solutions for sustainable, healthy, and ecofriendly living, while steering the home furnishing industry toward green, low-carbon, and sustainable development.



We address the recycling challenges posed by bulky furniture waste with limited reuse value by arranging for professional personnel to provide on-site services, ensuring the professionalism and standardization of the service. The service facilitates the seamless replacement of old furniture with new ones, satisfying consumers' need for new furniture while properly handling the old ones. For the recycled old furniture, we carry out detailed dismantling and categorization, distinguishing them by materials and properties to enable targeted follow-up disposals. Finally, we dispose of the old furniture in strict compliance with environmental standards to ensure the entire process meets environmental requirements.

In addition, we collaborate with recycling stations and waste treatment facilities to maximize the recovery of resources from recoverable materials, while implementing classification and centralized disposal of non-recoverable materials. This innovative approach not only alleviates the burden on consumers disposing of large old furniture, but also adheres to the principles of environmental protection and sustainability throughout the process, bringing a win-win situation for consumers, our company, and society at large.





#### During the reporting period

We implemented "trade-in" programs nationwide, which benefited

8,235 households

and successfully recycled

2,058 of old furniture

This has significantly promoted the concept of green living

#### alue Creation

#### Reducing Environmental Impacts

Through a standardized recycling process, we dispose of old furniture in an environmentally responsible manner. We send dismantled components such as plastics and metals to specialized facilities for recycling, helping reduce soil and air pollution as well as other issues caused by direct landfilling or incineration.

#### Promoting Safe Resource Circulation

During the disposal of old furniture, we recycle and repurpose materials such as wood, metal, and plastic into new products, thereby reducing the extraction of natural resources like timber and minerals.

#### Contributing to Policy Enforcement

We actively respond to China's "dual carbon" goals and circular economy policies. While promoting the achievement of carbon peaking and carbon neutrality, we set an example for other companies and contribute to the industry-wide green transformation.



<sup>&</sup>quot;Trade-in" programs





# **Taking Responsibility**

# to Create Inspired Spaces for Better Living

At KUKA HOME, we are committed to ensuring that every aspect of our operations—from design to delivery—meets the highest standards through continuous innovation and superior management. With a keen eye for details, we strive to provide households with reliable support and a comfortable environment. Through strong partnerships and an efficient operational system, we ensure that our products meet the diverse needs of every home. Meanwhile, we actively engage in public welfare initiatives to give back to society, creating inspired spaces for every household and fostering a warm, harmonious living environment with a strong sense of responsibility.

Complying with the SSE Guidelines No.4 and No.14 (Trial)

#### **Guideline Requirement**

- Innovation-driven development
- Product and service safety and quality
- Supply chain security
- Rural revitalization
- Social contribution

#### Section

- 3.1 Refined Manufacturing of Quality Products
- 3.1 Refined Manufacturing of Quality Products
- 3.2 Creating Shared Value with Partners
- Building a Harmonious Society Together
- 3.3 Building a Harmonious Society
  Together

Responding to the United Nations SDGs









# 3.1 Refined Manufacturing of Quality Products

KUKA HOME maintains an unwavering commitment to high-standard manufacturing. Through continuous technological innovation, we drive product advancement while optimizing our R&D systems and improving design capabilities to deliver high-quality home furnishing products. We consistently strengthen our quality management—spanning R&D, production, supply chains, and market feedback—to enhance product reliability. We also enhance our service system by establishing diverse channels, optimizing the user experience, and winning market trust through highly responsive and precise services to achieve comprehensive value enhancement—from refined product manufacturing to optimized services.

# **Development of Innovative Products**

Innovation is the driving force behind a company's growth. At KUKA HOME, being "innovative" is one of our core values. We are deeply committed to original design and technological advancement, actively engaging in international exchanges and establishing a development model based on independent innovation and resource integration. By continuously improving our product innovation and design capabilities, we are driving the industry toward higher standards, superior products, and a new sustainable future.

#### **Innovative Management Model**

KUKA HOME has consistently used innovation as an engine to propel management upgrades, comprehensively enhancing both the breadth and depth of our R&D system. We have established a market demand-oriented design and R&D mechanism, building an operational model driven primarily by original design and research, and supported by collaboration with internationally renowned designers. In addition, we have set up R&D centers across the globe to absorb international cutting-edge design concepts and fine craftsmanship, continuously advancing furnishing products toward greater style, technological sophistication, and intelligence. With our exceptional design and R&D capabilities, our international centers have been recognized as "national-level industrial design centers," cumulatively securing hundreds of design awards and holding thousands of original design patents.

Additionally, we have further optimized our organizational structure by establishing a research institute, and restructuring our design system through category specialization while driving development efficiency through platform-based capabilities. We emphasize the integration of R&D resources and the improvement of collaboration efficiency to establish a more efficient and precise innovation mechanism. The test center of our research institute has received laboratory accreditation from the China National Accreditation Service for Conformity Assessment (CNAS), suggesting that its inspection capabilities, equipment standards, and management systems meet nationally recognized benchmarks.

#### **R&D Team Cultivation**

We firmly believe that a strong R&D team is the core driver behind a company's sustained innovation. To this end, we recruit top-tier R&D talent from around the globe, foster innovation through the introduction of leading industry experts, and cultivate a diverse and professional R&D team. Through systematic training, exchanges on cutting-edge technologies, and international collaboration, we comprehensively enhance the professional expertise and innovation capabilities of our R&D team.

#### As of the end of the report period

We employed

**1,471** staff members dedicated to

with R&D expenditures accounting for

1.52%

We have developed a top-tier talent pool spanning areas such as product design, intelligent manufacturing, and material sciences

### Industry-academia-research Collaboration

By leveraging an "industry-academia-research" collaborative innovation system, KUKA HOME has built a bridge linking academic research, technological development, and industrial application, effectively driving high-quality industry growth. We partner with renowned domestic and international universities such as Zhejiang Sci-Tech University, Nanjing Forestry University, Politecnico di Milano, and Soochow University to conduct in-depth research on furniture trends, new materials and technologies, and cutting-edge design. We have established a design center in Milan, Italy, and joined hands with top European design teams to create an international

innovation base. Through in-depth collaboration with Politecnico di Milano on core technology projects, we have further consolidated the foundation for our global market presence.

Meanwhile, as an industry leader, we have actively spearheaded the revision and improvement of sofa manufacturing standards and other furniture-related standards, consistently promoting the industry's standardization. By standardizing key technology indicators and strengthening the industry's standardization system, we aim to help China's furniture industry enhance its international competitiveness.

#### Collaborative R&D Platforms

Based on an open innovation system, KUKA HOME has forged deep collaborations with external institutions to jointly establish collaborative R&D platforms across the industrial chain. By focusing on precise insights into user demand, we are driving the home furnishing industry toward greater intelligence and digitalization. We use advanced technologies such as IPD, virtual development, simulation modeling, and AI across the entire R&D process — from raw material selection and optimization

of functional and structural components to design, production processing, intelligent assembly, and fine packaging. Through the digitalization, parametric design, and standardization of source design, we have established an efficient resource sharing mechanism to drive open collaboration on core technologies, helping the industry march toward a more efficient, intelligent, and flexible innovation ecosystem.



The "Al Design Brain" is at the forefront of the home furnishing industry, driven by its digital and intelligent capabilities

In 2024, guided by the digital economy development plan under the 14th FYP, KUKA HOME keenly identified emerging trends and took the lead in deeply integrating AI with home furnishing design. Our self-developed "AI Design Brain" is built on two core technological pillars: a multimodal data foundation and AI-powered intelligent retrieval and application logic. It delivers end-to-end design capabilities covering layout library, style library, design element library, and solution library, truly achieving "what you think is what you get" experience, and propelling the home furnishing industry into a new era of intelligent development.





#### **Intellectual Property Management**

In the area of intellectual property (IP) management, we continuously refine our management systems, leveraging sound frameworks to safeguard our competitive advantages and brand reputation, while effectively mitigating infringement risks. By setting up specialized IP management and legal departments, we have established a systematic IP protection mechanism that ensures standardized management and legal operations.

In addition, we have formulated and implemented regulations, such as the "Patent Management Measures," the "Intellectual Property Incentive Regulations," and the "Knowledge Management Measures for Technology Research and Innovation Projects," to implement end-to-end oversight of IP creation, management, utilization, and protection.

In the meantime, our marketing and technology teams continuously monitor industry developments, using technologies to track similar products in the market and providing infringement alerts. For malicious patent infringement or unfair competition, our legal departments swiftly intervene and take legal action to effectively safeguard our lawful rights and interests. During the reporting period, we continuously optimized our patent application process and provided specialized training for our R&D team, in-house patent engineers, external attorneys, and other relevant groups, aiming to comprehensively enhance our IP awareness and strengthen in-house IP management capabilities.

#### **R&D Achievements**

Through ongoing technological innovation and development, we have made remarkable R&D achievements. These achievements not only underscore our strong commitment to an innovation-driven development strategy, but also highlight our breakthroughs and progress across multiple technological domains, further solidifying our industry-leading position.

#### As of the end of the report period

We operated

4

product R&D centers globally

and had won more

than 100

international design awards

held

over **3,300** original design patents

including

4

-

86

and

Red Dot Design Awards



#### Innovation leads and propels the future of design

In 2024, KUKA HOME's "Morgan" collection won the Gold Award for Furniture Design at the 7th American International Innovation Design Award (AIIDA), one of the most influential honors in the global design community. This achievement highlights our outstanding strengths in design innovation, and more importantly, showcases our ability to lead home furnishing trends with an international perspective.



Gold Award for Furniture, AIIDA Design Award 2024

In 2024, KUKA HOME's whole-home collection, INTERSTELLAR, received several international design awards for its exceptional design—mostly notably the Intelligent Manufacturing Award of the IAI Design Award, known as the "Oscars" of the design world. These honors fully demonstrate the leading position of our customized whole-home solutions in design innovation and superior craftsmanship.



2024 A' Design Award & Competition of Italy and IAI Intelligent Manufacturing Award

#### A utility model patented product brings new intelligent home furnishing experience

During the reporting period, we were granted a utility model patent for our newly developed "adjustable sofa". Featuring ingeniously engineered base panel, movable seat cushion, and support mechanism, the sofa enables multi-level flexible height and angle adjustments to suit various scenarios such as reading, watching TV, and resting. This innovation reflects our deep insights into user needs, drives the development of intelligent furniture, and demonstrates our leadership in R&D and innovation.

Indicator	Unit	2024	2023	2022
Invention patents used in main businesses	Item	27	25	17
Invention patent applications in reporting period	Item	33	29	21
Invention patents granted in reporting period	Item	15	11	4
Valid patents	Item	3,362	2,947	2,537

# Comprehensive Quality Management

#### **Quality Management Strategy**

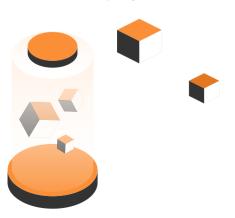
KUKA HOME has always upheld the core philosophy that "quality is corporate lifeblood, and quality management is the essence of corporate management." We continuously strengthen and refine our quality management practices. Through a systematic quality management system, KUKA HOME continuously optimizes every stage of the product lifecycle, striving to enhance quality management from multiple dimensions and thus provide consumers with superior products and services.

#### **Quality Management System**

At KUKA HOME, we use national and industry standards as the basis for our operations, upholding the quality policy of "Integrity in Essence, Excellence in Execution" and establishing a comprehensive quality management system. During the reporting period, our subsidiaries in Meilin and Hebei successfully obtained quality management system certifications. We will continue to strengthen quality control and ensure product stability and reliability.

Our testing center operates in strict accordance with the laboratory management standard ISO/IEC 17025 and has obtained CNAS accreditation. Its testing scope covers five major categories including wood, hardware, and functional frames. To further enhance our testing capabilities, we collaborate with partner clients to establish laboratories and engage in exchanges with several authoritative third-party testing organizations, continuously enriching and improving our testing methods and standards.

In addition, we closely follow the home furnishing industry's development trends to ensure that our products meet or even exceed the required standards. Through continuous product and management system certifications, we are committed to fully meeting customer demand and continuously improving our quality management capabilities. During the reporting period, our products maintained stable quality, with no external recalls attributable to quality-related issues.







#### **Quality Management Certifications**





**CNAS Certifications** 

**VEP Certifications** 

#### **Full-link Quality Control**

KUKA HOME strives to build a full-link quality control system that covers key operational stages such as product R&D, manufacturing, supply chains, logistics, and market feedback. This ensures systematic and closed-loop quality management, consistently helping maintain stable product quality and enhance customer satisfaction.

#### **Product Quality Control**

- Leveraging an integrated product development (IPD) process, we create a TR1-TR5 key stage quality inspection checklist, an issue tracking register, and a historical issue troubleshooting table, and continuously optimize them to improve our quality control capabilities.
- For the first order of new products from major customers, we have developed a quality control procedure covering the entire process to minimize quality risks.
- For foreign customers, we have specifically introduced a TR (technical review) process to identify product quality risks.

#### **Process Quality Testing**

- We strengthen internal quality inspections, optimize unpacking frequency, establish an internal quality control system based on the "SDCA" cycle, and continuously improve on-site quality through KBS Improvement Week initiatives to ensure zero-defect outflow.
- We implement tiered supplier management, placing particular emphasis on high-risk suppliers, and drive their continuous improvement.
- We identify new materials and products as well as key quality requirements, establish a mandatory testing guideline for all required inspections, and optimize testing items and capabilities.
- We enhance proactive risk prediction across design, raw materials, production, testing, and other operational stages to identify and address potential quality risks in a timely manner.

#### **Logistics Quality Training**

• We empower distributors through online/offline training, improving their ability to standardize warehouse and logistics operations, thereby ensuring that quality is maintained throughout the logistics stage.

#### Market Quality Improvement

- We gather multi-dimensional user demand and operational data, organize cross-departmental teams to visit stores, warehouses, and other sites, and deliver our "Worry-free Quality" commitment to end-market partners.
- We have established aftermarket parts maintenance standards and management procedures to enable rapid response to distributor concerns. By leveraging information technologies, we ensure closed-loop quality management while continuously improving both product quality and customer satisfaction.

### **Quality Incident Handling**

At KUKA HOME, we have established a sound quality management system that spans the entire product lifecycle—from planning, R&D, and procurement to production, logistics, installation, and aftersales—ensuring quality traceability at every operational stage. We pursue a principle of "timeliness and efficiency" in addressing quality issues, requiring all departments to respond promptly to and identify precisely quality deviations. Additionally, we strictly enforce the "Three No-Release" principle: no non-conforming product is released, no quality issue is closed, and no quality accountability is cleared until closed-loop corrective action is completed. To ensure accountability enforcement, we have introduced a tiered quality management system that addresses

quality issues based on their severity, enabling effective containment and control of quality incidents.

For any quality issues that arise, we require relevant departments to quickly formulate temporary containment measures, emphasizing simultaneous technical improvements and process optimization to minimize the impact. In addition, we require that rectification be completed within the specified timeframe. Additionally, all quality incidents must be incorporated into the closed-loop management system, and through regular quality evaluations, accountability tracing, and performance assessment mechanisms, we ensure that improvement measures are effectively implemented.

#### **Chemical Management**

#### **Management System**

KUKA HOME places great importance on chemical management, consistently adhering to relevant laws, regulations, and industry standards to ensure product safety and environmental compliance. Currently, we do not utilize any regulated chemical substances, and all products meet both national and international environmental standards. This reflects our rigorous approach to chemical management and transparency, as well as our firm commitment to consumer health and environmental protection.

#### **System Certification**

Upholding the principle of providing high-quality, healthy, and sustainable products, KUKA HOME strictly manages and controls hazardous substance limits to ensure full compliance with environmental and safety standards. During the reporting period, we obtained the certificates of compliance with hazardous substance limits for furniture including soft beds, mattresses, sofas, and chairs, and met the requirements of GB/T 35607-2017 and CQM23-2100-11-2021 standards. We are committed to continuously refining our product safety performance to safeguard consumer health.









Certificates of Compliance with Hazardous Substance Limits for Furniture

#### **Chemical Control and Elimination**

KUKA HOME has consistently focused on product quality. By replacing certain materials with eco-friendly alternatives, we have significantly reduced the use of hazardous substance such as formaldehyde, ensuing product safety and environmental compliance. At the same time, our R&D team is actively exploring the use of more recyclable and sustainable materials in our production to enhance product quality, meet the demand for healthy home furnishings, and offer consumers safer, more eco-friendly solutions.



#### **Chemical Control Upgrades**

We have initially established a key substance control mechanism in response to the chemical management changes brought about by the process transformation in the injection molding self-manufacturing project at our Huanggang factory. The factory was the first to launch the use of clinker granules for the compression molding of sofa legs, achieving partial substitution of the paint spraying process at its source.





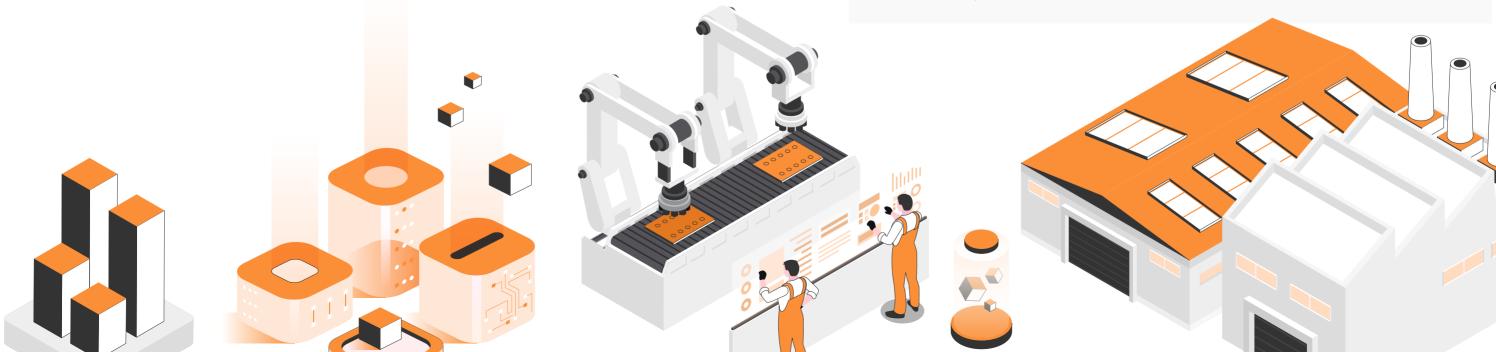
#### As of the end of the report period

KUKA HOME regards chemical safety as a core action direction for green manufacturing. In China, the spray-painting process for wooden chair manufacturing materials has achieved

100%

use of water-based paints





# **Providing High-Quality Services**

# **Service Response**

At KUKA HOME, we have remained true to our original aspiration of "solving problems and creating value for customers." We continuously optimize and upgrade our service system, improving service quality and user experience through a more robust management model. In 2024, we further expanded our service network, promoted model innovation, and accelerated the construction of a nationwide efficient service system.

During the reporting period, we enhanced our key service policy documents, including the "KUKA HOME User Service Standards" and the "KUKA HOME Customer Complaint and Public Opinion Closed-loop Control Mechanism." We made eight major commitments to customers, ensuring the standardization of all processes, from product quality to aftersales services.



At the same time, we optimized internal management by upgrading our digital systems and streamlining standard processes, effectively reducing the communication time between distributors and headquarters. We also refined our part storage and supply operations, introduced SLA-based tiered delivery commitments, and upheld a service philosophy of honoring our promises and offering fair compensation when necessary. These efforts safeguard customer rights, enhance user experience, and enable the rapid transfer and accurate resolution of customer requests.

#### As of the end of the report period

Our care service network had expanded to

contracted outlets in more than 1,900 regions

in more

regions and counties

across the country

with

certified professional care technicians, ensuring expert services and rapid response

# **Customer Care**

At KUKA HOME, we continuously refine our cleaning and care services, and promote more standardized and process-driven services through process standardization, training, promotion, and other measures. These efforts ensure a more efficient and sustainable operating model. Meanwhile, we continue to extend our service range, strengthen offerings such as film application, dining chair cleaning, whole-home delivery, and customized care to provide more comprehensive support for integrated furniture operators. Through these refined services, we help prolong the lifespan of furniture, reduce resource waste, and contribute to sustainable consumption.

In addition, we continuously innovate our trade-in and replacement service by introducing the concept of a "freeof-mind refreshing service," which has been piloted in several regions. We are also exploring a full-chain service model covering collection, contact, dispatch, transfer, delivery, pickup, and adjustment. This integrated approach aims to streamline the handling of old furniture, drive the development of a circular economy, and extend the value of furniture products. We are committed not only to offering consumers convenient, worry-free trade-in and replacement services that cater to their pursuit of a highquality life, but also to fostering a sustainable, win-win situation for our company and society as a whole, with a vision for long-term industry development.

# **Enhancing Customer Satisfaction**

Upholding a customer-centric value and based on customer needs, we have established a comprehensive service system aimed at continuously enhancing product quality and customer satisfaction.

Additionally, we are continually upgrading our user experience system by expanding customer survey coverage and deeply analyzing user feedback, enabling us to optimize our response mechanisms across five core business scenarios. In parallel, we are actively advancing the NPS system development. By leveraging relevant indicators, we monitor brand word-of-mouth and establish a user experience evaluation system centered on NPS and supported by customer satisfaction and customer compliant metrics, ensuring efficient communication of customer needs. During the reporting period, our net promoter score (NPS) ranked third in the industry, further solidifying our service quality and improving our brand influence.

In 2024, we refined our service system by delegating the responsi-bilities of the Customer Compliant Management Department to 13 provincial-level teams, enhancing response efficiency and the effectiveness of resource allocation. In addition, we further optimized our information system processes, standardized service protocols, and enhanced overall service quality.



# Digital-enabled management improves consumer satisfaction

In 2024, KUKA HOME partnered with DingTalk to launch a digital order fulfillment management system that integrates data on orders, products, and sales. This system enhances transparency and visibility across the entire process, allowing customers to track their order progress in real time for a better shopping experience. In addition, we have innovatively built a multi-functional membership service system centered around customer needs. This system offers six exclusive benefits, including personalized services, points redemption, and warranty coverage. It regularly organizes a variety of member-exclusive events and leverages online platforms to provide one-stop valueadded services such as cleaning and care, further optimizing service quality and enhancing customer satisfaction.

#### During the reporting period

Our overall customer satisfaction score

94.87

increase from 2023 based on comparable data

Our net promoter score (NPS) also rose by

from 2023, based on comparable data

# **3.2** Creating Shared Value with Partners

At KUKA HOME, we maintain compliant operations and continuously improve our supply chain management system to ensure transparent, fair, and efficient partnerships. We rigorously select and evaluate our suppliers, strengthen risk management and control, and drive supply chain optimization and upgrades. Through training, reviews, testing, and other methods, we support our partners in improving their order fulfillment capabilities and overall competitiveness. Looking ahead, we will continue to deepen our collaboration with suppliers to enhance the risk resistance of our supply chain, fostering a stable and sustainable industrial ecosystem.

As of the end of the reporting period, we had 1,022 suppliers across the following locations:

Indicator		Unit	2024
Number of suppliers	Total quantity	Supplier	1,023
Dylogation	China (incl. Macao and Kong Kong)	Supplier	908
By location	Overseas	Supplier	115

# Responsibility Management

KUKA HOME strictly complies with the "Company Law of the People's Republic of China," the "Tendering and Bidding Law of the People's Republic of China," and other relevant laws and regulations. We have established systems such as the "Supplier Access Management," "Supplier Information Change Management," "Supplier Elimination Management," "Electronic Tendering and Bidding Management," "Dynamic Supplier Risk Management," "Procurement System Auditing Management," and "Quality Agreements" to regulate our supply chain management system, enhancing our supply chain management capabilities in all aspects and dimensions.

KUKA HOME has established a comprehensive supplier management system. Through qualification verification, risk assessments, auditing and supervision, performance evaluations, and other measures, we manage the entire lifecycle of suppliers, from sourcing and entry to usage, maintenance, and evaluation, as well as auditing and eventual elimination. Additionally, we actively collaborate with suppliers to address product quality, safety, and ESG-related issues, organizing training sessions to help suppliers improve and obtain certifications. We focus on building a responsible, green, and sustainable supply chain. Furthermore, KUKA HOME employs digital systems for continuous, dynamic monitoring of supplier risks, ensuring compliance and stability across our supply chains.

# **Access Management**

To regulate supplier access management and improve the quality of the supply system, KUKA HOME has implemented a strict and standardized new supplier access process. We have developed a detailed "Supplier Access Management Method," formed a supplier review expert group consisting of fixed experts from quality, R&D, and procurement, as well as invited experts from finance and legal departments, to jointly conduct supplier evaluations. All new suppliers undergo background checks and on-site audits covering key areas such as quality, environmental protection, and labor rights. The procurement committee regularly conducts supplier audits to ensure continuous

compliance with requirements. Suppliers entering the supply chain system must pass rigorous qualification certification and review processes, with secondary suppliers of certain materials undergoing strict systematic analysis

We set differentiated evaluation standards for different categories, with all suppliers required to pass background research and qualification review, sample evaluation, and on-site evaluation before joining our supplier system. For key material suppliers, stringent access thresholds are set to reduce supply risks and ensure supply quality.



We review a supplier's basic registration information, ownership structure, legal risks, development history, key customers, and supplier network to ensure that its compliance, credibility, and supply chain integration capabilities meet the required standards.

#### **Qualification Review**

This includes key elements such as quality system certification (ISO 9001), environmental impact assessment reports, equipment lists, process flows, 3C certification for electrical products, and FSC certification for wood products, ensuring that suppliers meet high standards in quality, environmental protection, safety, and other areas.



#### Sample Review

The testing includes inspection reports, appearance review, performance evaluation, dimensional assessment, material property testing, and other key aspects, ensuring that the product meets high standards in quality, appearance, performance, dimensional accuracy, and material properties.



#### **On-site Review**

We conduct on-site inspections of suppliers to evaluate their production environment and management capabilities. Based on category evaluation standards, our assessment covers aspects such as personnel, equipment, materials, processes, and environment, and incorporates operational control, production assurance, incoming materials and process control, and finished product management capabilities for a comprehensive audit.

**Access Qualification Assessment Process** 

#### During the reporting period

We actively advanced our supplier environmental impact assessments, evaluating

**1,007** suppliers

which reflects a

**5.9**<sup>9</sup>

increase compared to the previous year

# **Tiered Management**

After onboarding new suppliers, we conduct monthly performance evaluations to implement dynamic tiered supplier management, ensuring product and service quality as well as supply chain stability. We score and evaluate suppliers based on material categories each month and publish the results accordingly. The monthly comprehensive evaluation is based on four dimensions: Q (Quality), C (Cost), D (Delivery), and S (Service), which are assessed through metrics such as first pass yield, on-time delivery commitment rate, cost contribution, and overall service. Suppliers are rated on a scale of S, A, B, C, and D, with differentiated management strategies implemented based on the assigned rating.

# **Annual Supplier Evaluation**

KUKA HOME conducts an annual supplier evaluation, comprehensively assessing key dimensions such as delivery, cost, quality, and service, with a focus on sustainability performance. For suppliers with lower performance rankings, we offer guidance to facilitate improvements, driving the supply chain toward greener, more efficient, and fairer development. Suppliers who perform poorly in multiple evaluations are subject to notifications, fines, and reduced quotas according to regulations. If suppliers fail to improve their performance despite efforts, they are eliminated to ensure the quality and sustainability of the supply chain. During the reporting period, we eliminated 114 suppliers.

# Resilience Building

# Risk Management

In compliance with relevant laws and regulations, KUKA HOME has developed a comprehensive procurement and supplier risk management system to ensure supply chain security and compliance. In key areas such as channel management, contract fulfillment, and supplier qualification, we have established mechanisms for risk identification. assessment, and monitoring to improve procurement transparency and execution. In the meantime, we have further enhanced our rules and regulations, solidified operational processes, and implemented oversight mechanisms, while regularly providing training and conducting compliance reviews. These efforts are designed to continuously minimize uncertainties across our supply chain to ensure a stable and well-controlled procurement process. In 2024, our supply chain experienced no major risk and impact events.

We continue to implement the "Dynamic Supplier Risk Management" measures and leverage our SRM system, along with platforms like Qixinbao, which provides business and credit information services, and Tianyancha, a business information platform offering access to corporate data. These tools enable real-time monitoring and dynamic warnings of supplier risks. The solutions establish multidimensional monitoring criteria, automatically tracking key risk factors such as supplier business registration changes and judicial litigation. Warning notifications are then pushed in real time to designated monitors via WeChat public account, emails, and other channels. In addition, the system collects supplier scores on a monthly basis, archives them as historical data, and conducts trend analysis based on the scoring curve. This approach enhances the robustness of procurement decisions and effectively mitigates potential risks in supply chain operations.

## Clean Procurement

KUKA HOME upholds the principles of fairness, integrity, openness, and transparency in all partnerships. We have comprehensively standardized our procurement processes to guard against potential risks of unfair trade. To this end, we have formulated the "Supplier Integrity and Self-Discipline Commitment Letter" and require each supplier to sign an "Integrity and Compliance Statement." In this way, we define the baseline for our cooperation and ensure that suppliers operate with integrity. In addition, we advocate for lawful, clean, honest, and win-win partnerships with our suppliers, emphasizing the importance of integrity and compliance across all parties in our supply chain, and requiring that:

- They are not allowed to intervene in or manipulate procurement decisions in any forms for personal gain.
- Any violation of integrity standards will result in immediate termination and permanent disqualification from rehire.

Suppliers involved in commercial bribery, transfer of benefits, false transactions, or other violations will be blacklisted and permanently disqualified from cooperation. accountable according to

If our employees or suppliers are involved in criminal activities, we will refer the matter to judicial authorities and take legal actions against them in accordance with the

Meanwhile, we have further strengthened our constraint mechanisms by strictly enforcing the "Notice on Strictly Prohibiting Partners from Giving Gifts to KUKA HOME Employees." We have also developed a set of disciplinary measures for violations, including downgrading qualifications, adjusting supply allocations, imposing liquidated damages, and terminating partnerships. These actions help ensure compliant, fair, and just procurement practices, while continuously enhancing the sustainability and integrity of our supply chain. In 2024, we introduced the "Integrity Management Measures" to strengthen integrity and compliance management across our supply chain.

#### During the reporting period

By upholding openness, transparency, integrity, and compliance, we implemented a multi-channel engagement system for over 1,000 suppliers to facilitate smooth communication and feedback. Meanwhile, we publicized and implemented integrity policies grounded in the "Eight No Principles" across more than 400 major suppliers. So far, 100% of our suppliers have signed relevant integrity and self-discipline commitment letters. These efforts have strongly promoted the development of a clean and ethical supply chain ecosystem.

# **Empowering Suppliers for Joint Progress**

At KUKA HOME, we are committed to forging stable, mutually beneficial partnerships with our suppliers and enhancing the overall capabilities of our value chain. By leveraging mechanisms such as supplier conferences, annual evaluations, and compliance management, we improve the transparency and standardization of our supply chain operations. For strategic suppliers, we apply higher management standards and provide targeted support to ensure the long-term stability and competitiveness of our supply chain. For suppliers with room of improvement, we provide corrective action guidance and necessary training to help them enhance their management practices and order fulfillment capabilities.

Since 2018, we have continued to implement and optimize systematic training for core suppliers, covering key areas such as quality mana-gement, delivery capabilities, and efficiency improvement. In 2021, we began collaborating with external institutions to further enhance our training practices. Our training methods include meeting exchanges. on-site inspections, online communication, and other approaches to ensure efficient information sharing and accurate execution of optimized training plans. Through a comprehensive and multi-tiered training system, coupled with regular review and feedback mechanisms, we continuously improve our suppliers' lean management capabilities, support their self-optimization and sustainable development, and work with them to build an efficient, winwin industrial ecosystem.



# Improving Quality and Efficiency to **Build a High-Quality Supply Chain**

We attach great importance to our collaboration with suppliers and are committed to building a stable and sustainable supplier network. During the reporting period, we actively empowered supplier growth by carefully organizing training programs engaging a total of 344 suppliers. In addition, we have refined our supply chain lean management practices. Since 2019, our procurement team has conducted five rounds of supplier value stream improvement projects, with 40 suppliers participating, resulting in over 500 topics or projects and generating income exceeding RMB 50 million. All these efforts have contributed to the enhancement of suppliers' management capabilities.



#### As of the end of the report period

We had actively empowered supplier growth by carefully organizing training programs. Our procurement team had conducted

rounds of supplier value stream improvement projects

RMB 50 million

with

suppliers participating

resultina in

topics or projects



and generating income exceeding

All these efforts have contributed to the enhancement of suppliers' management capabilities

# 3.3 Building a Harmonious Society Together

KUKA HOME is more than a provider of home furnishings; we are a creator of enhanced lifestyles. Guided by the Party's national development strategy, we actively engage in public welfare initiatives and contribute to charitable causes, giving back to society through a wide range of actions. We also proactively respond to the government's calls for consumption-based poverty alleviation and rural revitalization, supporting the development of poverty-stricken regions and contributing to common prosperity.

# Jointly Building a Warm Community

KUKA HOME actively participate in public welfare and charitable initiatives. We have established a volunteer team that regularly organizes community services and blood donation drives, amplifying the impact of social good. In collaboration with our partners, we also donate materials to universities, demonstrating our strong sense of social responsibility and commitment.

# **Public Welfare Initiatives**

Guided by the Party's national development strategy, we have always regarded public welfare as a vital means of giving back to society. We have established a sound Party Committee structure, consisting of three Party organizations and 29 party branches, with 680 Party members forming a strong Party-building force. Embracing the concept that "the family is the smallest unit of a nation, and a nation is made up of millions of families," we actively promote a range of public welfare initiatives, aiming to enhance social wellbeing and spread warmth and care throughout the community.

During the reporting period, we founded the "Volunteers' Family" and initiated in-depth collaboration with the Hangzhou East Railway Station Police Station. Our volunteer team, composed of Party members, provides public welfare services at the Railway Station every Friday at noon, offering professional consultation and guidance to travelers, particularly addressing the needs of the elderly and foreign tourists. Through consistent volunteer efforts, we fulfill our social responsibilities and spread warmth throughout the community.



#### Party member volunteers assist travelers with warmth and care

In 2024, Party member volunteers from the 20th Party Branch of KUKA HOME embarked on their warm volunteer journey from Hangzhou East Railway Station. With carefully prepared volunteer hand cards, they served as thoughtful "guides," not only providing precise directions to travelers but also sharing practical anti-fraud tips. They even volunteered to buy tickets for passengers, and when faced with questions about ticket prices, they thoroughly explained the differences between peak and off-peak hours. Through their concrete actions, the volunteers genuinely alleviated travelers' concerns, raised their awareness of safety precautions, and fully demonstrated our company's sense of responsibility, earning unanimous praise from travelers.







#### Blood brings hope, love unites strength

On the International Volunteer Day in 2024, our Party Committee organized a blood donation event. At the event site, Party member volunteers enthusiastically offered guidance, while doctors and nurses patiently answered questions and provided professional support for blood donors. Many first-time donors overcame their nervousness and donated blood bravely under encouragement, bringing hope to patients in urgent need. This was not only an act of love and generosity, but also a powerful transmission of life, reflecting the sense of social responsibility and commitment demonstrated by the KUKA people.



#### Community care activities

In September 2024, KUKA HOME volunteers visited a community on Daxue Road to host a birthday celebration for childless and spouseless elders. They distributed birthday cakes and gifts, then joined the seniors in singing birthday songs and cutting cakes, creating joyful moments together. It was a day close to the Mid-Autumn Festival. Volunteers shared mooncakes and chatted with the elderly, bringing festive warmth and companionship to them. This initiative transcended mere companionship, becoming a profound exchange of warmth and compassion. Through tangible acts of care, KUKA HOME conveyed sincere empathy, allowing solitary elders to experience social connection and respect.





## Jointly building a greener Litang through a tree planting welfare initiative

In 2024, KUKA HOME took part in a cloud-based tree planting welfare initiative titled "I Have a Tree in Litang," jointly hosted by Litang County in Ganzi Prefecture and Qiantang District in Hangzhou. Through the online adoption of "Unity Trees," KUKA HOME donated funds to support ecological conservation efforts in Litang, effectively promoting local employment and income generation while contributing to the improvement of the local environment.



### During the reporting period

We actively engaged in philanthropy and volunteer programs, contributing a total of

200 services hours

with

157<sub>employees</sub>

enthusiastically participating. Through these concrete actions, we have demonstrated our corporate accountability



# **Charitable Donations**

At KUKA HOME, we have always prioritized social responsibility as a key focus of our agenda, actively engaging in charitable donations. By precisely identifying areas of demand, we focus on key sectors such as education, healthcare, and poverty alleviation. Through ongoing public welfare initiatives, we strive to provide tangible support for vulnerable groups. With practical actions, we contribute to harmonious social development and continuously bring warmth and hope to society, creating a positive corporate image.



# Technology-driven products help improve students' sleep quality

In July 2024, we joined Wanhua Chemical in donating a batch of high-quality memory foam mattresses to East China University of Science and Technology. These mattresses are made with innovative polyurethane materials, designed to provide slow-rebound pressure relief, and adapt to the spine's natural curvature. By improving sleep quality, they offer students optimal sleep support, fostering their healthy development and contributing to a brighter future of our nation.



# Supporting Revitalization on the Road to Common Prosperity

In active response to the government's calls, KUKA HOME is dedicated to supporting poverty alleviation and regional collaborative development. By sourcing products from poor areas, establishing long-term partnerships, and setting up consumption-based poverty alleviation counters, we aim to promote local economic development. Meanwhile, we engage in targeted collaboration with Xinjiang, providing employment opportunities and helping workers escape poverty, thus giving strong impetus to the region's development.

# **Consumption-based Poverty Alleviation**

Upholding our social responsibility and commitment, we actively respond to government initiatives by using consumption-based poverty alleviation as a crucial support for poverty alleviation and contributing to the development of impoverished areas through practical actions.

In active response to the government's call for consumption-based poverty alleviation, we support poverty reduction efforts and proactively assume social responsibility. By purchasing products from impoverished areas in large quantities, we directly drive income growth for local populations, helping achieve poverty alleviation goals. At the same time, we establish long-term partnerships with these regions, leveraging our platform and resources to assist in optimizing and upgrading local industrial structures. We work diligently to expand sales

channels for local specialty products such as agricultural goods and handicrafts, bringing them to broader markets and invigorating the economic vitality of impoverished areas.

In addition, to promote the sales of high-quality local specialty products from poor areas, we took the lead in establishing consumption-based poverty alleviation counters, five of which are now in operation at the KUKA Building. These counters have created a convenient and efficient sales platform for products from poor areas, and expanded their market reach. Through this initiative, we have also encouraged active participation among our employees, fostering a supportive and collaborative atmosphere across our company. Together, we have made a positive contribution to poverty alleviation efforts.

# **Rural Revitalization**

We thoroughly implement the guiding principles of General Secretary Xi Jinping's important speech on regional coordinated development, positioning rural revitalization as a core aspect of our social responsibility. Guided by a commitment to the development of border regions and the pursuit of common prosperity, we actively carry out employment assistance initiatives. Looking ahead, we will stay true to our original aspiration, working hand in hand with all parties to further advance the rural revitalization strategy, further optimizing assistance mechanisms, expanding areas of assistance, and enhancing the effectiveness of our efforts.



#### Promoting Employment in Xinjiang, Fostering Unity and Shared Growth

In 2024, KUKA's Huanggang production site established a targeted partnership with Xinjiang, providing employment for around 300 workers from the region. By offering stable jobs, the initiative has helped many Xinjiang employees lift themselves out of poverty. Some of them even settled locally, reuniting with their families and enrolling their children in local schools—truly achieving the goal of "one person's employment lifting an entire family out of poverty." To support the well-being of these employees, the site has built activity spaces, dormitories, and dining facilities that cater to the customs of ethnic minorities. It also regularly hosts cultural exchange events such as ethnic festivals and performances, fostering mutual understanding and harmony between Xinjiang workers and employees from other ethnic backgrounds.



A Letter from the People's Government of Yutian County, Xinjiang Uygur Autonomous Region to KUKA HOME Huanggang Co., Ltd., Hubei Province



#### Warmhearted Support to Boost Income and Shared Prosperity

In 2024, KUKA HOME's Shenzhou production site in Hebei implemented a series of proactive measures to help local farmers achieve stable employment and increase income. The site not only provides employees with free meals and other benefits to improve their living conditions, but also places great emphasis on skill development and career planning, empowering workers to enhance their capabilities to build a strong foundation for their future growth. Through these efforts, local farmers have significantly increased their income and enhanced their quality of life, which has contributed to coordinated regional economic development.



# 04



# **Nurturing Talent**

# for a Better Company

At KUKA HOME, we regard our employees as our core asset. We are committed to protecting their rights and interests through a fair and transparent system, while also implementing comprehensive mechanisms for safe production and occupational health management to safeguard their physical and mental health. Meanwhile, through a multi-tiered, multi-channel training system, we actively support our employees' career development. We also promote work-life balance through a variety of care initiatives, creating a warm and harmonious work environment where employees can thrive in an atmosphere of fairness, respect, and support—fully unlocking their potential to achieve personal growth.

Complying with the SSE Guidelines No.4 and No.14 (Trial)

Guideline Requirement	Section
■ Employee	4.1 Safeguarding Employee Rights, Cultivating a Warm Workplace Together
	4.2 Empowering Employee Growth Create a Better Future Together
	4.3 Listening to Employee Voices, Sharing Workplace Warmth
	4.4 Protecting Employee Health, Building a Safer Workplace Together

Responding to the United Nations SDGs







# Safeguarding Employee Rights, Cultivating a Warm Workplace Together

At KUKA HOME, we have always regarded our employees as our most valuable asset and are committed to building a fair, transparent, and people-centered employee rights protection system. We strictly abide by all relevant laws and regulations, uphold principles of compliant employment and equality, and ensure fair job transfers and salary adjustments. We provide comprehensive compensation, benefits, and physical and mental health support for our employees. At the same time, through a well-established democratic communication mechanism, we strengthen employees' sense of belonging and well-being, fostering mutual growth between employees and our company. As a result of these efforts, KUKA HOME has not experienced any strikes or work stoppages in the past three years.

Indicator		Unit	2024
Total number of employees		Person	20,578
	Production personnel	Person	14,910
By category	Sales personnel	Person	2,371
	Technical personnel	Person	1,471
	Financial personnel	Person	208
	Administrative personnel	Person	1,618
By educational background	Sub-bachelor's degree	Person	15,691
	Bachelor's degree or above	Person	4,887

Employee structure

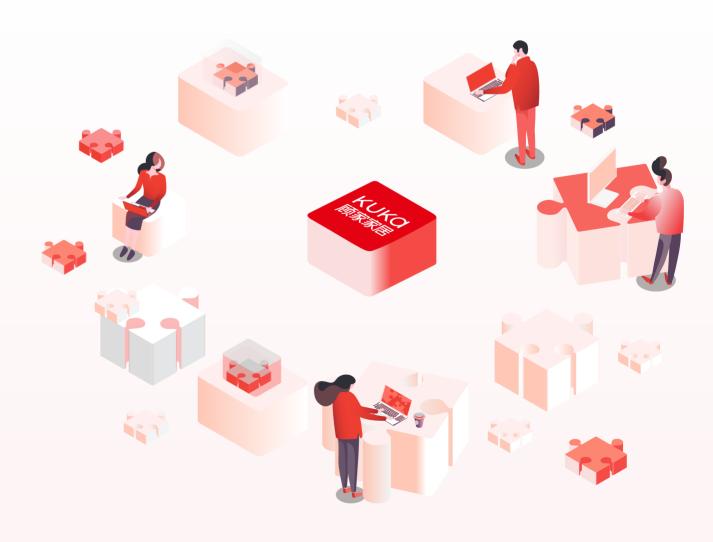


# Building a Leading Employer Brand

At KUKA HOME, we have always regarded the protection of labor rights as a key component of our corporate social responsibility. We strictly adhere to the core conventions of the International Labor Organization (ILO) and relevant laws and regulations under China's Labor Law to ensure comprehensive protection of employee rights. In our recruitment process, we mandate that all hires must meet legal age requirements. Internal system restrictions are in place to prevent the employment of individuals aged 18 or below, and our labor policies explicitly include a commitment to prohibiting forced labor.

At the same time, KUKA HOME is firmly committed to respecting and safeguarding employees' freedom of association. We actively support workers in expressing

their concerns and participating in decision-making through legal channels. To ensure employees' rights are respected and protected, KUKA HOME has established a Labor Union that represents employees in policy-making processes related to their interests. The union helps translate employee demands into concrete actions, promoting standardized and democratic internal management. Additionally, we have established regular training programs, communication mechanisms, and complaint channels to ensure employees are aware of their rights and can report concerns in a timely manner. These initiatives underscore our firm commitment to labor rights protection and our proactive efforts in this regard, demonstrating our dedication to creating a fair and just work environment.



We continuously improve our "Employee Handbook" and related policies, clearly stipulating the legality and fairness of employment, as well as employees' fundamental rights including but not limited to the prohibition of forced labor, prohibition of child labor, elimination of discrimination. and the protection of freedom of association and the right to collective bargaining. We have explicitly included a commitment to preventing child labor in our labor policies and firmly prohibit any form of child labor. In addition, we strictly apply for flexible and comprehensive working hour systems in accordance with legal requirements and ensure employees' rights to rest and leave through formal approvals and legal provisions related to special work hours. To ensure effective implementation of these policies, the Human Resources Department verifies attendance records on a monthly basis and closely monitors working hours to

prevent any instances of monthly working time exceeding legal limits.

About Us

We have been recognized for three consecutive years by several authoritative external organizations as one of the Best Employers and Outstanding Employers, reflecting our excellence in talent development, employer brand building, and human resource management. These honors not only highlight our leadership in employer brand building and HR management, but also demonstrate our ongoing investment and commitment to employee development, schoolenterprise cooperation, and social responsibility. Moving forward, KUKA HOME will continue to create an excellent working environment, provide more growth opportunities for employees, and generate greater value for the industry and society.

#### Our efforts have been widely recognized through multiple employer awards



# 51job

Outstanding Human Resource Management Award -Outstanding Employer



BOSS Zhipin Royal Ark - Most Talent-Cherished Employer



Global HR Library (GHR)
GHR Human Resources
Best Practice Award

2022

# Creating a Diverse and Inclusive Workplace

KUKA HOME attaches great importance to cultural diversity and inclusiveness, continuously building a diverse and integrated workplace ecosystem. In the area of female care, we have established policies and practices to systematically promote gender equality, offering comprehensive support for the career development of our female employees. In fostering cross-cultural exchange, we organize a variety of events to build bridges of cultural dialogue, empowering employee growth through people-centered management and advancing the localized development of our overseas operations.

# Female Empowerment and Workplace Care

We place high importance on safeguarding the rights and interests of female employees. Female employees are entitled to a half-day holiday on International Women's Day, as well as legally mandated prenatal check-up leave, maternity leave, breastfeeding breaks, and maternity subsidies. Among these benefits, female employees who comply with national family planning regulations are eligible for 98 days of statutory maternity leave, including 15 days of pre-delivery leave. Any additional reward leave shall be determined in accordance with local policies where the workplace is located. We provide dedicated nursing rooms and organize special events to celebrate International Women's Day. In addition, we pay close attention to the work and life issues of female employees, continuously optimizing their work environment and conditions.



#### "KUKA Mulan" empowers and protects the brilliance of women in the workplace

In 2024, to strengthen the implementation of our ESG framework, embed gender equality into corporate development, and resolutely resist gender discrimination, we established the "KUKA Mulan" committee. This initiative is a cross-departmental effort, supported by the Party Office, EHS Management Center, Operations and Human Resources Center, Legal and Compliance Audit Center, and Brand Operations Centers.

In a rich, diverse, and uniquely innovative manner, the committee directs all its efforts to the development and rights protection of female employees. We plan to host cutting-edge training sessions, exclusive seminars, and in-depth exchanges to establish growth pathways for female employees. Through thoughtful initiatives—such as providing specialized books and resources, offering sanitary supplies, and maintaining well-equipped nursing rooms—we aim to enhance the sense of belonging and well-being among our female workforce, allowing the "power of her" to shine across every corner of our company.



### Well-equipped nursing rooms nurture love and care

In 2024, we continued to improve the facilities of our nursing rooms to better meet the demand of our working mothers. Going forward, we plan to adorn the walls of our nursing rooms with baby photos and related decorations, creating a warmer, more inviting atmosphere. Additionally, our working mothers will be encouraged to share their unused items within internal groups, promoting a culture of recycling and reuse. Those who share will also receive small gifts from other moms—such as apples and hand cream—as a gesture of warmth and care.

# Cross-cultural collaboration and integration

At KUKA HOME, cross-cultural exchanges and the promotion of cultural diversity have always served as key pillars of our global growth. We organize a wide range of cultural exchange activities tailored for our foreign employees—such as Chinese training courses, traditional festival celebrations, and engaging sports events—to enrich their cultural experiences, enhance their sense of belonging and satisfaction, and support their smooth and rapid integration.

Recent graduates from the Chinese Language and Literature Department of the University of Social Sciences and Humanities, Vietnam National University, Ho Chi Minh City, paid our Vietnamese branch a visit

KUKA HOME Vietnam is an important branch in KUKA HOME's value chain. To promote management localization and cross-cultural integration, the branch invited 30 recent graduates from the Chinese Language and Literature Department of the University of Social Sciences and Humanities, Vietnam National University, Ho Chi Minh City, for a visit. The students explored the site's functional layout and logistical facilities, experienced the cuisines at the site's Chinese restaurant and café, and then proceeded to the main office building to gain an in-depth understanding of our company's development history and the Vietnam branch's business operation.

At the subsequent seminars, we shared our approach to local talent development with the students—drawing on job requirements, graduate training plans, and alumni experience sharing. This not only strengthened trust in our school-enterprise collaboration and encouraged these Vietnamese students to consider joining us, but also highlighted our emphasis on cultural inclusiveness through diverse cultural exchanges and practices. These efforts support our ability to attract high-caliber talent and enhance management localization.





## Cultural Integration at the Fingertips

Our Vietnamese branch held a month-long Honor of Kings competition as a fun and youthful way to deepen cultural integration, attracting hundreds of enthusiastic participants. During the fierce yet friendly competition, participants naturally built strong working rapport, effectively promoting internal cross-cultural communication and team collaboration. This event set a vivid example of cultural diversity and integration in practice.





# The aroma of zongzi brings warmth far from home

As the Dragon Boat Festival approached, we specifically organized a heartfelt celebration for our Chinese staff based in Vietnam, offering people-centered care through traditional food and festive games. This not only allowed the employees to reconnect with the familiar flavors of home, but also fostered team integration through shared cultural experiences, enhancing their sense of belonging and exhibiting our thoughtfulness in cross-cultural management.







## As the moon is full, so are our hearts

Continuing our annual tradition, our Labor Union distributed mooncakes worth more than 100 million VND to nearly 5,000 union members in celebration of the Mid-Autumn Festival. As one of the union's annual initiatives, this thoughtful ge-sture not only reflected our care for employee' well-being, but also enhanced their sense of belonging and team spirit through the rituals of a traditional holiday. Moreover, it further consolidated a harmonious labor-management relationship, demonstrating our "people-centric" core value.





# Breaking Language Barriers for Better Teamwork

At KUKA HOME, we continue to advance our localized talent development strategy by offering Chinese language training courses specifically for our Vietnamese employees. The course content is grounded in real work scenarios, incorporating a variety of teaching methods to systematically improve employees' Chinese communication skills. As a key initiative in cross-cultural management, this training has effectively enhanced our cross-cultural communication efficiency, laying a solid foundation for the collaborative development of our Chinese and Vietnamese teams.



# 4.2 Empowering Employee Growth to Create a Better Future Together

KUKA HOME places importance on employee training and development. Through diverse training systems and a dual-track promotion mechanism, we provide expansive career development opportunities, fostering mutual growth between our people and the organization. This investment in talent strengthens the foundation for our sustainable development.

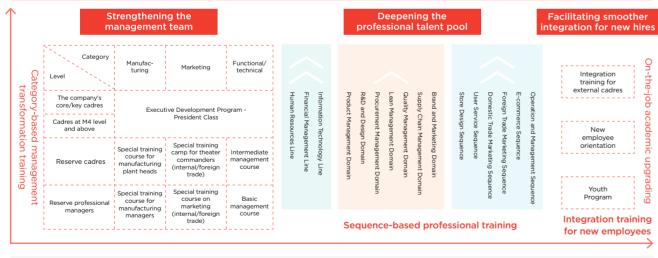
# **Nurturing Talent for Joint Progress**

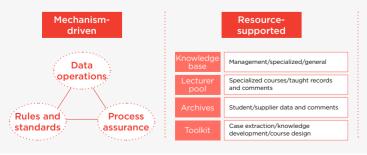
Talent is one of a company's core competitive strengths. To enhance employee competencies and drive greater value creation, we have built multi-tiered training pathways, aiming to provide development platforms and broaden growth opportunities, ultimately achieving mutual development between our employees and the company.

KUKA HOME has established a strategic talent development system that spans all organizational levels, systematically cultivating talent at every level through a "vertical specialization + horizontal management advancement" dual-track development pathway. Our training system is based on three key principles: "aligning with the company's strategy, integrating with talent development, and

serving talent cultivation." The goal is to enhance training effectiveness and talent output. We have designed a networked training system that includes "vertical, sequence-based professional training + horizontal, category-based management transformation training." The professional training focuses on technical skills and industry knowledge, while the management transformation training focuses on leadership development. The training management and operation model is driven by mechanisms, supported by resources, powered by digital platforms, and enhanced by talent identification, all aimed at supporting the development of our core capabilities and key talent, strengthening the management team and deepening the professional talent pool.

# Supporting the company's strategic goals Attracting a steady pipeline of top talent









# **Talent Identification**

KUKA HOME has established the "Training System Management Policy" and implemented a career development-oriented talent identification framework. For leadership succession pipelines in critical departments, we follow the "456" training model—focusing on four key competencies, five learning methods, and six career stages—to design training courses based on real-world business challenges. By combining training with practical application, the program strengthens the capabilities of high-potential talent from multiple dimensions. Under the coordinated guidance of the Operations and HR departments, this approach enables effective talent identification, selection, and promotion, injecting new momentum into our sustainable development



#### **New Employee Training**

In November 2024, KUKA HOME held its 128th new employee training session at the KUKA Building. This session covers non-frontline employees who joined us between September and November, aiming to reinforce corporate culture and enhance job competencies through a combination of self-study and in-person instruction. The training features strict attendance requirements and a two-stage evaluation process, along with a system that rewards classroom interaction and penalizes violations. Through structured courses and rigorous management, this session has effectively enhanced new hires' compliance awareness, collaboration skills, and cultural alignment, laying the groundwork for building a strong talent pipeline within the organization.

# **KUKA Academy**

In response to our growing organization, increasing demands for talent development efficiency, and the transition to IT-based management, we officially founded the KUKA Academy in 2018. Adopting an O2O mixed learning model, this platform offers precise, systematic learning content to support employee growth. By fostering a knowledge-sharing community, it accelerates the evolution of the company's native knowledge and leverages digital systems for visible, intelligent employee learning management. As a core carrier of our knowledge management, KUKA Academy will continue to contribute to our talent development.

### During the reporting period

A total of

3,614

employees took courses on KUKA Academy

accumulating

**40,195** hours



# **Resource Support**

With a strong emphasis on talent development, we have created comprehensive resource databases to support the implementation and advancement of our talent development efforts. To cater to employees at various levels and in different roles, we have established categorized knowledge bases covering management skills, technical expertise, and more. Additionally, we have built a pool of thousands of lecturers, enabling classified management of courses and quality evaluations. Leveraging digital platforms, we have set up archives to effectively manage data and evaluation for both students and suppliers. We also provide a dedicated toolkit to standardize support for course development and instructional design. With the support of this integrated resource system, we continuously improve our talent development framework, providing assurance for employees' career development. Through our "Academic Advancement Support Program," we have provided systematic learning support to 53 employees covering tuition assistance, flexible work arrangements, and access to internal training resources. Moving forward, we will continue to refine our policies to further expand coverage and enhance support.

#### During the reporting period

We provided systematic learning support to

**53** 

employees through our "Academic Advancement Support Program," covering tuition assistance, flexible work arrangements, and access to internal training resources



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Message from the Chairman

About Us

Sustainability Governance

# **Cooperation with Universities**

KUKA HOME embraces a talent development philosophy of integrating industry, academia, and research with a unified approach to teaching, learning, and practical application. We have established joint internship bases in collaboration with several universities, sharing resources to support talent cultivation. By leveraging the strengths of both our company and the universities, we are committed to nurturing top talent with a strong sense of innovation, an entrepreneurship mindset. and practical capabilities. As of the end of the report period, we had signed cooperative agreements with more than ten universities, including China Academy of Art, Northeast Forestry University, Central South University of Forestry and Technology, Wuhan University of Technology, Hubei University, Wuhan University of Science and Technology, East China University of Science and Technology, and Northwest A&F University. In 2024, we further deepened our cooperation with universities, signing partnership agreements with 11 of them, including Donghua University, Beijing Foreign Studies University, Jiangnan University, Zhejiang University, and Zhejiang University of Technology. We also conducted 15 exchange activities with universities to promote the development of practical training bases.

#### Honors Received from Partner Universities in 2024

China Academy of Art Enterprise No. 001 among the first batch of alumni association members

Beijing Foreign Studies University Council Member of the China-Foreign Student University-Enterprise Cooperation Alliance

**Zhejiang Universities** Innovation and Entrepreneurship Base for International Students

Zhejiang University Internship and Practical Training Base for **International Students** 

#### During the reporting period

We continued to prioritize employee development, making ongoing investments in training and building a comprehensive talent development system for all staff.

The training coverage reached

with an average of

of training per person per year

and training expenses totaling

(approximately USD 267,000)



Indicator (non-objective)	Unit	2024
Number of training sessions	Session	664
Annual training expenditure	RMB 10,000	192
Training coverage rate	%	85.03
Total number of employees trained	Person	5,269
Total training hours	Hours/year	40,195
Average training hours per employee	Hours/year	7.63
Average training hours per female employee	Hours/year	6.62
Average training hours per male employee	Hours/year	9.14

# Stimulating Potential for Shared Growth

# Compensation and Incentive Systems for Mutual Benefit

KUKA HOME places great emphasis on compensation management, having developed a scientific, standardized, fair, and highly attractive compensation system. This system ensures that the income levels of our core talent remain highly competitive in the market. It is based on the value of each position, taking into full account the responsibilities, skill requirements, and contributions of each role to the company to determine employees' salaries, thereby ensuring internal equity and fairness in compensation distribution. Through this system, we have successfully attracted and retained a wealth of exceptional talent, injecting continuous momentum into our long-term development.

At KUKA HOME, we regard employee motivation as a key driver of our sustainable development. Adhering to the philosophy of "people-centered value co-creation," we have built a comprehensive and multi-dimensional incentive system to stimulate employees' intrinsic motivation and innovative potential. To regulate the management and usage of reward funds across units and effectively harness the motivating power of various rewards, we have developed the "Reward Management Measures," further clarifying the requirements and work standards for reward management.

#### Daily Rewards

Daily rewards ensure that employees small efforts in their everyday work are promptly recognized, reinforcing a positive incentive culture and motivating continuous improvement.

#### **Excessive incentives**

Excessive incentives drive a final push after business goals are met. As part of the shared incentive program, they encourage employees to challenge higher goals and share in the rewards of success. This effectively stimulates employees' enthusiasm and creativity. helping them realize their full potential

#### **Specialized Rewards**

Specialized rewards focus on supporting the achievement of business goals, stimulating employees' initiative and creativity. These rewards provide employees with greater motivation to strive for key business objectives, creating a win-win situation for our company as well as our employees.

#### **Equity incentives**

In 2024, we further upgraded our incentive system with the implementation of a restricted stock incentive plan. This expanded the coverage to 82 core employees. granting 9.72 million shares (1.18% of the total share capital), including leaders from key departments such as R&D innovation, smart manufacturing, and channel operations.

### During the reporting period

We implemented a restricted stock incentive plan

arantina

9.72 million shares

key employees

These shares account for

of our total outstanding shares

# Sound Performance Management for Shared Growth

KUKA HOME has established a well-structured and comprehensive performance management system, with the performance-based compensation policy covering the majority of non-management employees, including those in production, sales, and logistical support roles. Bonus allocation is based on individual and team performance targets, and is optimized annually through a Labor Union feedback mechanism. This approach fully stimulates employee motivation and supports the collaborative growth of our company as well as our employees.

Stage	Measure
P (Plan) - Goal setting and planning	Strategic goals are cascaded step by step, with departmental and individual objectives formulated to ensure alignment between organizational goals and individual performance targets
D (Do) - Monitoring and feedback	We monitor performance and provide continuous feedback to ensure employees reach optimal performance levels
C (Check) - Performance evaluation	We evaluate employee performance, identify areas for improvement, and measure goal achievement through the assessment system to support employee development
A (Act) - Performance and recognition	We apply performance results to compensation adjustments, promotions, equity incentives, training development, and performance-based rewards, driving continuous improvement

the Chairman

# **Promotion Paths for Mutual Progress**

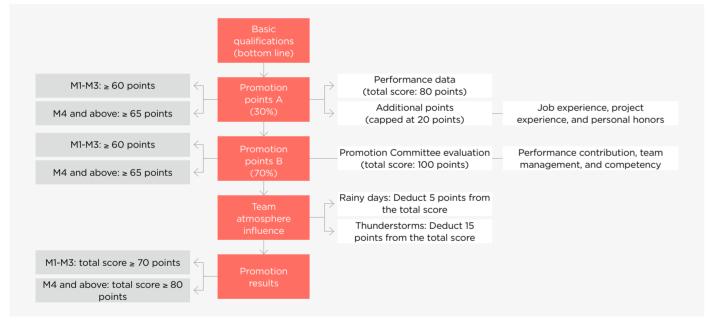
KUKA HOME has established a well-defined job category system encompassing four major categories: Management (M), Professional (P), Support (S), and Operational (O). This system defines employee functions while supporting individual development needs. We have gradually built dual career paths in both management and professional tracks, aiming to identify and promote outstanding talents who demonstrate strong performance, integrity, dedication, leadership, and a shared commitment to growing with the organization. At the same time, the system fully leverages the value of professional expertise, enhancing capabilities and activating expert contributions.

# **Leadership Team Development**

In terms of managerial promotion management, we adopt a scientific and transparent points-based promotion system to ensure fairness and motivation throughout the process. Promotion points are composed of three parts: basic qualifications, promotion points A (30%), and promotion points B (70%). Basic qualifications include criteria such as educational background, years of service, and participation in training programs. Employees who do not meet these requirements are ineligible for promotion. Additionally, employees involved in negative conduct

related to values or violations within the past year will be disqualified from promotion consideration.

Promotion points are integrated throughout the entire managerial promotion evaluation process. Employees must meet basic qualifications and accumulate a certain number of points to be eligible for promotion. This systematic promotion mechanism helps invigorate the leadership team, drive the development of talent pipelines, and provide a solid talent foundation for our growth.



**Promotion Process** 

# **Promotion of Experts**

At KUKA HOME, we prioritize the promotion of experts as one of our key tasks. We fully recognize that a sound and rational assessment mechanism is crucial for the development of our talent team and long-term growth. To ensure a standardized and transparent promotion process, we have carefully formulated and implemented the "Management Methods for the Promotion of Experts." This document serves as an important foundation for our assessment, providing clear standards and regulations for the process at each level of detail.

The position grading process is divided into four main stages to ensure fairness and precision throughout the promotion assessment. Through this rigorous process, we are committed to identifying truly exceptional expert talent, encouraging our employees to continuously improve their professional quality, and building a well-structured, rational talent pipeline. This helps us maintain our leadership in a competitive market and achieve our long-term sustainable development goals.

# **Listening to Employee Voices, Sharing Workplace Warmth**

# Building Platforms for Two-Way Dialogue

KUKA HOME promotes an open and transparent communication culture, placing great importance on democratic dialogue. To this end, we have established a well-structured feedback system. Upholding the protection of employee rights as a cornerstone of sustainable development, we have developed a systematic, multi-tiered communication and feedback mechanism to ensure employee voices are clearly heard and their needs effectively addressed. Through monthly executive seminars, digital opinion platforms such as "KUKA Communities" and the direct complaint channel, as well as open complaint channels including interviews, phone calls, and written submissions, we have built a comprehensive employee communication network.

Meanwhile, we have established a variety of online and offline exchange platforms-such as "KUKA People" (our inhouse publication), KUKA Communities, our internal TV network, and WC headlines-to share timely updates and foster a dynamic communication environment. These platforms promote employee interaction and support their growth. In addition, we conduct annual employee satisfaction surveys covering areas such as organizational capabilities and employee care, enabling us to accurately identify employee needs, promptly address employee concerns, and effectively safeguard employee rights.



# "KUKA People" (our in-house publication)

As our official in-house publication, "KUKA People" has been in circulation for eight years. It features sections such as departmental updates, outstanding cases, employee spotlights, news briefs, and more. The publication keeps all KUKA members informed of company developments—both big and small—while offering insights into the inspiring stories and successes of their colleagues, fostering a close-knit culture of connection and shared emotions across the organization.

# As of the end of the report period

"KUKA People" had published a total of

6,497



# Building a Multi-Dimensional Care Ecosystem

KUKA HOME has always prioritized employee well-being, providing comprehensive welfare benefits and establishing a well-rounded non-salary benefits system for all employees. We have built a people-oriented, caring welfare system to create a warmer and more secure work environment for our staff. Moving forward, we will continue to optimize our welfare system, ensuring employees enjoy more comprehensive and competitive benefits.

We contribute to employees' pension, medical, unemployment, work injury, and maternity insurance, as well as housing provident fund, ensuring the protection of their basic rights. We also ensure that employees are entitled to national statutory holidays, including annual leave, marriage leave, maternity leave, paternity leave, bereavement leave, and parental leave.

We provide all employees with health examinations every two years as a gesture of care for their physical and mental well-being. We equip each production site with an infirmary staffed by professional psychologists that provide regular, expert psychological counseling. By doing so, we are committed to creating a positive and healthy work environment.

We gather feedback from our frontline employees and take measures to enhance the dining experience. By expanding menu options, optimizing nutritional balance, and strengthening food safety management, we continuously improve the taste, nutritional balance, and safety of the food in our canteens.



We distribute holiday gifts or subsidies to our employees on major holidays such as the Chinese New Year holiday, the Dragon Boat Festival, and the Mid-Autumn Festival to enhance their sense of belonging.

We have dedicated employee care corners, offering ginger tea and hot soup to warm the stomach in winter, and cool drinks in summer. Each month, we hold birthday celebrations, providing custom cakes and cards to covey our personal touch in the details.

Every August, we organize a "KUKA Week," designed with a "work pause, family restart" mechanism to promote the "family first" value. During this period, we guarantee full salary and benefits, allowing employees to return to their families with peace of mind, while strengthening the bond between us and our employees' families through tangible actions.

# Warm Daily Care

At KUKA HOME, we have always considered employee care as a key part of our corporate culture. We are committed to providing all-around care and support for our employees across all aspects of daily operations. We regularly organize a variety of activities, such as team building initiatives, health seminars, and holiday celebrations, to foster communication and cohesion among our employees, while creating a positive, energetic work environment. In addition, we pay close attention to the small details that convey genuine care. For example, we issue thoughtful reminders that encourage employees to prioritize their health, safety, and well-being in daily life.



#### Ginger Tea and Warming Patches

During the cold winter of 2024, we distributed ginger tea and warming patches to employees—small gestures that carry deep warmth. This initiative, launched by our Labor Union and Party Committee, aimed to bring comfort and care to our employees. We thoughtfully prepared simmered brown sugar ginger tea, and as cups of the steaming brew were placed into employees' hands, they not only helped dispel the winter chill, but also conveyed our heartfelt care for them.





## **Dietary Health**

We have established a Workers' Autonomy Committee, composed of employee representatives elected from across our production sites. The Committee actively participates in corporate governance, with a strong focus on employee wellbeing, particularly in relation to food health. The Committee gathers feedback from our frontline employees and takes measures to continuously improve the taste, nutritional balance, and safety of the food in our canteens. We place great importance on these efforts and implement them proactively. By expanding menu options, optimizing nutritional balance, and strengthening food safety management, we have substantially improved the quality of food in our canteens, thereby effectively safeguarding the dietary health of our employees.





## A Lantern Festival Event

During the Lantern Festival of 2024, we held an employee care event at the G floor cafeteria at the East Station, with the theme "Celebrating the Lantern Festival and Reuniting with our Families." The event site, thoughtfully decorated, offered traditional sweet rice dumplings (tangyuan) for employees to enjoy free of charge with their work ID. By providing festive food and creating a family-like atmosphere, we not only preserved the cultural essence of the Lantern Festival but also reinforced our corporate "family culture," allowing employees to experience a sense of belonging and team cohesion through warm, interactive moments.

# Creating a Healthy Work Environment

We prioritize the creation of a green, healthy work environment to relieve employee stress while improving their work efficiency and well-being. We approach employee well-being from two dimensions: work and life. In our work environment, we incorporate nature and ecological concepts. Our headquarters feature a nearly 10,000-square-meter rooftop garden, and we have planned green spaces and fruit gardens at our production sites to provide areas that relieve stress and boost productivity. In our living spaces, we focus on both comfort and functionality. Through optimized facilities and humanized designs, we aim to support employees in achieving a healthy balance between work and life.



#### **KUKA Talent Apartment on Jiuhe Road**

To provide convenience for our employees, we have built the KUKA Talent Apartment on Jiuhe Road, offering a warm and comfortable living environment. At the apartment, we regularly organize holiday events, including the Mid-Autumn Festival reunion celebration and the Chinese New Year reunion dinner, fostering an atmosphere of home. We also address repair needs promptly to ensure a high quality of living for our staff. By combining physical infrastructure with human-centered care, we genuinely help employees achieve a balance between work and life—extending the "KUKA" philosophy from the workplace into their living spaces.

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# **Thoughtful Family Care**

Upholding a "people-centered" philosophy, we view employee family care as a vital part of our corporate culture development. Every August, we organize a "KUKA Week," during which all employees are entitled to paid leave. We promote the spirit of "Happy KUKA—Let Love Travel with Family" and host activities such as farewell ceremonies for employees' children as they head off to school. Such initiatives are designed to strengthen emotional bonds between employees' families and the company, support employees' work-life balance, and improve employees' sense of belonging and overall satisfaction.



#### Constructing a Children's Library

In 2024, we designated a dedicated area at one production site to build a children's library. The library houses a rich collection of books, spanning children's literature, popular science, art enlightenment, and other topics, catering to the reading needs of children at various ages. It is equipped with comfortable reading desks and chairs, along with advanced multimedia devices, creating a good learning environment for children.



#### **KUKA Week**

Every August, KUKA HOME designates a "KUKA Week," during which remote work is prohibited to preserve the purity of family time. Employees can enjoy quality time with their loved ones without using their annual leave. This initiative transforms our brand DNA of "caring for the family and loving the home" into a concrete institutional commitment, reshaping the concept of "happiness-driven productivity"—where family energy revitalizes workplace performance, fostering mutual enrichment between work and life.

# 顾家家居营运与人力资源中心 文 件

顾营人发【2024】026号

签发人: 李云海

# 关于2024年"顾家周"活动安排的通知

#### 各单位:

根据顾人发【2020】80号文件,结合公司实际经营情况,经执委会研究 决议,现对2024年"顾家周"活动安排通知如下:

# 一、放假时间

8月1日至8月7日, 共放假7天。

### 二、注意事项

- 1、顾家周期间需确保生产、销售等业务正常开展,尤其需保证内贸 816 全民顾家日活动正常开展。如部分单位因生产、销售活动需调整放假安排的, 需提前申报至营运与人力资源中心审批;
  - 2、各单位需做好放假期间的值班安排,确保生产、销售相关支持服务工

# 4.4 Protecting Employee Health, Building a Safer Workplace Together

At KUKA, we rigorously comply with the "Production Safety Law of the People's Republic of China" and other relevant laws and regulations. Through continuous optimization of our safety management systems, operating procedures, structure, and resource allocation, we consistently improve our safety governance capabilities and leadership. We place great emphasis on the physical and mental well-being of our employees by actively implementing occupational health management and offering mental health support, all with the goal of fostering a safe, healthy, and harmonious work environment.

# Reinforcing the Pillar of Production Safety

In strict compliance with the "Production Safety Law of the People's Republic of China" and applicable safety regulations in other jurisdictions where we operate, we have established a well-rounded production safety management framework founded on three principles: safety-first orientation, proactive prevention, and holistic governance. Through this framework, we are committed to becoming a green, environmentally friendly home furnishing company with standardized plant safety and a happy, secure workforce.

# Safety System Building

## Production safety governance structure

- At KUKA HOME, we have established the KUKA Safety Committee as our highest EHS decision-making body. Our EHS Management
  Center is responsible for unified planning and daily operations of our EHS initiatives. Reporting directly to the KUKA Safety Committee, the
  center empowers, oversees, and coordinates EHS efforts across all production sites. We have set up secondary EHS units within our major
  production departments. These units are mainly responsible for implementation and management, ensuring that our EHS management
  principles and operation objectives are effectively communicated and implemented across all operational business segments.
- We have established a grid-based safety management system across our production sites, clearly defining the responsibilities of personnel at all levels of the grid. By organizing structured task lists and achieving full coverage of the smallest on-site service units, we ensure the efficient implementation of safety management. At the same time, we enforce localized accountability for production safety by designating the principal persons in charge as the core bearers of primary responsibility. Through strengthening their awareness of red-line boundaries and legal obligations, we ensure the thorough execution of all safety management requirements.

#### Production safety policy and procedure development

• We have always attached great importance to production safety, regarding it as the lifeline of our sustainable development. To this end, we have established and continuously improved a systematic safety management framework, formulating a series of key policies and procedures. These include the "General Guidelines for Safety Management," the "EHS Production Incident Reporting and Investigation Procedures," and the "Hazard Inspection and Rectification Management Measures," among others. These institutional documents promote the standardized implementation of safety management across the company.

#### **Production safety IT-based management**

• As part of our efforts to advance IT-based safety management, we have developed a set of efficient IT-based safety management systems. These systems enable real-time querying, calculation, and analysis of both basic production safety basic data and daily safety management information. By providing timely and accurate information support to all levels of management, these tools significantly improve our decision-making capabilities and operational efficiency. Our EHS Management Center oversees the overall planning and advancement of these systems, formulating relevant management measures and monitoring the systems' operations and maintenance. Our IT-based safety management departments offer technical support to ensure the stable operation of the systems. At the workshop and team levels, management staff are responsible for daily data entry and system usage to ensure data accuracy and timeliness.

高兴市秀洲又卫牛權被局文件

# **Production Safety Management**

We attach great importance to safety management that covers all aspects of our operations-including production processes, equipment and facilities, critical installations, high-risk areas, and contractors. Through strict policy enforcement, coupled with regular supervision and inspections, we ensure the effective implementation of safety management measures. This provides a solid foundation for our safe and compliant operations.

#### Production process safety management

In areas involving flammable, explosive, toxic, or hazardous materials, we install standardized safety signs in accordance with the "Safety Signs and the Guidelines for their Use" to help workers identify potential hazards and understand safety requirements. For high-risk operations such as hot work, confined space entry, temporary electrical work, and work at heights, we implement a work permit system and enforce rigorous approval procedures.

## Management of critical installations and high-risk areas

We have established management measures and safety operating procedures for critical installations and highrisk areas. We assign safety custodians and safety supervisors, implement safety measures, strictly enforce operating procedures and process parameters, develop emergency plans, and conduct emergency drills at least once every six months. For critical installations and highrisk areas, a patrol inspection system must be strictly implemented. Management and operational personnel conduct daily safety patrols at designated times, while the responsible management departments and EHS functional teams organize comprehensive safety inspections at least once a month.

#### Equipment and facility safety management

We have established comprehensive management measures covering the operation, inspection. maintenance and servicing of equipment and facilities, along with detailed operation registers. We have also developed inspection and maintenance plans to ensure regular checks on both production equipment and safety facilities as per the plans. We conduct inspections and perform maintenance

and servicing to ensure that plant buildings, production installations, equipment, tools, safety facilities, and PPE remain in good working condition.

#### Contractor safety management

All contractors must sign a special safety management agreement before entering our plants for construction work. They are required to receive pre-entry safety training provided by relevant EHS functional departments before starting any operations.

We strengthen the safety supervision and management of contractors prior to their operations by reviewing their qualifications and ensuring that workers are equipped with appropriate PPE and safety tools.

# **Hidden Hazard Investigation**

In strict accordance with relevant laws and regulations, we promote the institutionalization, standardization, and regularization of hidden hazard investigation and rectification, establishing a mechanism that ensures full employee participation and end-to-end control. Based on the requirements of the production safety standardization system, we have formulated annual production safety inspection plans and carry out various such inspections—comprehensive, specialized, seasonal, daily, and holiday-focused. For each identified hazard, we analyze the causes, make corrective measures, assign deadlines and responsible personnel, verify the rectification results, and maintain safety inspection registers.

# Risk Management

At KUKA HOME, we have consistently regarded risk control as the core of production safety. We have established a dual prevention mechanism that integrates graded safety risk control and hazard identification and rectification, aiming to enhance safety risk awareness across the entire organization. Each production site, business division-level factory, and subsidiary bears primary responsibility for safety management, with a focus on controlling areas and critical installations involving flammable, explosive, toxic, and hazardous chemicals. We also implement comprehensive management over changes related to personnel, processes, equipment, and operating environments to ensure that safety risks remain under control throughout the change process.

To further strengthen our risk control capabilities, we organize professional teams annually to conduct hazard identification and risk assessment. We manage risks by classification and develop comprehensive control measures across multiple dimensions, including engineering technology, management, and training. By implementing dynamic monitoring and early warning systems, we continuously optimize control measures to achieve closed-loop risk management, effectively reducing the likelihood of safety incidents. In addition, we have formulated and issued the "Safety Guide in Marketing Operations." which mainly identifies and manages safety risks in marketing operations—such as traffic safety, accommodation safety, fire safety, food and drug precautions, and daily life safety. This guide provides clear safety instructions and protective measures to help sales personnel avoid risks in their daily work.





"Safety Guide in Marketing Operations"

We are receiving occupational health and hygiene inspections conducted by higher-level authorities



We actively fulfilled our commitment to employee care, investing

RMB **7.8397** million

in employee work injury insurance

YoY increase

This has resulted in a

coverage rate of work injury insurance and a 100% safety responsibility agreement signing rate

During this period, there were **no** fire incidents.

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# **Production Safety Training**

At KUKA HOME, we consistently prioritize raising safety risk awareness across our workforce as a key objective, striving to prevent workplace accidents at the source while continuously enhancing employees' safety consciousness. We have developed detailed training programs tailored to different employee groups and systematically implement safety education and training in accordance with these plans. Every June, we conduct a focused production safety awareness campaign, utilizing a variety of formats including online training, in-person sessions, and hands-on practical exercises to ensure thorough coverage and flexible delivery. In terms of fire safety, each production site is equipped with its own fire brigade and a comprehensive emergency response plan. Regular fire safety training and drills are conducted to strengthen employees' fire prevention awareness and response capabilities, providing a solid foundation for safe and stable business operations.

Comprehensive employee production safety training		
Training Participant	Training Content	
All employees	We conduct regular training sessions to promote awareness of safety-related laws and regulations, company safety policies, and general safety knowledge.	
New employees	Following onboarding, employees must complete the three-level safety education and training program (company-level, department-level, and team-level).	
Transferred and reinstated employees	The training covers safety operating procedures, equipment usage methods, hazard identification, and preventive measures in relation to new positions.	
Specialized operations personnel	The training covers key areas such as operational procedures, safety techniques, and emergency response. It also includes content related to certification and renewal of qualifications for specialized operations.	
Operators in hazardous, critical, and special positions	The training covers key areas such as job-specific safety operating procedures, equipment maintenance and servicing, hazard identification, and control measures, with a particular focus on emergency response methods and accident prevention strategies.	
Operators from relevant parties	The training includes company safety regulations, on-site hazard factors, preventive measures, and emergency response knowledge.	





## Everyone values safety and is prepared for emergencies - safeguarding the path to production safety

As Safety Month 2024 approached, we began actively organizing fire safety-related activities to enhance employees' awareness of fire safety. Our production site in Huanggang conducted comprehensive emergency drills as part of "Safety Month." During the drills, the production workshops, the Fire Control Room, the fire brigade, the security team, and other departments worked closely together for joint actions. After the drills ended, the site organized firefighting hands-on practice, effectively strengthening employees' self-rescue and mutual rescue capabilities. As part of its ongoing safety management system development, our production site in Jiangdong conducted fire escape emergency drills to strengthen its safety culture. During the event, firefighting instructors from the local fire brigade were invited to deliver training sessions for employees, providing guidance on the proper use of fire extinguishers and sharing fire prevention knowledge.

To expand the initiative's impact, we compiled and shared the activity highlights on the KUKA Community Forum, further reinforcing the importance of fire safety among all employees. Through this initiative, employees across all our production sites significantly improved their fire safety awareness and emergency response capabilities. Meanwhile, the firefighting teams further honed their fire suppression and rescue skills. This activity not only provided strong protection for employee safety but also laid a solid foundation for the company's sustainable development.











# Drills for Prevention, Competition for Capability - Strengthening the Safety Line of Defense

In November 2024, KUKA HOME conducted Fire Safety Month activities. Among them, the drill competition combined case analysis with hands-on exercises, using competition to promote learning. It helped employees truly recognize the importance of fire safety while strengthening their teamwork and risk response capabilities. The activities instilled in our employees the safety philosophy of "prioritizing prevention and integrating prevention with firefighting," effectively reducing fire risks and ensuring the safety of personnel and property. This established a solid footing for a safe and stable production environment.





#### As of the end of the report period

We had maintained a

100

three-level safety education completion rate for three consecutive years, laying a solid foundation for safe production



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Message from

the Chairman

Sustainability Governance Stable Operations for Long-Term Growth Sustainable Development for Ecological Conservation

Taking Responsibility to Create Inspired Spaces for Better Living

# Building a Line of Defense in Occupational Health

At KUKA HOME, we actively align ourselves with the national "Healthy China" strategic goal, embedding a health-conscious mindset throughout our production management. We have established comprehensive compliance policy frameworks covering production safety, environmental management, occupational disease prevention, incident investigation, and other related areas to safeguard employee health and safety. In recognition of our solid occupational health practices and achievements, we were honored with the title of "National Health Enterprise Special Case" in 2023. We are proud to create a workplace where employees are happy to come to work and return home safely each day.



**KUKA HOME was honored as a Featured Case in the 2023 National Healthy Enterprise Construction initiative** 

Safeguarding workers' health across their entire career is a key priority in achieving the overarching goal of "Healthy China 2030." At KUKA HOME, we not only continuously strengthen the development of our own occupational health system, but also promote our innovative health management model through demonstration as the initiator of the Yangtze River Delta Healthy Enterprise Development Alliance. Through these efforts, we actively fulfill the social responsibility expected of a modern enterprise.



# Occupational Health Management System



We have built a sound and standardized occupational health management structure. By clearly defining the roles and responsibilities of departments and their leaders, we ensure the efficient execution of occupational health examinations. Our EHS Management Center is responsible for formulating, revising, enforcing, and interpreting health examination management policies, as well as overseeing their implementation. At the production site level, dedicated EHS departments have been set up to manage occupational health inspection tasks within their respective units. Under the leadership of plant heads, these departments carry out occupational health and disease prevention and control efforts, ensuring effective execution of our occupational health objectives and management standards.



Through comprehensive policy and procedure development, along with effective management measures, we provide our employees with a healthy and safe working environment, effectively safeguarding their occupational health, rights, and interests. At KUKA HOME, we have always regarded employee health and safety as the primary driver of productivity. We strictly adhere to national laws and regulations related to occupational disease prevention and control, ensuring that our operations comply with the requirements of the "Occupational Disease Prevention and Control Law" and other relevant legislation. Building on this foundation, we have established a series of internal regulations, such as the "General Principles of Occupational Health Management," the "Regulations on Occupational Health Examinations," and the "Regulations on the 'Three Simultaneities' of EHS Management in Construction Projects," to comprehensively safeguard employee health from the source through every stage of the work process.



KUKA HOME regards employee health as a key pillar of sustainable corporate development. With outstanding practices in safety management, we have been awarded the ISO 45001:2018 occupational health and safety management system certification by CQM, demonstrating our professional excellence and commitment to continuous improvement in occupational health management.

# Occupational Disease Management

In strict accordance with the "Occupational Disease Prevention and Control Law," we implement occupational health prevention and control measures by conducting regular on-the-job health examinations based on the occupational disease hazard factors to which our workers are exposed. For positions exposed to occupational disease hazards, we promptly implement corrective measures by improving working conditions, upgrading occupational health protection facilities, and providing workers with protective equipment that meets national standards. These measures have effectively reduced the risks of occupational disease.

We maintain personal health records for each employee, regularly update their health data, and monitor their health status. In addition, we provide necessary labor protection equipment and facilities. At the same time, we conduct occupational health training to enhance employees' ability to protect themselves. These actions effectively safeguard employees' health, rights, and interests, while fostering a safe and healthy work environment, laying a solid foundation for our sustainable development.

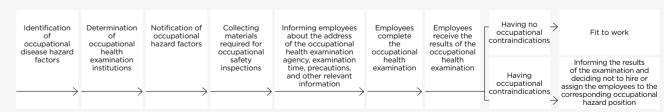
#### Tailored Occupational Health Service Guidance



At our production facility in Jiaxing, we have provided tailored on-site occupational health service guidance. Through expert guidance, we have helped plant leaders raise their awareness of risk prevention and control, strengthen their responsibilities for occupational disease prevention, and equally prioritize occupational disease prevention, fire safety, emergency response, and environmental protection. Additionally, the production site has strengthened its management team, both full-time and part-time, addressing each issue identified by experts with corrective actions, filling in the gaps, and ensuring timely completion of all corrective tasks. Moreover, it has applied lessons learned from these efforts to comprehensively fulfill its responsibility for occupational health management, ensuring employee health and safety.

#### **Occupational Health Examination Process:**

Newly hired or transferred employees in positions with occupational disease hazards



# Current or resigned employees in positions with occupational disease hazards



# **Comprehensive Health Protection**

By consistently placing employee health and well-being at the top of our agenda, we are committed to fostering a healthy and safe work environment through multi-dimensional measures. In terms of mental health, we have established on-site infirmaries staffed with expert psychological counselors to provide employees with regular mental health counseling services. Furthermore, we actively conduct health training programs to improve employees' emergency response capabilities and health literacy.



#### Mental Health

We consistently prioritize our employees' mental health and continuously improve our mental health service system to safeguard employees' physical and psychological well-being. We equip each production site with an infirmary staffed by expert psychological counselors who provide regular, expert psychological counseling to help employees manage work-related stress and improve their mental resilience. Through these efforts, we are committed to creating a positive and healthy work environment.



#### Health Training

At KUKA HOME, we place a high priority on employee health and safety, actively promoting health education and strengthening emergency response training to enhance employees' occupational health literacy and emergency response capabilities. To enforce the requirements of the Health Commission and other relevant departments, we organize annual emergency response training for safety personnel within our grid-based safety management system as well as for grassroots team leaders. Additionally, we have introduced dedicated health and safety improvement weeks to raise awareness among our employees of health and safety.



#### Regular Emergency First Aid Training

KUKA HOME attaches great importance to the health and safety of employees, actively conducting emergency response training and lectures. We have conducted Red Cross emergency first aid training for three consecutive years, and organize two or three specialized training sessions each year. Through hands-on practice of professional emergency first aid skills, we aim to comprehensively improve our employees' emergency response awareness and incident management capabilities. These efforts have strengthened our emergency management system, ensuring the safety of our employees.





#### During the reporting period

Our production sites worked efficiently together to hold a total of

emergency first aid training sessions

With the help of professional and systematic teaching methods

over **200** 

employees received first aid certificates. These efforts have significantly boosted the emergency response capabilities of our employees



# Holistic Employee Health Management

In addition to providing regular occupational health examinations for employees during their employment, we also organize on-site visits by medical professionals to interpret examination reports and offer personalized health advice. These efforts help enhance employees' awareness of health management and self-care, demonstrating our commitment to holistic workforce well-being and contributing to a robust, healthy workplace ecosystem.



### Health and Safety Practices in the Vietnam Facility

As our largest manufacturing site, our Vietnam facility has always prioritized employee safety above all operational considerations. The site partners with local hospitals to establish on-site medical stations, providing immediate medical support for high-risk positions. It also organizes a "Major Hazard Source Safety Improvement Week," using typical scenarios such as woodworking workshops to systematically explain the risk classification and grading system to employees, thereby strengthening their risk identification capabilities and reducing the likelihood of accidents.



#### As of the end of the report period

We had maintained a "Zero" record for new cases of occupational diseases for three consecutive years

100,

of our workers undergoing occupational health examinations

This underscores our strong commitment to occupational health

# **Appendix**

# **KPI**

# **Environmental KPI**

<b>Primary Indicator</b>	Secondary Indicator	Unit	2024
GHG emissions	Scope 2 <sup>1</sup>	tCO <sub>2</sub> e	38,538.9055
	Total energy consumption	Tce	5,644.3590
	Energy consumption by type		
F	Natural gas	m <sup>3</sup>	324,120.5
Energy	PV power generation volume	MWh	1,802.722
	Direct energy consumption	Tce	431.3018
	Indirect energy consumption	Tce	5,213.0572
	Total water withdrawal	m <sup>3</sup>	5,038,276.56
Water resource	Total water savings	m <sup>3</sup>	1,379.25
	Industrial wastewater discharge	m <sup>3</sup>	104,492
	NO <sub>x</sub>	t	1.3358
	Sulfur dioxide	t	0.0698
Exhaust gases	Particulate matters	t	72.8103
	VOCs	t	48.7278
Solid waste	Total quantity	t	62,604.2345
	Total incineration and landfill volume	t	3,571.5545
	Total solid waste utilization rate	%	94.54
	Total quantity	t	62,277.896
General solid waste	Incineration and landfill volume	t	3,310.277
	Solid waste utilization rate	%	94.99
	Total quantity	t	326.3385
Hazardous waste	Incineration and landfill volume	t	261.2775
	Hazardous waste utilization rate	%	8.96
Environmental	Number of training sessions for employees	Session	
protection training	Number of employees trained	Person-time	185
	Number of annual incidents	Case	0
Environmental pollution	Penalty amount	RMB	0

<sup>&</sup>lt;sup>1</sup> Our Scope 2 GHG emissions primarily include those from purchased electricity and steam. Due to current limitations in data collection, the present statistics only include emissions from purchased electricity. The electricity carbon emission factor is based on the "Announcement on the Release of 2022 CO<sub>2</sub> Emission Factors for Electricity Generation" issued by the Ministry of Ecology and Environment. Going forward, we will continue to optimize our data collection processes and explore new technologies and methods in an effort to comprehensively and accurately account for emissions from purchased steam and other Scope 2 GHG sources.

# Social KPI

Primary Indicator	Se	econdary Indicator	Unit	2024
	Total number of employees		Person	20,578
		Production personnel	Person	14,910
		Sales personnel	Person	2,371
	By category	Technical personnel	Person	1,471
Employee		Financial personnel	Person	208
		Administrative personnel	Person	1,618
	By educational	Sub-bachelor's degree	Person	15,691
	background	Bachelor's degree or above	Person	4,887
	Number of training sessions		Session	664
	Annual training expenditure		RMB 10,000	192
	Training coverage rate		%	85.03
Employee	Total number of employees trained		Person	5,269
training and development	Total training hours		Hours/year	40,195
	Average training hours per employee		Hours/year	7.63
	Average training hours per female employee		Hours/year	6.62
	Average training hours per male employee		Hours/year	9.14
	Invention patents used in main businesses		Item	27
Innovation-	Invention patent applications in reporting period		Item	33
driven development	Invention patents granted in reporting period		Item	15
	Valid patents		Item	3,362
	Expenditure on employee work injury insurance		RMB 10,000	783.97
	Coverage rate of employee work injury insurance		%	100
Occupational	Safety responsibility agreement signing rate		%	100
health and	Number of fire incidents		Case	0
safety	Three-level safety education completion rate		%	100
	New cases of occupational diseases		Person	0
	Coverage rate of occupational health examinations		%	100
	Total hours of public we	elfare, charity, and volunteer activities	Hour	150
Community	Average volunteer hours per employee		Hour	15
engagement	Number of participants in public welfare, charity, and volunteer activities		Person-time	157

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Secondary Indicator	Unit	2024
Number of data security incidents	Case	0
Amount involved in data security incidents	RMB 10,000	0
Number of customer privacy breach incidents	Case	0
Amount involved in customer privacy breach incidents	RMB 10,000	0
Damages incurred from violations of data protection/customer privacy laws and regulations	RMB 10,000	0
Number of verified incidents of customer privacy breaches and loss of customer information	Case	0
Number of suppliers assessed	Item	1,007
Number of suppliers assessed for environmental impact	Item	1,007
Number of unqualified suppliers eliminated	Item	114
Number of major risk and impact events	Case	0
Number of supplier training sessions held annually	Session	1
Number of suppliers trained	Person-time	344
	Number of data security incidents  Amount involved in data security incidents  Number of customer privacy breach incidents  Amount involved in customer privacy breach incidents  Damages incurred from violations of data protection/customer privacy laws and regulations  Number of verified incidents of customer privacy breaches and loss of customer information  Number of suppliers assessed  Number of suppliers assessed for environmental impact  Number of unqualified suppliers eliminated  Number of major risk and impact events  Number of supplier training sessions held annually	Number of data security incidents  Amount involved in data security incidents  RMB 10,000  Number of customer privacy breach incidents  Amount involved in customer privacy breach incidents  Amount involved in customer privacy breach incidents  RMB 10,000  Damages incurred from violations of data protection/customer privacy laws and regulations  Number of verified incidents of customer privacy breaches and loss of customer information  Number of suppliers assessed  Number of suppliers assessed for environmental impact  Number of unqualified suppliers eliminated  Number of major risk and impact events  Number of supplier training sessions held annually  Session

# **Governance KPI**

Primary Indicator	Secondary Indicator		Unit	2024
	Total number of board members		Person	9
		Male	Person	7
	Board members by gender	Female	Person	2
		Ph.D.	Person	2
	Board members by educational background	Master's degree	Person	5
Corporate governance	background	Bachelor's degree	Person	2
governance	Number of board meetings held		Time	9
	Attendance rate of board members		%	100
	Total number of members in the Supervisory Board		Person	3
	Supervisory Board members by gender	Male	Person	1
		Female	Person	2
	Anti-bribery and anti-corruption training hours		Hour	1,550
Business ethics	Percentage of new employees covered by anti-bribery and anti- corruption training		%	100
	Number of lawsuits due to unfair competition practices		Case	0
Anti-unfair competition	Number of major administrative penalties due to unfair competition practices		Case	0
	Amount involved in lawsuits or major administrative penalties due to unfair competition practices		RMB	0

# **Index of Indicators**

Index table for the SSE Guidelines No. 4 and No. 14 (Trial)

Disclosure requirement	Section in this report
Addressing climate change	Sustainable Development for Ecological Conservation - Addressing Climate Change
Pollutant emissions	Sustainable Development for Ecological Conservation - Strict Environmental Management
Waste disposal	Sustainable Development for Ecological Conservation - Strict Environmental Management
Ecosystem and biodiversity conservation	Sustainable Development for Ecological Conservation - Strict Environmental Management
Environmental compliance management	Sustainable Development for Ecological Conservation - Strict Environmental Management
Energy utilization	Sustainable Development for Ecological Conservation - Enhancing Resource Management Effectiveness
Water resource utilization	Sustainable Development for Ecological Conservation - Enhancing Resource Management Effectiveness
Circular economy	Sustainable Development for Ecological Conservation - Achieving Green Recycling
Rural revitalization	Taking Responsibility to Create Inspired Spaces for Better Living - Building a Harmonious Society Together
Social contribution	Taking Responsibility to Create Inspired Spaces for Better Living - Building a Harmonious Society Together
Innovation-driven development	Taking Responsibility to Create Inspired Spaces for Better Living - Refined Manufacturing of Quality Products
Technology ethics	Not applicable; our current operations do not involve sensitive sectors requiring technology ethics-related disclosures
Supply chain security	Taking Responsibility to Create Inspired Spaces for Better Living - Creating Shared Value with Partners
Equal treatment of SMEs	Stable Operations for Long-Term Growth - Compliance Management
Product and service safety and quality	Taking Responsibility to Create Inspired Spaces for Better Living - Refined Manufacturing of Quality Products
Data security and customer privacy protection	Stable Operations for Long-Term Growth - Corporate Governance
Employee	Nurturing Talent for a Better Company
Due diligence	Sustainability Governance - ESG Governance
Stakeholder communication	Sustainability Governance - ESG Governance
Anti-bribery and anti-corruption	Stable Operations for Long-Term Growth - Business Ethics
Anti-unfair competition	Stable Operations for Long-Term Growth - Compliance Management

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# Feedback Form

Thank you for reading "KUKA HOME's 2024 Environmental, Social, and Governance (ESG) Report." If you have any comments or suggestions while reading, please feel free to let us know. Your feedback will help us further improve our sustainability management in the future.

Investor	0
Government agency	$\circ$
Customer	0
Supplier	0
Employee	0

Your Contact Information:

#### Your Feedback:

Community

You are:

	Very good	Good	Average	Poor	Very poor
Your overall evaluation of this report	0	0	0	0	0
This report reflects KUKA HOME's significant impacts in ESG aspects	0	0	0	0	0
Your overall evaluation of the information disclosure in this report	0	0	0	0	0
Your overall evaluation of the content and layout design in this report	0	0	0	0	0

Are there any other aspects you would like to learn about in KUKA HOME's ESG Report?

