

2024  ESG

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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CREATING POSITIVE IMPACTS, BUILDING A BETTER WORLD

Dear Shareholders, Partners, and Stakeholders,

As the Chairman and CEO of Chervon Holdings Limited, I am honored to present our 2024 Environmental, Social, and Governance (ESG) Report. This report not only outlines our progress in sustainability but also reflects how we, driven by innovation and responsibility, actively navigate global challenges to create positive social and environmental impact.

2024 has been a year of both challenges and opportunities. Despite global economic uncertainties, we have remained steadfast in our innovation-driven strategy, continuously enhancing product and service quality while advancing technology worldwide. Guided by our mission, "Better Tools. Better World.", we push the boundaries of our industry, leading the green revolution in power tools and outdoor power equipment to create greater value for both our consumers and our society.

Strong Governance for Sustainable Growth

A robust governance framework is essential for advancing ESG initiatives. Our governance structure, encompassing risk management, strategic oversight, and performance monitoring, keeps us committed to sustainable progress. By employing thorough business practices, we continually improve our responsiveness to stakeholders' concerns.

We are dedicated to reinforcing governance, transparency, compliance, and ethical conduct, ensuring that all decisions reflect our corporate values and societal duties.

User-Centric Innovation to Deliver Superior Tools

Chervon specializes in power tools and outdoor power equipment, offering end-to-end solutions from design and R&D to manufacturing, sales, and after-sales service. Committed to user-driven innovation, we leverage smart manufacturing and a global distribution network to deliver high-quality, high-performance, and user-friendly products.

Our products, including EGO, FLEX, SKIL, and DEVON branded products are now sold in over 100 countries, demonstrating our market influence and unwavering dedication to excellence.

Embedding Green Principles from Design to Production

We aim to cut carbon emissions by 30% by 2030, driven by our green initiatives involving green products, green operations, and a green culture. Sustainability is at the heart of our design and innovation. As demand for eco-friendly products grows, we continue investing in green technologies. Advanced lithium battery solutions enhance performance while reducing energy consumption and eliminating emissions—reflecting our deep commitment to environmental responsibility. Our green commitment is demonstrated across the entire production process and is reflected in every detail. We optimize materials, promote renewable resources, and refine energy management to minimize waste and reliance on non-renewable energy. Several of our factories now run on solar power and geothermal heat pump systems, significantly lowering our carbon footprint.

People First, Creating Shared Value

Our employees are our greatest assets. We foster a diverse, inclusive workplace that respects individuality while providing professional growth opportunities. Employee well-being is our priority, and we strive to provide a safe and healthy work environment for all our employees. Beyond our workforce, we uphold responsible sourcing, working with suppliers to meet sustainability standards. We are also committed to giving back to our society and community by encouraging employee volunteerism to actively fulfill our corporate social responsibility.

Looking Ahead, Moving Forward

2024 has been a year of both challenges and opportunities.

Macroeconomic shifts, market competition, and supply chain complexities have tested our resilience and strategic focus. Yet, these challenges have only strengthened our commitment to innovation, operational excellence, and superior service. Through continuous R&D investment, we have launched cutting-edge products that meet market demands and drive industry progress.

I sincerely thank our team, partners, and stakeholders for your trust and support. Together, we will continue building a more sustainable and prosperous future. With our collective efforts, Chervon Holdings will remain a leader in the global tools industry—driving transformation, creating greater value for our customers, employees, and society, and making a lasting positive impact on the world.

Thank you.

Pan Longquan
Chairman & CEO
Chervon Holdings Limited



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OVERVIEW

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ABOUT CHERVON

Chervon Holdings Limited. (hereinafter referred to as “Chervon Holdings”, “Chervon”, “the Company” and “its subsidiaries”, “the Group” and “we”) is a limited liability company registered in Hong Kong, and listed on the Hong Kong Stock Exchange (“HKEX”) in 2021. We are a global total solution provider specializing in product development, manufacturing, testing, sales and after-sales service of power tools, outdoor power equipment (“OPE”) and related industries.

Chervon is committed to user-centric innovation, developing smart manufacturing and building a comprehensive sales and distribution network to provide global users with excellent products under popular brands. The Group has established broad and deep cooperation with many of the world’s leading home centers, department chain stores, distributors and power tool manufacturers, and its products are sold in more than 100 countries around the world. Through in-house incubation and acquisitions, the Group has developed a well-recognized brand portfolio, including EGO, FLEX, SKIL, DEVON, which comprehensively covers the industrial /professional and consumer power tool segment, as well as the premium and mass-market OPE segment.

Our Business

Upstream

Raw materials
Out-sourced Manufacturing

Our operation

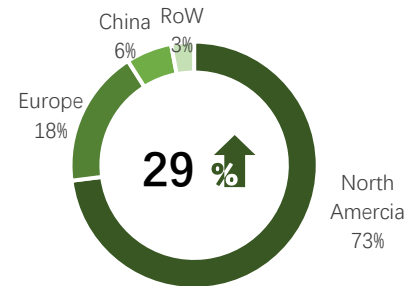
Product Development
Manufacturing
Business operation

Downstream

Channel distribution
Customer use

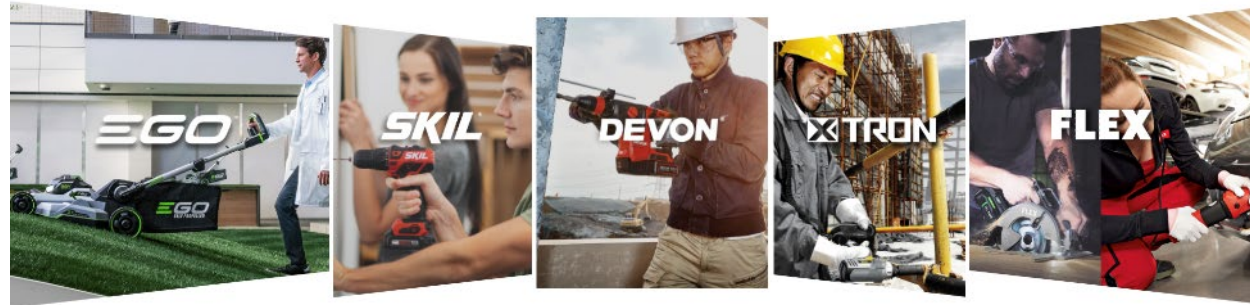
Our Performance

2024 Revenue
\$1,774 million



Earnings per share
0.22 US\$

Our Brands



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CHERVON®

Better Tools. Better World.

Providing **superior products** to users worldwide through **continuous innovation**, we are determined to become a **global leader** in power tools and outdoor power equipment in the lithium-ion, intelligent and digital era.

Vision & Mission

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AWARDS & RECOGNITION

With unremitting investment in R&D and innovation, strong customer-centric value orientation, and continuous care for employees, society and stakeholders, Chervon has won recognition and awards from the government, industry, media and business partners, including:

- National High-Tech Enterprise
- National Green Factory
- National Industrial Design Center
- National Demonstration Enterprise for Green Design of Industrial Products
- Standardization Demonstration Enterprise of China Electrical Appliance Industry Association
- AAA-level Enterprise for Integration of Informatization and Industrialization Management System
- Jiangsu Province Smart Manufacturing Demonstration Factory
- Jiangsu Province New Energy Tools Engineering Technology Research Center
- Jiangsu Province Enterprise Technology Center
- Jiangsu Province Leading Manufacturing Enterprise
- Jiangsu Province Foreign-invested R&D Center
- Jiangsu Province Integrated Foreign and Domestic Trade Pilot Demonstration Enterprise
- Jiangsu Province Five-Star Cloud Adoption Enterprise
- Jiangsu Province Quality Credit AAA-level Enterprise
- Outstanding Enterprise of Jiangsu Province
- Top 100 Enterprises of Nanjing
- Waste-free Factory of Nanjing
- Water-saving Enterprise of Nanjing
- JD Group "Annual Rising Star Award"
- Lowe's 2024 "Innovative Partner"
- Amazon 2024 "Think Big" Award
- ACE Vendor of the Year
- Canadian Tire 2024 Excellence in Seasonal & Garden Innovation Award
- Capital and Statista Magazine: 2024 Most Innovative Company (FLEX)
- Heimwerker Praxis Magazine: 2024 Product of the Year (SKIL 3065 Cordless Drill)
- 2024 Plus X Innovation Award (FLEX)
- PTIA (Pro Tool Innovation Award) Product Award (SKIL)

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ABOUT THE REPORT

This is our fourth Environmental, Social and Governance report (hereinafter referred to as “this report”, “ ESG report”), which aims to present Chervon Holdings’ management efforts, performance and progress in fulfilling its ESG responsibilities in 2024 .

Scope of the report

This annual report covers the period from January 1, 2024, to December 31, 2024. For clarity, some content may make references to previous prior years. Unless otherwise specified, the terms and key performance indicators referred to in this report shall be the same as those in Chervon Holdings’ 2024 Annual Report.

Basis of the report

This report is prepared with reference to the “Environmental, Social and Corporate Governance Reporting Guidelines” (the “ESG Guidelines”) published by the HKEX ,the Global Reporting Initiatives (GRI) standards and the United Nations Sustainable Development Goals (SDGs). It includes stakeholder communication, materiality analysis, data collection, report compilation, and management review to ensure compliance with materiality, quantitative, balance, and consistency principles.

Please refer to the appendix to this report for the content index with reference to the GRI standards ,the ESG Guideline and SDGs.

Publication of the report

This report is written in both Chinese and English, published in electronic form, and can be downloaded from the website of the HKEX or the official website of the Company (<https://global.chervongroup.com>). If you have any comments or suggestions on the Company's ESG performance, or have any questions, please contact us at esg@cn.chervongroup.com

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BOARD STATEMENT

Chervon Holdings Limited has established a robust ESG governance framework, with the Board of Directors taking overall responsibility for the Group's Environmental, Social, and Governance (ESG) strategy and reporting. Key responsibilities of the Board include:

Risk Management: Identifying and assessing ESG-related risks and ensuring the implementation of effective risk management and control systems.

Strategic Oversight: Setting the direction, objectives, and performance metrics for the Group's sustainable development.

Performance Monitoring: Overseeing the identification and prioritization of key ESG issues, monitoring target commitments, and evaluating actual performance.

Integration of ESG Philosophy: Embedding ESG principles into the Group's overall strategy.

To strengthen its ESG commitments, the Board has appointed a dedicated Director, Ms. Zhang Tong, to oversee ESG planning, execution, and reporting. This Director supports the Board by managing ESG risks, tracking strategic objectives, and driving continuous improvement in ESG performance.

The Board remains dedicated to integrating ESG across all business operations, fostering a sustainable future for stakeholders, and creating long-term value.



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OUR SUSTAINABLE DEVELOPMENT GOALS

We sets goals to drive ESG progress, benefiting our associates, customers, suppliers and communities, as well as our Company.



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-  Reduce carbon emissions by 30%¹⁾ (Scope I & II) by 2030
-  Lead OPE industry in achieving green energy transformation
-  Optimize the design and development process, enhance the level of green design, improve product energy efficiency and repairability, increase the use of recycled materials, and reduce energy consumption during product development, testing, production and use

S

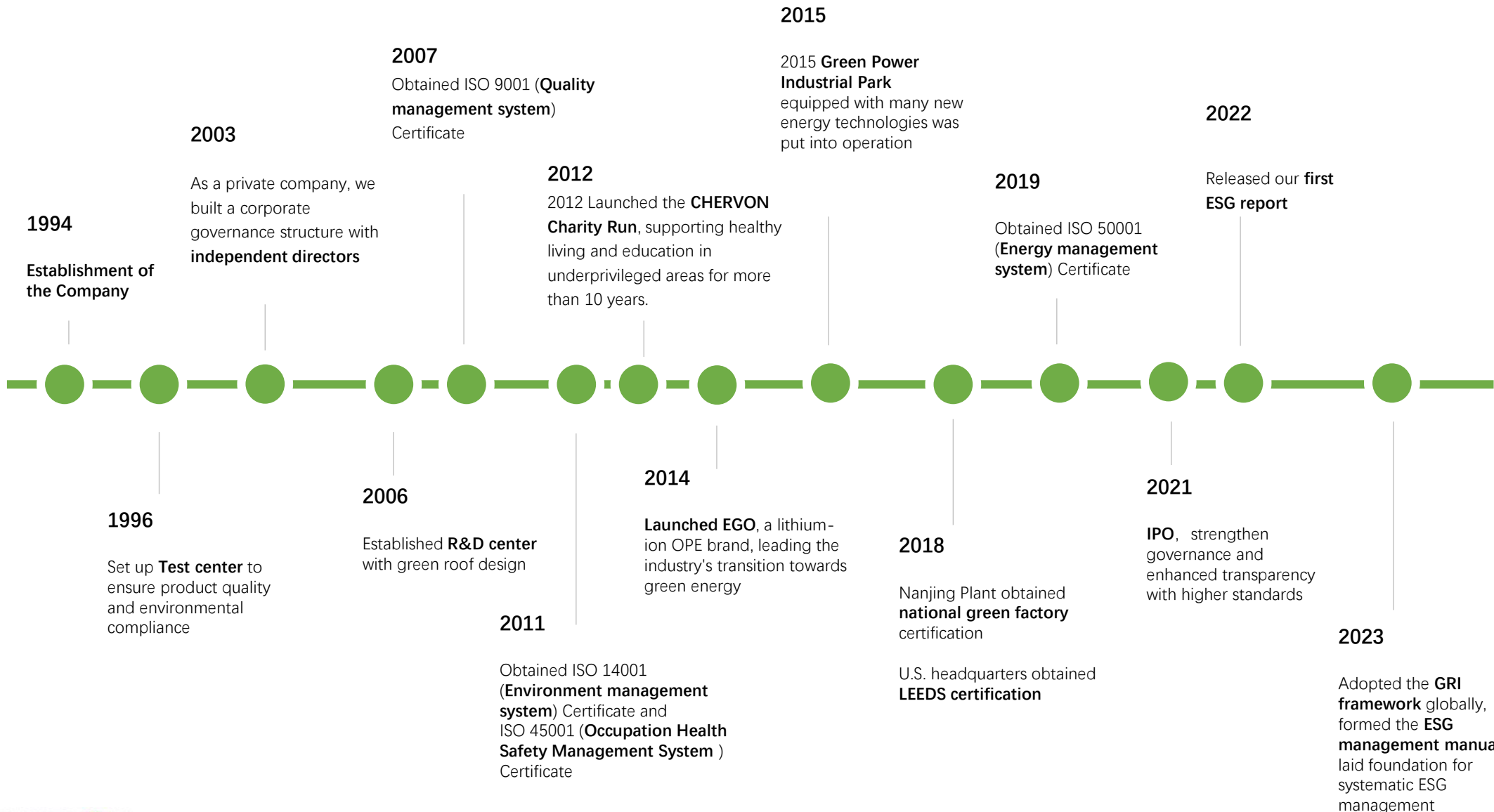
-  Continuously improve customer satisfaction by providing them with great and innovative products and services
-  Attract and retain outstanding talents, protect their rights and interests, motivate and guide them to grow together with the Company

G

-  Strengthen corporate governance capabilities to ensure sustainable development through sound and effective governance structure, authorization arrangements and risk control mechanism
-  Ensure full compliance with business ethics and data privacy regulations

1) More explanation in Better World -Green Operation for a Sustainable Future

OUR ESG JOURNEY



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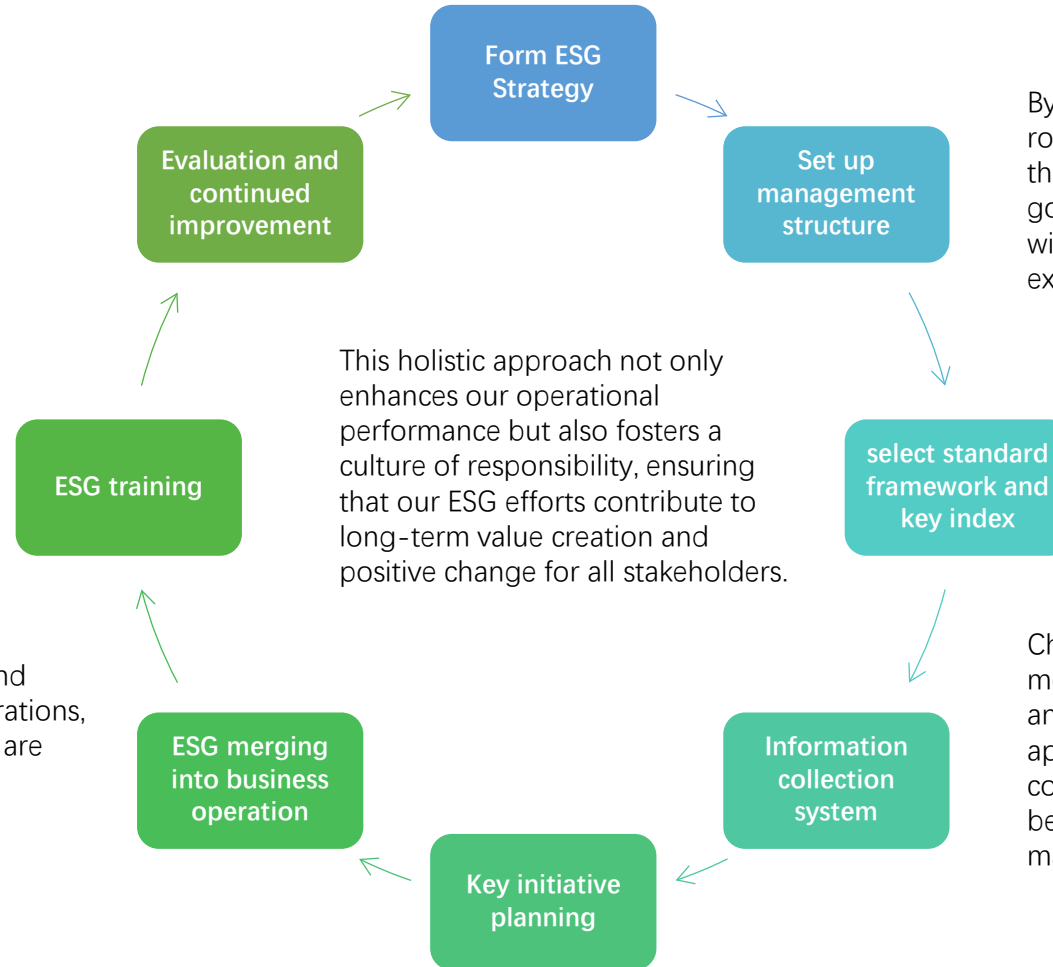
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CHERVON ESG MANAGEMENT SYSTEM

Our ESG workflow is designed to seamlessly integrate sustainability into our core operations, driving meaningful impact across our organization.

ESG training and continuous improvement are essential for keeping abreast of evolving regulations and industry best practices.

Key ESG initiatives are planned and integrated into our business operations, ensuring that sustainability goals are seamlessly merged with our core activities.



By establishing a clear ESG strategy and robust management structure, we ensure that our environmental, social, and governance commitments are aligned with our corporate goals and stakeholder expectations.

Choosing appropriate frameworks and metrics is crucial for effectively measuring and tracking our progress. A methodical approach to data collection ensures consistency and comparability, offering better support for informed decision-making.

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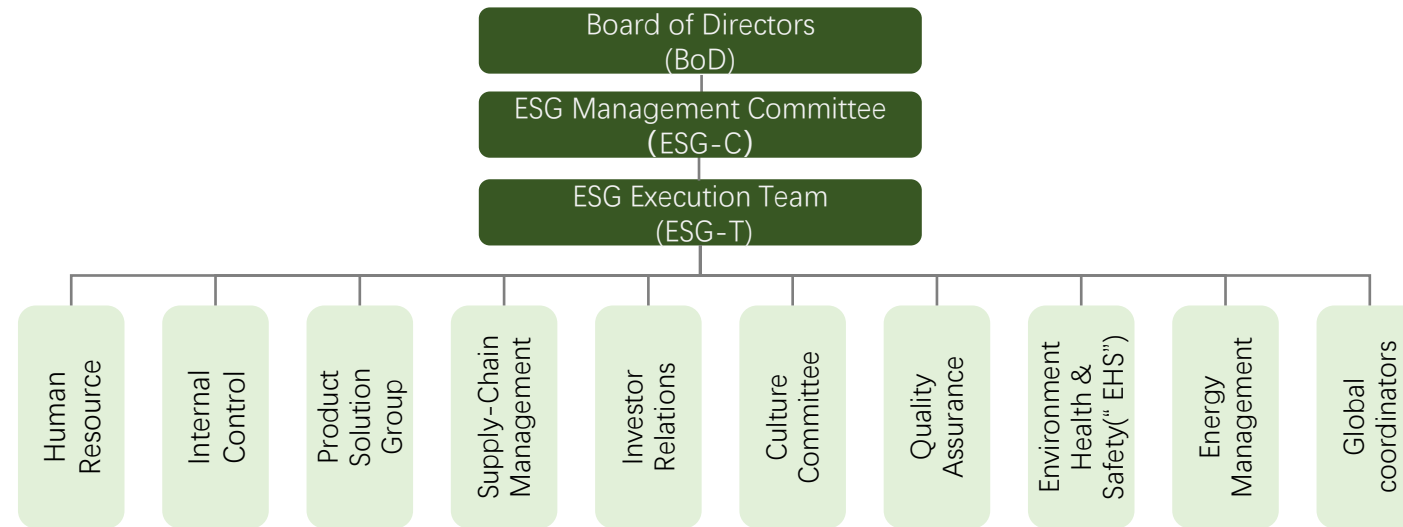
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OVERSIGHT OF ESG

We have established an ESG governance system that is collectively led by both the Board and our senior management levels.

While ultimate responsibility for the Company's ESG matters rests with the Board of Directors, we have formed the ESG Management Committee, chaired by Ms. Zhang Tong, a Board member. This Committee is tasked with developing the ESG strategic framework, formulating phased work plans, evaluating ESG-related risks, and providing necessary support to the Board in overseeing the Group's ESG risk management and internal control systems.

The ESG Execution Team, which is composed of members from key operational functions gathers information and monitors the implementation of ESG-related policies within each department, and reports back to the ESG Management Committee,



| Level | RESPONSIBILITY |
|-------|--|
| BoD | <p>The Board of Directors is the highest decision-making body of ESG.</p> <ul style="list-style-type: none"> - Approve ESG strategy, objectives and disclosures - Oversee ESG practices and performance - Ensure the effectiveness of ESG risk management and internal control systems |
| ESG-C | <p>The ESG Management Committee assists the Board in fulfilling its decision-making and oversight responsibilities and breaks down ESG strategic objectives for execution.</p> <ul style="list-style-type: none"> - Organize discussions and research with related parties, providing necessary information and support to the Board in formulating strategies - Monitor and evaluate ESG implementation and effectiveness |
| ESG-T | <p>The ESG Execution Team is responsible for implementing the strategic initiatives to achieve ESG goals and targets</p> <ul style="list-style-type: none"> - Develop and implement specific work plans - Provide data and analyses on ESG performance and progress on a regular basis |

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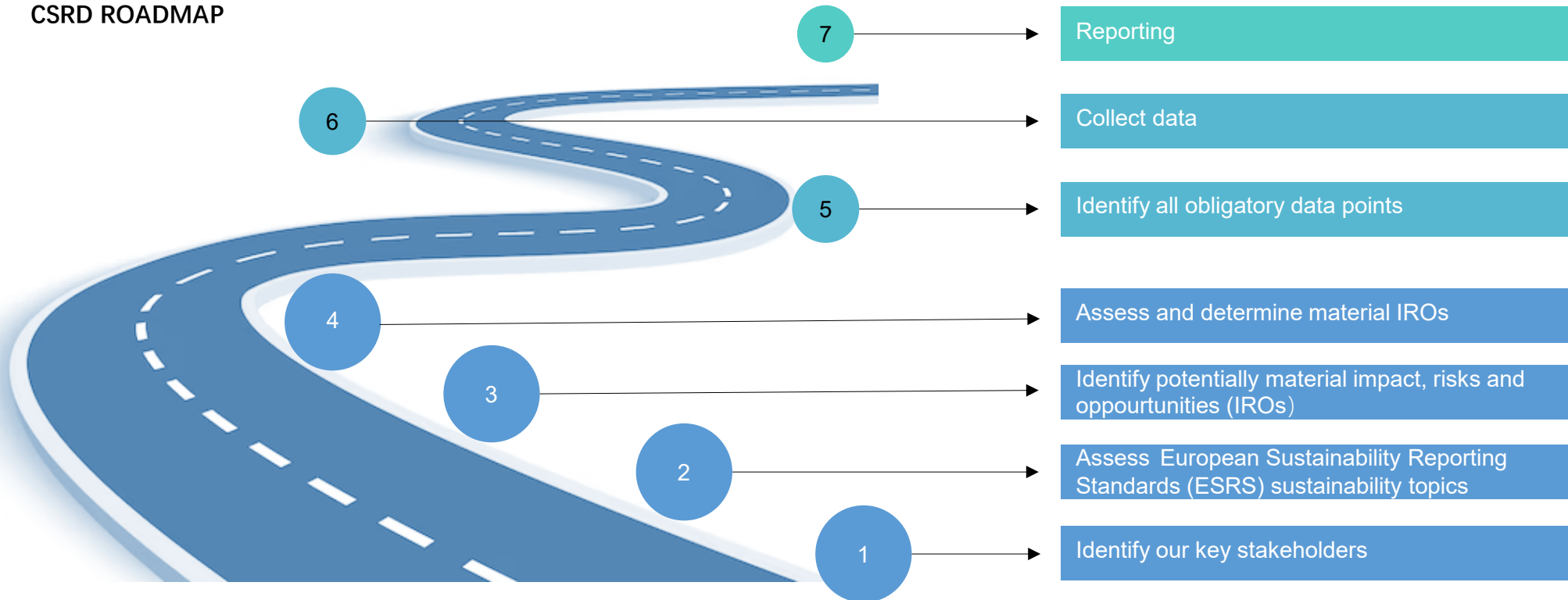
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GLOBAL COMPLIANCE SYSTEM AND REGIONAL POLICY ADAPTATION

As we grow globally, compliance remains a key pillar of our sustainable development strategy. To address Europe's tightening regulations—such as the EU's CSRD (Corporate Sustainability Reporting Directive) and CBAM (Carbon Border Adjustment Mechanism) — we've established a dedicated regional response mechanism. This includes cross-functional policy research teams and a "headquarters-branch" interactive compliance framework, embedding policy insights into product and supply chains management, as well as reporting.

Going forward, we'll further refine our regional operations, turning regulatory obligations into opportunities for green innovation. This approach is in line with our commitment to "global operations and local coexistence," reinforcing our dedication to sustainable development.

CSRD ROADMAP



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COMMUNICATION WITH STAKEHOLDERS

Chervon recognizes several key stakeholder groups—shareholders, customers, employees, suppliers, community, industry, and government—that both influence and are influenced by our operations.

We are committed to developing diverse and accessible communication channels to better understand their needs and concerns, guiding our decision-making in a dynamic business environment.

| Stakeholders | Communication channel | Topics of concern |
|--|--|--|
|  Shareholders and Investors | <ul style="list-style-type: none"> Shareholders meeting Information disclosure Investor meeting | <ul style="list-style-type: none"> Operation and performance Corporate governance Environment and social responsibility |
|  Employee | <ul style="list-style-type: none"> Employee activity Performance appraisal Employee complaints Labor union | <ul style="list-style-type: none"> Protection of legitimate rights and interests Compensation and benefits Safe and healthy work environment Career development opportunities |
|  Customer | <ul style="list-style-type: none"> Satisfaction survey Service hotline Business meetings Service manager | <ul style="list-style-type: none"> Solution and experience providing Product quality Responsiveness and good service Consumer rights protection Social and environmental responsibility |
|  Supplier | <ul style="list-style-type: none"> Bidding and review process Supplier meeting | <ul style="list-style-type: none"> Supply chain management Fair play Order and payment |
|  Community | <ul style="list-style-type: none"> Community activity Environmental protection | <ul style="list-style-type: none"> Social welfare |
|  Government | <ul style="list-style-type: none"> Policies and documents Information submission Meetings and symposia | <ul style="list-style-type: none"> Legal and operational compliance Industrial advantages Energy conservation & emission |
|  Industry | <ul style="list-style-type: none"> Industry research institutes and association exchanges | <ul style="list-style-type: none"> Industry rules and standards Industry collaboration and advancement |

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MATERIALITY ASSESSMENT

We identify and address ESG issues and opportunities through operational analysis and stakeholder engagement. Stakeholder feedback offers diverse perspectives that enhance our ability to monitor and respond to emerging challenges and opportunities.

We conduct an ESG materiality assessment every 2-3 years, with the latest update completed in 2023. This process included interviews with company executives and surveys of internal and external stakeholders. For detailed information on the process and results, please refer to the Company's 2023 ESG report.

Prioritized topics

| Topic | Why it's important | Key impacted stakeholders | | | | | | |
|------------------------------------|---|---------------------------|----------|----------|----------|-----------|------------|----------|
| | | Shareholder | Employee | Customer | Supplier | Community | Government | Industry |
| Product & service quality | High-quality products and services build customer trust and contributes to a reputable business | √ | | √ | √ | | | √ |
| Product innovation & IP Protection | Innovation and IP protection drive growth and maintain our competitive advantage | √ | √ | √ | | | | √ |
| Business ethics | Operating ethically is the foundation of being a responsible business and a good corporate citizen | √ | √ | √ | √ | | √ | |
| Labor rights & interests | Respecting labor rights fosters a fair workplace and enhances employee satisfaction | √ | √ | √ | | | | |
| Sustainable products | Sustainable products meet eco-friendly demands and support long-term business success | √ | | √ | | √ | | √ |
| Customer relationship | Strong customer relationships drive loyalty and sustained business growth | √ | | √ | | | | |
| Information and network security | Robust security protects data and maintains customer trust and reduce operational risk in a highly digitalized business world | √ | | √ | | | | |
| Environmental policy and system | Complying with regulations, and promoting sustainable practices that benefit both the environment and the business | √ | | √ | | √ | √ | |
| Corporate governance | Effective governance delivers better business results and improves public reputation | √ | √ | | √ | | √ | |

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ESG REPORT FRAMEWORK

Derived from our corporate strategy and ESG prioritization analysis, we have refined our ESG strategy and reporting framework to echo the Company's mission statement.

Better Tools, Better World.

By providing better tools, we enhance efficiency and productivity for users, support sustainability with eco-friendly designs, and foster innovation across industries. Our high-quality, reliable products improve safety and directly benefit users, while also contributing to economic growth. Ultimately, we drive progress and create a positive impact on both local and global scales.

Our commitment to improving the world extends to our people and the planet also. By ensuring fair labor practices and enhancing employee well-being and community engagement, we strive to make a meaningful impact through responsible operations and community involvement.

We uphold strong governance by maintaining transparency, ethical business practices, and strict compliance with regulations. This includes regular ESG assessments and stakeholder engagement to ensure we align with our mission and address emerging challenges effectively.

Together, these elements ensure that our mission not only drives business success but also contributes to a more sustainable and equitable world.

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BETTER TOOLS

At Chervon, we are committed to delivering cutting-edge tools that boost efficiency, enhance safety, and drive innovation. Our advanced designs not only elevate user performance, but also support sustainability and economic growth, making a positive impact globally.

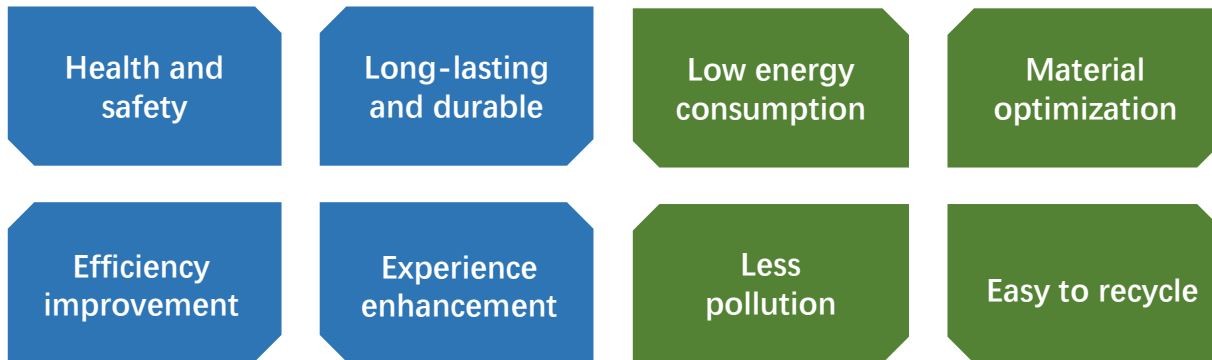
Within our strategy for sustainable development, we hold the belief that excellent products must benefit both users and the environment. This belief guides our definition of sustainable products, focusing on two core dimensions: optimizing user-centric performance and incorporating environmental responsibility.

USER DIMENSION
PERFORMANCE OPTIMIZATION
AND VALUE CREATION

User needs are the core driving force behind product design. Focusing on health and safety, functional efficiency, and enhanced user experience, we ensure that our products not only meet users' core demands but also extend sustainable value.

ENVIRONMENT DIMENSION
FULL LIFE-CYCLE CARBON
REDUCTION AND RECYCLE

On the environmental responsibility front, we concentrate on energy conservation, low-carbon transformation, and circularity, integrating ecological benefits into the very DNA of our product design.



SYNERGISTIC COEXISTENCE:
A NEW PARADIGM FOR SUSTAINABLE
BUSINESS

User value and environmental responsibility are not separate paths, they can thrive together.

Consider our lithium-battery garden tool series: These tools, powered by cutting-edge battery technology, not only boost efficiency and user experience, but also cut electricity costs and reduce household carbon footprints.

Our battery pack platform, dual-voltage compatibility, and cross-platform adapters offer greater flexibility, enabling users to maximize the use of their existing battery packs across a wider range of compatible products. This reduces the need for additional purchases and facilitates product re-use.

By using simplified packaging, we not only reduce environmental impact but also lower costs, enabling us to offer more competitive prices to our customers.

Moving forward, we will strengthen our dual-dimension product innovation system. By integrating user needs analysis with environmental impact analysis, we will drive the evolution of sustainable products, staying true to our brand commitment to build a better world.

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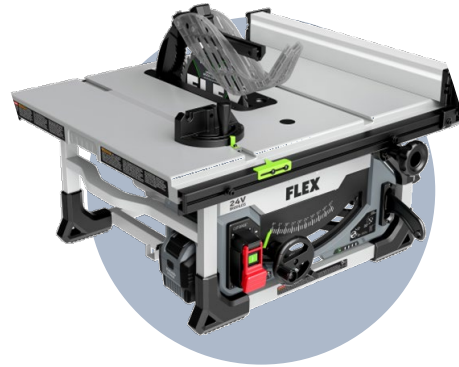
APPLICATION OF DUAL-DIMENSION PRODUCT INNOVATION (CASE STUDIES)



SKIL 12V/20V Flip Drill

Our innovative dual-head rapid rotation switch and dual quick-change chuck design streamline the process of changing working attachments, making it far less complicated and significantly boosting work efficiency.

With a dual-voltage capability of 12V and 20V, our tools cater to users across different battery platforms. This eliminates the hassle and costs of buying extra sets of batteries and chargers, enabling a more efficient use of resources.



FLEX Table Saw

When using a table saw for continuous wood cutting, users typically don't turn off the machine between cuts, leading to periods of idle operation.

However, our new table saw features a smart shutdown function. It automatically turns off after each cut, saving energy and boosting the cutting efficiency by around 15% for each single charge



EGO PC/PBT Deck Mower

In selected EGO lawn mower models, we've replaced traditional PP materials with PC/PBT super plastic. This change significantly boosts the strength and wear resistance of the deck while reducing environmental impact.

PC/PBT composite materials offer superior weather resistance, impact resistance, and wear resistance, performing more durably in harsh outdoor conditions. This further enhances the safety and longevity of the products.

Additionally, the production of PC/PBT materials consumes less energy and generates fewer emissions. Their high-performance characteristics reduce the reliance on coatings and additives. Coupled with well-established recycling technologies, PC/PBT materials effectively promote efficient resource circulation and support sustainable development.

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Quality

Total Experience

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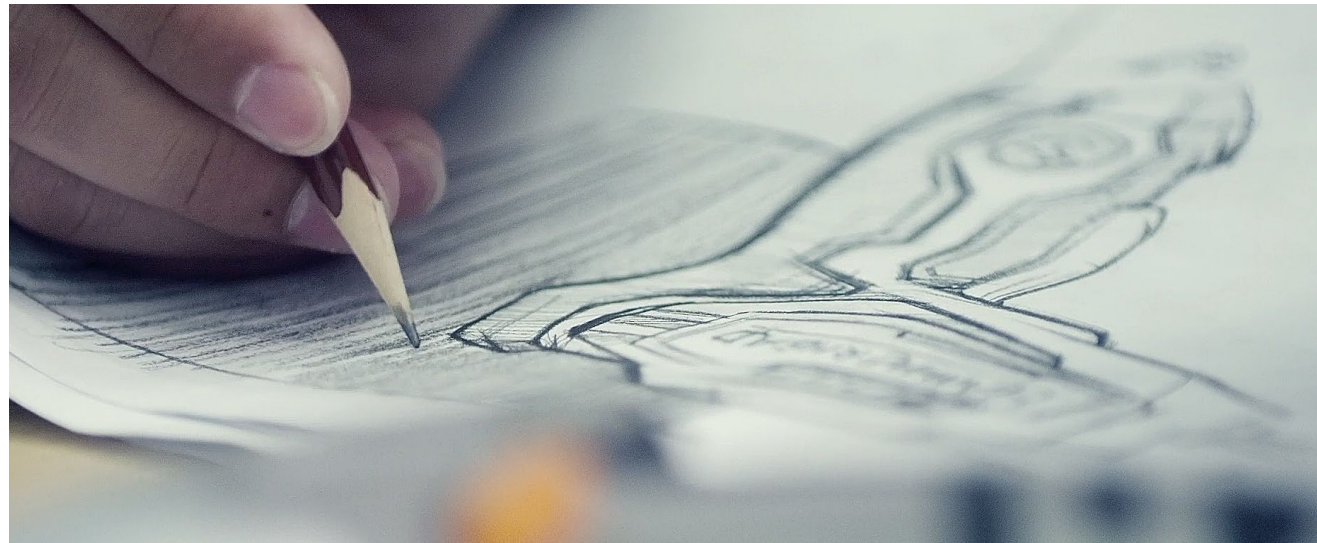
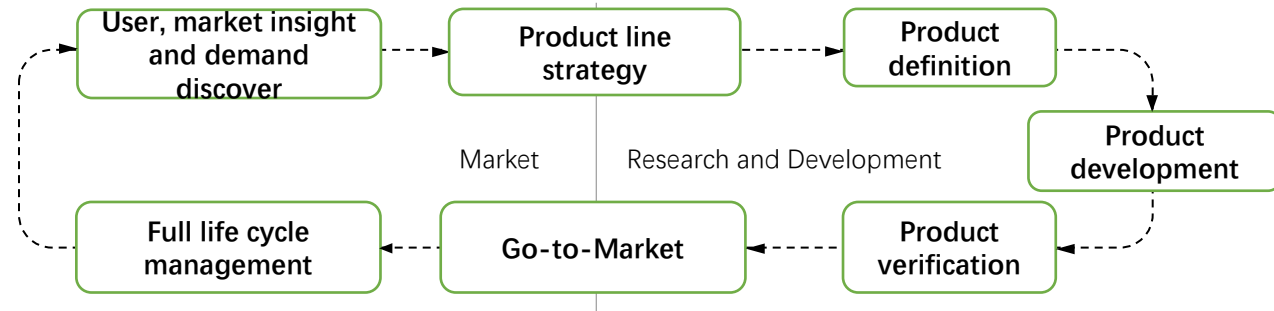
ADVANCED PRODUCT DEVELOPMENT SYSTEM

Research and development has always been a cornerstone of our value chain, and we remain committed to investing in this essential function. Our robust R&D capabilities empower us to deliver innovative products and solutions that excel in performance and meet the most demanding needs.

1000+ R&D engineers globally

Our international team—comprising talented designers and engineers from China, Europe, and North America—collaborates within our R&D centers, blending their technical expertise in power tools and outdoor power equipment. We enhance our capabilities and outcomes through Integrated Product Design and Development (IPD), TRIZ (Theory of Inventive Problem Solving), model V and Lean design, employ quality management methodologies such as Six Sigma, QFD (Quality Function Deployment), FMEA (Failure Mode and Effects Analysis). Furthermore, our extensive internal training programs ensure the ongoing development and expertise of our technical professionals.

Product development lifecycle



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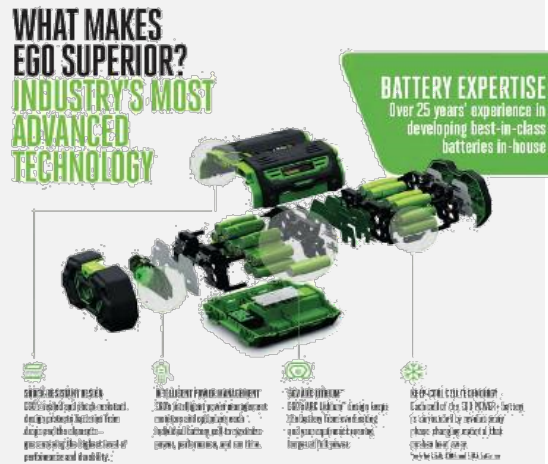
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OUR INNOVATION FOCUS

INDUSTRY-LEADING BATTERY, MOTOR, AND ELECTRONIC CONTROL TECHNOLOGY

We specialize in battery product technology, combining advanced structures, innovative materials, and smart algorithms to optimize battery, motor, and control system performance, ensuring efficiency, safety, and reliability for an exceptional user experience



TECHNICAL ADVANCEMENTS

The fundamental technical study in aerodynamics, kinetodynamics, vibration and other related fields significantly enhances our product performance and improve user comfort.



AUTONOMOUS

We are exploring AI, machine vision, and IoT technologies to keep up with emerging trends and enhance user experience.

ADDRESSING USER'S NEED

A small feature can make a significant difference. We focus on innovating in these areas to ensure that our product is as user-friendly as possible.



BETTER SERVE PROFESSIONALS

We design efficient, durable power and OPE tools, optimizing performance and reliability for long-lasting use.



Built for tough conditions, our tools help professionals tackle challenges with ease.

EXPANDING THE HORIZONS FOR USERS

Discovering new product areas to meet the passions and needs of our users.



ENVIRONMENT-FRIENDLY

We strive to continuously optimize the use of technology and materials to reduce energy use, cut pollution, and enhance recyclability, minimizing our environmental footprint.

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PRODUCT AWARDS



SKIL 20V BL DD 3065

Heimwerker Praxis Magazine
2024 "Product of the Year"

Que Choisir Magazine
"Best Choice"



SKIL_4V Twist 2.0 SD5619-01

2024 Red dot award

2023 PTIA award



SKIL Brushless 20V 6 in. Telescoping Pruning Saw

2024 PTIA award



SKIL 2.0Ah 20V USB-C Battery BY5100B-00

2024 PTIA award



EGO PGX Commercial Charging System



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PATENT MANAGEMENT AND PROTECTION

At Chervon Holdings, we're passionate about pushing the boundaries of innovation and protecting the ideas that drive us forward. We take pride in safeguarding our own intellectual property while respecting and valuing the creativity of others. Our robust "Intellectual Property Management System" ensures that we not only protect our innovations, but also foster a culture of respect and awareness around intellectual property.

From research and development to production, sales, and beyond, we integrate intellectual property management into every aspect of our business. Our dedicated patent team is involved in each project, identifying potential risks and ensuring that our innovations are well-protected at every stage. We align our research efforts with our business goals and product strategies, actively exploring new ideas and securing patents to stay ahead of the curve.

We also believe in celebrating and rewarding creativity. By encouraging our employees to innovate and recognize their contributions with rewards, we drive technological advancements and foster a collaborative environment. This commitment to innovation propels our success and also strengthens our position in the industry.



As of 2024/12/31

2271 Total patents valid

4204 Total patents granted

1086 Invention patents valid

1518 Invention patents granted

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ELEVATING TOTAL QUALITY MANAGEMENT

FULL LIFE CYCLE QUALITY MANAGEMENT



Design

During the R&D process of new products, we fully evaluate and test product safety to ensure compliance with relevant quality and safety standards.

Manufacturing

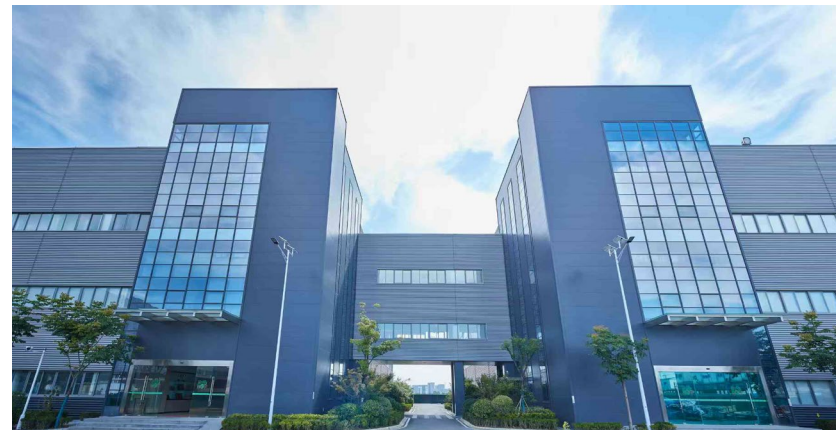
Relying on the Group's manufacturing and R&D capabilities with significant experience, we have established a professional testing center, which can undertake a series of inspections for safety assessment, certification and quality testing.

Emergency

To prevent and address potential quality and safety issues during the product manufacturing and after-sales process, we have established several emergency plans and measures and regularly conduct drills and training for employees to reduce product safety and quality risks.

At Chervon, quality is our top priority. Leveraging our advanced R&D and production capabilities, we have established a stringent internal control system to uphold high standards across our entire product range. From essential components to finished models, we ensure each product offers a secure, effective, and user-friendly experience. This dedication to quality is evident in our compliance with international safety, electromagnetic compatibility, and environmental regulations. Supported by our ISO9001 system, we maintain these benchmarks through all phases—design, development, production, and after-sales service. We also conduct thorough third-party tests and certifications to guarantee product excellence. Clear product packaging and instructions keep consumers informed, and we are subject to market quality supervision and sampling tests.

We are committed to product safety and strictly follow recall and after-sales management regulations in all markets where our products are sold. In 2024, we have one product recall through the U.S. Consumer Product Safety Commission (CPSC) due to health and safety concerns. This recall did not result in any fines, penalties, or warnings. It involved the SKIL battery pack (model BY8708-00), manufactured between November 2019 and April 2021, which posed a potential fire hazard under certain conditions. In December 2024, the CPSC officially notified consumers to stop using the affected product immediately and contact us for a refund or replacement. A total of approximately 63,000 units were subject to recall (about 0.2% of our total products sold in 2024), with around 3,000 units returned in 2024.



The new testing center, established in 2022, underwent further upgrades in 2024, enhancing its software, hardware, and accreditation capabilities. It also successfully launched the Laboratory Information Management System (LIMS)

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INDUSTRY LEADING TESTING CAPABILITY

Chervon Test Center was established in 1997. It has the industry's top anechoic chamber and the largest lawn mower projection test chamber. It has a full set of safety testing capabilities for riding lawn mowers, as well as testing rooms for safety testing, electronic testing, battery and BMS testing, load testing, environmental testing and operational testing.

The Testing Center is the first lab qualified as a UL CTD (Client Testing Data Program) in mainland China for Power Tools and has achieved CNAS accreditation (China National Accreditation Service for Conformity Assessment), according to IEC/ISO 17025.

In the Testing Center, we have a team of internationally and professionally recognized testing engineers, who have accumulated solid expertise and have been participating in related standards development on both national and international levels. We are engaged members of standard/technical committees, such as GB SAC/TC 68, IEC TC 61 and UL STP 745, 2595 & 62841-1.



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USER SAFETY AND HEALTH

We prioritize user safety and health in our product development and manufacturing. Through rigorous quality control, we ensure that our products are safe to use. We also focus on the health benefits of our products. We believe these details enhance performance and provide a healthier, and a more enjoyable user experience.

Fatigue

Efficiency and lightweight design reduce user fatigue. Our Devon lithium-electric wrench for scaffolding reduces bolt-tightening time from 15 seconds to 1 second, boosting efficiency and reducing fatigue for the professional users.

Vibration

Our patented suspension design enhances comfort and reduces fatigue during use, while minimizing the risk of battery failure from vibration. Our 850Nm and above wrenches now all feature a standard anti-vibration system.

Dust

To meet the demand for dust-free operations, our professional tool brand has introduced Class L level AC vacuum cleaners and portable lithium-electric vacuums. Many of our products also feature dust extraction hoods, dust bags, or vacuum interfaces to minimize dust impact.



Noise

Compared to traditional fuel-powered products, our lithium-electric tools are significantly quieter. Thanks to our advanced motor and electronic control technology, we continue to deliver quieter products.

Tripping

Introducing lithium-electric products as alternatives to corded or pneumatic ones can significantly reduce tripping hazards in the workplace.



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ENHANCE USER EXPERIENCE WITH SERVICE

We provide our customers with not just products, but complete solutions to their problems, along with a seamless and comprehensive service experience. Our customer service cover direct customers and end-users , addressing their diverse needs and concerns.

To better serve our global customers, we've set up subsidiaries and offices in key markets. Our customer service teams quickly gather feedback and coordinate with R&D, production, and sales departments to provide efficient, one-stop solutions.

This system helps us promptly address customer needs and issues, boosting customer satisfaction and loyalty. We've established a comprehensive service management system with a multi-channel feedback network for thorough and responsive customer support.

In North America, we utilize Salesforce's CRM system, a leader in cloud technology and security, to manage our service processes and ensure prompt resolution of user issues.

Our workflow and management are centered around customer satisfaction, which remains our primary goal. We regularly train our customer service teams, authorized service centers, and third-party providers to enhance their skills, while continuously optimizing our CRM system to improve service efficiency.

After each after-sales service, we send user satisfaction surveys to gather feedback and continuously improve our service. Our dedicated quality team reviews after-sales data in the CRM system, tracks quality issues, facilitates internal improvements, and implements corrective actions to prevent future re-occurrence of problems. We also use closed-loop issue management to provide actionable improvement suggestions to our product departments.

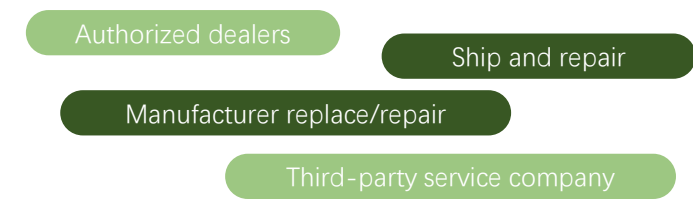
In 2024, we didn't receive any material complaint on our product or service provided.



Customer Communication Channels



After-sales Service Channels



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ENHANCE USER EXPERIENCE WITH SERVICE

HIGHLIGHT



To better serve our customers and enhance product understanding, we have organized a series of in-depth EGO training sessions across various regions. These sessions are designed to equip our service teams with the necessary skills to better diagnose machine issues and provide appropriate solutions.

By ensuring our teams are well-trained, we are able to respond more quickly and effectively to customer needs, ultimately improving the overall user experience. This initiative allows us to deliver faster resolutions, minimize downtime, and enhance customer satisfaction.



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SUSTAINABLE PRODUCTS

Our sustainable product aims to minimize environmental impact across every stage of its life cycle—from initial design to production, use, and eventual disposal.

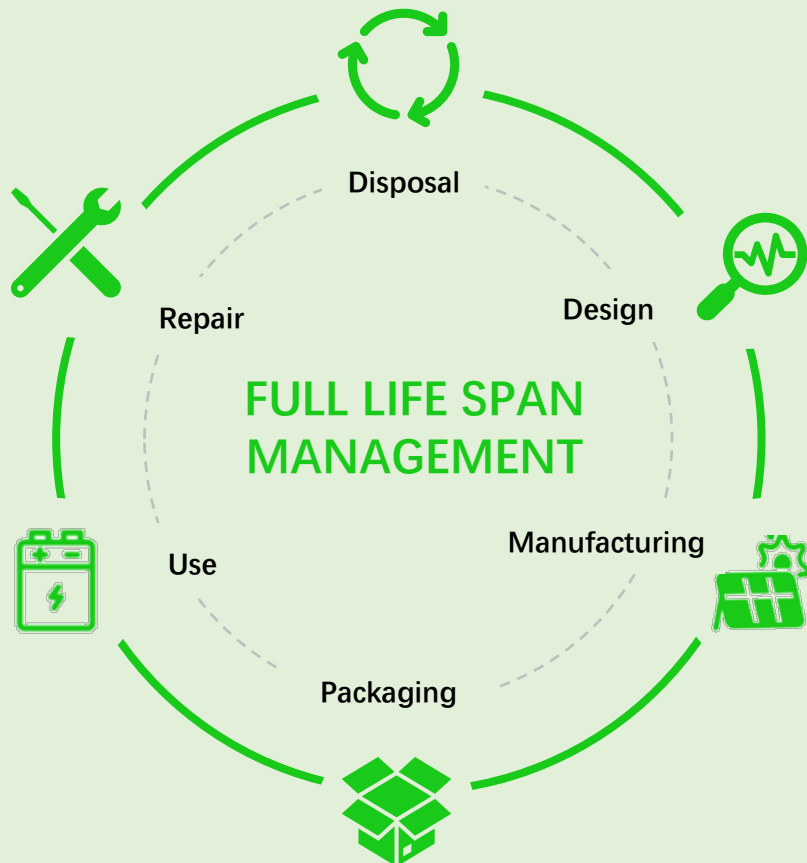
We prioritize green design, focusing on energy-efficient solutions and the use of renewable energy. We are piloting the integration of green design principles and standards in certain product categories, with plans to gradually expand their application.

Through the adoption of green manufacturing processes, we ensure that production is as eco-friendly as possible, reducing waste, conserving resources, and lowering emissions.
(more to be found in [Better World- Green Operation](#))

Our packaging is designed to be more compact and efficient, minimizing resource consumption while optimizing user experience.

Even after the product reaches the market, we continue to focus on its environmental impact. We emphasize durability, reparability, and recyclability, extending the product's lifespan and reducing the need for frequent replacements. At the end of the product's life, when disposal is required, we partner with third-party organizations to facilitate the recycling of the product or components. This ensures we provide a long-lasting, high-performance product that helps reduce overall environmental impact.

By considering every phase—from design to disposal—we create products that not only reduce carbon footprints but also promote a circular economy through recycling and reuse. Our commitment to sustainability enables our customers to make responsible, eco-conscious choices while enjoying superior quality and efficiency, all contributing to a healthier planet.



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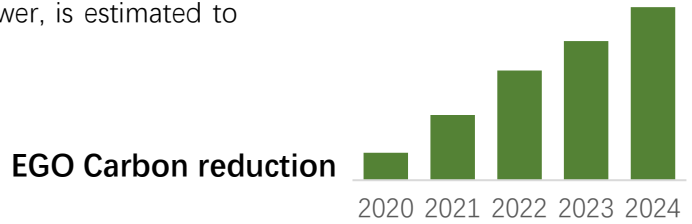
HELP CUSTOMERS REDUCE ENVIRONMENTAL IMPACT



We strive to lead the OPE industry transformation and build a better world by providing greener products

EGO is a global leader in electric outdoor power equipment, delivering an exceptional experience with efficiency, convenience, and a commitment to quiet, clean performance. At Chervon, our OPE business is powered entirely by green energy (lithium-ion batteries), offering zero emissions, low noise, minimal vibration, and effortless maintenance—benefits that make a real difference to the environment.

Total carbon reduction of consumers by using our EGO brand mower and snow blower, is estimated to be 270K ton ¹⁾ in 2024.



ZERO EMISSIONS DURING USE

LESS NOISE AND LESS VIBRATION



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1) Assumption:

- Fuel consumption for fuel tools is taken from industry averages
- Annual usage time is based on internal estimates
- CO₂ produced per liter of oil is taken from an industry average

HELP CUSTOMERS REDUCE ENVIRONMENTAL IMPACT

We strive to lead the OPE industry transformation and build a better world by providing greener products

That means we do not only launch green energy products under our brand, but also help other brands shifting from gas to lithium-ion batteries with our platform and technology.



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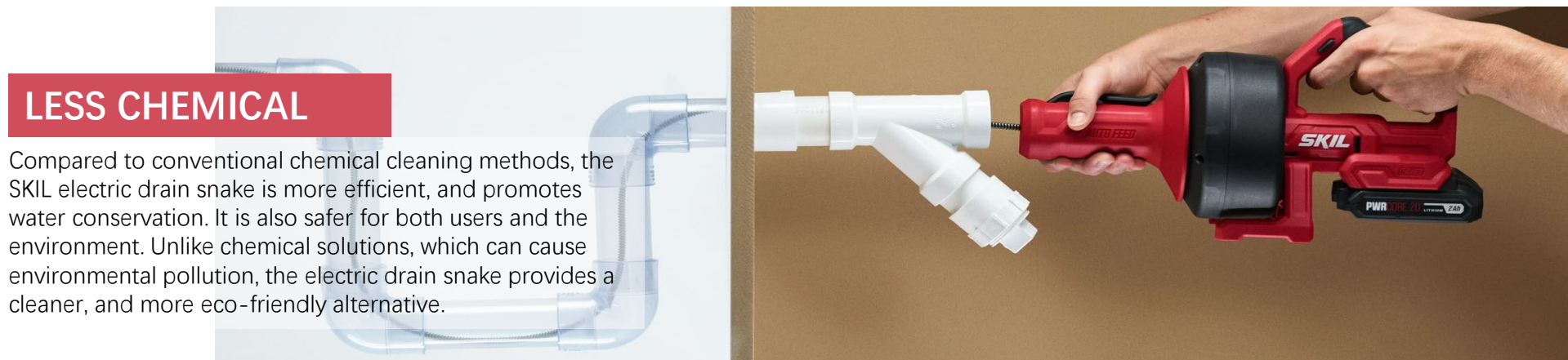
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HELP CUSTOMERS REDUCE ENVIRONMENTAL IMPACT



LESS WATER

Our high-pressure washer is engineered to enhance water efficiency. By optimizing water flow and pressure, it achieves thorough cleaning while significantly reducing water usage compared to traditional methods.



LESS CHEMICAL

Compared to conventional chemical cleaning methods, the SKIL electric drain snake is more efficient, and promotes water conservation. It is also safer for both users and the environment. Unlike chemical solutions, which can cause environmental pollution, the electric drain snake provides a cleaner, and more eco-friendly alternative.

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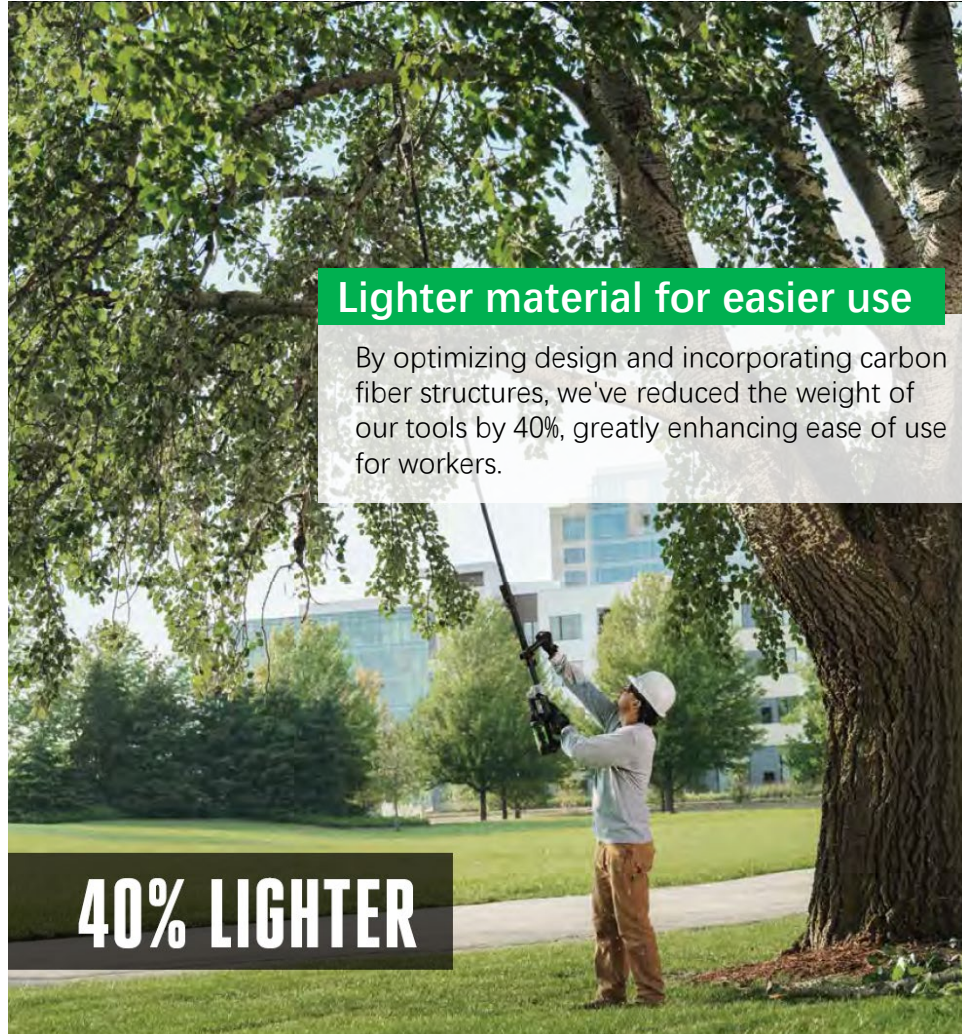
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MATERIAL INNOVATION



Material

Electric power tools and outdoor power equipment utilize lithium battery cells, electronic components, and a variety of metal and plastic materials.

We've built a comprehensive management system that spans from raw material selection to process optimization, driving our green transition in three key aspects:

Performance First: We select materials based on their ability to meet our high safety and performance standards, guaranteeing users optimal efficiency and a positive experience.

Environmental Safety: We follow strict material regulations such as, among others, RoHS, REACH, the EU's POPs Regulation, and the U.S. Toxic Substances Control Act, and we're always pushing our environmental standards higher.

Green Alternatives: We're using more PCR materials, replacing spray painting with powder coating, and investigating alternatives to suppliers using blackening, paint, and ink. We're also exploring renewable resources like PC/PBT super plastics and testing biodegradable lubricants and eco-friendly greases.

Through continuous optimization of material application solutions, we are committed to providing products that are safe for users and environmentally friendly, driving the sustainable development of our industry.

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LESS IS MORE: PACKAGING OPTIMIZATION

Our product packaging consists primarily of outer cartons, color boxes, inner linings, instruction manuals, and plastic bags. Through more compact and optimized designs, we strive to minimize the consumption of packaging.

In 2024, we made significant progress in packaging optimization and innovation, with an aim of enhancing our packaging engineering capabilities, minimizing environmental impact, and supporting our sustainability objectives. We conducted training sessions internally with over 78 person-time and actively engaged in industry-leading exhibitions, significantly boosting our packaging team's expertise. On the technical front, we established robust inspection capabilities for corrugated materials, ensuring both quality and environmental standards. We also updated our design guidelines and streamlined our packaging design and testing processes for greater efficiency.

Our efforts in adopting high-performance materials and innovative designs led to a reduction of 546 tons in paper usage for packaging in 2024, with a total consumption of around 32 thousand tons of paper-based packaging materials. Moving forward, we remain committed to exploring green packaging solutions and promoting resource recycling to further our sustainable development efforts.

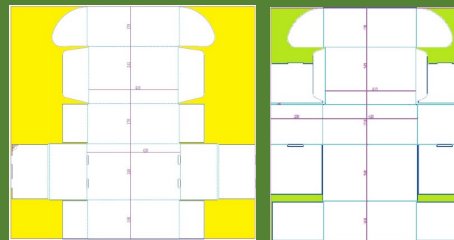
Notes :

1. Restate: in our 2023 ESG report, the annual paper-based packaging materials consumption was 16 thousand ton, should be corrected to 20 thousand ton.
2. Main reason for packing material increase is the enlarged production scale.



Hardware support

In 2024, the Company augmented its capabilities by introducing equipment such as tear strength, compression and burst testers, thereby establishing a robust packaging material testing capacity and providing solid hardware support for material inspection.

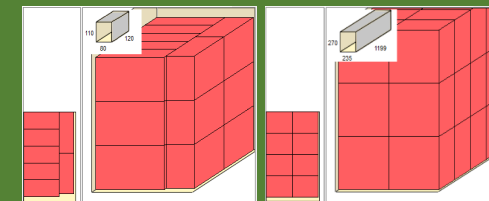


Carton optimization

We've redesigned multiple product cartons to a one-piece folding structure. This change conserves paper and boosts the carton's crush resistance. By ditching the gluing step, we've eradicated seam adhesive issues. For instance, with the SKIL C2011, we've cut paper use by 10-20% and hiked crush strength by 20-30%.

Box-shape improvement

We refined the Flex sanders' accessory box design, reducing its size. This optimization allowed us to increase the number of units per pallet from 84 to 144, thereby significantly boosting operational efficiency.



Plastic reduction

Producing 1kg of PET plastic uses 6kg of oil, emits 2-3kg of CO₂, and generates 2kg of wastewater. Plastic waste takes over 100 years to decompose. In 2024, we optimized designs to remove and reduce over 7,000 kg of plastic liners.

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BETTER WORLD

Our goal is to drive positive change and create a lasting impact, not only by delivering exceptional products that enhance lives and work, but also by actively supporting people and the planet.

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CTREAT VALUE FOR STAKEHOLDERS

Beyond serving consumers, we aim to create value for all stakeholders—employees, society, and our supply chain—by achieving mutual benefit through employee engagement, career development opportunities, promoting fair practices, supporting community development, and fostering strong, ethical partnerships. This approach encourages active participation in the Company's sustainable growth objectives and contributes positively to the broader community and stakeholders.

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GROW TOGETHER WITH OUR PEOPLE

Chervon upholds a "people-oriented" approach, attracting diverse, like-minded talent from around the globe. Despite our varied cultural backgrounds and experiences, we share a common ambition. In a culture of equality and respect, we collaborate to create value for our customers and achieve our individual and collective goals.



- 6481** Total employee
- > 1/3** of our global workforce has been with us for more than 5 years
- 1861** employees on board in 2024
- 39%** employees are female
- 193** employees promoted in 2024
- 80%** employees received training
- Partnered with **20** universities/college for campus/intern recruitment

| | Total employee number | | Employee turnover rate | |
|--------------|-----------------------|-------|------------------------|---------|
| | 2023 | 2024 | 2023 | 2024 |
| Global Total | 6,173 | 6,481 | Global total | 30% 24% |
| Male | 3,757 | 3,938 | Male | 32% 26% |
| Female | 2,416 | 2,543 | Female | 27% 22% |
| Full-time | 6,060 | 6,340 | Age 20-40 | 38% 32% |
| Part-time | 113 | 141 | Age 40+ | 14% 11% |
| Age 20-40 | 4,088 | 4,333 | China | 32% 20% |
| Age 40+ | 2,085 | 2,148 | Non-China | 19% 46% |
| China | 5,281 | 5,124 | Labour | 43% 34% |
| non-China | 892 | 1,357 | Non-labour | 15% 13% |

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SAFEGUARD EMPLOYEE'S RIGHTS AND INTERESTS

Chervon is committed to protecting employee rights in line with local laws

We respect employees' freedom of choice and prohibit withholding identification, collecting deposits, forced labor, or non-payment. Any adjustments to working hours or positions require employee's consent and appropriate compensation or leave. Employees wishing to resign should follow established procedures, and we maintain an internal monitoring system with contact details for reporting violations.

We strictly adhere to laws such as the National Law on the Protection of Minors and the Regulation on the Prohibition of Child Labor, ensuring no employment of individuals under the age of 18. Our hiring process includes thorough vetting, and any discovery of child labor calls for immediate rectification and accountability.

All security personnel are trained to understand our human rights policies for protecting employee rights.

In 2024, we did not encounter significant non-compliance issues related to compensation, hiring, working conditions, equal opportunities, forced labor or child labor regulations.

NO
CHILD LABOR

NO
FORCED LABOR



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DIVERSITY, EQUAL OPPORTUNITY AND ANTI-DISCRIMINATION



Chervon fosters a diverse and inclusive team culture, ensuring that every employee feels respected, supported, and valued. We celebrate differences in gender, age, race, and cultural background, and actively oppose all forms of discrimination and unequal competition. Our commitment includes equal employment opportunities and preventing harassment and inappropriate behavior.

We strive to create a workplace where everyone can thrive and succeed. As of December 31, 2024, we employed 11 individuals with disabilities. We also place great emphasis on the rights and needs of female employees by providing maternity and parental and nursing leave, nursing rooms, and support for work-life balance.

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TALENT ATTRACTION AND RETENTION

Recruitment

Chervon hires to fuel our growth, prioritizing candidates based on integrity and ability. We draw talent from a wide range of sources, including headhunting, job boards, and referrals.

Dedicated to fairness, we ensure equal opportunities for everyone, regardless of gender, age, nationality, or beliefs. By continuously enhancing our recruitment training and practices, we attract diverse talent that drives our success.

In 2024, we strengthened our employer brand and partnered with universities to launch expert lecture programs, earning positive feedback from faculty and students. While giving back to society, we also built a strong foundation for campus recruitment.

We provided structured training for interviewers, achieving a 96% completion and certification rate for online learning. By continuously tracking interview feedback, we are refining our enablement process to ensure a more efficient and sustainable talent pipeline.



Highlight – Fostering a Positive Team Culture

A workplace built on mutual learning and encouragement motivates employees to grow and stay engaged. In an innovation-driven environment, team members are more likely to share ideas, try new approaches, and refine workflows, boosting overall efficiency. To nurture this culture, we've introduced activities focused on continuous learning, recognition, and teamwork. These initiatives strengthen team cohesion, enhance collaboration, and create a supportive, goal-aligned workplace that inspires employees to reach their full potential.

Compensation and Benefits

We design and implement competitive compensation programs to attract and retain top talent, ensuring fairness and market alignment. Our rewards include base salary, performance-based bonuses, and diverse benefits like social insurance, interest-free loans, staff housing, and transportation subsidies. We also offer paid leave, parental support, regular health checkups, and team-building activities to support and inspire our employees.

In 2024, the company convened an Extraordinary General Meeting (EGM) and approved the Share Scheme and the Scheme Mandate Limit. Moving forward, the Board will grant shares at appropriate times to further enhance the incentive mechanism, unlock employee potential, and drive long-term shared success.

Employee Care and Smooth Communication

We prioritize employee communication and care, fostering a work environment of equality, respect, and harmony. We focus on enriching employees' lives through cultural activities and continuously enhance our corporate services and welfare policies. By actively listening to feedback through suggestion boxes, seminars, and surveys, we make improvements to boost employees' sense of happiness.



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TALENT DEVELOPMENT

We believe that sustainable success hinges on the right strategy and a collaborative, competitive team. Exceptional individuals shape our culture and drive our success. At Chervon, we enhance our organizational capabilities through talent development and incentives.

We've built an efficient, integrated structure that combines horizontal and vertical strengths. By focusing on ability and merit, and nurturing both external and internal talent, we create a dynamic, skilled, and motivated team. We engage our employees through job empowerment, regular performance reviews, internal mobility, and recognition of outstanding contributions.






We've developed a tiered competency system to nurture industry leaders, focusing on leadership, professional, and general skills with effective models and curricula.

In 2024, we refined and integrated qualification and competency standards for various management roles, ensuring a strong link between talent development and job requirements. We also focused on enhancing our training program brand through diverse formats, standardized processes, and measurable outcomes. Tailoring our approach to different audiences, we leveraged various training methods and technologies within a structured framework to maximize impact and efficiency. This ensures that knowledge and skills effectively support business needs, driving growth for both individuals and the organization

| In 2024 | Percentage of employees trained | Average training hours completed |
|------------------|---------------------------------|----------------------------------|
| Male | 80% | 10.5 |
| Female | 81% | 8.1 |
| Base & mid level | 77% | 9.7 |
| Management level | 86% | 6.4 |

4994 Employees received training in 2024

Average training time reached **9.6 Hour**

-  New employee orientation training
-  Campus recruitment & development scheme
-  General skills training
-  Professional skills training
-  Leadership development program



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CAREER DEVELOPMENT AND PERFORMANCE AND APPRAISAL

We value performance and career development highly, seeing it as a core strength. Our performance management emphasizes both results and comprehensive talent development. Through a fair and transparent system, we ensure that every employee's contributions are recognized and rewarded.

We offer two career development paths: professional and management. Employees can pursue vertical promotions within their professional field or opt for horizontal transfers to explore new roles. This flexibility supports both deepening expertise and expanding skills.

We encourage excellence, aligning commercial success with personal growth. Our performance standards assess professional knowledge, industry skills, adaptability, problem-solving, and leadership qualities while meeting Company goals and KPIs.

During annual reviews, we evaluate employee progress and readiness for specific roles, helping them create development plans to achieve their career goals. Regular performance appraisals are conducted for all employees.

In 2024, we continued to refine and enhance our organizational performance management by building a comprehensive performance system. Leveraging the DSTE (Design Strategy to Execution) framework, we closely aligned goal setting with our strategic objectives. To strengthen oversight, we reinforced tracking and accountability mechanisms, introduced greater transparency in performance evaluations, and improved the appeals process. These efforts ensure fairness and clarity while making performance outcomes more impactful in driving employee growth and motivation.



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OCCUPATIONAL HEALTH AND SAFETY

At Chervon, we place utmost importance on health and safety, viewing them as essential to our success. Our holistic approach goes beyond physical safety to encompass mental and emotional well-being. We provide wellness programs, resources, and support networks to foster a balanced and healthy lifestyle. By prioritizing comprehensive health, we enhance our employees' overall vitality and productivity, reflecting our dedication to their well-being.

In 2024 we achieved our goal of

ZERO WORK RELATED DEATH/ INJURY ¹⁾

ZERO FIRE DISASTER

ZERO OCCUPATIONAL DISEASE

1) Injury here means disabilities or injuries of Grade 8 or above caused by work-related incidents

Ensure Jobsite Safety

Chervon Group ensures workplace safety through a comprehensive management system and proactive measures. Our EHS Leadership Committee and Execution Committee meet regularly to review EHS performance, address safety issues, and analyze occupational injuries. We have specialized technical committees, such as the Lithium Battery Safety Committee and the Machinery Safety Committee, focused on improving safety standards, training, and inspections.



"Safety Awareness and Knowledge" Quiz Competition

| Indicator | 2022 | 2023 | 2024 |
|---|-------|-------|-------|
| Work related injuries (person) | 22 | 27 | 29 |
| Work related death (person) | 0 | 0 | 0 |
| Working days lost due to work injuries (days) | 1,027 | 1,182 | 1,261 |

NOTE : In 2024, all work-related injuries were minor, classified below grade eight. The number of work-related injuries slightly increased due to a rise in total working hours.

We are certified under ISO45001:2018 and maintain a robust system for identifying and assessing risks. We conduct regular hazard evaluations, update risk lists, and communicate significant risks promptly. Our change management process emphasizes prevention, with safety risk assessments incorporated into the design of new projects, materials, and equipment.

In case of workplace accidents, our investigation team thoroughly analyzes the incidents and implements corrective measures. We also create simulation videos of accidents for employee training and awareness, ensuring a continuous improvement in safety practices.

By identifying various potential hazards, the Company released documents such as the "Safety Visualization Manual" and the "EHS Essential Knowledge and Skills Manual," providing managers and frontline leaders with systematic and intuitive safety knowledge and skill.

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Safety Awareness

In 2024, our Company made significant progress in safety digitalization, successfully launching six key application modules to enhance the intelligence and efficiency of safety management. We hosted our first Emergency Firefighting Competition, leveraging immersive, real-world drills to strengthen employees' emergency response capabilities. Additionally, we upgraded the digital inspection system for firefighting equipment, enabling more precise, data-driven hazard management. To further embed a culture of safety and compliance, we launched a Safety Challenge, raising employee's regulatory awareness in the context of our daily operations. We also introduced "EHS Microclass: Learn on the Go," an interactive online learning platform designed to provide more flexible, engaging, and accessible safety training. By embracing digitalization, gamification, and interactive learning, we are transforming safety from a mandatory requirement into a core part of our corporate culture. Looking ahead, we will continue to innovate safety solutions, leveraging technology and talent to drive sustainable development and to build a safe and more efficient workplace.



Firefighting Emergency Drill



In 2024, emergency rescue experts from Nanjing who's also a five-star trainer from Jiangsu Province led two hands-on first aid courses for Chervon employees. These sessions helped staff build the skills and confidence needed to handle emergencies at work and in daily life. Participants are also encouraged to share what they've learned with friends and family, boosting overall emergency preparedness in the community.

This year, around 100 our employees earned their first aid certification from the Red Cross.

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Protect Health and Wellness

Occupational Health Focus

To safeguard our employees from occupational hazards and support their well-being, we prioritize several key measures: We provide comprehensive hazard information to employees and conduct regular medical and occupational health check-ups. Personal protective equipment is readily available, and we provide first aid training across our workforce. In 2024, we conducted 100% medical check-ups for new and special-position employees.

Healthy Work Environment

A positive team culture boosts creativity and builds a sense of belonging in the workplace. Chervon is committed to a healthy workplace with balanced workloads, ample rest areas, and flexible hours to help employees recharge. In 2024, we introduced traditional Chinese massage sessions to combat fatigue from prolonged sitting, which were warmly received by employees.

Promotion of Healthy Lifestyles

In addition to our focus on occupational health, we actively encourage and support healthy lifestyles among our employees. This includes promoting physical fitness through exercise programs tailored to different fitness levels and interests. Furthermore, we promote psychological awareness campaigns to enhance mental health awareness and well-being for our employees. By fostering a culture that values both physical and mental health, we aim to create a supportive environment where our employees can thrive both personally and professionally.

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SUPPLY CHAIN MANAGEMENT

Chervon is a prominent manufacturer in the tooling industry, and operates with a comprehensive supply chain. Our procurement encompasses a diverse range of products and services, such as production equipment, raw materials, logistics and warehousing services, and consultancy services.

At Chervon, fostering sincere and collaborative relationships with our suppliers is a cornerstone of our strategy. We prioritize open communication and actively develop platforms for effective cooperation.

We actively support the UN Guiding Principles on Business and Human Rights, requiring suppliers to comply with local laws and our standards. Our contracts and standard procurement terms clearly outline these expectations.

As non-productive sourcing constitutes a small segment of our overall procurement and carries relatively low social risks, our focus here is predominantly on our production sourcing suppliers. The information disclosed in this section primarily pertains to these production sourcing suppliers.

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SUPPLY CHAIN MANAGEMENT

Our goal of supply chain management is to establish mutually beneficial partnerships with our suppliers and continuously enhance the accountability, transparency, and sustainability of the supply chain to mitigate risks and ensure business sustainability.

We have implemented a rigorous screening and management system that upholds high standards and stringent requirements. Our comprehensive life cycle management mechanism encompasses supplier development, evaluation, admission, review, and withdrawal processes. We integrate ESG principles across every stage of procurement, committing to the establishment of a network of high-quality suppliers that aligns with our sustainable development goals.

SUPPLIER SELECTION

We conduct thorough evaluations of new suppliers, focusing on their qualifications, management systems, operational stability, product quality, and ESG performance. Our selection process involves collective inputs from business, finance, legal and compliance, and procurement departments to ensure a comprehensive assessment.

SUPPLIER MANAGEMENT

We implement a tiered management system for suppliers based on their capabilities and performance. Suppliers are categorized into five risk levels through a comprehensive assessment of environmental, labor, operational, cooperative, and business risks. This approach allows us to adjust our sourcing strategies and management plans based on each supplier's risk profile, enhancing overall risk management and procurement efficiency.

NUMBER OF SUPPLIERS BY REGION

Chervon's main production facilities are located in China, Vietnam, and Germany. To optimize logistic arrangements, reduce greenhouse gas emissions, and support local communities and economies, we primarily source from local suppliers located in the same countries as our production sites.

788

Global vendor

China ~ 92%

non-China ~8%

200+

Questionnaire received

INTEGRITY IN PROCUREMENT

We enforce a zero-tolerance policy against corruption and bribery.

Our manufacturing and trading suppliers are required to sign integrity pledges, and we conduct regular procurement compliance reviews to foster fair, transparent, and trustworthy business relationships.

In 2024, the compliance team conducted supplier survey through SRM system to identify potential compliance risks and enhanced whistleblowing channels for efficient issue resolution. These measures will be standardized to ensure ongoing transparency and integrity in procurement operations.

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SUSTAINABLE SUPPLY CHAIN DEVELOPMENT

In 2024, we made positive progress in supplier carbon management.

We trained our team to better understand carbon emissions and address related challenges. We also conducted in-depth research on decarbonization opportunities within our supply chain, identifying key areas for improvements and compiling data to devise actionable solutions. These findings will be applied across our operations, forming the basis for effective carbon reduction strategies and driving our sustainability efforts forward.



Highlight – The Redline Commitment

In 2024, to promote sustainable supply chain management and raise compliance and social responsibility awareness, the Company launched the Supplier Red Line Commitment, which covers requirements and guidance relating to procurement, quality control, factory audits and customer requirements. This document outlines key principles for supplier collaboration, including compliance, social responsibility, intellectual property, confidentiality, anti-terrorism, hazardous chemical control, conflict minerals, fair business practices, and anti-corruption, aiming to build a sustainable supply chain.

Chervon follows the "win-win cooperation and shared responsibility" principle, requiring all partners to comply with the Supplier Red Line Commitment for collaboration. We have established a monitoring system, including regular audits and random inspections. Partners must provide relevant documentation, allow inspections, and complete corrective actions within specified timeframes, while maintaining accurate compliance records.

This commitment includes a breach mechanism, with actions based on the severity of violations, such as corrective measures, financial penalties, downgrading relations, or termination. We also encourage continuous improvement through self-assessments and training to strengthen compliance.

Through the Supplier Red Line Commitment, we want to establish a transparent, compliant, and responsible supply chain, with the aim of reducing risks, improving efficiency, and ensuring sustainable growth.

We will continue to optimize our supplier management system, enhance compliance, and build a stronger foundation for stable operations.

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SUPPORT OUR COMMUNITY

Through our engagement in community education and charitable initiatives, we aim to improve residents' well-being and add value to society. Our efforts include providing educational resources, sponsoring scholarships, and supporting local development projects. By nurturing talent, enhancing education, and creating opportunities, we strive to foster a more equitable and sustainable society, ultimately making the world a better place.

3 Million+ CNY was donated for social and charitable purpose in 2024

521 Hours of volunteer service was provided by our employee



Charity Run has become a company tradition, where we enjoy running and giving back.

This year, we recorded:

994
participants

5,810
Kilometers

229,392
RMB raised and donated

In 2024, 12 Chervon volunteers visited 219 impoverished students across seven schools, delivering the charity funds raised from the Charity Run. Since 2016, the Chervon Charity Run has helped 1068 "seeds of Hope" students, and 106 Chervon volunteers have cumulatively dedicated 5,088 hours of service to this philanthropic project.

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SUPPORT OUR COMMUNITY



USA

FLEX and its partner Lowe's participated in the charity "Sleep in Heavenly Peace."

"Sleep in Heavenly Peace" is a project that started with the building of one bed for a single family, committed to ensuring no child in our community sleeps on the floor.



Rwanda

In 2024, FLEX supported the charity project "Handwork goes Rwanda" for the second consecutive year by donating machines.

This project is organized by the Eurwanda Handcraft Foundation, aimed at promoting the development of handcraft skills. It inspired local young people to take an interest in handcraft professions through the concept of "helping to help themselves."



Germany

FLEX donated various power tools to the Maximilian Lutz Secondary School for its workroom and to help shape the technical craft lessons.

The school team participated in the competition "MACH WAS! The Craft Competition for School Teams" using FLEX power tools.



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GREEN OPERATION FOR SUSTAINABLE FUTURE

As a leading manufacturer of power tools and outdoor power equipment, we prioritize environmental stewardship beyond regulatory compliance. We strive to set higher standards and foster a culture of responsibility within the organization and also in our industry.

By integrating sustainability into our operations, we aim to lead by example, reduce our environmental footprint, and preserve natural resources for future generations. Together, we can create a more sustainable future.

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RISKS AND OPPORTUNITIES OF CLIMATE CHANGE

We recognize that our business activities impact the climate and that climate change can also bring about significant social and economic impact, presenting both opportunities and challenges for our operations.

Oversight and Governance

To address these issues, the Board has authorized the ESG Committee to oversee all climate-related matters. This includes identifying and managing climate risks and opportunities, setting carbon emissions targets, and tracking progress toward these targets. Additionally, the Board will review climate-related issues as part of its regular oversight of ESG matters.

Risk & opportunity Assessment

We categorize climate change risks into physical risks and transition risks, taking into account both social trends and industry developments. Relevant departments across all core functions assess the likelihood and impact of each risk, as well as our adaptability and resilience. This thorough evaluation helps us to properly identify and prioritize risks, establish early warning indicators, and develop effective mitigation plans. Moreover, we believe that climate change presents potential opportunities for our business. Understanding and seizing such opportunities help to promote long-term sustainable growth of the Company.

Strategy

By analyzing both risks and opportunities and factoring in financial impacts, community expectations, and our company's readiness, we have developed strategies and targets to address adverse climate impacts and capitalize on market opportunities. This includes launching greener products, maintaining more sustainable operations, and promoting a culture of environmental stewardship.



In our value chain, our operation represents smaller portion of emissions comparing with up streams and down steams. Due to challenges with data collection, we have not yet undertaken Scope 3 emissions disclosure and target setting. However, the Company has developed a series of plans aimed at controlling and reducing Scope 3 emissions across our products, operations, and other areas.

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RISKS AND OPPORTUNITIES OF CLIMATE CHANGE

| CATEGORY | RISK AND OPPORTUNITY | COUNTER MEASURE |
|-----------------|---|---|
| Extreme weather | <ul style="list-style-type: none"> • Risk of site and supply chain disruption and asset loss due to extreme weather | <ul style="list-style-type: none"> • Prepare extreme weather response plans and strengthen hazard investigation • Carry out property and assets insurance to cover risks |
| Law and policy | <ul style="list-style-type: none"> ✓ Increased regulatory and disclosure requirements • Energy supply structure and policy change risk | <ul style="list-style-type: none"> • Timely monitor changes in and updates to relevant laws and regulations, and make disclosure accordingly in a timely and compliant manner • Improve energy efficiency and promote the use of green energy |
| Market | <ul style="list-style-type: none"> ✓ Fluctuating and declining demand for OPE due to climate anomalies (such as drought, water shortage or excessive cold/heat) ✓ Users' awareness to the environment brings opportunities for replacing engines with lithium battery in OPE • The requirement for full life cycle carbon emission management may have certain financial impacts in terms of product materials and recycling | <ul style="list-style-type: none"> • Multi-dimensional efforts to reduce carbon emissions • Continue to increase investments in lithium battery products • Evaluate and develop product material strategies, balancing environmental and economic benefits |
| Technology | <ul style="list-style-type: none"> ✓ Market expectations and government requirements for low carbon and technological innovation will have an impact on the Company's business | <ul style="list-style-type: none"> • Continue to increase investments in R&D and technology • Actively focus on the research and application of new technologies |

Note: Ticked item are the major climate related risk/ opportunity

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LONG-TERM GREEN DEVELOPMENT GOALS AND PATHWAYS

Based on our identification of key climate risks and opportunities, the Company's climate action plan focuses on reducing emissions. We targeted to reduce Scope 1&2 emission by 30% by 2030 and aim to achieve this through three primary pathways: advancing green products, enhancing green operations, and fostering a green culture.

30% Carbon Emissions Reduction by 2030 ¹⁾



GREEN PRODUCT

Go to [Better Tools](#)

- Expand the application of green energy technologies in products
- Improve product performance and efficiency
- Use green materials and manufacturing processes
- Focus on full life-cycle emission management



GREEN OPERATION

- Improve operational efficiency and reduce waste
- Optimize energy structure and improve energy utilization efficiency
- Strengthen pollution and emission management
- Build green supply chain management



GREEN CULTURE

- Strengthen the promotion of green concepts to users and markets
- Encourage and support employees to practice green lifestyle
- Support green community environment

Note 1: Scope 1 & 2 emissions reduction of 30% in absolute terms by 2030 from a 2021 baseline .

GREEN OPERATIONS

As a leading manufacturer of OPE and power tools, we are particularly aware of the various impacts that manufacturing has on the environment. We focus not only on business development and economic value creation, but also on environmental protection and the optimal use of resources and energy. In 2024, there were no violations of environmental laws and regulations that could have a significant impact on the Group.

Professional Management Team

The Company has a professional EHS team with specialized management knowledge and skills, which collaborates with various business and functional departments to implement environmental protection strategies

Advanced Management System

The Company's main manufacturing bases have fully implemented the ISO 14001 Environmental Management System and obtained the ISO 50001 Energy Management System Certification

Continuous Investments

The Company continues to invest in the use of clean energy and the optimization of production processes and techniques



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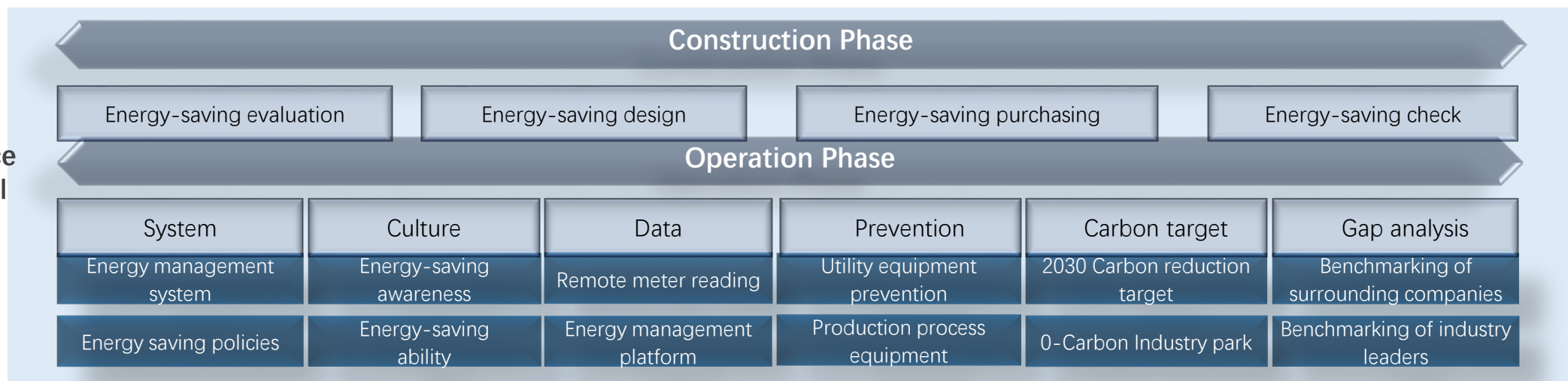
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GREEN FACTORY CARBON MANAGEMENT ROADMAP

Since being honored as Nanjing's first "National Green Factory" in 2018, the Company's energy and carbon management ("ECM") has entered a new phase. We have developed Chervon's ECM framework, which standardizes accounting boundaries and methodologies to establish clear guidelines and strengthen our data foundation. We also implemented internal workflows and accountability structures to facilitate the systematic planning of our carbon neutrality roadmap.

In our green factory initiatives, energy management system is at the core of our full-cycle approach. From the design and construction phases, we integrated energy-saving and eco-friendly principles to ensure low-carbon infrastructure. During operations, we built a four-pillar system: standardized energy management, a company-wide energy-saving culture, smart data monitoring platforms, and preventive maintenance mechanisms. Through continuous industry benchmarking and internal optimization, we are steadily reducing Scope 1 and Scope 2 emissions, driving progress in ECM and advancing our carbon peaking and carbon neutrality goals.

Enhance internal quality



Shape external image



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WATER

Water use

The Group mainly sources its water from municipal supplies and has not encountered significant access issues at its operational sites. To enhance water management, the Company has established a dedicated water conservation leadership team. This team conducts water balance tests to identify and address inefficiencies in water use.

We have updated our water conservation management system, including Water Conservation Management Measures, Inspection and Maintenance Standards, and Energy Conservation Guidelines for Utility Power Equipment, through internal reviews. We continue to promote water conservation across the Company, using signage in water consumption areas to increase employee awareness and engagement.

Wastewater

The EHS Department coordinates with all departments to develop and implement wastewater reduction programs, ensuring that specialists manage and discharge wastewater in compliance with relevant standards. Our wastewater is classified into two categories: industrial and domestic.

Industrial wastewater, primarily from machining processes and containing emulsions, is managed through established pipelines that channel it to treatment stations. For irregularly discharged industrial wastewater, we use specialized drainage trucks to transport them to these treatment facilities. The Company has installed online wastewater monitoring equipment connected to the government's regulatory platform and engaged a third-party provider to conduct regular inspection and comparison tests, enabling real-time monitoring of key wastewater discharge indicators.

Domestic wastewater, originating from staff canteens and toilets, is managed by installing isolation nets in the canteen water storage areas and designing cofferdams to filter and settle sewage from the food waste room. Additionally, we employ professionals to regularly clean and maintain the pipes, preventing overflow and ensuring effective wastewater management.

Through compliance evaluation, the Company has established a self-monitoring plan for wastewater and incorporated it into the discharge permit management system. We monitor according to the cycles for rainwater, domestic wastewater, and industrial wastewater to ensure continuous compliance with discharge regulations.



HIGHLIGHT



Chervon Green Power Park was awarded the Water-Saving Enterprise of Nanjing. The Park's pipeline network has a comprehensive leakage rate of just 1.66%.

Our headquarters has installed a green roof and collects rainwater for irrigation. This system allows for automated irrigation without the need for additional municipal water use.



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ENERGY AND RESOURCES



Highlight

Chervon NA headquarter at Naperville was recognized for its environmentally friendly and sustainable landscape.

We earn the LEEDs certificate and was selected by The Conservation Foundation as a Conservation@Work partner for promoting positive practices in and around our facility.

Our mainly production base has achieved ISO 50001:2018 energy management system certification

We place significant emphasis on the prudent use of natural resources, and we strive to build a resource-conscious, ecologically responsible enterprise that fosters harmonious, lasting development for people, resources and the environment. While our production and operations do not directly involve natural resources, we carefully consider the environmental impact of our construction activities. When building new production facilities, we conduct comprehensive environmental impact assessments to ensure our practices do not harm biodiversity or damage the environment.

Energy conservation isn't just about visible technologies—it's also reflected in the unseen, daily commitment to sustainability.



Chervon Energy Management Engineer

Optimize Energy Structure And Improve Utilization Efficiency

The Company enhances its energy structure and boosts utilization efficiency through a number of approaches, ensuring that key performance indicators, such as energy intensity, are among the best in the industry and region. This aligns with our strategy for energy-saving, green, and low-carbon development.

Clean Energy. Since 2014, we have invested in clean energy by increasing our use of renewable energy. This includes solar hot water systems, solar streetlights, and daylighting. We generate electricity for our production and office facilities using rooftop photovoltaics and ground source heat pump. Our German factory operates entirely on green energy. At our Nanjing facility, in addition to utilizing solar power, we have also procured green electricity, totaling 11,000 MWh of green energy usage.

The proportion of clean energy used across our operations exceeds

30%

Energy Saving. We are committed to improving energy efficiency through energy management, process optimization, equipment conservation and staff education. Our ongoing projects, totaling 35, have reduced CO₂ emissions by 5,380 tons annually. Additionally, we enhance process control by enforcing accountability and resolving issues. In 2024, we identified and addressed 381 issues through thorough inspections and supervision, supporting our energy-saving goals.

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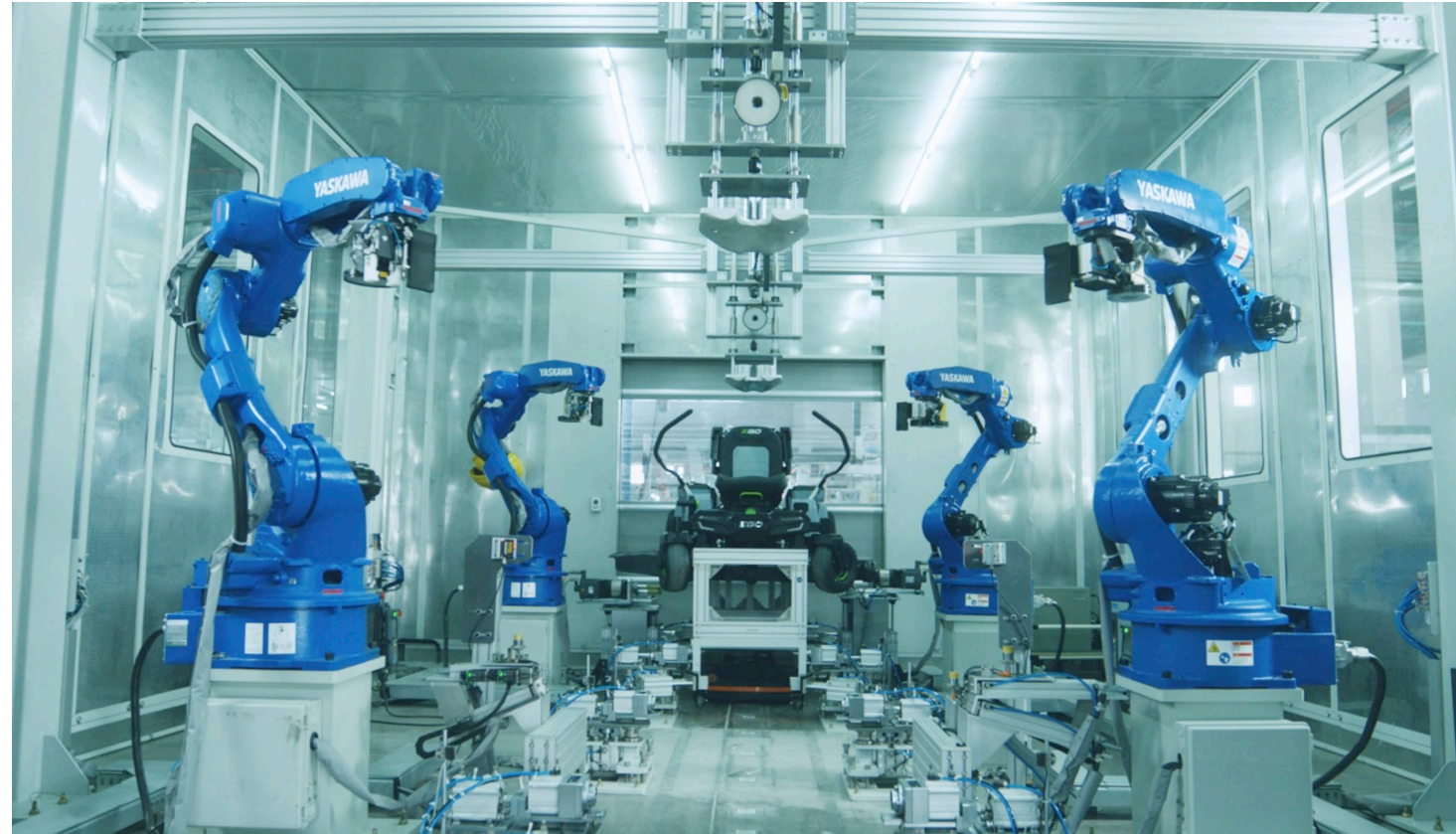
WATSE

HIGHER PASS RATE, LOWER WASTE RATE

Adopting a lean approach, coupled with a “getting it right the first time” policy, effectively minimizes waste. Lean methodologies streamline operations by eliminating non-value-added activities, while focusing on accuracy from the start prevents errors and the need for rework.

This approach minimizes material waste and cuts labor and energy costs by reducing defects and inefficiencies. In addition, it eliminates overproduction and excess inventory, further reducing waste.

By cultivating a zero-defect quality culture centered on 'getting it right the first time' and promoting continuous improvement, we ensured efficient use of resources and strengthened overall sustainability.



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WATSE

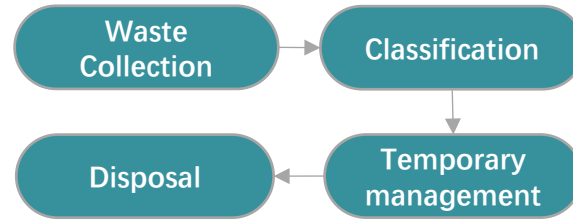
For unavoidable waste and emissions, we manage them by using advanced treatment equipment and stringent processing procedures. We have obtained the necessary emission permits and regularly conduct self-inspections and third-party tests to ensure compliance with operational standards.

Gas

To ensure that waste gas emissions comply with the Comprehensive Emission Standards for Air Pollutants, we have installed advanced waste gas treatment facilities.

Relevant departments monitor daily operation records and perform routine maintenance, inspections, and repairs on emission equipment, exhaust systems, and treatment devices, keeping detailed records as required.

We adhere to emission standards that exceed national requirements, cooperate with unannounced inspections by environmental authorities, and engage professional third-party institutions for periodic testing as directed by the Environment Bureau.



Solid Waste

We adhere to the principles of reducing, recycling, and safely managing solid waste. Our Solid Waste Management Regulations and Waste Material Disposal Management Specifications are strictly implemented with clearly defined responsibilities.

Hazardous waste is managed with heightened care; they are transferred to a designated hazardous waste warehouse upon receiving confirmation from the environmental engineers, and the EHS department oversees its disposal.

95%

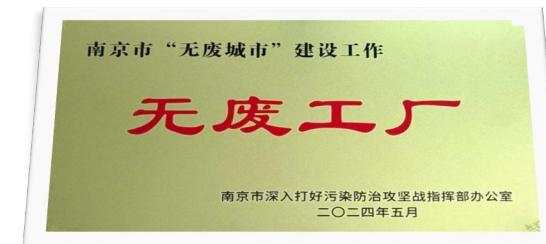
General solid waste utilization rate



Highlight

In 2024, Chervon was honored with the title of **"Waste-Free Factory"** in Nanjing.

This designation represents a new factory model focused on reducing solid waste at its source by using alternative raw materials, modifying processes, and updating technology. It also emphasizes minimizing waste and maximizing resource use through in-plant recycling and point-to-point utilization. This accolade highlights Chervon's continued commitment to green and low-carbon production.



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ENVIRONMENTAL PERFORMANCE

| | indicator | 2023 | 2024 |
|---|---|---|------------|
| Water | Water consumption (ton) | 396,432 | 479,214 |
| | Water consumption per thousand unit of product | 32.4 | 26.9 |
| | Sewage discharge (ton) | 262,200 | 426,828 |
| | Sewage discharge per thousand unit of product | 21.4 | 21.5 |
| Energy | Electricity (kWh) | 37,628,164 | 36,928,011 |
| | Natural gas (m ³) | 184,871 | 247,794 |
| | Gasoline (liters) | 23,215 | 23,616 |
| | Diesel (liters) | 151,192 | 140,345 |
| | Steam (ton) | 4,070 | 4,235 |
| | Comprehensive energy consumption (ton of standard coal) | 5,480 | 5,478 |
| | Energy consumption per thousand unit product(ton/thousand units) | 448 | 0.2762 |
| | Emission | Total GHG emissions (tons CO ₂ equivalent) | 23,242 |
| GHG (Scope 1) emissions (tons CO ₂ equivalent) | | 647 | 1,083 |
| GHG (Scope 2) emissions (tons CO ₂ equivalent) | | 22,596 | 21,170 |
| Total amount of hazardous waste (ton) | | 196 | 279 |
| Amount of hazardous waste per unit product (kg/thousand units) | | 16 | 14 |
| Total amount of industrial solid waste / non-hazardous waste (ton) | | 4,920 ¹⁾ | 5,896 |
| Amount of industrial solid waste / / non-hazardous waste per unit product (kg/thousand units) | | 402 | 297 |
| Total amount of recyclable waste (ton) | | 4,565 ²⁾ | 5,423 |
| Amount of recyclable waste per unit product (kg/thousand units) | | 373 | 273 |
| Total VOCs emission (kg) | | 3831 | 3,523 |
| VOCs emission per unit product (g/thousand units) | | 313 | 178 |

Notes:

1. Re-statement: 1) volume of industrial solid waste for 2023 was 7,039 tons as disclosed in 2023 ESG report. In 2024, the statistical scope was revised to exclude construction waste and domestic waste ,including kitchen waste. Based on this revised scope, the 2023 data was adjusted to 4,920 tons. 2) Recyclable waste for 2023 was 4,438 tons as disclosed in 2023 ESG report. In 2024, wood waste was reclassified from non-recyclable to recyclable waste. Based on this change, the 2023 data was adjusted to 4,565 tons to be comparable. The emission intensity figures have also been adjusted accordingly.
2. The scope includes worldwide manufacturing sites and major offices with more than 100 employees.
3. The increase in energy consumption and emission in 2024 is mainly due to the increase in production scale.

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PROMOTING GREEN CULTURE

We actively foster a green culture, encouraging employees to adopt sustainable lifestyles.

Through initiatives like carpooling, eco-friendly commuting, reusable cup programs, and sustainability fairs, we integrate green practices into daily life. We also launched awareness campaigns to explore our carbon footprint, deepening understanding of green products, energy, and behaviors. These efforts have boosted environmental awareness and reinforced our green culture, supporting our sustainability goals.

Carpooling
for Spring Festival home trip



“在线找搭子，低碳一起拼”
年前小编在EKP论坛发起的春运拼车活动
已经顺利完结！撒花！
今年我们特别引入拼车友友MBTI的新玩法
想知道画风完全不同的
擅长规划有条理 J型拼友
搭配 灵活开放爱自由 P型拼友
会给彼此带来怎样强烈的震撼？

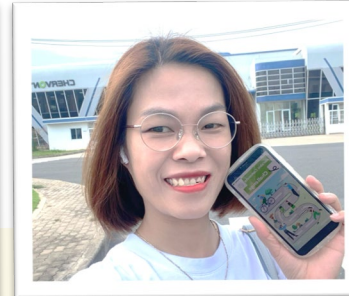
May 15th

NATIONAL LOW CARBON DAY

GREEN COMMUTING CHALLENGE



Germany



Vietnam



China



Jun 5th

WORLD ENVIRONMENT DAY BRING MY OWN CUP

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GOVERNANCE AND BUSINESS RESILIENCE

Our governance philosophy sets us apart with its strong systems, clear responsibilities, and process-driven approach, all underpinned by ethical leadership. By establishing clear standards and ethical guidelines and fostering seamless communication with stakeholders, we perceive and respond to market changes and manage risks effectively, which enable us to earn trust and respect from our stakeholders and maintain long-term sustainable growth.

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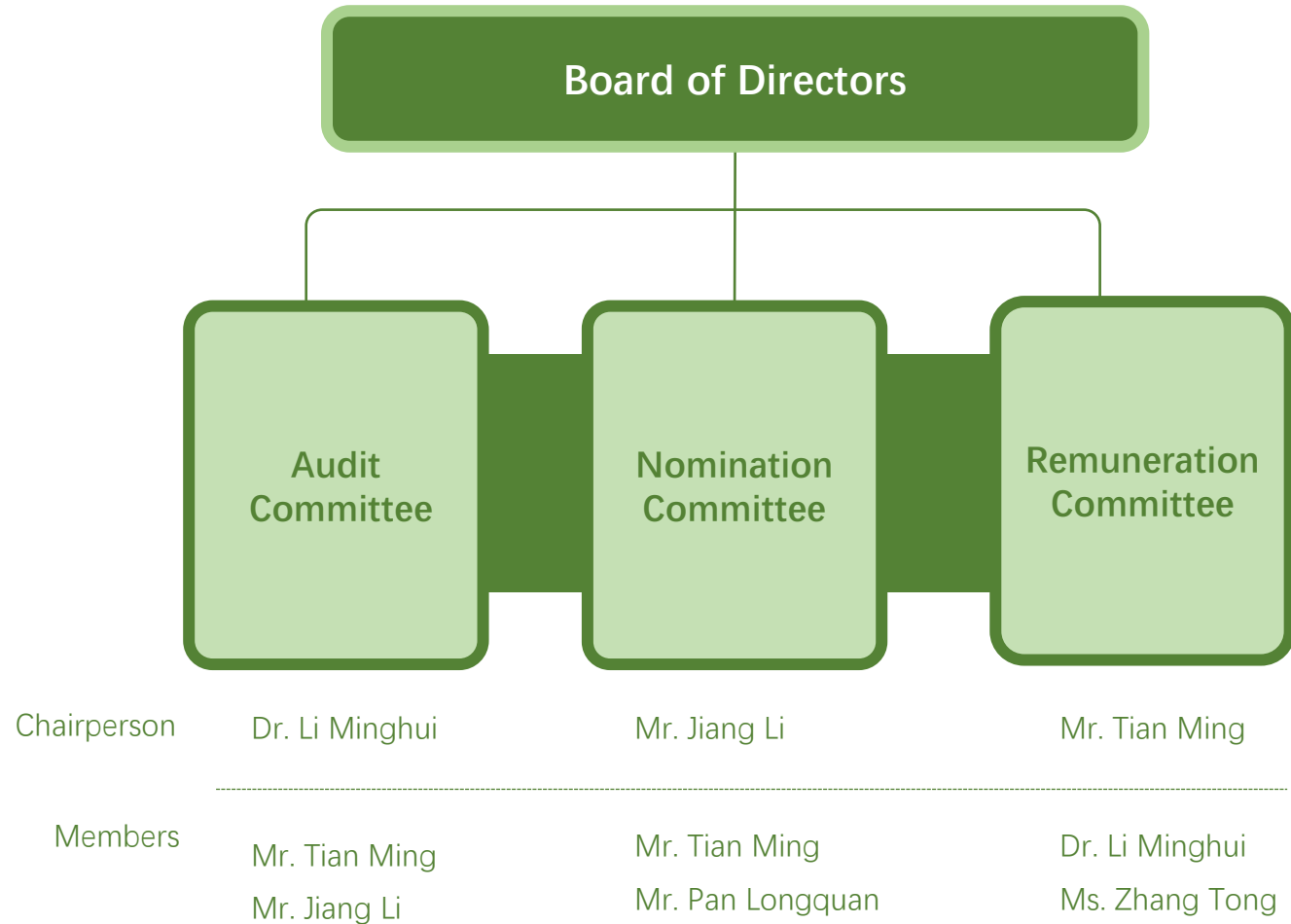
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CORPORATE GOVERNANCE

The Company has a diverse and capable Board and management team. The Board provides overall leadership, oversees strategic decisions, and monitors business performance. The executive directors constituting the senior management of the Company are delegated with responsibilities in the day-to-day management of the Company and make operational and business decisions within the control and delegation framework of the Company.

To address specific areas, the Board has established three committees: the Audit Committee, the Remuneration Committee, and the Nomination Committee, each with responsibilities outlined in their terms of reference, which are available on the Company's and HKEX websites.

All executive directors hold Master's degrees or higher and have over 30 years of experience in the power tool industry, along with extensive corporate management expertise. The independent non-executive directors meet the Listing Rules' independence criteria and possess extensive experience in business operation, strategy, or investment supervision.



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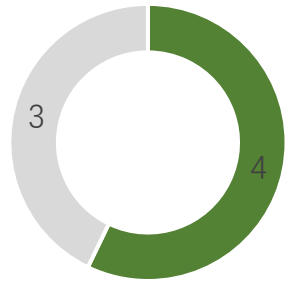
► Governance

Practice

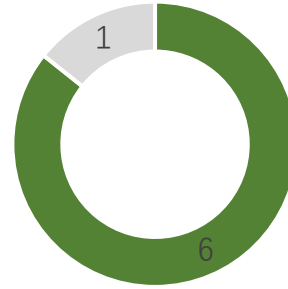
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BOARD STRUCTURE

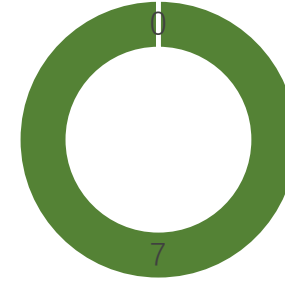
For more information on our directors and corporate governance (including biographies of the directors, structure and responsibilities of the Board and Board Committees, remuneration strategy, relevant training and evaluation, among others), please refer to the Corporate Governance Report in the Company's 2024 Annual Report.



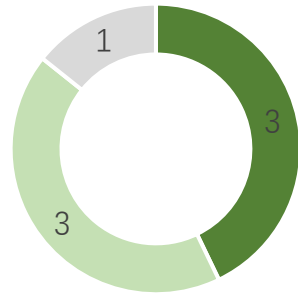
■ Executive Director ■ INED



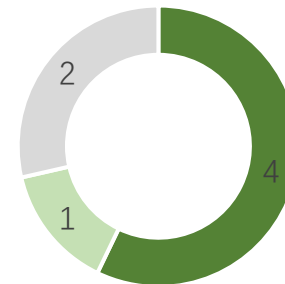
■ Male ■ Female



■ Master & above ■ Other



■ HKSAR ■ PRC ■ USA



■ Tool Industry
■ Finance & accounting
■ Other industry

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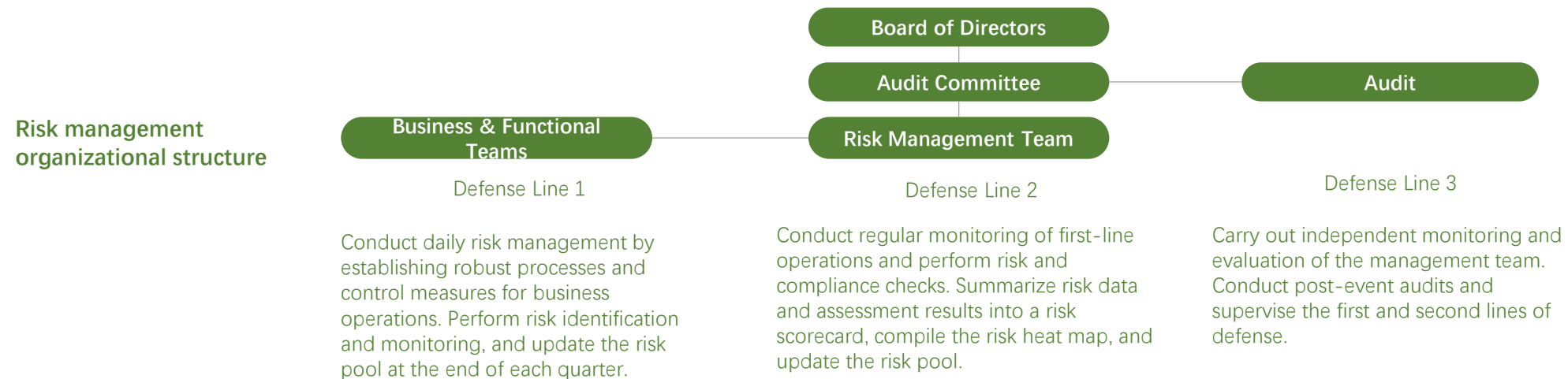
INTERNAL CONTROL AND RISK MANAGEMENT

Our internal control system is based on the COSO framework, aiming to establish a standardized management structure that governs and streamlines our internal processes. This approach helps us effectively manage operational risks and provide strong support for the Company's strategic goals.

In 2024, we made significant progress in our internal control initiatives. We conducted a thorough review of our key business processes and functions, optimized our management system, and established a legal compliance resource center using digital platforms to enhance information sharing. The internal control manual was updated, adding risk control points and operational guidelines to ensure alignment with evolving industry standards and regulations while better addressing business needs. We also implemented phased internal control assessments, identifying 7 deficiencies across 143 control points in six functions. Most of these have been addressed. This evaluation process helped us identify and improve weaknesses in management, ensuring the ongoing effectiveness of the internal control system.

During the 2024 Employee Representative Congress, the Company adopted a series of management responsibility policies, clarifying accountability mechanisms for quality, safety, information security, fraud, and other areas, further enhancing transparency and compliance.

Following ISO31000 risk management principles and state-owned enterprise guidelines, we aligned our risk management strategy with the Company's 2024 objectives, creating a risk database covering 85 risks across strategic, external, financial, and operational areas. We also implemented a tiered management system. These actions strengthen our ability to navigate a complex market environment and provide robust support for stable operations. Going forward, we will continue to optimize our internal control processes and drive improvements in management effectiveness.



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ANTI-CORRUPTION AND BUSINESS ETHICS

We strictly adhere to all applicable laws and regulations. Our Code of Ethics applies to all employees, directors, consultants, and business partners, mandating compliance with relevant laws and Company policies. We are committed to fostering a culture of ethical conduct and integrity within the Group. To support this, we have implemented comprehensive measures to build and enhance our anti-corruption and business ethics compliance mechanisms.

We have established a series of management policies, including the "Ethical Code of Conduct and Rules and Regulations Manual", to ensure that employees can conduct business in accordance with the principles of integrity, fairness, and compliance within legal requirements.

When partnering with third parties, such as customers and business partners, we require them to sign the Partner Integrity Pledge, committing to fairness, impartiality, integrity, and honest cooperation, thereby fostering relationships based on trust and integrity.

In 2023, we launched the Anti-Fraud Management System and the Compliance Investigation Guidelines, improving our mechanisms for investigating violations of business ethics and corruption, as well as enhancing reporting channels. Building on this foundation, in 2024, we intensified the promotion of our anti-fraud policies through multiple communication platforms and conducted an extensive supplier health survey using the SRM system.

Reporting email : chervoncompliance@cn.chervongroup.com

Reporting hotline: 025-87729110

Training & Interview

Every employee is required to receive training on professionalism and ethical code of conduct, and the Company has also conducted anti-corruption training for all directors.

In 2024, the Company conducted nearly 100 interviews to comprehensively identify potential risk points and implemented corresponding rectifications and optimizations. Additionally, the Company organized 4 systematic anti-fraud training sessions, covering over 260 full-time and part-time procurement personnel. All participants signed the "Integrity Commitment Letter," reinforcing the promotion of the Group's compliance and procurement policies. This initiative fostered an atmosphere of integrity and transparency, ensuring a clean and fair procurement environment.

Complaint & Reporting System

We have established a complaint reporting system that allows employees to report potential conflicts of interest directly to their supervisors or the Compliance Department. We accept anonymous reports and also encourage whistleblowers to provide their names and contact information to facilitate follow-up investigations and feedback on the outcomes.

We strictly prohibit any form of discrimination or retaliation against whistleblowers and are committed to conducting confidential and thorough investigations of all allegations to address non-compliance effectively.

In 2024, the Company did not receive any complaints or reports related to violations of business ethics, and no legal cases regarding corrupt practices brought against us or our employees have been conducted.

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INFORMATION SECURITY AND PRIVACY PROTECTION

The Company rigorously follows national and local laws on information security, developing policies like user information security management and privacy protection. Employees receive regular training to boost their awareness and knowledge of information security practices.

The Group's information security department, adhering to principles of in-depth defense and continuous improvement, has designed a multi-layered, regionally integrated network security architecture. Horizontally, each area is safeguarded by relevant security devices, such as firewalls. Vertically, we apply a defense-in-depth approach, employing multiple layers of security technologies—from peripheral borders and intermediate network transmission to user terminals—to ensure comprehensive control and recording of network transmission, authorization, access control, threat monitoring, event alerts, and responses.

Protecting consumer data and privacy is important to Chervon. We collaborate with a leading cloud service provider known for its technology and security to manage customer and user data, implementing strong privacy protection measures across all regions.

In 2024, Chervon did not receive any complaints related to customer privacy or data leakage.

UNFAIR COMPETITION

The Company strictly adheres to the relevant laws and regulations where it operates and firmly opposes participation in unfair and improper forms of market competition. In 2024, the Company did not have any litigation involving unfair competition or antitrust and monopoly laws.

SHAREHOLDER COMMUNICATION POLICY

The Company has established a Shareholder Communication Policy and regularly reviews it to ensure effectiveness and alignment with best practices. Key communication channels include the annual report, interim report, Annual General Meeting (AGM), and other general meetings, with all relevant disclosures available on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (<https://global.chervongroup.com>).

The AGM fosters constructive dialogue with shareholders, encouraging active participation. Notices, circulars, and proxy forms are sent 21 days before the AGM, providing details on proposed business and relevant information.

In 2024, we held two general meetings, and conducted approximately 400 meetings, including annual and interim results presentations, analyst meetings, and shareholder roadshows.

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Appendix 1. List of Business Units of Chervon Holdings

CHERVON HOLDINGS LIMITED

CHERVON (HK) LTD

CHERVON OVERSEAS HOLDINGS LIMITED

CHERVON (CHINA) TRADING CO. LTD

CHERVON (CHINA) TOOLS SALES CO., LTD

CHERVON INDUSTRY CO. LTD

CHERVON INDUSTRY (VIETNAM) CO. LTD

CHERVON (CHINA) INVESTMENT CO. LIMITED

CHERVON NORTH AMERICA INC.

CHERVON CANADA INC.

CHERVON AUSTRALIA PTY

CHERVON NZ SUBSIDIARY LIMITED

CHERVON EUROPE LTD

EGO EUROPE GMBH

SKIL B.V.

CHERVON GMBH

FLEX GESCHÄFTSFÜHRUNGS GMBH

FLEX VERWALTUNGS GMBH & CO KG

FLEX ELEKTROWERKZEUGE GMBH,

FLEX POWER TOOLS BVBA

FLEX POWER TOOLS B.V.

FLEX ELEKTRONÁŘADÍ, S.R.O

FLEX ITALIA S.R.L

FLEX ELECTROPORTATIF MACHINES ET ACCESSOIRES

FLEX POWER TOOLS LIMITED

FLEX POWER TOOLS MIDDLE EAST FZCO

FLEX SCANDINAVIA AKTIEBOLAG

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| Chapter | HKEX ESG guidance | GRI | SDGS |
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| Overview | 13, 14, 15 | 2-1, 2-2, 2-3, 2-6, 2-12, 2-14, 2-21,3-2 | |
| BETTER TOOLS | | | |
| Empower customer with innovation | B6.3 | | |
| Elevate total quality | B6, B6.1, B6.2, B6.4, | 416-1, 416-2, | |
| Enhance user experience with service | B6, B6.2 | | |
| Sustainable product | A2.5 | 301-1, 301-3, 302-5, 2-4 | |
| BETTER WORLD-CREATE VALUE FOR STAKEHOLDERS | | | |
| Grow together with our people | B1, B1.1, B1.2, B2, B2.1, B2.2, B2.3, B3, B3.1, B3.2, B4, B4.1, B4.2 | 401-1, 401-2, 401-3, 403-1, 403-2, 403-5, 403-6, 403-9, 404-1, 404-3, 405-1, 408-1, 409-1, 410-1 | |
| Responsible sourcing | B5, B5.1, B5.2, B5.3, B5.4, B7 | 204-1, 205-2, 308-2 | |
| Support our communities | B8, B8.1, B8.2 | 413-1 | |
| BETTER WORLD-GREEN OPERATION FOR A SUSTAINABLE FUTURE | | | |
| Addressing climate change | A4, A4.1 | 201-2 | |
| Green operation | A1, A1.1, A1.2, A1.3, A1.4, A1.5, A1.6, A2, A2.1, A2.2, A2.3, A2.4, A3, A3.1 | 302-1, 302-3, 302-4, 303-1, 303-3, 303-4, 303-5, 305-1, 305-2, 305-4, 305-5; 306-1, 306-3, 2-4 | |
| Green culture | | | |
| BUSINESS RESILIENCE | | | |
| Corporate governance | | 2-9, 2-11, 405-1 | |
| Full practice | B6.5, B7, B7.1, B7.2, B7.3 | 205-2, 206-1, 418-1 | |

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