



***Walsun***

# WALSUN TECH & TRADE CO.,LTD

CSR REPORT 2024

Jan.3, 2025

## catalogs

I. Preface to the report.....	3
(i) Report specifications.....	3
Description of the report.....	3
Report Scope and Boundaries.....	3
Description of report data.....	3
Preparation Process .....	3
Publication Format .....	4
Basis of Preparation.....	4
(II) Messages From General Manager .....	5
(iii) Responsibility in Focus .....	5
Annual ESG Progress .....	5
(IV) Company Profile .....	5
Strategy and Culture .....	6
Company History .....	7
Business Overview .....	7
ii. governance responsibilities .....	7
(i) Corporate governance .....	7
About shareholders and shareholders' meeting .....	8
Digital Empowerment, Practicing Intelligent Transformation .....	8
Integrity Management.....	9
Provide complaint channels .....	9
Fair Competition.....	9
Compliance with laws and regulations .....	10
Information Disclosure Management .....	10
(II) ESG management .....	10
(III) Environmental risk management.....	11
(i) Environmental management.....	11
1. Environmental management system .....	11
2. The environmental management system certification passed .....	11
3. Environment-related initiatives .....	11
4. Environmental violations and penalties.....	12
(ii) Resource utilization .....	12
1. Energy consumption .....	12
2. Water resource usage.....	12
3. Paper consumption .....	12
4. Office Go Green .....	13
(III) Responding to the Challenges of Climate Change .....	13
Greenhouse gas emissions .....	14
IV. Social risk management.....	14
(i) Employment.....	14
Equal employment.....	14
Establishment of a complete management system .....	14

Optimization of Compensation and Benefits .....	15
Democratic Management .....	15
Employee Benefits .....	16
Employee Satisfaction.....	17
(II) Development and Training .....	17
Improvement of Mechanisms and Focus on Development .....	17
Career Development System .....	17
Training Management.....	17
Cohesion and sharing of goodness.....	18
Employee Care.....	19
Company Reunion .....	19
(iii) Occupational Health and Safety .....	19
Occupational health management .....	19
Obtained certification of occupational health and safety management system.....	20
Number of new occupational diseases .....	20
Safety implementation and training .....	20
Safety Office Performance .....	21
(iv) Customer Responsibility .....	22
Product/Service Quality Management.....	22
Product qualification rate .....	22
Product Marketing.....	22
Responding to Customer Complaints.....	22
Information Security and Privacy Protection .....	22
Customer Satisfaction.....	23
Complaint resolution rate .....	23
Negative customer health and safety incidents during the reporting period.....	23
(v) Responsible supply chain management.....	23
Supply chain sustainable management system .....	23
Supplier ESG Performance Evaluation .....	24
Number of suppliers reviewed .....	24
Number of suppliers whose cooperation was suspended due to non-compliance .....	24
Number of potential suppliers rejected for non-compliance.....	25
V. Value Creation .....	25
Appendix: Feedback .....	26

# **I. Preface to the report**

## **(i) Report specifications**

### **Description of the report**

(hereinafter referred to as “Walsun”, “Walsun” or “the Company”) issued the 2nd Corporate Social Responsibility Report to stakeholders. The purpose of the report is to provide an objective, standardized, transparent and comprehensive report to the stakeholders. It aims to truly reflect the company's efforts, practices and performance in the fields of governance, environment and social responsibility through objective, standardized, transparent and comprehensive information disclosure. The textual information and performance of the report is based on the period from January 1, 2024 to December 31, 2024, and some information may relate to previous years.

### **Report Scope and Boundaries**

Unless otherwise stated, this report covers Walsun Science and Trade Development Co., Ltd. and “Walsun” and “Company” in the text refer to Walsun Science and Trade Development Co. Subsidiary Hunan Walsun New Materials Co. Ltd. company has been in the stage of technological transformation after briefly producing 185 tons of high-purity manganese sulphate in 2024, and has not been included in the scope of the report for the time being.

### **Description of report data**

The sources of data used in this report include publicly available data from government departments, internal company statistics, administrative documents and reports, and third-party evaluations. Unless otherwise stated, the currencies and amounts involved in this report are measured in RMB, and in case of any inconsistency with the financial report, the financial report shall prevail.

### **Preparation Process**

This report is based on the Company's ESG practices and is prepared in accordance with the process of “project approval - collection of materials - preparation and revision - review by senior management - disclosure to the public”. --The report is prepared in accordance with the process of “project approval - collection of materials - preparation and revision - consideration by senior management - disclosure to the public”, and actively communicates with relevant stakeholders in the process of project approval and preparation and revision to

study and validate the framework structure and content of the report.

## **Publication Format**

This report is published in electronic form and can be viewed on the Company's official website ([www.walsun.cn](http://www.walsun.cn)), and the Company plans to publish it once a year. If you have questions and suggestions about the report, you can send email to [greenchem@walsun.cn](mailto:greenchem@walsun.cn) or you can call 0731-82229318 ext. 624.

## **Basis of Preparation**

- Chinese Academy of Social Sciences' Guide to Corporate Social Responsibility Reporting in China (CASS-ESG 5.0)
- United Nations 2030 Sustainable Development Goals (SDGs)
- Global Reporting Initiative (GRI) Sustainability Reporting Standards (GRI Standards)

## (II) Messages From General Manager

Dear customers, employees and shareholders: A truly outstanding enterprise should be an important force to promote the progress of human society. Walsun chooses sustainable development, and we know that although the company is small, it has a great responsibility. We hope that Walsun's business philosophy and practice will continue to have a positive impact on the environment, society and employees. The height of Walsun's future development will depend on Walsun's social value. Actions speak louder than words, Walsun will move forward!

**Yu Guo**

General Manager of Walsun Tech & Trade Co.,Ltd.

## (iii) Responsibility in Focus

### Annual ESG Progress

We continued to optimize corporate governance, vigorously promoted the construction of a modern enterprise system, continuously standardized corporate governance, and enhanced risk prevention and control capabilities. We improved investor relationship management and continued to create stable value returns for shareholders. We constructed quality, environmental and occupational health management systems and successfully completed the annual audit of ISO14001\ ISO45001\ ISO9001 during the year; updated the supplier compliance and ESG performance assessment model to improve the sustainable management system of suppliers; and strengthened the quality of our services to ensure that we provide our customers with consistently superior products and quality services. During the reporting period, the Company realized an operating income of RMB44,079,100, of which 43 products with relative green attributes, accounting for 33.12% of the total number of products sold and 15.65% of the total sales.

We continue to practice the concept of green development, do our best to repay the society, enhance the sales proportion of products with green attributes, and pay attention to social welfare.

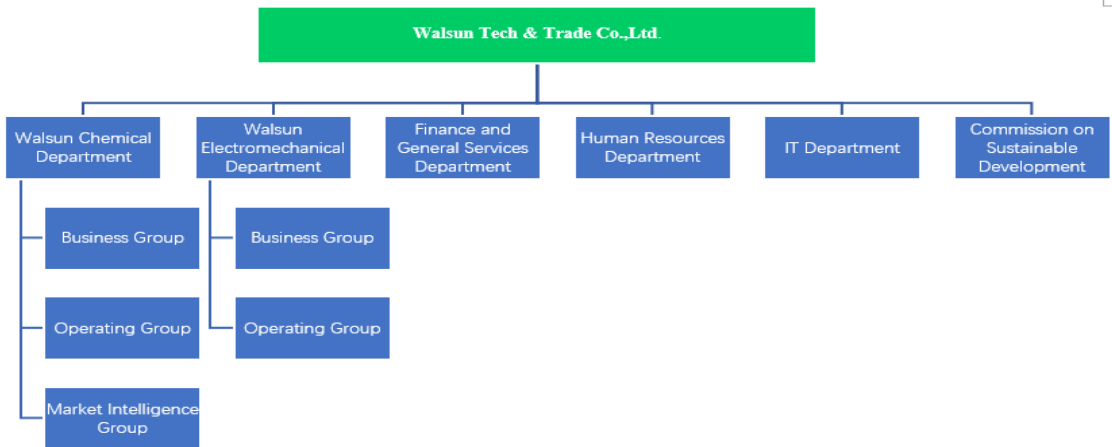
## (IV) Company Profile

Walsun Tech & Trade Co., Ltd ("Walsun"), website: [www.walsun.cn](http://www.walsun.cn), was founded in 2004, located in Room 608, No. 1 Avenue, No. 2, Wuyi West Road, Furong District, Changsha City, is a comprehensive trading company mainly engaged in import and export business of chemicals and electromechanical equipment, with a history of development of more than 20

years. It has more than 20 years of development history. Walsun import and export team has been providing quality services for well-known Chinese and foreign companies, including Brenntag, 3M, Sinopec and so on. Walsun team pursues excellence and sincerely creates value for our partners.

Walsun has passed the ISO9001/14001/45001 certification and obtained the EcoVadis Bronze Medal.

**Organizational chart of Walsun Tech & Trade Co.,Ltd.**



## Strategy and Culture

Mission: To contribute to the physical and mental well-being of all employees and to strive to create value for society.

Vision: To become a respected international enterprise and achieve sustainable development.

Core Values Customer-centeredness, honesty and integrity, embracing change and innovation;

Customer-centered, upholding honesty and integrity, embracing change and being innovative;

Pursue outstanding achievements and contributions, and rely on teamwork to realize common goals.

## Company History



## Business Overview

Walsun is a comprehensive trading company focusing on chemical, electromechanical import and export business, mainly engaged in chemical products export and electromechanical products import business.

## ii. governance responsibilities

### (i) Corporate governance

In order to safeguard the legitimate rights and interests of shareholders and ensure the normal order and efficiency of proceedings at the general meeting of shareholders, in accordance with the Company Law of the People's Republic of China and other relevant laws and regulations, as well as the Articles of Association of the Company, the Company has continuously improved the level of standardized operation of the Company and pushed ahead with the improvement of its corporate governance structure.

The Company has set up a standardized and orderly corporate governance structure in



accordance with relevant regulations and requirements, and formulated corresponding rules of procedure to clarify the responsibilities and authorities, procedures and obligations to be fulfilled by all levels of institutions in terms of decision-making, supervision and execution, forming a governance structure with clear division of powers and responsibilities, scientific decision-making, mutual checks and balances and coordination, so as to effectively safeguard the lawful rights and interests of the Company and its shareholders.

## **About shareholders and shareholders' meeting**

The Company has formulated the Rules of the General Meeting of Shareholders in accordance with relevant laws and regulations and the Articles of Association to establish a more comprehensive shareholders' meeting system. The shareholders' general meeting of the Company consists of all shareholders and is the highest authority of the Company.

During the reporting period, the Company held a total of 4 general meetings of shareholders. The convening and convening procedures of the shareholders' general meetings of the Company were in compliance with the relevant provisions of the Company Law, the Articles of Association and the Rules for Shareholders' General Meetings of the Company.

The shareholders' meeting is the decision-making body of the Company and is responsible to the shareholders' meeting and reports on its work. The shareholders' meeting of the Company consists of 4 shareholders. During the reporting period, the Company held 4 shareholders' meetings, with 100% participation rate of all shareholders, and the shareholders of the Company were able to fulfill their duties faithfully, honestly and diligently. The convening and holding procedures of the shareholders' meetings of the Company were in full compliance with the relevant provisions of the Company Law, the Articles of Association and the Rules for General Meetings of Shareholders of the Company.

The Company has independent and complete main business and independent operation capability, and is independent of the controlling shareholders in terms of personnel, assets, business, organization and finance, and is capable of independent operation, independent management and independent assumption of responsibilities and risks. The controlling shareholders of the Company exercise their rights and assume corresponding obligations in accordance with the law.

The Company has one supervisor. He is responsible for supervising and checking the financial status of the Company and supervising the execution of duties by the Company's directors, general manager and other senior management personnel, and safeguarding the interests of the Company and its shareholders and employees.

## **Digital Empowerment, Practicing Intelligent Transformation**

We are committed to continuously exploring diversified digitalization paths and promoting digitalization construction. The company officially launched digital transformation in 2020,

and through four years of continuous promotion, it fully completed the construction of OA chemical system digitalization 1.0 in 2021 to manage the order system. 2023, it built product quotation templates, chemical product GS portrait templates, and supplier ESG performance assessment templates. 2024, it set up an AI team to grope for a new mode of AI-enabled business.

## **Integrity Management**

Walsun strengthens the introduction of auditing talents and suppliers, avoids the entry of credit-breaking personnel and credit-breaking units into the company, and reduces the risk of fraud.

We create a clean and honest environment and prohibit any form of corruption and bribery. In order to promote the anti-corruption and integrity work of the company, the company has established "Walsun Supplier Code of Conduct" and "Walsun Business Code of Conduct", clarified the "red line of integrity", and added "anti-corruption and anti-bribery" clauses to the procurement contract in 2024, so as to strengthen integrity management of the suppliers, dealers and other partners, We will strengthen the integrity management of suppliers, distributors and other partners, and establish channels for complaints and reports of commercial fraud and a mechanism for handling such complaints.

## **Provide complaint channels**

1. when employees believe that their personal interests have been unduly infringed upon, or have different opinions on the company's management measures, or found to have violated the company's regulations, they can choose the appropriate complaint channels to the company.
2. the complaint may choose to interview and written two forms, the responsible person at all levels or the responsible department after receiving the employee complaint, will be in the complaint incident involved in the relevant parties to investigate, and according to the results of the investigation as soon as possible to make a decision to deal with. The handling decision will be notified to the complainant, the general manager of the company and the human resource management center in writing or by email, and the employee can continue to complain to the higher level manager or department if he/she is not satisfied with the handling decision.

## **Fair Competition**

We strictly comply with the Law of the People's Republic of China Against Unfair Competition and other laws and regulations and relevant requirements, and always conduct sales in strict accordance with the procurement process and specifications formulated by the Company. During the reporting period, the Company operated in compliance with the requirements of

relevant laws and regulations and was not penalized by the competent state authorities for situations such as bundled sales, commercial bribery and unfair competition, as well as legal proceedings in respect of its own unfair competition and anti-monopoly.

## **Compliance with laws and regulations**

The Company strictly complies with laws and regulations and various regulatory requirements to ensure that it operates in accordance with the law. We continue to improve various management systems, perfect the rules and regulations of the Company's legal construction, and standardize the workflow of contract review and other work processes, so as to provide legal protection for the Company's operation. At the same time, we continue to enhance employees' awareness of laws and regulations, regularly organize internal training on laws and regulations for employees, increase efforts to govern the company according to law, and effectively transform the ability to operate in compliance with the law into a driving force to promote the modernization of the company's governance.

Since its establishment in 2004, during the operation period, there has been no abnormal operation, no breach of trust being executed, and no major negative public opinion.

## **Information Disclosure Management**

The Company performs its information disclosure obligations in a true, accurate, complete and timely manner in strict accordance with the relevant laws and regulations as well as the relevant requirements of the Articles of Association, etc. The Company sends out its operation in the form of financial statements to its shareholder members every month to improve the level of the Company's information disclosure management and the quality of information disclosure, and to safeguard shareholders' rights and interests.

## **(II) ESG management**

In 2020, Walsun set up the Walsun Green Sustainability Committee to formulate ESG strategic objectives, further define the strategic direction, specific objectives and key work in promoting the work in key areas of ESG, and to promote the integration of ESG work into the operation and management. In order to carry out the implementation, the sustainability team will break down the work of ESG into company management, sustainable supply chain building, and the construction of GRK green chemical website according to the annual green sustainability target of Walsun. In 2024, Walsun Chemical HSE policy is proposed, and the policy sets HSE goals as follows:

### **Walsun Chemical HSE Objectives**

1. Zero injuries and accidents in the workplace;
2. Advocating paperless office, with per capita paper usage decreasing year by year starting

from 2024, and per capita paper usage decreasing by at least 40% by the end of 2030 (with 2023 as the baseline number);

3. Ensure that 100% of the traded cooperative suppliers have passed the Walsun compliance audit (Legality compliance audit);

4. Starting from 2025, not less than 30% of the completed suppliers will pass the On-site Audit of Walsun, and not less than 30% of the completed suppliers will be surveyed by “Walsun Supplier ESG Evaluation Questionnaire”.

## **(III) Environmental risk management**

### **(i) Environmental management**

#### **1. Environmental management system**

Walsun pays attention to the construction of environmental management system, strictly abides by the Law of the People's Republic of China on Environmental Protection, the Law of the People's Republic of China on Environmental Impact Assessment and other laws and regulations, and has formulated the company's various environmental general management systems on this basis, including the “Procedures for Reporting and Investigating on Accidents in Environmental Protection, Health and Safety,” “Procedures for the Recognition and Evaluation of Environmental Factors, and Control Programs for the Operation of Environmental Management”.

At present, the relevant updated system documents implemented by Walsun include “Quality, Environment, Occupational Health and Safety Management Manual”, “Dangerous Sources Identification and Evaluation Control Procedures”, “Environmental Factors Identification and Evaluation Control Procedures” and so on.

#### **2. The environmental management system certification passed**

Walsun passed the ISO14001 environmental management system certification for the first time in 2020, and organizes re-examinations every year, and passed the re-certification of the system in 2023, and passed the annual examination in 2024.

#### **3. Environment-related initiatives**

- Adhere to green and low-carbon office

- Operate and maintain the GRK chemical network and advocate green chemical industry.
- Finding more sustainable substitutes for chemical products, evaluating the ESG performance of Walsun's suppliers, and exporting product substitution information and supplier ESG evaluation results to customers, so as to facilitate customers to make more sustainable choices.
- Revamping of the GRK chemical network to provide potential substitution inquiries for chemical products.

## 4. Environmental violations and penalties

During the reporting period, the Company had 0 environmental complaints and pollution incidents.

### (ii) Resource utilization

The main energy resources used in the daily operation of the Company include electricity and water, and all energy resources are steadily supplied by the relevant organizations in the location, and there is no shortage of demand or wastefulness of over-utilization.

The Company's production and operation activities do not directly emit carbon dioxide and other greenhouse gases, and indirect greenhouse gas emissions mainly come from the Company's daily office use of electric energy resources, tap water consumption, sewage treatment, waste disposal, employee commuting, travel and other activities.

### 1. Energy consumption

During the reporting period, Walsun consumed 6,568 kWh of electricity and 368 m<sup>3</sup> of natural gas throughout the year.

### 2. Water resource usage

During the reporting period, Walsun consumed 195 tons of water resources throughout the year. Domestic wastewater is managed by the property and discharged to the designated sewage treatment plant of the local management center through appropriate wastewater treatment facilities.

### 3. Paper consumption

During the reporting period, Walsun consumes 77 kg of A4 paper in a year.

Walsun publicizes energy and low carbon awareness to its employees, raising awareness of

energy and water conservation, and contributing to the reduction of greenhouse gas emissions.

## 4. Office Go Green

### Lighting System

- 1) Turn off lights when rooms are not in use
- 2) Use daylight/natural light as much as possible when feasible.
- 3) Keep lighting fixtures and lamps clean and maximize energy efficiency.

### Air Conditioning System

- 1) Turn off the air conditioner when the room is not in use
- 2) Install sunshade curtains on office glass walls and windows to minimize heat absorption

### Office and Staff Management

- (1) Promote paperless office and use both sides of paper whenever possible;
- (2) Encourage employees to take the elevator less and the stairs more. Use bicycles and public transportation as much as possible for daily commuting;
- 3) Company meetings try to use online meetings instead of travel, and try to use high-speed rail instead of airplanes;
- (4) Save water, and notify the property maintenance in time when you find the faucet leaking or dripping;
- (5) Strengthen publicity and education for employees, encourage the use of personal carbon footprint calculators, and advocate low-carbon office advocates to start from the small things around them.

## (III) Responding to the Challenges of Climate Change

Climate change is a topic of widespread global concern. Reducing carbon emissions and actively responding to climate change are key issues facing the future development of society. The Company integrates its environmental management responsibilities into actual operations, actively carries out power demand management and energy efficiency management, continuously reduces energy consumption, and builds a resource-saving and environmentally friendly company to cope with the challenges of ecological environment and climate change.

Employees are encouraged to reduce private car trips and try to travel by green and environmentally friendly means.

Commuting ratio Public transportation travel: Private car travel = 14: 3

Adopt energy-saving lighting, and implement energy-saving office guidelines such as “turn off the lights as you go, and turn off the air-conditioning when you leave”.

Promote the double-sided use of paper, increase the efforts to promote low-carbon office, and strengthen the corporate culture of green office construction.

## Greenhouse gas emissions

During the reporting period, Walsun emitted 25.25tCO<sub>2</sub>e of greenhouse gas.

## IV. Social risk management

### (i) Employment

#### Equal employment

Walsun strictly abides by the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Regulations on Work-Related Injury Insurance and other national laws and regulations, ensures the legal compliance of recruitment and employment, standardizes the workflow and requirements of the recruitment process, provides fair and reasonable employment opportunities for the employees, adheres to the democratic management, creates a fair and just, good and comfortable working environment, opposes any form of forced labor, and eliminates the use of child labor. Eliminate the use of child labor, and ensure that employees normally enjoy national statutory holidays.

#### Establishment of a complete management system

We strictly abide by relevant laws and regulations, and uphold democratic and legal procedures to formulate personnel rules and regulations, and create a favorable employment environment. The company adheres to the principle of just, fair and open employment, opposes all discriminatory behavior on the basis of race, gender, age, family background, religious beliefs, etc., and ensures that all employees enjoy the same treatment in the phases of recruitment, labor, salary and training, promotion, and compensation.

Category	Content	Quantity
Gender composition	Total number of male employees (persons)	9
	Total number of female employees (persons)	25
Age composition	Total number of employees under 20 years of age (persons)	0
	Total number of employees aged 20-30 (persons)	6

	Total number of employees aged 30-50 (persons)	24
	Total number of employees over 50 years of age (persons)	4
Academic composition	Total number of employees with bachelor's degree or higher (persons)	14
	Total number of employees with tertiary education (persons)	17
	Total number of employees with high school education or less (persons)	3
Ethnic composition	Han ethnic group	33
	National minority	1

## Optimization of Compensation and Benefits

We determined the corresponding compensation levels based on the current status of the Company's development and the strategic framework for human resources management, while taking into account the average compensation levels in the region where the Company is located, the job responsibilities of the employees, their individual capabilities and overall performance, and actively explored the optimization and adjustment of the compensation structure and launched the virtual equity incentive plan and other long-lasting incentives to enable the employees to enjoy the dividends of the Company's growth and to continuously enhance the competitiveness of the compensation levels.<sup>2024</sup> In order to establish a more reasonable compensation base structure, as well as establish a clear path for grade promotion, the compensation and benefit system was updated and optimized again.

## Democratic Management

We firmly protect the right of employees to participate in the company's decision-making and management in accordance with the company's regulations, and advocate the equality of all people. Through weekly meetings, we encourage employees to actively express their demands and ideas in their work and life, and we understand their demands in time and actively respond to them and solve them, so as to fully protect the employees' right to democratic management.

**As of the reporting period, Walsun's comprehensive employee statistics**



Categories	Result
Total number of employees (persons)	34
Proportion of female managers (%)	60
Employee labor contract signing rate (%)	100
Employee social security coverage (%)	100
Employee turnover rate during the reporting period (%)	2.86
Number of paid annual leave days per capita (days)	9.4

## Employee Benefits

Purchase of full social security and housing fund

Employee Stock Ownership Plan and TUP Profit Sharing Plan.

Employee leave: maternity and paternity leave, parental leave, one-child paternity leave, paid annual leave

Birthday benefits, holiday benefits, year-end awards, annual travel, annual physical examination subsidies, etc.



## Employee Satisfaction

Employee satisfaction 97% during the reporting period

## (II) Development and Training

### Improvement of Mechanisms and Focus on Development

We continue to deepen and improve the employee training mechanism, actively carry out employee training that meets the needs of various positions, promote the enhancement of employees' abilities, clarify the promotion channels for employees, optimize the incentive system, fully stimulate the enthusiasm of employees for self-learning, and enhance the ability of self-learning.



### Career Development System

We have designed a comprehensive career development system, which provides different career development paths for employees with different aptitudes, i.e., professional development paths and management development paths.

### Training Management

New Employee Training: Each new employee receives both face-to-face training and online training before starting work, with 20 hours of face-to-face training and 25 hours of online self-study training (including OKR and communication boot camp). During the reporting

period, the training for two new employees totaled 90 hours.

Grassroots series training: Through daily morning meetings and weekly meetings to summarize and share experiences, the company is committed to improving the core quality of the enterprise, such as improving the execution of employees, leadership, implementation of corporate culture, and landing of ISO three systems.

Training for middle and senior management: through online training and discussion in the direction of corporate strategy development, mission culture, corporate vision realization, process control, goal achievement, etc., the core management skills of management personnel are increased.

#### Statistics of online course training in Walsun during the reporting period

Training content	Number of lessons	Training Objects
Dedao OKR system learning	1 lesson	new staff
Dedao Communication Boot Camp	24 lessons	new staff
Bangke Foreign Trade Course	84 lessons (updating)	Business team of chemical department
AI Learning Manual	continuous updating	Business team of chemical department
Supply chain management	30 lessons (updating)	All staff of chemical department
Oriental Wisdom Institute: Business Ethics Course	30 lessons	All staff of Walsun
AI Learning Circle course of Dedao	1 year (365 lessons)	AI team chemical department
SGS: New ISO 14068 Carbon Neutral Standard Leads Enterprises Toward the Net-Zero Era	3 lessons	Green Sustainability of chemical department
SGS: How Overseas Enterprises Can Respond to Going Also Sustainability Due Diligence Directive CSDDD	1 lesson	Green Sustainability of chemical department
SGS: Enhancing ESG Reporting Quality by Strengthening Consistency and Transparency in Sustainable Disclosure	1 lesson	Green Sustainability of chemical department
SGS: Ecovadis CSR Assessment of Sustainable Procurement	1 lesson	Green Sustainability of chemical department

## Cohesion and sharing of goodness

Walsun will care for employees to the letter, help them solve practical difficulties, and

strengthen their cohesion and centripetal force. Encourage employees to join hands with the company to strive for the pursuit of a happy life, create value and share the good.

## Employee Care

The company's Finance Department and Human Resources Department regularly collect and summarize the difficulties and demands of the company's employees, and provide targeted assistance. For sick employees or family members of employees, the company issues condolence money for hospitalization of employees / condolence money for hospitalization of family members of employees; provides interest-free loans for employees, and issues red packets for family members in Chinese New Year.

In FY2024, we visited and condoled 12 employees and their families, including 3 employees and 9 family members of employees, with condolence payment of RMB 12,000 and condolence materials of about RMB 3,000, totaling about RMB 15,000.

## Company Reunion

The company through the organization of annual tourism, from time to time outdoor hiking / potluck, weekly badminton activities to improve the physical quality of staff, enhance staff cohesion, centripetal force.



### (iii) Occupational Health and Safety

## Occupational health management

1、Annual medical examination fee (RMB 1,200/person/year) is issued to urge employees to carry out health management;



- 2、Organize outdoor hiking and mountain climbing from time to time, during the reporting period, a total of 2 times;
- 3、Weekly organization of indoor gym badminton activities, during the reporting period, a total of 30 times;
- 4、Treadmill and fitness tools are available in the office; organize workplace exercises/stretching exercise 2 times a day;
- 5、Organize psychological classroom activities to pay attention to employees' mental health.



## **Obtained certification of occupational health and safety management system**

We will continue to promote the construction of ISO 14001 and ISO 45001 systems, and in 2020, we will first obtain ISO 14001 and ISO 45001 dual system certification. 14001 & ISO 45001 dual system certification, organize annual re-audit, and successfully pass the re-audit in 2024.

## **Number of new occupational diseases**

During the reporting period, the number of new personnel suffering from occupational diseases and accumulated occupational diseases in the company was zero.

## **Safety implementation and training**

We have implemented fire safety and environmental safety to the responsible persons in the corresponding responsible departments. Ensure that employees establish awareness of

environmental protection and environmental safety.

1. Signing of employee safety target responsibility:

0 fire accidents; 0 personal injury accidents and traffic accidents:.

The rectification rate of hidden dangers is 100%; the rate of employee safety education is 100%.

2、Cooperate with the property to carry out fire emergency drills 2 times a year; carry out safety knowledge lectures to improve the safety awareness of employees.



## Safety Office Performance

Walsun conducts safety education and training for the company's employees around basic safety knowledge, water and electricity safety, use of fire masks, traffic safety, fire emergency drills, laws and regulations.

### Walsun Safety Office Performance Statistics

categories	achievement
Total number of safety-related trainings (times)	7
Total hours of safety-related training (hours)	7
Safety training coverage (%)	100
Number of security incidents (times)	0
Number of occupational injuries/deaths (persons)	0
Number of working days lost due to work-related injuries (days)	0

## (iv) Customer Responsibility

### **Product/Service Quality Management**

Walsun adheres to the customer-centered service concept. Since 2020, we have been holding the ISO9001 quality management system certification and have been reviewed annually. In 2024, we successfully passed the re-examination.

### **Product qualification rate**

Product qualification rate 100% during the reporting period

### **Product Marketing**

During the promotion of services, uphold a high degree of responsibility to carry out marketing activities objectively and truthfully, without exaggeration and concealment of risks.

### **Responding to Customer Complaints**

We emphasize the quick response to customer complaints and effectively protect the rights and interests of each customer. Product managers provide timely and effective feedback on customer complaints, and track and manage the nodes, progress and complaint handling of each complaint. At the same time, the reasons for complaints are summarized and analyzed as a whole, and standardized policies or procedures are formulated.

During the reporting period, 100% of complaint documents were followed up within 24 hours.

### **Information Security and Privacy Protection**

Walsun has established a scientific, systematic and standardized intellectual property management system to provide strong support for the sustainable development of the company. In addition to protecting its own intellectual property rights and trade secrets, the company also respects other people's intellectual property rights and avoids infringing on other people's rights; it carries out specialized training to cultivate the awareness of trade secret protection among relevant personnel.

The Company has formulated an overall plan for information security, continuously improved the information security management system, established a leading group for network and information security emergency response, implemented specific security management personnel, enhanced the security awareness of information technology personnel and their ability to deal with security incidents, and deployed relevant security products and measures. In addition, the Company actively promotes training related to network data security and

personal information protection, and adopts email and online training to enhance network security awareness.

During the reporting period, the Company completed network security risk assessment and vulnerability scanning on a regular basis, and there were 0 information security incidents.

## Customer Satisfaction

During the reporting period, the customer satisfaction of Walsun was 93.88% in FY2024

## Complaint resolution rate

The customer complaint resolution rate was 100% during the reporting period.

## Negative customer health and safety incidents during the reporting period

During the reporting period, there were 0 negative customer health and safety incidents.


## (v) Responsible supply chain management

### Supply chain sustainable management system

In order to effectively promote the sustainable management of supply chain, Walsun Sustainability Committee was established.

1. Formulate the “Walsun Supplier Code of Conduct” to guide and regulate the behavior of suppliers in terms of law-abiding operation, labor compliance, resource consumption, emission control, health and safety, and business ethics.

2. In the second half of 2024, we formulated ESG assessment questionnaires for Walsun's suppliers, and conducted regular questionnaire assessments of suppliers' compliance and ESG performance. A total of about 10 questionnaires were collected after two months of implementation.



### Walsun Supplier ESG Assessment Questionnaire

感谢您参与本次调查。此问卷旨在了解贵公司在环境、劳工与人权、可持续采购和商业道德等方面的实践和绩效。您的回答将对我们构建更加可持续和负责任的供应链起到关键作用。请根据实际情况填写。再次感谢您的支持和配合！

Thank you for participating in this survey. This questionnaire aims to understand your company's practices and performance in areas such as environment, labor and human rights, sustainable procurement, and business ethics. Your responses will be essential and beneficial in shaping a more sustainable and responsible supply chain for us. Please fill in according to the actual situation. Thank you again for your support and cooperation!

#### ■ 公司基本信息 Company Basic Information

1. 公司名称 Company Name:↓
2. 所在地区 Region:↓
3. 联系人 Contact Person: ↓
4. 联系方式 Contact Information: ↓
5. 主营产品 Main Products: ↓



## Supplier ESG Performance Evaluation

The company has formulated “Supplier Compliance Audit Standards” and “Supplier ESG Performance Evaluation Methods” to actively promote “Green Procurement” and implement the concept of “Green Low Carbon, Energy Saving and Environmental Protection” in assisting customers in selecting suppliers, giving priority to purchasing products that are environmentally friendly or less hazardous in the whole life cycle under the same conditions. Under the same conditions, we give priority to purchasing products that are harmless or less harmful to the environment, have a high resource utilization rate and low energy consumption during the whole life cycle; we give priority to adopting energy-saving and environmentally friendly new technologies and processes; we give priority to suppliers with ISO certificates; and we advocate the protection of workers' rights and interests and promote the practice of environmental protection and social responsibility throughout the supply chain.

**Admission:** Audit the qualification, compliance and ISO certification of potential suppliers;

**Assessment:** Evaluate the ESG performance of cooperative suppliers, and conduct on-site compliance surveys of suppliers' qualification documents when necessary.

**Evaluation:** Conduct a comprehensive evaluation based on the results of the assessment, which will be used as a reference for the business department.

**Withdrawal:** Enterprises with the following conditions shall be temporarily withdrawn from the list of qualified suppliers:

- (1) Enterprises that have had particularly significant/major accidents in the last 12 months;
- (2) The same enterprise in the recent 12 months, there were 2 production safety accidents, one of which was a major accident;
- (3) The same enterprise in the past 12 months, due to the occurrence of work safety accidents, there is a concealment, false reporting, late reporting, omission of accident reporting;
- (4) Within the last 12 months, the enterprise has any administrative punishment, but refuses to correct and implement it.

## Number of suppliers reviewed

During the reporting period, Walsun examined 407 suppliers (number of examined and passed), and failed 0 due to corruption.

## Number of suppliers whose cooperation was suspended due to non-compliance

During the reporting period, the number of suppliers whose cooperation was suspended due to social responsibility non-compliance was 0. There were 0 cases of termination due to corruption-related violations.

## Number of potential suppliers rejected for non-compliance

During the reporting period, 1,202 potential suppliers were audited for compliance, and the number of potential suppliers rejected for inclusion due to compliance was 29.

## V. Value Creation

In order to fulfill the company's social responsibility, Walsun has set up a charity fund since 2012, which is dedicated to charity schooling, emergency assistance and social welfare projects. The amount of public welfare donations in recent years is as follows:

Year	2020	2021	2022	2023	2024
Public welfare contributions (in millions of Yuan)	10	2.75	3.8	4	4.5

In 2021, Walsun started to establish the website of Grunke, which was launched in early 2022. The website provides information on global green chemical products, technologies and alternatives, and is committed to promoting the green and sustainable development of the chemical industry. about 3,000 pieces of information on potential alternatives to chemicals and about 30 pieces of sustainable information will be updated in 2024.

# Appendix: Feedback

Dear Reader:

Greetings! Thank you for reading this report. This is the first report issued by Walsun, and we hope to get your valuable comments and suggestions, which will become an important basis for us to improve and enhance our work. You can send your comments or suggestions to us by e-mail, thank you from the bottom of our hearts for your valuable opinions!

Multiple choice questions (please tick the appropriate position)

1. Do you think this report can reflect the significant impacts of Walsun on governance, environment and society?

☐ Very good ☐ Better ☐ Average ☐ Poor ☐ Very poor

2. Do you think that the analysis of the stakeholders identified in this report and their relationship with Walsun is accurate and comprehensive?

☐ Very good ☐ Better ☐ General ☐ Poor ☐ Very poor

3. Do you think the information disclosed in this report is comprehensive?

☐very good ☐better ☐general ☐poor ☐very poor

4. Do you think the information disclosed in this report is readable?

☐Good ☐Good ☐General ☐Worse ☐Worst

Open-ended questions

1. What other information of concern to you has not been disclosed in this report?

2. What else do you think can be improved in this report?

E-mail: [greenchem@walsun.cn](mailto:greenchem@walsun.cn)