

ENVIRONMENTAL, SOCIAL AND GOVERNANCE **REPORT**



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. About this ESG Report

1.1 Basis of Preparation

This report is the tenth Environmental, Social and Governance report (hereinafter referred to as “this ESG Report”) issued by Tiangong International Company Limited (hereinafter referred to as “the Company”) and its subsidiaries (hereinafter collectively referred to as “the Group”), which systematically presents the Group’s performance in environmental, social and governance (ESG) aspects for the year 2025.

The Company prepared this ESG Report in accordance with Appendix C2 Environmental, Social and Governance Reporting Code (hereinafter referred to as the “ESG Code”) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

1.2 Scope of the Report

This ESG Report covers the Company and its major subsidiaries. The reporting period is aligned with the 2025 annual report, from 1 January 2025 to 31 December 2025 (the reporting period). To enhance the narrative completeness of the report, some content may fall outside the above scope.

1.3 Reporting Principles

“Importance” Principle

The Group identifies and confirms materiality topics applicable to the Group for the reporting period, and discloses them as key topics in this ESG Report.

“Quantification” Principle

To comprehensively assess the Group’s ESG performance during the reporting period, the Group discloses the quantitative key performance indicators applicable under the ESG Code, and specifies the standards, methods, assumptions, and references used to calculate the quantitative KPIs, including the sources of the primary conversion factors.

“Consistency” Principle

Unless otherwise stated, this ESG Report uses the same preparation and data calculation methods as the previous reporting period to enable readers to make meaningful comparisons of the ESG information in this report.

“Balance” Principle

This ESG Report follows the balance principle, objectively presenting the Group’s ESG performance and management status during the reporting period.

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1.4 Publication Form

This ESG Report is published in Traditional Chinese and English. In case of any conflict or inconsistency between the Traditional Chinese and English versions, the Traditional Chinese version shall prevail. You can obtain the Traditional Chinese and English PDF versions of this ESG Report from the Group's website homepage at <http://www.tggj.cn/> and from the HKEXnews at https://www.hkexnews.hk/index_c.htm.

1.5 Contact Information

If you have any valuable feedback or questions about the Group's ESG work, please contact us via email.

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2 Statement of Board of Directors

The Group highly recognizes the importance of ESG for the long-term and sound operation of the company. The Group strictly follows the ESG Code, continuously improving the Group's ESG management system and oversight mechanisms. The Board of Directors (the "Board") is the highest responsible, decision-making and supervisory body for ESG matters, mainly responsible for ESG-related management and for supervising and coordinating the Group's ESG risk management.

The Group regularly conducts materiality assessments on ESG topics. The specific assessment process and results are detailed in the ESG Report in the chapter on "Materiality Assessment". The Board has assessed the potential impact and opportunities of ESG-related matters on the Group's overall strategy and has reviewed the materiality assessment results of ESG topics. The Board is fully informed about the Group's ESG-related issues and confirms that the current management policies and philosophy align with the Group's sustainable development strategy. Details of the Group's important ESG topics in environmental and social aspects are disclosed in this ESG Report.

The Board continually strengthens its supervision and participation in the Group's ESG governance, and reviews progress and outcomes of ESG-related targets annually. The Group continuously monitors the progress and completion of targets related to greenhouse gas emissions, energy and resource use efficiency, and waste management, and discloses them in this ESG Report.

This ESG Report is true, accurate, and complete, with no false records, misleading statements, or material omissions.

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3 Strengthening ESG Management

3.1 ESG Governance Structure

The Board is the Group's highest authority for ESG matters, providing comprehensive supervision over the Group's ESG-related items and responsible for formulating and reviewing the Group's ESG development strategy and targets. The Board leads and participates in the identification, assessment, clarification and review of ESG risks (including climate change) and related matters, establishing a potential ESG risk list, and ensuring appropriate and effective risk management and internal control measures through robust risk management and internal control processes. Under the Board's leadership, the Group strictly complies with the laws and regulations of the regions where it operates in major decision-making processes, and, in line with the Group's actual situation, formulates internal charters, policies, and procedures related to ESG matters to ensure standardized and effective management and implementation.

In addition, to further integrate ESG concepts into corporate governance and comprehensively enhance the Group's ESG management capabilities, the Board has established an ESG Working Group, chaired by the Group's Directors, the Chief Financial Officer and the Finance Director, with members appointed by the Group's ESG-related departments and liaison representatives from the Company's subsidiaries.

ESG Working Group responsibilities include:

- Assisting the Board in coordinating and supervising the Group's ESG policies (including but not limited to environmental protection, climate change, human rights, health and safety, business ethics, information security, etc.) and the implementation of related ESG strategies.
- Reviewing and assessing the latest developments and trends in ESG and sustainability.
- Continuously monitoring the latest developments and trends in industry sustainable development.
- Reporting to the Board on material ESG matters and potential ESG risks (including climate change).
- Regularly collecting ESG-related data and information, and coordinating the preparation and disclosure of the annual ESG report.

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3.2 Stakeholder Engagement

The Group has established a regular communication mechanism with stakeholders, through surveys, interviews, etc., to fully understand stakeholders' expectations and requirements regarding the Group's commitment to sustainable development and ESG management. The main issues of concern to stakeholders and the Group's main communication and response methods are as follows:

Stakeholder Categories	Key Areas of Focus	Communication and Response Methods
Shareholders and investors	Corporate governance Investment returns Operating performance Compliance and risk management	Shareholders' Meeting Earnings conference Regular and interim announcements Investor relations activities
Directors	Corporate governance Operating performance Compliance and risk management	Board of Directors Internal meetings and reporting
Employees	Protection of employee rights Employee development and training Diversity and equality Employee welfare and care Occupational health and safety	Workers' Congress Internal information sharing platform Multimedia (official accounts and other social platforms)
Government and regulatory authorities	Compliance and risk management Business ethics Tax compliance Social contribution Environmental protection	Government visits On-site research Official correspondence Information disclosure

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Stakeholder Categories	Key Areas of Focus	Communication and Response Methods
Customer	R&D innovation Green and low-carbon products Customer service experience Innovation and intelligent manufacturing	Customer satisfaction survey Customer hotline Official media platforms Customer/User conference
Supplier	Fair trade Supply chain ESG risk management Enterprise empowerment support	Supplier qualification review Supplier communication conference
Industry association	Innovation and intelligent manufacturing Industry co-creation and development Green and low-carbon products Product quality assurance	Industry association Communication and mutual visits Information disclosure Exhibition activities
Media	Corporate brand image Corporate strategic development Innovation and intelligent manufacturing	Media briefing Press releases/announcements Media engagement events
Community	Public welfare and charity Community participation Environmental protection	Public welfare projects Community volunteer activities Community communication

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3.3 Materiality Assessment

To gain a full understanding of stakeholders' concerns, respond to their expectations and demands, and incorporate stakeholders' recommendations into our ESG management practices, the Group regularly conducts ESG materiality assessment and analysis, and reviews and audits the assessment results.

ESG Materiality Analysis Process:

Identification of Issues

- Refer to the HKEx ESG Code and capital market ratings, benchmark against peers' best practices, identify and organize material issues spanning governance and the three dimensions of economic, social, and environmental factors, forming our own issue library.

Stakeholder Survey

- Identify key stakeholder groups and the methods and channels for communicating with them.
- Invite key internal and external stakeholders to complete online or offline survey questionnaires, and prioritize the ESG topics in the topic bank by their level of impact.

Analysis and Evaluation

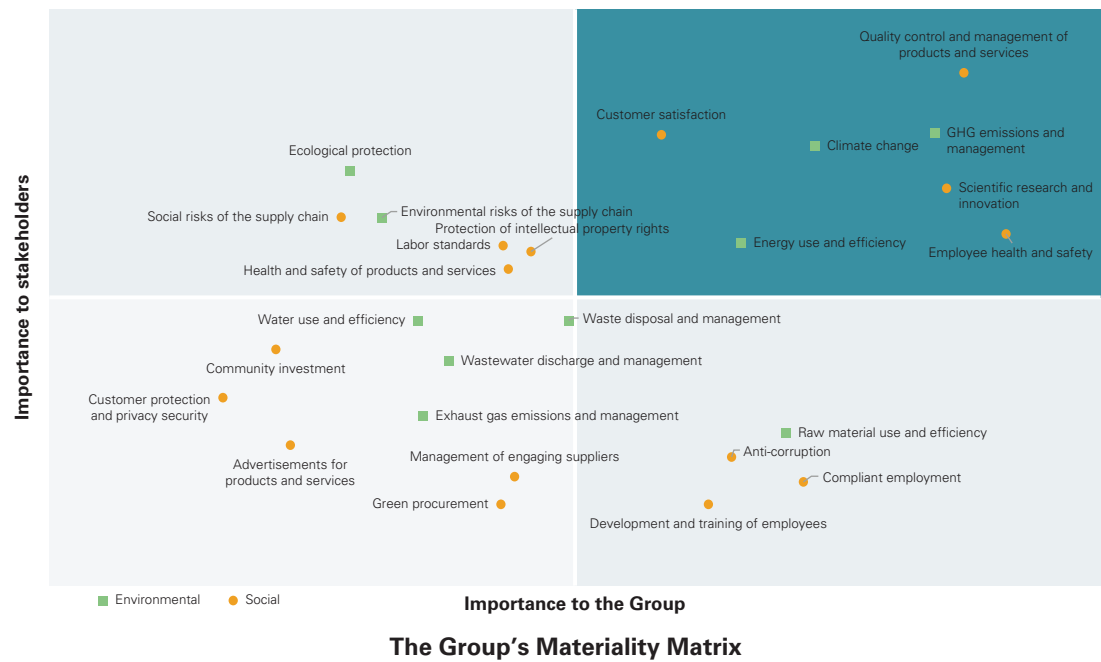
- Consolidate questionnaire feedback and survey results.
- Rank issues by maturity, stakeholder attention, and their importance to the Group.
- Derive a materiality matrix, using the matrix analysis to identify truly material issues.

Review and Confirmation

- Confirm material issues in conjunction with expert opinions.
- The Board reviews and confirms high-impact material issues, and discloses them prominently in the annual ESG report.

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During the reporting period, the Group reviewed the previous year’s materiality results, which showed no changes compared to the prior reporting period. The Group’s materiality matrix is as follows:



4 Enhancing Corporate Governance

The Group has always regarded improving corporate governance as the core cornerstone of sustainable business development, building a systematic, transparent, and compliant governance framework through sound internal controls, clear rights and responsibilities, and efficient supervision processes.

4.1 Fortifying Risk Defense

The Group continues to enhance its risk management framework. The Board bears ultimate responsibility for risk management in the course of operations. Its Audit Committee is responsible for monitoring the sound operation of the risk management and internal control systems, for reviewing the effectiveness of controls over the Company’s major risks, and for overall risk oversight. Management is accountable to the Board and responsible for implementing risk management.

The first line of defense	Business units and subsidiaries: formulate risk control measures in accordance with risk management standards and integrate them into daily risk management.
The second line of defense	Legal Department and various risk management functions: assist and oversee the implementation of risk management policies by each department and promptly identify risk gaps.
The third line of defense	Internal Audit Department and Audit Committee: independent from other departments, conduct risk monitoring and audits, and assess the effectiveness of risk controls.

The Group’s Three Lines of Defense

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The Group has established a comprehensive risk management process to identify, assess, and respond to risks effectively.

Risk identification	Identifying potential sources of risk through collecting information and categorizing them according to risk attributes.
Risk assessment	Assessing risk levels based on likelihood and severity, and prioritizing risks by significance.
Risk response	Establishing risk response measures at department level and continuously evaluating their effectiveness.
Risk monitoring	Continuously assessing changes in risks, and monitoring the progress and effectiveness of risk mitigation measures.

The Group conducts internal audits regularly at its operating locations to prevent and control risks. During the reporting period, the Group organized risk management-related audits, covering internal risk assessments in areas such as quality, occupational health and safety, environment, and compliance system standards. At the same time, the Group conducted external audits upon request by users, covering labor, occupational health and safety, environment, and business ethics.

The Group is committed to fostering a culture of risk management with everyone involved. Through broad risk and compliance awareness training, the Group actively promotes the continuous enhancement of employees' risk awareness and compliance capabilities. Each year, the Group arranges for directors to attend training organized by regulatory authorities, covering topics such as directors' legal responsibilities, internal controls for listed companies, interpretation of regulatory policies, and analyses of typical disciplinary cases, to help directors strengthen risk awareness and risk identification capability. When developing new products and new business relationships, the Group takes into consideration risks including financial risk, regulatory risk, and operational risk. In addition, the Group incorporates risk management indicators into the performance assessment of senior management to enhance their risk-bearing awareness.

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In addition, the Group actively identifies and assesses emerging risks, and develops corresponding response strategies.

Risk Names	Impact on Business	Response Strategies
Business uncertainty risks from global trade protectionism	In 2025, geopolitical dynamics were expected to evolve in a complex manner and trade barriers were increasing, further intensifying uncertainty in the global steel market; facing market pressure, many countries strengthened protection of domestic steel industries, thereby further elevating the international trade environment risks and operating pressures faced by steel enterprises.	Strengthen overseas market monitoring and early warning, anticipate trade frictions in advance and dynamically adjust sales strategies; standardize internal management, follow international standards to refine full-process records to ensure reliable evidence in investigations; simultaneously continue to increase R&D investment, improve product quality and technical levels, and systematically enhance the Group's core competitiveness and risk resilience.
AI application risks	Production and supply chain data are vulnerable to attacks in AI modeling and transmission, potentially leading to leakage of trade secrets or regulatory penalties; excessive reliance on external AI solutions may undermine autonomy and controllability	Establish a data classification protection and access control system, implement algorithm filing and ethical review mechanisms, and set "ethical red lines" and veto rights for high-risk AI projects; conduct pilot programs first in scenarios such as quality inspection and predictive maintenance, while always ensuring that key processes involve human review and control.

4.2 Strengthening Compliance and Internal Controls

The Group has established a comprehensive compliance and internal control management framework, including policies such as the *Internal Audit System* and the *Contract Management System*. Through the coordination of business units, the Legal Department, and the Internal Audit Department, and ongoing optimization of norms and processes, the Group strictly prevents any conduct that could harm the Group's interests and safeguards its legitimate rights and interests.

The Internal Audit Department is responsible for auditing key matters such as internal controls, financial status, and trade security, and for proposing improvements. To ensure impartiality and objectivity, internal audit staff rotate every three to five years. The Group has established a positive communication and cooperation mechanism with the People's Procuratorate of Danyang City, and set up the "Jian 'Dan' Dang" private-enterprise compliance service station within the Group, continually raising the level of standardized corporate compliance governance.

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4.3 Upholding Business Ethics

The Group adheres to the principle of integrity, with zero tolerance for any illegal acts such as corruption, bribery, extortion, money laundering, and fraud. The Group strictly complies with the laws and regulations including the *Criminal Law of the People's Republic of China*, the *Anti-Money Laundering Law of the PRC*, and the *Anti-Unfair Competition Law of the PRC*, and, in conjunction with the regulatory requirements where business operations are located, formulates the Code of Business Conduct to enhance employees' awareness of business ethics. The Group has also established management measures such as the *Employee Integrity and Self-Discipline Management Regulations*, clarifying the meanings and requirements across multiple aspects including discrimination, harassment, conflicts of interest, insider trading, bribery and corruption, fair competition, and social responsibility. The Group requires all employees to sign the *Employee Integrity and Self-Discipline Commitment Letter*, ensuring every employee complies with laws and regulations, clearly understands their responsibilities, and safeguards the mutual interests of the Group and its employees.

The Group's Internal Audit Department conducts regular audits related to business ethics, promptly identifying potential business ethics risks and issues, proposing improvements, and checking remediation to ensure business activities meet ethical standards. The Group has established a business ethics reporting mechanism and the *Management Regulations on Complaints, Reporting and Appeals*, encouraging employees and other stakeholders to actively report behaviors that violate business ethics. The Internal Audit Department is responsible for report management. The Group allows anonymous reporting and treats report information as strictly confidential. Upon receiving a report, the Group will follow the steps of intake and registration, intake evaluation and grading, establishment of an investigation team, conducting the investigation, forming conclusions and handling recommendations, follow-up remediation, and archiving, and will handle the matter in accordance with laws and regulations. The Group also provides training on reporting channels for employees and suppliers. In addition, the Group protects employees or stakeholders who file complaints, with oversight by employee representatives and the union, and strictly prohibits any retaliation or discriminatory actions such as punishment or dismissal. For employees who violate the Code of Business Ethics, the Group will take internal disciplinary measures according to the nature and severity of the violation.

During the reporting period, the Group did not receive any non-compliance (including corruption, harassment, discrimination, etc.) reports or complaints, nor did it experience any incidents of corruption, bribery, discrimination or harassment, client privacy data leakage, conflicts of interest, money laundering or insider trading violations involving itself or its employees.

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To raise employees’ awareness of the importance of integrity and self-discipline and to better implement the Employee Integrity and Self-Discipline Regulations, the Group holds monthly integrity training sessions for mid-to-senior management. At the same time, new employee onboarding includes a systematic study of professional ethics and conduct. During the reporting period, the Group achieved 100% coverage of anti-corruption and other business ethics-related training for directors. In addition, the Group encourages suppliers, partners and other stakeholders to actively participate in business ethics training and to establish and implement effective codes of conduct and enforcement mechanism.

Case: Special Legal Education and Training to Prevent Occupational Crime

During the reporting period, the Group conducted a training titled “Do Not Cross the High-Voltage Red Line, Preserve Our Professional Integrity — Special Legal Education on Preventing Occupational Crime of Tiangong International Company Limited” for key management positions such as the Chairman, General Manager, Plant Managers, Workshop Directors, and external liaisons. It profoundly reminded all personnel of the importance of “respecting, learning, and abiding by the law”, ensuring the compliance and legality when performing duties.



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4.4 Ensuring Information Security

The Group strictly adheres to laws and regulations such as the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, and the *Personal Information Protection Law of the People's Republic of China*. During the reporting period, it revised the *Information Security Management System*, adding privacy and personal information protection-related provisions, clarifying requirements in areas such as data minimization, consent and notice for information collection, and encryption and de-identification of sensitive information.

The Audit Committee of the Group assumes responsibility for overseeing information security. The Group has established the Information Security Management Leadership Group, responsible for information security management leadership work. The Chief Financial Officer (CFO) serves as the group leader, responsible for implementing information security-related tasks. The Data Center is responsible for the daily security management and operation and maintenance of information systems, and assists in the formulation, revision, and improvement of information security regulations.

The Group adopts comprehensive data security measures, including local, off-site, and private cloud backups, restricting access rights for external visitors. These are supplemented by real-time data protection through firewalls and vulnerability scanning. At the same time, the Group has achieved an effective separation between the business network and the internal network to prevent potential security threats from penetrating, thereby enhancing the reliability of the network environment in supporting business operations. During the reporting period, the Group continued to improve the data backup system, implementing daily incremental backup, weekly full backup, and an off-site backup mechanism to ensure data security and recoverability. The Group has established information security-related business continuity plans and conducts internal audits of the information security management system annually. In response to information security incidents, vulnerabilities, or suspicious activities, the Group has established an employee reporting process to ensure that relevant incidents are properly addressed.

The Group conducts annual information security training for employees in key positions. The training covers requirements for the secure use of information systems, information confidentiality standards, etc. During the reporting period, the Group did not experience data leakage, invasion of customer privacy, or other information security-related incidents.

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5 Quality Leads to an Excellent Future

Driven by innovation as the engine of R&D, and excellence as the standard of quality, the Group deeply integrates the philosophy of striving for perfection into the entire product lifecycle, builds a full-chain quality control system, and forges future-oriented sustainable competitive advantage.

5.1 Stimulating the Momentum of Innovation

The Group vigorously supports scientific research and innovation, establishing a systematic framework of tiered management, tiered evaluation, and tiered rewards, and formulating a series of policies and management measures related to scientific and technological innovation, thereby stimulating employees' innovative potential and promoting the application and transformation of scientific and technological innovation outcomes. During the reporting period, the Group's R&D expenditure was RMB287.58 million, accounting for over 6% of total annual revenue.

- ***R&D Innovation Management***

The Group has formulated supporting systems for scientific and technological innovation, including the *Measures for the Administration of Science and Technology Innovation*, the *Regulations for the Management of Scientific Research Projects*, and the *Rationalization Proposals Management System*. During the reporting period, it revised the *Management Measures for the Reward of Science and Technology Innovation* and the *Measures for the Management of Technology Innovation Projects*, significantly enhancing the rewards for scientific and technological achievements and improving the R&D evaluation system. The Group strengthens innovation incentives by raising the standards for invention patent rewards, establishing a Special Prize for Major Technological Breakthroughs, and implementing an industrialization revenue-sharing mechanism.

The Group continues to improve its innovation management system, building a research and development decision-making framework centered on the Technical Committee, forming a closed loop from strategic planning to the commercialization of results. The Technical Committee comprises management and technology heads, responsible for setting strategy, reviewing projects, and deciding key research directions. At the same time, the Group strengthens cross-department collaboration and coordination, optimizes the end-to-end project management system of “initiation — tracking — evaluation — transformation,” and enhances the development of technical platforms, continually improving materials R&D capabilities and driving technological innovation to be more closely aligned with market needs, providing core support for the Group's high-quality development.

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In order to foster a company-wide culture of innovation, the Group has held the Annual Summary and Commendation Conference on Technological Innovation for 18 consecutive years. During the reporting period, 87 technological innovation projects have been evaluated and officially recognized. The teams and individuals who have achieved notable results and outstanding performance in technological innovation are commended as exemplary pioneers, in order to promote innovation and stimulate employees' innovative momentum.

- ***R&D Innovation Achievements***

The Group accelerates the commercialization of scientific research achievements. During the reporting period, the Group focused on high-performance tool materials and advanced manufacturing materials, actively participating in national and industry key technology R&D projects. It conducted targeted research on microstructure homogenization control of high-performance high-speed steel materials and the development of wear-resistant and high-toughness cutting tool materials, overcoming challenges in controlling the microstructure of high-carbon high-alloy steel materials during smelting, solidification, and hot processing. By optimizing material design and processes, the Group continues to improve material performance stability and product lifespan.

In early 2025, the Group's TGE23 series products passed certification by the North American Die Casting Association (NADCA), becoming the first domestic company to meet the material standards for large die-casting molds. This achievement marks the Group's leading position in the world tool and mould steel sector, and further demonstrates our competitiveness in the international market.

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During the reporting period, the Group also achieved several honors in innovative R&D: Jiangsu Tiangong Precision Tools Company Limited (“Precision Tools”) was approved as a Jiangsu Province Enterprise Technology Center; Jiangsu Tiangong Technology Company Limited (“TG Tech”) maintained its qualification as a national high-tech enterprise; Jiangsu Tiangong Aihe Technology Company Limited (“TG Aihe”) was awarded titles such as “China’s Good Technology” and Jiangsu Province’s “Specialized, Refined, Distinctive and Innovative” SMEs. Our four technical products, including “High-Strength, High-Toughness, Corrosion-Resistant Titanium and Titanium Alloys” and “High-Strength High-Speed Steel Micro-Wire for Aerospace Micro-Drills”, were included in the Industry and Information Technology Department of Jiangsu “Two New” technology product lists.



TG Aihe Obtained China’s Good Technology

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Case: New Breakthroughs in Powder Metallurgy

At the 7th Asia Powder Metallurgy International Conference, the Group's subsidiary TG Aihe, with the technology breakthroughs and industrialization results of the "Integrated large-mold built-in cooling channel powder metallurgy key component project", won the Powder Metallurgy Innovation Award. Chief Scientist Dr. Yu Yang received the Powder Metallurgy Outstanding Contribution Award. The project overcomes key bottlenecks including achieving high-temperature strength, realizing integrated manufacturing of complex conformal cooling channels. It has been implemented in leading new energy vehicle companies, successfully overcoming a key bottleneck in high-end die-casting molds, and demonstrating the international competitiveness of China's advanced manufacturing materials.

Case: Significant Progress in High-Nitrogen Alloy Materials

During the reporting period, TPMDM02N, a high-nitrogen alloy material independently developed by the Group, passed technical verification and was officially delivered to customers. The material employs a proprietary domestic refining technology to tackle challenges in nitrogen content control and purity enhancement for high-nitrogen alloys. Salt spray test results show corrosion resistance significantly superior to other materials, and it possesses high strength, high toughness, high wear resistance, and fatigue resistance. It has been progressively delivered to medical devices, high-end tooling, and other industries for validation and application. This breakthrough provides core material support for advanced equipment manufacturing and the robotics industry, and marks a major breakthrough in the domestic high-end alloy materials field.

- ***Participation in Standard Setting***

The Group actively participates in standard-setting work to promote industry-wide innovation and progress. Since 2013, the Group has edited or participated in formulating a total of 13 standards across national, industry, group, and local levels. In the reporting period, the Group contributed to the publication of two national standards: "High-speed Tool Steels" and "Tool and Mould Steels".

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Selected Standards Edited/Co-edited by the Group

Standard Name	Level	Contribution
GB/T9943–2025 High-Speed Tool Steels	National standard	Participated in editing
GB/T1299–2025 Tool and Mould Steels	National standard	Participated in editing
GB/T 34564.1–2017 Cold-word Mould Steel — Part 1: High Toughness and Wear-resistance Steels	National standard	Participated in editing
GB/T 34565.1–2017 Hot-word Mould Steel — Part 1: Steels for Casting Mould	National standard	Participated in editing
GB/T 35840.3–2018 Steels for Plastic Mould — Part 3: Corrosion Resistant Steels	National standard	Participated in editing
JB/T 11448–2013 The Type and Dimensions for Drill Tip of Drills Bit for Chip Removal	Industry standards	Editor-in-Chief
JB/T 9986–2013 Micrography Tests of Heat-treated Tool Steels	Industry standards	Participated in editing

- Industry-Academic-Research Collaboration**

The Group maintains close collaboration with multiple universities and research institutes, including Shanghai Jiao Tong University, Southeast University, and China Iron & Steel Research Institute Group Co. Ltd (Formerly known as Central Iron & Steel Research Institute Co., Ltd), focusing on technologies in precision cutting tools, tool and mould steels, and titanium materials for joint research and development. Through industry-academia-research collaboration and innovative cooperation, the Group has successfully advanced 8 new materials and technologies through authoritative evaluation, of which 7 reached international advanced level and 1 reached international leading level, effectively enhancing our core competitiveness in frontier materials and technologies. The Group’s subsidiary Jiangsu Tiangong Tools New Materials Company Limited (“TG Tools”) established a postdoctoral research workstation in Jiangsu Province in 2009 and has successfully upgraded to a national-level station. In addition, the Group’s subsidiary TG Tech has also been approved for a national-level postdoctoral research workstation.



TG Tools Postdoctoral Research Workstation

5.2 Accelerating Digital Transformation

The Group drives business development through digitalization. In recent years, in smart factory construction, by deeply integrating digital, automated, and intelligent technologies, the Group has promoted overall improvements in production efficiency and product quality, building a digital system covering R&D, production, logistics, and services, including the Enterprise Resource Planning (ERP) system, Manufacturing Execution System (MES), Data Acquisition and Monitoring System (SCADA), intelligent inspection system, and a vertical/three-dimensional warehouse.

During the reporting period, the Group continued to drive operational transformation and efficiency gains through digital strategies: by upgrading ERP and MES systems, deploying a big data platform and the “Smart Operations Center,” promoting data sharing and intelligent decision-making; fully implementing paperless offices and launching Alibaba Cloud’s “Cloud Procurement and Sales” system to achieve procurement digitization and process optimization; simultaneously launching the Precision Tools Production Management System to strengthen production scheduling, and comprehensively improving operational transparency, resource utilization efficiency, and levels of intelligence.

The Group’s work in the digital field has also garnered numerous honors and recognition. The Group’s subsidiaries TG Tools and Jiangsu Tiangong Carbide Technology Company Limited (“Carbide Technology”) were recognized as Jiangsu Province Five-Star Cloud Adoption Enterprises. TG Aihe’s “Tiangong Powder Metallurgy Intelligent Factory,” and Carbide Technology’s “Tool Cutting Intelligent Manufacturing Workshop” were identified as Jiangsu Province Smart Manufacturing Demonstration Factories. TG Tech and Carbide Technology received certificates for the Integration of Informatization and Industrialization management systems.



TG Tech and Carbide Technology Obtained the Integration of Informatization and Industrialization Management System Certificates

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5.3 Protecting Intellectual Property

The Group places a high priority on intellectual property protection, strictly complying with the *Trademark Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, and the *Copyright Law of the People's Republic of China*, among other IP laws. The Group has formulated systems and measures such as the *Measures for the Administration of Science and Technology Innovation* and the *Rationalization Proposals Management System*, which define the management responsibilities for copyrights, trademarks, patents, and related infringement handling processes. The Group has established a dedicated IP protection mechanism, engaged a professional law firm as a permanent legal advisor to prevent IP infringement. At the same time, the Group has established a good communication mechanism with the People's Procuratorate of Danyang City to jointly combat trademark infringement and enhance the Company's legal competitiveness. In addition, the Group regularly conducts IP training, promotes legitimate software usage, and strengthens employees' awareness of IP protection to avoid infringing others' IP rights.

During the reporting period, the Group achieved fruitful results in intellectual property, filing 99 patents, with 43 patents granted. By the end of the reporting period, we owned a total of 253 patents.

5.4 Lean Quality Control

The Group pursues excellence in quality as its core mission, focusing on advancing lean manufacturing and continually improving product quality and service levels. The Group strictly complies with laws and regulations such as the *Product Quality Law of the People's Republic of China*, and has established a series of product quality control systems, including the *New Product Development Management Procedures*, *Non-conforming Product Control Procedures*, *Enterprise Metrology Management Regulations*, *Raw and Auxiliary Materials Management Measures*, *Steel Inspection and Acceptance Rules*, and *Quality Process Control Plans*, which standardize every stage from development to production to ensure end-to-end quality control from raw material receipt to product shipment.

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To ensure outstanding and stable product quality, the Group implements a comprehensive quality management system covering the full product lifecycle — from development to after-sales service. During the reporting period, all subsidiaries of the Group completed and passed the annual third-party quality management system audit. In addition, the Group's subsidiary TG Tools successfully obtained two certifications: JIS G 4404 Alloy Tool Steel and JIS G 4403 High-speed Tool Steel, indicating its tool and mould steel products are fully aligned with Japanese Industrial Standards (JIS), meeting the requirements of leading international manufacturers in key areas.



The Group's Subsidiary TG Tools Obtained JIS Certification

Additionally, the Group is committed to optimizing and innovating the steelmaking process, actively deploying advanced quality inspection equipment to ensure product quality meets standards. During the reporting period, the Group introduced instruments such as an Energy Dispersive Spectroscopy (EDS), an Automatic Non-Metallic Inclusions Analysis System for steel (OTS), and an Intelligent Particulate Imaging Analysis System, continuously enhancing its capability to test and analyze steel properties. At the same time, the Group strengthened laboratory testing capabilities and standardization; the Group's subsidiary TG Aihe successfully obtained the China National Accreditation Service for Conformity Assessment (CNAS) laboratory accreditation. During the reporting period, the Group had no products that had been sold or shipped which required recall for safety or health issues.

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Product Quality Management Measures	
R&D and Innovative Steelmaking Processes - Raw Material Sampling and Testing - Physical and Chemical Testing of Semi-finished Products at Each Production Stage - Special Quality Tests for Finished Products	Apply Advanced Quality Inspection Equipment - EVO-MA25 Zeiss Scanning Electron Microscope - Infrared Carbon-Sulfur Analyzer - Optical Emission Spectrometer - Zeiss Metallographic Microscope - MTS universal testing machine - Digital Rockwell Hardness Tester - Thermal expansion deformation/phase change tester - Fluorescence spectrometer - Intelligent particle microimage analysis system, etc.



TG Aihe Laboratory certified by CNAS

The Group attaches great importance to quality management in the production process and continuously improves the standardization of quality management. The Group strengthens the analysis and management of product yield, requires each production line and each finished-process step to achieve first-pass yield. At the same time, it utilizes the Manufacturing Execution System (MES) to centrally control and continuously optimize various production process parameters. In addition, regular quality inspections are conducted for each process and any quality issues found are promptly addressed. During the reporting period, to address pains such as dispersed quality data and cumbersome statistics, the Group used a pivot chart linkage analysis tool to enhance operational efficiency and decision optimization.

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The Group has established a normalized quality training system, regularly organizing internal topic training courses and inviting external experts to provide guidance, systematically improving employees' quality awareness and professional skills. During the reporting period, the Group organized training for personnel engaged in testing to participate in technical training by professional organizations, with 5 employees obtaining certification in physical and chemical inspection capabilities. At the same time, the Group implements a comprehensive assessment system, strictly evaluating all process production personnel and inspectors to ensure every link meets quality standards.



Employee Quality Training

5.5 Enhancing Service Experience

- **Customer Communication and Feedback**

The Group strictly complies with the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests* and other laws and regulations in the operating regions, and has formulated management documents such as the *After-sales Service Management Regulations* to standardize the customer complaint handling process and ensure complaints are properly processed. The Group has established a comprehensive online customer service system to achieve efficient input of customer information and real-time collection of quality feedback.

During the reporting period, the Group further optimized the customer complaint handling process, forming a dual-path closed-loop management mechanism for quality-related and non-quality-related complaints. When a customer complaint is initiated through the Office Automation system (OA) and determined to be a quality issue, it will be handled by the quality or technical responsible person as appropriate, and archived after confirmation by the sales manager; if not a quality issue, the results are promptly communicated to the customer after verification, with an attached test report, achieving rapid response and closed-loop management.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group attaches great importance to customer feedback, holding monthly meetings with core customers and periodically conducting offline visits and exchanges. The collected customer opinions are used as an important basis for continuously improving product quality. At the same time, the Group actively participates in domestic and international industry exhibitions, maintaining close communication with customers.



The Group Participated in Industry Exhibitions

The Group conducts an annual customer satisfaction survey to understand their opinions and suggestions on products and services. In the reporting period, the Group's customer satisfaction was 97.05. In terms of complaint handling, the Group received 60 customer complaints during the reporting period, and the customer complaint handling rate reached 100%.

- ***Customer Empowerment and Co-creation***

Customers regularly audit the Group's ESG management and performance, covering human rights and labor management, workplace safety, climate change, environmental management, and other dimensions, and provide improvement suggestions. Through customer training and empowerment work, the Group's ESG performance has continuously improved. The Group also actively cooperates with customers in new product development, jointly developing new materials to meet customers and market needs.

- ***Responsible Marketing***

The Group strictly complies with the *Advertising Law of the People's Republic of China*, and is committed to providing customers with truthful and reliable information, firmly opposing any fraudulent activities. To ensure the accuracy of promotional materials and website content, the Group conducts strict reviews before external release, and ensures that the products or technologies mentioned do not infringe any rights, actively maintaining a good corporate image and market order.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6 Painting a Green Picture

The Group adheres to the green development philosophy, continuously improves the environmental management system, strengthens internal refined control, and aims to reduce energy consumption, lower emissions, and prevent environmental incidents, promoting the coordinated development of business and ecology. As of the end of the reporting period, the Group's subsidiary TG Tools was awarded the national and Jiangsu Province "Green Factory" titles, and TG Aihe and TG Tech were awarded the Jiangsu Province "Green Factory" title.

6.1 Addressing Climate Change

The Group integrates climate change response into its corporate strategy by optimizing the energy structure, innovating green technologies, and managing carbon emissions, actively promoting low-carbon transformation and sustainable development.

- **Governance**

The Group attaches great importance to climate risk governance, relying on an ESG governance framework led by the Board to supervise and manage climate-related risks. The Board and the ESG Working Group hold at least annual reviews of climate-related topics. In addition, the Group regularly provides climate-change training for Board members and management to continuously enhance the governance bodies' climate-related capabilities. Currently, the Group's Board remuneration policy does not incorporate climate factors; the next step is to integrate climate-related performance indicators into the incentive system to further strengthen the Board's strategic oversight and management responsibility on climate change issues.

- **Strategy**

The Group references the ESG Code and the *Conclusion on Enhancement of Climate-related Disclosures Under the Environmental, Social and Governance Framework*. We identify climate-change-related risks and opportunities relevant to our operations and assess the potential financial impact through policy research, industry benchmarking, and incorporating expert opinions. The Group has formulated corresponding response measures to effectively prevent and respond to the impacts of climate change on operations.

Meanwhile, the Group, based on its own business characteristics and development strategy, and considering the climate policy requirements of the operation location, has clarified the time horizons for climate risks and opportunities: short term (1–5 years), mid-term (6–10 years), and long-term (over 10 years).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Type	Risk category	Risk description	Potential financial impact	Time horizon	Degree of impact	Mitigation measures
Transition risk	Policies and laws	ESG-related rules and standards changes: Current climate-related regulatory requirements are tightening; governments may implement stricter climate policies (e.g., the shift from energy consumption dual control to carbon dual control, the European Union's Carbon Border Adjustment Mechanism (CBAM)); the Group will face stricter sustainable management requirements.	Rising compliance costs Rising operating costs	Short term; mid term	Medium	Continuously monitor government ESG policies and regulatory trends, and respond promptly to policy changes
	Technology	Product and technology substitutions: Low-carbon technologies face technical barriers. If specific low-carbon technologies are not promptly developed, it may bring certain negative risks to the enterprise's operations and business. R&D investment: To meet market demand for low-carbon products and technologies, the Group will increase R&D investment, but there may be risks that progress is below expectations.	Decrease in operating revenue Rising operating costs	Mid term, long term Mid term, long term	Medium Medium	Increase investment in R&D; conduct low-carbon technology research in an orderly manner Optimize R&D strategy and strengthen the deployment of core technical talents and our ability to tackle key challenges.
	Market	Customer demand changes: As customers increasingly pay attention to climate change risks and opportunities, the supply-demand structure for certain products and services has changed. Increase in input costs: In order to respond to stricter environmental and carbon emission regulations, partners need to undergo adaptive transformation and upgrading, leading to higher costs for supplying products.	Decrease in operating revenue Rising operating costs	Mid term, long term Mid term, long term	Medium Medium	Actively adapt to market changes and formulate diversified product development strategies to meet different consumer needs. Reduce dependence on a single supplier source and seek and develop alternative materials.
	Reputation	Brand image: In the current market environment and among stakeholders, if the Group fails to adequately demonstrate its ability and effectiveness in addressing climate change and to enhance the transparency of climate-related information, it may face the risk of damage to its brand image.	Rising operating costs	Short term, mid term, and long term	Low	Actively promote carbon reduction across the entire product lifecycle and the supply chain, conduct climate information disclosure, and enhance brand resilience and reputation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Type	Risk category	Risk description	Potential financial impact	Time horizon	Degree of impact	Mitigation measures
Physical risks	Acute	Extreme weather and natural disasters: Extreme weather such as heavy rain, hail, and thunderstorms occurs with increasing frequency, and the impacts of disasters are becoming more severe, potentially endangering employees and the Group's physical assets; they may also trigger supply chain disruptions and hinder production.	Rising operating costs Asset impairment	Short term, mid term, and long term	Low	Strengthen climate early warning and forecasting, develop contingency plans, and enhance extreme weather response capabilities; establish safe stock and gradually develop in-house R&D and manufacturing capabilities for components.
	Chronic	Rising global temperatures: rising sea levels and prolonged high temperatures, along with other long-term natural pattern changes, may affect the Group's normal production.	Rising operating costs	Long-term	Low	Develop emergency management plans for extreme natural disasters

Opportunity category	Opportunity Description	Potential financial impact	Time horizon	Degree of impact	Mitigation measures
Energy efficiency improvement	Improving efficiency in use of resources and energy (e.g., energy), to achieve energy savings and carbon reduction, and reduce operating costs.	Reduction in operating costs	Short term, mid term, and long term	Low	Conduct training and awareness campaigns to raise energy-saving and low-carbon awareness.
Green and low-carbon products	Developing new types of low-carbon emission products can enhance the company's competitive position and benefit from the shift in customer and manufacturer preferences towards low-carbon options.	Increase in operating revenue	Short term, mid term, and long term	Medium	Increase investment in R&D; conduct low-carbon technology research in an orderly manner

Notes:

1. Due to limited data availability, the Group has not conducted a value-chain-wide climate risks and opportunities assessment and has applied the reasonable information relief.
2. When evaluating the quantitative analysis of expected financial impacts, because these impacts cannot be identified separately or the measurement of these impacts is too uncertain to assess, the Group adopts the "financial effects relief" for the quantitative analysis of expected financial impacts related to climate risks and opportunities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group actively implements the concept of low-carbon development, adheres to a low-carbon economic model, and continuously reduces the adverse impact of operating activities on the environment. The Group enhances energy management, adopts environmentally friendly equipment, and advanced technologies to improve energy efficiency and reduce energy waste. At the same time, the Group actively promotes the use of renewable energy such as solar power to effectively reduce greenhouse gas emissions. The Group’s subsidiary TG Tools has been recognized as a demonstration unit for compliance with carbon management system standards. In addition, to address policy impacts such as CBAM, the Group actively conducts product-embedded carbon emission calculations and verifications to further standardize carbon emission management. Considering the current impacts of climate risks and opportunities, the Group has not formulated a climate-related transformation plan; it will develop relevant plans as needed based on business development and changes in the internal and external environment.

Due to the fact that the Group’s current skills, capabilities, and resources do not meet the analysis requirements, the Group applies the “capabilities relief” for climate scenario analysis. The Group fully recognizes the long-term nature of climate change response and that climate-related risks and opportunities are subject to multiple influences from domestic and international policies, markets, and technological advancements, with uncertain impacts on business. Therefore, the Group will continue to monitor developments in policy and regulatory, industry best practices, and climate models, and dynamically incorporate climate considerations into strategic planning to enhance overall agility and business resilience. The Group has not implemented internal carbon pricing.

- **Risk Management**
The Group has established a comprehensive climate risk management process for all operations and integrated climate risk into the overall enterprise risk management process. Compared with the previous fiscal year, there has been no change in the Group’s climate risk management process.

Climate Risk Management Process

Risk Identification	Based on the TCFD’s climate risks and opportunities checklist, relevant policies, and peer benchmarking, the company’s climate risks and opportunities list is finally determined to ensure the comprehensiveness and applicability of climate risk management.
Risk Assessment	Taking into account internal and external stakeholders’ opinions, assess the nature, likelihood, and impact of climate risks on the company’s operations and finances.
Risk Response	Based on the climate risk assessment results, the Environment, Health and Safety (“EHS”) department and relevant business units jointly discuss and formulate policies to respond to climate risks and opportunities and promote the implementation of management measures.
Risk Monitoring	Regularly review climate risks and opportunities and assess the effectiveness of response measures.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Indicators and Targets**

The Group is committed to continuously improving energy efficiency, optimizing production processes, and expanding the use of renewable energy, systematically reducing the greenhouse gas emission intensity of our operations, and gradually advancing toward the long-term vision of carbon neutrality. The Group's greenhouse gas emissions data are as follows:

Indicator Name	Unit	2025	2024	2023
Greenhouse gas emissions (Scope 1)	Tonnes of CO ₂ e	76,636.92	81,553.27	79,603.40
Greenhouse gas emissions (Scope 2 — Location-based)	Tonnes of CO ₂ e	326,301.18	325,143.98	311,354.09
Total greenhouse gas emissions (Scope 1+ Scope 2)	Tonnes of CO ₂ e	402,938.10	406,697.25	390,957.49
Greenhouse gas emission intensity (Scope 1+ Scope 2)	Tonnes of CO ₂ e/ RMB10,000 of revenue	0.85	0.84	0.76

Note:

1. Based on the ESG Code requirements and applicability of accounting standards, the Group's 2025 Scope 1 and Scope 2 emissions are calculated in accordance with the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)*. The relevant emissions data for 2023 and 2024 have also been restated in line with the same standard. Scope 1 emissions mainly come from the Group's natural gas usage, diesel usage and process emissions, while Scope 2 emissions mainly come from purchased electricity. The purchased electricity emissions are calculated using the 2023 emission factors published in the Ministry of Ecology and Environment's *Announcement on the Release of 2023 Electricity Carbon Dioxide Emission Factors*. Greenhouse gas accounting is presented in terms of CO₂ equivalent.
2. Since significant costs would be required to obtain all reasonable and well-substantiated data, the Group adopts "reasonable information relief " for Scope 3 emissions.

Since the Group has not identified any climate-related risks or opportunities that could have a material impact on its financial position, financial performance and cash flows in the short or medium term, and the disclosure of the two indicators "amounts and percentages of assets or business activities susceptible to climate-related physical and transition risks" and "amounts and percentages of assets or business activities with climate-related opportunities" would require substantial costs to obtain all reasonable and supportable information, the reasonable information relief is applied. During the reporting period, the capital expenditure, financing and investment amount of the Group related to climate-related risks and opportunities exceeded RMB3 million.

6.2 Efficient Use of Resources

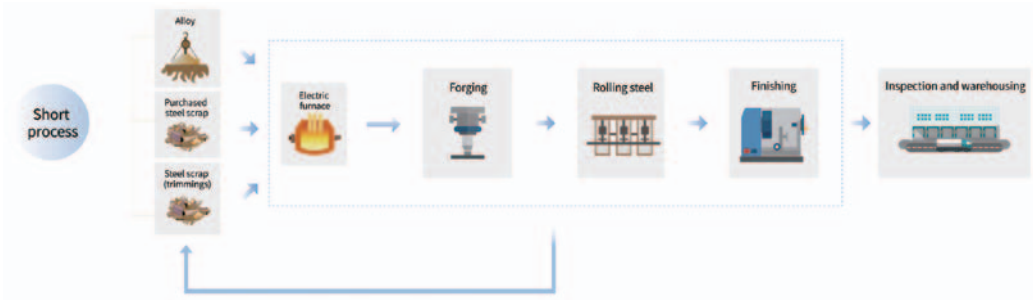
The Group is committed to achieving efficient and circular use of resources and energy, guided by the principles of reducing, reusing, and recycling, to promote resource conservation and improve utilization efficiency.

- **Raw Material Recycling**

The Group’s smelting uses alloys and scrap steel as primary raw materials. Scrap steel is sourced from internal recycling and upstream procurement, which reduces procurement costs and production energy consumption through circular use. At the same time, the Group innovatively adopts a short-process smelting technology, shortening production cycles and efficiently utilizing alloys and scrap, ensuring product quality. This optimized process significantly improves resource efficiency and reduces energy consumption, emissions, and environmental impact.



Traditional Long-Process Special Steel Manufacturing



The Group’s Short-Process Special Steel Manufacturing with Recycle Mechanism

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has upgraded its titanium alloy smelting process and is continuously exploring production processes with electron beam cooling bed (EB) furnaces beyond the Vacuum Arc Remelting (VAR). Compared with VAR, EB furnaces do not require electrode prep, effectively remove impurities from raw materials, and can accept more scrap titanium, thereby improving scrap titanium recovery and achieving efficient circular use of titanium metal resources.



The Group's Recycled-Material Production Flow Diagram

The Group continuously improves EB furnace smelting technology, especially in returned-material handling and recycling input, conducting in-depth exploration and practice around different grades, specifications, and returned-material addition ratios. It has successively overcome issues such as aluminum volatilization losses and the uniformity control of oxygen elements, continuously optimizing the production process and enhancing the level of titanium alloy resource recycling. During the reporting period, the Number 2 EB furnace project completed hot testing smoothly.

- **Energy Management**

The Group has established a comprehensive energy management system, formulated the *Energy Management Handbook*, the *Energy Use Management Measures*, the *Water and Electricity Conservation Management System* and various other policies, set annual energy consumption targets, and continuously refined energy management. The Group has completed and put into operation an integrated energy management system, achieving real-time monitoring and visualized control of power equipment, auxiliary systems, and overall plant energy consumption. Through data analysis and energy consumption forecasting, the system can support the dynamic formulation and optimization of energy-saving solutions, thereby continuously improving energy management efficiency.

As of the end of the reporting period, the Group has 5 subsidiaries that have successfully passed the annual surveillance audit for ISO 50001 Energy Management System certifications.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



TG Tools



TG Tech



Jurong Tiangong New Materials Technology Company Limited
("TG New Materials")



TG Aihe



Jiangsu Weijian Tools Technology Company Limited ("Weijian Tools")

Energy Management System Certification Certificate of the Group's Subsidiaries

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the reporting period, the Group continued to advance energy-saving upgrades and renewable energy utilization projects, continuously improving energy efficiency performance:

- Ø **Replacement of efficient equipment:** The Group constructed a 2,000-tonne fast forging chamber furnace to replace the existing car-bottom heating furnace, reducing natural gas consumption per ton of steel by 20%.
- Ø **Lighting retrofit:** The Group continued to retrofit traditional lighting fixtures with LED ones. As of the end of the reporting period, the proportion of LED lighting fixtures reached 85%.
- Ø **Rooftop photovoltaic installation:** The Group has intensified the use of photovoltaic and other renewable energy sources, with a total installed solar capacity of 14.8 MW, continuously improving the cleanliness of energy consumption.

- **Water Resource Management**

The Group strictly adheres to the *Water Law of the People's Republic of China* and other laws and regulations and has established a comprehensive water resources management system to promote lean water management. Our goal is to improve water use efficiency in production and operations, reduce water resource waste, and achieve rational use and recycling of water resources. During the reporting period, the Group planned to use 1 million cubic meters of water; through daily strengthened water management, actual water use was 761,000 cubic meters, achieving the water usage target.

The Group conducts water risk assessments for major production sites using the World Resources Institute (WRI)'s Aqueduct Water Risk Atlas. Assessment dimensions include water resource dependence, impacts, and more. The assessment results indicate that the Group does not face water scarcity risks but is exposed to a high level of water quality risk.

Assessment Entity	WRI Water Risk Level	Water Stress in 2030	Water Stress in 2050
TG Tools	Medium-High (2–3)	Low (<10%)	Low (<10%)
TG Aihe	Medium-High (2–3)	Low (<10%)	Low (<10%)
Precision Tools	Medium-High (2–3)	Low (<10%)	Low (<10%)
TG Tech	Medium-High (2–3)	Low (<10%)	Low (<10%)
TG New Materials	Medium-High (2–3)	Low (<10%)	Low (<10%)

Notes:

1. WRI Water Risk: Low (0–1), Medium-Low (1–2), Medium-High (2–3), High (3–4), Very High (4–5).
2. WRI Water Stress: Low (<10%), Medium-Low (10%–20%), Medium-High (20%–40%), High (40%–80%), Very High (>80%).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The water resources for the Group's production and operations are sourced from municipal water supply and surface water. During the reporting period, the Group did not withdraw water in water-scarce areas. To reduce water resource consumption, the Group implements refined water resource management by regularly comparing sub-meter data with the main meter to promptly detect water leakage, repair pipes and flushing systems, and replace old faucets. Water saved for the year totaled about 6,000 cubic meters. At the same time, the Group refines the assessment of water-saving targets and rewards part of the reduced costs as performance bonuses to employees to motivate water conservation.

The Group actively promotes water resource recycling. By introducing professional technical equipment, industrial wastewater after treatment at the sewage treatment plant meets reuse standards and is reused as circulating cooling water; closed cooling tower equipment is adopted to reduce evaporation; and treated water is used for ground washing, workshop makeup water, etc., using reclaimed water treatment, rainwater collection, and other devices.

In addition, the Group conducts quarterly water-saving training for employees, sharing advanced water-saving measures to continuously raise awareness of water conservation. No material incidents related to water resource usage occurred during the reporting period.

6.3 Improving Environmental Protection Mechanisms

The Group strictly adheres to the *Environmental Protection Law of the People's Republic of China* and other laws and regulations, and has formulated management systems such as the *Environmental Protection Management System*, *Regulations on the Prevention and Control of Wastewater, Waste Gas, and Noise*, *Environmental Supervision Management System*, *Environmental Monitoring Management System*, and *Management System for Environmental Protection Statistics*, and publicly discloses the Environmental Protection Statement on its official website, aiming to reduce the adverse impact of its production and operations on the environment. During the reporting period, no penalties were incurred due to environmental violations.

The Group continually improves its environmental protection management system, establishing an environmental protection management system consisting of the Group headquarters and affiliated companies, and assigns environmental responsibilities to individuals. The Group's EHS Department serves as the core responsible unit, responsible for formulating environmental protection policies, implementing them, ensuring equipment operation procedures, and coordinating environmental issues and hazards. The general managers of the affiliated companies serve as the primary persons responsible for environmental protection, fully responsible for their company's environmental work, including strategy development, risk monitoring, and effectiveness assessment. As of the end of the reporting period, the Group had 6 subsidiaries that obtained ISO 14001 environmental management system certification and passed the annual surveillance audit.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



TG Tools



TG Aihe



TG Tech



Precision Tools



TG New Materials



Weijian Tools

Environmental Management System Certifications of the Group's Subsidiaries

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6.4 Strict Control of Pollution Emissions

The Group continues to strengthen pollution prevention and control efforts, aiming to reduce the emissions of wastewater, exhaust gas, and solid waste pollutants, and to avoid the environmental impact of its operations.

- **Wastewater Management**

The Group strictly complies with the *Water Pollution Prevention and Control Law of the People's Republic of China*, and has formulated the *Sewage Treatment Measures* and the *Water Pollution Prevention and Control Management Regulations*. The Group strictly applies the requirements of regulatory authorities and industry wastewater discharge standards, standardizes the wastewater treatment processes, and reinforces the upgrading of wastewater treatment facilities and technologies. The Group has established a complete wastewater treatment system. Industrial wastewater and domestic sewage generated from production and operations are discharged into a wastewater treatment plant, where they are treated to meet standards before discharge. A monitoring system dynamically tracks pollutant discharges and water quality at outlets, thereby strengthening the prevention of water pollution risks. During the reporting period, the Group's wastewater discharges complied with discharge regulatory requirements and achieved wastewater management objectives.

- **Exhaust Gas Management**

The Group strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, and has formulated regulations such as the *Regulations on the Prevention and Control of Waste Gas, Wastewater, and Noise*, and the *Regulations on the Prevention and Control of Atmospheric Pollution*, etc., and strictly implements the requirements of the *Emission Standard of Air Pollutants for Steel Rolling Industry* and the *Emission Standard of Air Pollutants for Steel Smelt Industry*, thereby strengthening the management of exhaust gas emissions. The Group's exhaust pollutants mainly include nitrogen oxides, sulfur dioxide, particulates, and fluorides. All smelting workshops are equipped with dusts removal devices, and the exhaust gas is treated by dust removal device before discharge to meet the standards. The related emission data have been linked to environmental protection authorities for real-time monitoring of emissions.

During the reporting period, the Group increased the online monitoring coverage of exhaust emission outlets to 100%, completed real-time data integration with the national regulatory platform, and established an intelligent early warning and closed-loop disposal mechanism, achieving a one-minute response to anomalies. By linking monitoring equipment with the operation of pollution-control facilities, the Group has shifted from end-point control to full-process control. The Group established a standardized operations and maintenance system of "daily inspection + calibration + verification" to ensure data is authentic and traceable, and the emission data consistently outperforms national standards.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Waste Management**

The Group strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*, and has formulated regulations such as the *Waste Management Regulations* to strictly manage waste emissions. In addition, the Group regularly audits waste-generation points in the production process to identify potential sources of waste generation. During the reporting period, the Group formulated and achieved the following waste management objective: 100% compliant disposal and utilization of hazardous waste.

The Group adopts classified disposal for general industrial waste and hazardous waste. For hazardous waste, such as spent emulsions, spent lubricating oil, dust removal ash, spent dust bags, spent lead-acid batteries, oil rags, barium-containing waste, and pickling sludge, the Group centrally collects and stores them in a dedicated hazardous waste warehouse, and entrusts qualified third-party transport and disposal entities to handle them. During the reporting period, the Group invested in innovative technology, employing a peel-shot blasting process to replace the traditional acid blasting process; by using a dry physical method to treat metal surfaces, it greatly reduces the generation of hazardous wastes such as spent acids and spent alkalis. In addition, this process enables the clean recovery of steel chips, directly recycled into production processes, and eliminates acid mist and acidic/alkaline wastewater discharges, while simultaneously improving treatment efficiency and product quality.

For general industrial waste, the Group actively promotes recycling and reuse, continuously improving the rate of waste circulation. During the reporting period, the Group achieved internal recycling by re-melting the oxide scale generated from rolling and forging after briquetting; at the same time, for smelted steel slag, the Group employed magnetic separation and screening to efficiently recover steel scrap and alloy components, significantly increasing alloy recovery and effectively reducing resource waste and end-of-pipe treatment pressure.

The Group regularly provides waste management training to employees to raise awareness of waste reduction and regulatory compliance.

- **Noise Control**

The Group has formulated the *Noise Pollution Prevention and Control Management Regulations*, prioritizes low-noise equipment, and is committed to reducing noise pollution. During the reporting period, the Group adopted comprehensive noise control measures, enclosed and damped high-noise equipment to achieve a noise reduction of 40–60%; installed sound barriers at the plant boundary and in key areas; established an equipment operation and maintenance ledger and optimized operating processes; provided protective earplugs to employees and conducted targeted training. Through real-time monitoring at monitoring points and quarterly inspections, plant boundary noise remains below the national standard, and there were no related complaints throughout the year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- ***Environmental Protection Training***

The Group centers on the EHS Department, EHS Administrators, and Workshop Supervisors, and has systematically established and implemented a three-level environmental training system that covers all staff, continuously enhancing management to frontline employees' compliance awareness and practical ability in environmental governance. The training system includes three levels:

- **Professional Capability Building (Special Training for EHS Officers):** Led by the EHS Department, 12 training sessions are held annually with a total of 256 participants. The content focuses on in-depth interpretation of environmental laws and regulations, emission permit management, compliant disposal of hazardous waste, environmental emergency response planning, environmental ledger management, and operation and maintenance of environmental facilities.
- **Management Awareness and Responsibility Enhancement (Company-level Safety and Environmental Meetings):** Adopting a "meetings-as-training" model, the meetings are organized by the Group's Safety Production Committee, EHS Department, and management, with one session per month, totaling 920 participants. The meetings focus on policy dissemination, setting annual environmental goals and key tasks, reporting typical issues and organizing corrective actions, and reinforcing environmental management responsibilities at all levels.
- **Grassroots Practical Ability Consolidation (Frontline On-site Training):** Implemented by Workshop Supervisors (who also serve as on-site EHS officers), this level features 73 targeted training courses conducted throughout the year, covering 1,465 participants. The training content is closely aligned with production realities, including on-site environmental operation procedures, key points for on-site control of wastewater, exhaust gas, and solid wastes, routine operation of environmental facilities, and initial identification and reporting of environmental hazards.

6.5 Promoting Green Office

The Group promotes green office practices by regulating the use of office equipment, turning on lighting as needed, and reasonably setting air conditioning temperatures, actively guiding employees to adopt low-carbon office concepts, and creating an energy-saving, environmentally friendly work atmosphere.

- **Paperless Office:** The Group actively advances a paperless office by increasing the digitization of business processes to reduce paper usage. In addition, the Group strengthens centralized control of printers, enabling real-time monitoring of printing paper and consumables and eliminating paper waste.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Energy Conservation:** The Group implements office energy-saving measures, uses energy-saving lighting, and powers night-time lighting with a photovoltaic storage system; central air conditioning is uniformly set to 26°C, with seasonal temperature-based operation; employees are also required to turn off computers and lighting in public areas when leaving.
- **Procurement of New Energy Vehicles for Commuting:** The Group purchases new energy buses and cars for employee commuting and installs charging stations within the factory area to reduce carbon emissions from commuting.
- **Initiate Environmental Protection Publicity:** The Group actively advocates the concepts of conservation and environmental protection, strengthens energy-saving awareness among all staff through internal publicity, requires employees to promptly shut off power to production and office equipment when leaving, and eliminates electricity waste. At the same time, the canteen implements the “Clean Plate Campaign,” encouraging staff to take meals according to their needs to reduce food waste.

6.6 Protecting Biodiversity

The Group is committed to integrating ecological protection into its entire operation and has issued and publicized the *Environmental Protection Statement*, which includes biodiversity management requirements. In addition, the Group uses WWF's Biodiversity Risk Filter to conduct biodiversity risk assessments, evaluating factors such as the dependence of production and operational activities on the ecological environment and potential impacts. Evaluation dimensions include basin physical risk, ecosystem provisioning services, biodiversity pressure, and basin reputational risk. The assessment results indicate that the Group's main operating locations face medium-to-high biodiversity risk.

The Group strictly adheres to national ecological red line regulations, ensuring that all construction projects complete environmental impact assessments and approvals in accordance with procedures. Through systematic checks, the Group confirms that no production facilities are located within ecological red line areas and there are no sites with significant biodiversity impacts. Meanwhile, the Group continues to promote green production transformation and site environmental optimization, strengthens controls on resource consumption and pollutant emissions, and, through standardized and institutional long-term mechanisms, maintains regional ecological balance and fulfills the primary responsibility for ecological protection.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

7 Strengthening the Safety Foundation

The Group always places the life, health, and safety of its employees first, by improving the safety management system, enhancing safety training, and improving equipment safety, to continuously ensure safe production and employees' occupational health.

7.1 Implementing Safety Responsibilities

The Group strictly complies with the *Law of the People's Republic of China on Work Safety*, the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, the *Interim Provisions on Occupational Health Supervision and Management in the Workplace* and the *Management Measures for Occupational Disease Diagnosis and Identification*, and other laws and regulations. The Group has formulated systems including the *Occupational Health Management System*, the *Special Operations Safety Management System*, the *Safety Production Responsibility Insurance Management System*, and the *Safety Production Reward and Punishment Management System*. During the reporting period, the Group revised 12 core systems, including the *Safety Production Responsibility System* and the *Hazard Identification and Rectification Management Measures*, and added the *New Equipment Safety Operation Procedures* and the *Special Management Regulations for Confined Space Operations*, to fully safeguard employees' life safety and physical health in production.

The Group has established a three-level safety management framework with a company-level Safety Committee as the decision-making core, department/workshop-level bodies as the execution entities, and frontline teams/positions as the on-site foundation. The Safety Committee is led by the key person in charge and is responsible for formulating policies and objectives; the Safety, Environment, and Health Department acts as a dedicated unit coordinating daily management. Heads of production workshops and functional departments are the primary safety responsible persons for their units, equipped with dedicated or part-time safety personnel to implement specific tasks. Frontline teams and position-based employees strictly follow operating procedures and carry out hazard self-inspections and mutual checks. The Group's safety management system achieves hierarchical safety responsibilities, ensuring coverage of all staff and end-to-end control.

As of the end of the reporting period, the Group's six subsidiaries have obtained ISO 45001 Occupational Health and Safety Management System certification and passed the annual audit during the reporting period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



TG Aihe



TG Tools



Precision Tools



TG Tech



TG New Materials



Weijiang Tools

Occupational Health and Safety Management System Certifications of the Group's Subsidiaries

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the reporting period, the Group established quantitative safety production and occupational health goals, and, aligning with the quantitative safety goals, determined the priorities of action plans. All safety targets have been achieved.

Safety production and Occupational health targets	Progress during the reporting period
Core safety production targets (partial) - Major accidents, serious accidents, and general accidents — zero occurrence - Minor injury incidence rate declined by more than 10% year on year - Equipment availability rate not less than 95%, 100% regular inspections for special equipment - Implementation rate of major risk control measures 100%	All targets have been achieved by 2025
Occupational health management targets (partial) - The regular detection rate of occupational disease hazard factors exceeds 85%. - Personal protective equipment (PPE) provision rate above 95% - Awareness rate of occupational health knowledge above 95%	All targets for 2025 have been achieved

7.2 Strict Risk Control

To eliminate or reduce potential risks in the safety production process, the Group has established the *Hazard Identification and Hierarchical Control Management System*. The system requires relevant responsible departments to comprehensively identify, classify, and evaluate health and safety hazard factors in production activities, equipment and facilities, raw materials and products, safety protections, processes, and other activities, implement corresponding control management, and take targeted preventive measures to effectively curb major and catastrophic production safety incidents. In the past three years, the Group has not had any work-related fatalities.

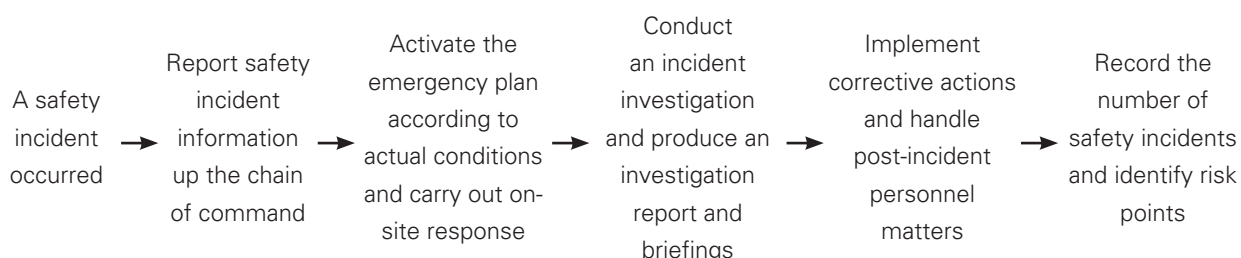
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Criteria for determining safety risk levels and control measures

Risk level	Actions/controls to be taken	Implementation deadline
Level A (Red)	Operations cannot continue until measures have been taken to reduce harm, and improvement measures must be evaluated.	Immediate rectification
Level B (Orange)	Take emergency measures to reduce risk; promptly implement corrective actions, establish operating control procedures, and conduct regular inspection, measurement, and assessment.	Immediate or time-bound rectification
Level C (Yellow)	Take measures to rectify promptly and strengthen training and communication according to operating procedures.	Rectification by a specified deadline
Level D (Blue)	Consider establishing operating procedures, work instructions, etc., but regular inspections and record keeping are required.	Rectification by a specified deadline

Regarding hazard identification and remediation, the Group has established a three-tier hazard inspection system — “routine inspections + targeted inspections + quarterly supervision” — relying on the “online reporting + on-site remediation” model to achieve closed-loop management. In the inspection process, the Group strictly uses safety checklists that cover all production and operation sites, environments, personnel, equipment and facilities, and activities. Identified accident hazards are analyzed and assessed by each department (workshop) to determine the hazard level, and recorded in files, with the HSE Department verifying and assessing the remediation and its effectiveness to ensure the hazards are thoroughly eliminated. The Group strictly holds the responsible parties accountable for accidents caused by inadequate hazard investigation and remediation work. During the reporting period, the Group’s completion rate for safety hazard remediation reached 100%.

In response to workplace injury incidents and other safety accidents, the Group has established a comprehensive accident investigation process to ensure that safety accidents are properly handled:



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7.3 Caring for Occupational Health

The Group strictly complies with the laws and regulations such as the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases* and the *Technical Specifications for Occupational Health Surveillance*, and has formulated the *Occupational Health and Safety Management System* to ensure employees' occupational health is effectively safeguarded. During the reporting period, the Group continued to deepen the occupational health management system, focusing on four key areas: employee health surveillance, work environment control, professional capability development, and improvement of the system framework, and systematically carried out occupational health management work. Specific measures include:

- **Improve management systems:** continuously enhance management systems for occupational hazard disclosure and protective equipment labeling, and refine emergency plans and the distribution mechanism for personal protective equipment, building a comprehensive and effective occupational health protection network;
- **Occupational health examinations:** organize four types of health checks — pre-employment, on-the-job, pre-departure, and emergency special examinations — and establish health surveillance records covering the full lifecycle of employees;
- **Workplace hazard factor testing:** commission third-party professional agencies to regularly conduct hazard factor testing in the workplace, implement risk-based control, and continuously optimize protective facilities and the working environment;
- **Specialized training and drills:** organize targeted safety training and emergency drills, strengthen management of licensed operation for special operation personnel, and organize occupational health management staff to participate in specialized training and assessment, with 12 employees obtaining the qualifications of Occupational Health Administrator.

7.4 Relevant Party Safety Management

The Group treats employees and employees of relevant parties equally and implements effective safety management measures for relevant parties at all stages, including qualification review, education and training, entry inspection, work commencement authorization, operation supervision, and completion confirmation. In addition, the Group has established clear occupational health and safety standards for suppliers as part of the new supplier onboarding process.

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The Group's safety management measures for relevant parties

Qualification review: Before entering a plant, a safety audit confirmation checklist must be completed.

Education and training: Participate in factory safety education; attend the company's monthly safety meetings for outsourced units.

Entry checks: Access permits must be checked before entering the plant.

Work commencement authorization: Before operations, inform the work plan and risks, identify risks and establish safety measures, and confirm the work tasks and location.

Operation supervision: Periodic inspections of the operation site to promptly stop violations and forced risky operations.

Completion confirmation: After the relevant party completes construction, the local workshop conducts the first inspection; once approved, the EHS Department conducts a second confirmation.

7.5 Cultivating a Safety Culture

To raise employees' safety awareness and skills, the Group conducts comprehensive production safety education and training. The Group has established the *Safety Education System*, which provides clear, systematic standards for safety production training. At the same time, before officially performing duties, employees are required to sign the *Safety Production Commitment Letter* to ensure that each employee understands and is familiar with the Group's safety management requirements.

For all new employees, the Group implements a strict three-level safety education system at the company level, workshop level, and team level. The training covers safety production knowledge, occupational hazard prevention, emergency response, and other aspects; employees may assume their positions only after passing the assessment.

Training levels	Training content
Company level	Laws and regulations on production safety, rules and regulations for production safety, prevention and control of occupational hazards, emergency rescue procedures, etc.
Workshop level	Workshop production rules and regulations, introduction to mechanical equipment, accident prevention measures, etc.
Team level	Job safety technical operating procedures, safety facilities, methods for using personal protective equipment, and case studies of accidents, etc.

Additionally, the Group has established a systematic daily safety training system, implementing a normalized training mechanism of 'annual plan + quarterly focus + monthly routine.' Each month, comprehensive safety training for all staff is conducted through 'online micro-lessons + offline meetings,' covering topics such as occupational health protection and hazard reporting; each quarter, seasonal characteristics are considered to organize specialized training sessions, such as protection during summer high-temperature operations and winter anti-freezing and anti-slip measures. The Group's management is required to participate in annual safety management training, studying regulations, policies, and risk management, to continually strengthen overall safety awareness and practical capability. In addition, the Group conducts specialized training sessions on safety for hazardous operations and occupational health safety.

Case: Occupational Health and Safety Special Training

During the reporting period, the Group conducted systematic occupational health training focused on major occupational disease risks such as dust, noise, and toxic and hazardous substances. The training covered regulation awareness, hazard identification, proper use of protective equipment, health surveillance, and emergency response, with on-site teaching to strengthen employees’ practical skills. At the same time, the Group organized continuing education for occupational health managers to continuously enhance their professional capabilities in system development, records management, and on-site supervision, ensuring the effective operation of the occupational health management system and safeguarding employees’ physical and mental health.

To ensure employee safety, the Group has established a production safety accident emergency plan, conducted regular emergency drills for sudden incidents, and summarized and evaluated the drill results to ensure rapid and effective response when incidents occur. During the reporting period, the Group organized fire safety, chemical leakage, acute poisoning, heatstroke, and suffocation safety emergency drills to enhance on-site response capabilities, continuously boosting employees’ safety awareness and self-rescue skills. During the reporting period, the Group conducted a total of 28 emergency drills, including 4 comprehensive drills and 24 special drills, with participation exceeding 1,800 person-times.



Fire Emergency Drill

8 Practicing Responsible Procurement

The Group fully promotes responsible procurement, integrating sustainable development concepts into supply chain management, establishing transparent procurement processes, and striving for green, compliant, and win-win development across the industry chain.

8.1 Supply Chain Compliance Management

The Group strictly adheres to the laws and regulations such as the *Bidding Law of the People's Republic of China*, and has formulated and implemented management systems including the *Supplier Management Regulations*, the *Regulations on Standardizing the Procurement and Price Accounting of Supplies*, the *Tender Work Management Regulations*, and the *Procurement Management Regulations and Implementation Details (Trial Version)*. During the reporting period, the Group revised the *Tender Work Management Regulations* to strengthen supervision and management of procurement, ensuring tender and procurement activities are fair, transparent, and compliant.

During the reporting period, the Group fully promoted the online tendering and procurement process, relying on the "Cloud Procurement and Sales" platform to achieve full-process digital closed-loop management. The system facilitates centralized bidding, online bidding, and full traceability, effectively preventing compliance risks and eliminating arbitrary requisitioning. By introducing competition, the Group achieves price transparency and cost optimization, while building a standardized supplier management system to upgrade the supply chain towards refinement and efficiency.

The Group has established a comprehensive, qualified supplier mechanism, setting explicit requirements for the qualifications and capabilities of all raw materials, auxiliary materials, and equipment suppliers to ensure material quality and supply stability. Each year, the Group conducts performance evaluations of suppliers within the contract period as planned. Evaluation dimensions include product quality, service efficiency, after-sales support, management level, environmental management and social performance, and stringent screening of major violations. For suppliers that fail the evaluation, the Group will temporarily suspend cooperation and require remediation until the issue is resolved for re-evaluation. For suppliers failing the evaluation, the Group actively provides support with corrective guidance, helps suppliers develop corrective action plans, and regularly monitors and assesses the effectiveness of remediation efforts to prevent recurrence. During the reporting period, the Group evaluated the performance of 505 suppliers, with all results rated as qualified.

Meanwhile, the Group has established a long-term communication and training mechanism with suppliers. During the reporting period, the Group conducted systematic training and exchanges around three core areas — quality control, Cloud Procurement platform operation, and ESG compliance — for more than 150 core and key suppliers, using a blend of online and offline formats. This included three in-person supplier training sessions and six online classes, covering ISO systems, environmental management, and integrity in collaboration, with hands-on drills and Q&A. The Group also held an annual supplier conference and multiple category-specific matching meetings to promote deeper cooperation in process optimization and emergency response, effectively enhancing overall supply chain collaboration and compliant operation capabilities.

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8.2 Supply Chain ESG Management

The Group attaches great importance to supply chain ESG management and has established policies such as the *Supplier Management System* and the *Supplier Code of Conduct*, which clearly specify requirements in areas including environmental protection, labor and human rights management, and business ethics within the supplier evaluation process, ensuring that suppliers comply with the Group's sustainability standards during cooperation, and jointly build a fair, transparent, and healthy business environment.

The Group's Board of Directors bears ultimate responsibility for supplier ESG management. The Group conducts ongoing reviews of suppliers' procurement practices to ensure alignment with the *Supplier Code of Conduct* and to avoid conflicts with ESG requirements. If a supplier fails to meet the minimum ESG standards within the specified deadline, cooperation will be terminated. In the process of selecting suppliers and awarding contracts, The Group sets and strictly enforces minimum weight requirements for ESG standards, and prioritizes suppliers with stronger performance in this area. At the same time, the Group provides training for the purchasing personnel to enhance their awareness and capacity in supplier ESG management.

Supplier Management Stage	Supplier ESG Management Initiatives
Prequalification	• ISO 14001 certification, no environmental violations in the past three years, and proof of compliant pollutant emissions. • No violations of child labor or forced labor, a sound compensation and benefits system and occupational health and safety policies, and no major labor disputes.
Risk assessment	• Establish a risk assessment framework covering Environment (E), Social (S), Governance (G), business relevance, country risk, specific industry risks, and specific product risks, identifying concrete risk points (such as pollution, labor rights and anti-corruption). • Classify overall risk levels (high/medium/low) according to supplier product categories, and identify core risks (such as focusing on carbon emissions for energy-related categories). • A differentiated strategy based on supplier risk levels; high-risk suppliers must undergo on-site audits.

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Supplier Management Stage	Supplier ESG Management Initiatives
Audit	• On-site audit: The audit dimensions cover quality control, production supply capability, and system compliance, as well as new requirements related to environment, labor rights, and anti-corruption. The audit also verifies environmental management system operation, protection of labor rights, and the implementation of anti-corruption measures. In 2025, 85 audits on main-material suppliers were completed, with an overall pass rate above 90% and an issue-closure rate of 98.2%. • Questionnaire audit: The audit covers four dimensions-qualification compliance, quality control, supply capability, and social responsibility-explicitly including environmental, labor rights, and anti-corruption requirements. In 2025, the Group issued dedicated questionnaires to 85 main-material suppliers, with an effective response rate of 95.3%, an overall pass rate of 88.9%, and the Group urged non-conforming suppliers to rectify and undergo re-verification.
Improvements and enhancements	• For suppliers with issues identified during audits, the Group issues recommendations for environmental and social management improvement, provides relevant technical support, and issues correction notices. • Suppliers must develop corrective action plans, with eligibility to resume or maintain cooperation subject to successful re-verification.

In promoting green procurement, the Group prioritizes local suppliers to reduce carbon emissions and waste in the supply chain's transportation, aiming to build a greener, low-carbon, and eco-friendly supply chain. In promoting transparent procurement, the Group requires all suppliers to sign the *Supplier Integrity and Honesty Commitment* to ensure strict adherence to integrity principles during cooperation, jointly fostering a transparent and fair business environment. Additionally, in conflict mineral management, the Group verifies the origin certificates of raw materials annually to ensure no minerals from conflict-affected regions are used. During the reporting period, the Group did not purchase raw materials from conflict-affected regions.

9 Empowering Talent Development

The Group regards employees as a valuable asset for high-quality sustainable development. Upholding a people-oriented corporate culture, the Group is committed to attracting and retaining outstanding industry talent to build an excellent team. During the reporting period, the Group's subsidiary TG Tools was honored with the title "Zhenjiang City Outstanding Talent Workstation."

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9.1 Committing to Diverse Hiring

The Group strictly complies with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Provisions on Prohibition of Child Labor*, and other relevant laws and regulations. It has established and improved human resources management systems, including the *Employment Management and Employee Rights Protection Regulations*, the *Recruitment Procedures*, the *Employee Resignation Management Methods*, and the *Anti-Discrimination, Abuse, and Harassment Management Regulations*. These ensure standardized and transparent processes for recruitment, departure, and dismissal, and effectively protect employee rights. The Group has formulated and published the *Human Rights Statement*, committed to respecting and promoting labor rights protection in all business operation stages, ensuring not to engage in or participate in any human rights violations, and advocating that suppliers, distributors and other partners comply with relevant norms.

The Group always adheres to the principles of "openness, equality, competition, merit-based selection, and voluntariness," actively practicing an employment policy that values equality and diversity, and safeguarding employees' basic rights such as freedom of association, aiming to create a diverse and inclusive work environment. The Group has signed a collective contract with the union to protect employees' rights to collective bargaining and conducts regular negotiations with employee representatives on working conditions and other topics. The Group strongly opposes any form of discrimination based on race, nationality, age, gender, etc., ensuring all applicants have equal employment opportunities regardless of background. For discrimination and harassment, the Group has set up reporting channels including a dedicated union mailbox and HR email, workshop suggestion boxes, and a clear incident reporting and escalation procedure outlining reporting, handling, and investigation processes. If such conduct is confirmed, the Group will take necessary corrective or disciplinary actions to stop improper behavior and handle the personnel involved. At the same time, the Group adheres to local hiring policies and provides relevant training for local employees. The local hiring ratio at the Thailand production base is 75%, and the proportion of local employees in management is 10%.

In addition, the Group consistently pays attention to the working and living conditions of special groups of employees, actively fostering an inclusive and caring employment environment. For employees with physical disabilities, the Group provides suitable job opportunities and, based on their health status and actual capabilities, implement job optimization and reasonable adjustments to ensure stable employment and meaningful contributions in suitable positions.

The Group has established the *Child Labor and Minor Worker Management Regulations*, strictly verifying applicants' age information, ensuring that all employees provide valid identification before onboarding to prevent employment of child or underage workers. In case of misemployment of child workers, the labor relationship will be terminated immediately with relevant responsibilities pursued. Additionally, the Group firmly opposes any form of forced labor and has formulated the *Regulations on Preventing Involuntary Labor* to ensure that all candidates are hired and work voluntarily. Regarding working hours, the Group strictly complies with the *Labor Law of the People's Republic of China* and the relevant provisions in employees' labor contracts, ensuring daily working hours do not exceed eight hours and the average weekly working hours do not exceed forty hours. If overtime is necessary, employees should submit a request to their supervisor in advance. The Group ensures overtime wages are paid in accordance with relevant regulations. During the reporting period, there were no instances of child labor or forced labor in the Group.

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The Group conducts the human rights due diligence annually for all employees and develops corresponding mitigation measures. During the reporting period, the Group did not experience any negative human rights events.

The Group's Human Rights Due Diligence

Key Issues	Assessment Content	Mitigation Measures
Prohibition of child labor	Employee age verification mechanism; onboarding identity verification process	When recruiting, thoroughly verify applicants' identity documents, comply with laws and regulations of the country or region, and ensure that no workers below the minimum employment age are hired.
Prohibition of forced labor	Whether there are any instances of forced overtime, confiscation of documents, or restrictions on freedom	In accordance with laws and regulations, strictly manage working hours through a time-tracking system; ensure employees' leave entitlements.
Prohibition of discrimination	Whether an inclusive and fair workplace environment is provided	In the recruitment stage, emphasize prohibitions on illegal discrimination and employment-related regulatory requirements; provide anti-discrimination training for employees.
Freedom of association and collective bargaining agreements	Employee representation participation mechanisms; union coverage; status of collective bargaining agreement signing and implementation	Regularly engage with employees through forums such as roundtables, and employee representative conferences, to understand the current state of human rights issues.
Provision of a healthy and safe working environment	Implementation of the safety production responsibility system; occupational health monitoring; safety production training, etc.	Establish a three-tier safety production management structure, and implement safety accountability at each level; carry out special inspections on safety of operations, working environment, and occupational health; provide employees with adequate safety production training.

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9.2 Optimizing Incentive System

The Group has formulated a series of compensation management policies, including the *Administrative Management Position Compensation Management Regulations*, *Technical and Management Position Compensation Management Regulations*, and *Regulations on Subsidy Standards and Accounting for Academic Qualifications and Professional Titles*, etc., establishing an appealing compensation and benefits system. The Group provides employees with competitive compensation, ensuring wage levels above local benchmarks. At the same time, the Group regularly monitors gender pay gaps to ensure equal pay for equal work.

The Group adopts a “base salary + performance” pay system, and implements a “one person, one position, one assessment form” for different positions; based on performance, additional rewards are provided. This effectively motivates employees and enhances initiative. During the reporting period, the Group continued to optimize the compensation system by refining payroll calculations and linking performance evaluation, fully implementing a remuneration reform oriented toward productivity, quality, and cost savings. Additionally, the Group issued the *Administrative Regulations on Compensation Calculation and Management for Non-Operational Logistics Personnel in Production Frontline*, standardizing duties and compensation for frontline logistics roles such as fitters and electricians.

The Group conducts an annual comprehensive evaluation based on three dimensions — self-assessment, peer review, and supervisor assessment — and uses the results as an important basis for salary adjustments. At the same time, the Group sets role-based targets for employees and team performance targets, and engages in agile conversations with employees about performance to ensure the comprehensiveness of the appraisal. During the reporting period, employee performance evaluation coverage reached 100%.

The Group strictly pays social insurance premiums in line with national requirements, including basic pension, basic medical insurance, maternity insurance, work-related injury insurance, and unemployment insurance, as well as housing provident fund, and ensures every employee can enjoy statutory holidays and other paid leave, effectively safeguarding employees’ basic rights. At the same time, the Group fully guarantees paid annual leave. In addition, the Group provides comprehensive additional benefits, including free meals at work, a nursing room, regular medical examinations, additional “critical illness” insurance and other commercial insurance, festive benefits, Spring Festival travel subsidies, and travel benefits. For core management, the Group adds a supplementary “Million Medical Insurance” for supervisory level and above, further enhancing the employee healthcare benefits system.

9.3 Broadening Development Paths

- **Clarifying Promotion Channels**

The Group has established a clear career development path for employees, ensuring fair, impartial, and transparent promotion opportunities to motivate them to continuously enhance their overall competencies, fully realize their individual potential, and achieve mutual growth of the organization and the employees.

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In terms of employee development and promotion, the Group has formulated and implemented the *Promotion Management Regulations*, introducing a diversified career development path across all positions to attract and motivate talents from different fields to fully realize their value. The Group is committed to discovering and cultivating outstanding talents from the grassroots. Upon onboarding of new employees, the Group allocates positions scientifically and reasonably according to their personal interests and professional backgrounds. The Group has established clear and well-defined promotion paths for both management and technical positions: Frontline production employees can gradually advance to higher-level technical roles through continuous effort and experience accumulation; Employees in management positions can start from entry-level management roles, and through systematic training and practical experience, gradually progress to more core management positions. Additionally, this Group promotes a job rotation system to cultivate well-rounded talents with multi-faceted management abilities through exposure to different roles, thus providing employees with broader career development opportunities. In 2025, internal job rotations covered 199 employees.

- Employee Training**

This Group attaches great importance to employee training and education, aiming to continuously enhance employees’ overall quality and personal abilities through diversified training programs. To this end, this Group has established the *Training Management Procedures* to standardize management of employee training. At the beginning of each year, the Group formulates an annual employee training plan based on job responsibilities and needs, and arranges appropriate training content and assessments for different positions to ensure employees continue to grow and progress across various roles and duties. In addition, this Group forms online learning groups via WeChat and other platforms, where employees voluntarily study frontier knowledge related to their roles.

The Group’s Training System

Types of Training	Training Content and Effectiveness
New Employee Onboarding Training Program	This Group conducts systematic training on corporate culture, systems and processes, compliance and safety, and workplace literacy through a combination of centralized classroom instruction, on-site visits, mentorship, and concluding assessments. This year, the program covered about 160 new employees, significantly improving pass rates for probation and sense of belonging among staff.
Management Capability Improvement Program	This Group provides management with specialized training, case studies, and scenario simulations covering strategy implementation, team management, and internal training delivery skills for approximately 20 mid-to-senior managers. The program has enhanced cross-department collaboration and execution, and achieved full coverage of internal training delivery skills among the management team.

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Types of Training	Training Content and Effectiveness
Professional Post Skills Enhancement Program	The Group targets core roles in technology and business through practical training, on-job drills, skills competitions and assessments, focusing on professional skills, process optimization, and quality control. The program covers about 120 key role personnel, strengthening the talent pool for critical positions.
Workers' School (Talent Pipeline) Program	The Group leverages the Workers' School platform to continuously develop career literacy, compliance and safety, mental health, and general capabilities for all young employees through centralized lectures, online micro-courses, monthly seminars, and reading-sharing activities. The program effectively enhances overall staff professionalism and compliance awareness, fosters a learning-oriented organization culture, and strengthens employee satisfaction and stability.



Workers' School Training

To encourage employees to improve their academic qualifications and professional titles, the Group continues to enhance subsidies in this regards. Employees pursuing relevant professional titles can receive examination allowances, which are provided as additional learning incentives. During the reporting period, the Group granted education subsidies of RMB1.48 million in total to 613 employees; 275 person-times received subsidies for various professional titles, including Certified Public Accountant, Certified Safety Engineer, Tax Advisor, Human Resource Management Professional, and Intermediate Engineer, totaling RMB1.57 million.

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Case: Digital Transformation Special Training

During the reporting period, the Group, aligned with digital transformation goals, conducted tiered training program on digital concepts, office collaboration, system operation, and data analysis for management, functional departments, and key business positions, covering 500 person-times. The training program significantly enhanced overall digital literacy and system operation capabilities, effectively promoting online and standardized management processes, laying a solid foundation for organization-wide digital transformation.

Case: Advancing Internal Trainer Training

During the reporting period, the Group systematically advanced the development of the internal trainer team, focusing on senior management level and department heads. Training sessions covered teaching skills, course development, conversion of management experience, and teaching standards, implemented through a combination of centralized classroom instruction, practical refinement, and assessment certification. The initiative successfully realized the “managers as lecturers” concept, achieving 100% participation and certification among management, effectively promoting a systematic transfer of organizational knowledge and experience.

With in-depth school-enterprise cooperation with universities, the Group makes full use of universities’ professional resources and integrates practical on-the-job training to achieve significant results. During the reporting period, the Group signed a joint training agreement with Nanjing Normal University Zhongbei College and established a dedicated Teaching Award Fund and the “Tiangong Talent Cultivation” award, systematically building a campus recruitment system from nurturing to retaining talent. Meanwhile, the Group has connected with Harbin University of Science and Technology, Changchun University, and other universities, preliminarily establishing stable talent supply channels.



Signing of the School-Enterprise Cooperation Agreement

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9.4 Creating Happy Workplace

- ***Democratic Communication and Exchange***

The Group has adopted a variety of employee communication channels, including regular meetings, the employee mailbox, email, and an annual Employee Representative Congress, to ensure that employees' voices are conveyed promptly and effectively. During the reporting period, the Group continued to increase the proportion of female employees among employee representatives, fully listening to the needs and suggestions from female staff. The proportion of female employee representatives in 2025 increased by 8% compared to 2024. In 2025, the Employee Representative Congress received 408 opinions from employees, all of which have been addressed. In addition, the Group requires production and administrative units to hold monthly staff meetings, actively listen to employee suggestions, and exchange work updates and feedback. The Group also regularly conducts employee satisfaction surveys, covering dimensions such as compensation and benefits and incentives, leadership management and communication, training and career development, work environment and logistics support, corporate culture and team atmosphere, and systems, processes and work efficiency, ensuring that employees' opinions and needs are effectively addressed and used for continuous improvement based on survey results.



The Group's Employee Representative Congress

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- ***Caring for Employees***

The Group places high importance on the well-being and physical and mental health of its employees, continuously improving the employee care system to foster a warm and dynamic work environment. On special holidays and occasions, the Group provides thoughtful care for employees. For example, for the International Women's Day on March 8, the Group arranges half-day paid leave for female employees and provides a special allowance, expressing respect and care for female staff. For employees' birthdays, the Group offers birthday cash bonuses and other benefits to let them feel warmth amidst busy schedules. For lactating female employees, the Group provides a nursing room and offers a daily 1-hour paid break to support work-life balance, and grants priority in job reassignment to meet the needs of female employees during special periods; at the same time, male employees are also entitled to paid paternity leave.¹

In addition, the Group provides special incentive grants to the children of employees who gain admission to prestigious schools, and helps non-local employees with their children's education, achieving comprehensive coverage from kindergarten to junior high. During the reporting period, the Group helped a total of 60 employees successfully enroll their children in school, effectively addressing employees' concerns about their children's education.

The Group also pays attention to the physical and mental health of employees by establishing psychological counseling rooms, enhancing workplace stress management through improved communication mechanisms and care measures, and regularly organizing physical examinations and cultural and sports activities. In addition, the Group offers flexible working hours for employees in sales and other departments. Placing particular emphasis on the health and safety of frontline production workers, the Group has prepared a Summer Heat-Relief Care Package for frontline staff, to reduce the risk of heatstroke and ensures their health in high-temperature environments. The Group operates an employee canteen with a wide variety of dishes.



Free Medical Checkups for Female Employees

¹ The Group ensures the protection of employees' maternity and paternity leave rights in accordance with the law. As per the relevant regulations of Zhenjiang City, Jiangsu Province, female employees are entitled to 158 days of paid maternity leave (approximately 22.5 weeks), male employees are entitled to one week of paid paternity leave, and most employees are provided with no less than one week of paid childcare leave.

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The Group's labor union also has a funding mechanism that provides solid support for employees, always focusing on and assisting in solving employees' practical difficulties. The Group also establishes the Serious Illness Employee Aid Foundation, which provides basic salary subsidies for employees with illnesses and special subsidies for employees with serious illnesses. During the reporting period, the foundation assisted a total of 27 people and disbursed over RMB640,000.

- ***Diverse and Enriching Activities***

The Group is committed to improving the working atmosphere and team culture through a rich array of cultural and athletic activities, enriching employees' after-work life and enhancing their happiness and sense of belonging. The Group holds a biennial staff sports day, and each year organizes team-building activities and annual parties to promote teamwork and collaboration. In addition, the Group also encourages employees to voluntarily organize clubs and regularly host various cultural and sports activities to strengthen connections and communication among employees.



The Group's Annual Party



Staff Team-Building

10 Spreading Warmth of Charity

The Group has always been actively engaging in public welfare and charitable causes. Leveraging its resources and industry advantages, the Group has long been committed to fulfilling social responsibility, and co-creating sustainable value with communities. During the reporting period, the Group was awarded the title “Charity Star of Jiangsu Province” by the Jiangsu Charity Federation, recognizing our active contributions to charity.



“Charity Star” Honorary Title

10.1 Deepening Rural Support

Anchored in local characteristics and market demands, the Group strategically directs resources toward long-term rural revitalization. The Group increases villagers’ income through measures such as consumption assistance and donations, addresses the practical problems in rural areas, and contributes to the modernization of rural communities.

Case: Multi-dimensional Support for Rural Revitalization

The Group actively participates in and supports the national rural revitalization plan. To improve the living standards and address the challenges of a high disability rate and poor living conditions in Jinshan Village, Jurong City, the Group has made targeted donations RMB110,000 to support village industrial development. At the same time, the Group implements paired assistance, purchasing peanuts and sweet potatoes grown by villagers as employee benefits to help rural economic development. The Group sources wooden crates from Jinshan Village for its product packaging, empowering villagers to build a prosperous local industry.

10.2 Working Hand in Hand with Communities

The Group actively engages with surrounding communities, striving to form a mutually beneficial and positive relationship with nearby communities, continually focusing on and supporting school education and teaching work, and driving inclusive development and shared prosperity for the Group and society. During the reporting period, the Group’s total donations to all sectors of society reached RMB3.49 million, including RMB1.6 million to Nanjing Normal University, RMB440,000 to the Ma Xiangbo Educational Development Promotion Association to optimize educational resources, approximately RMB970,000 to the Danyang Charity Federation for social assistance and public welfare projects, and RMB400,000 to the Zhenjiang Charity Federation to support local public welfare initiatives.

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Appendix 1 ESG Key Performance Indicators

Environment²

Indicator Name	Unit	2023	2024	2025
Environmental management				
Environmental protection investment expensed	RMB10,000	/	/	202
Environmental protection investment capitalized	RMB10,000	/	/	68.50
Pollution emissions management				
Exhaust gas				
Sulfur dioxide (SO ₂) emissions	tonnes	1.88	3.51	1.45
Nitrogen oxides (NO _x) emissions	tonnes	31.44	34.68	32.49
Particulate matter emissions	tonnes	13.35	16.31	23.23
Wastewater				
Total wastewater discharge	tonnes	96,092.00	69,716.00	77,639.50
Chemical Oxygen Demand (COD) emissions	tonnes	2.08	1.54	2.59
Ammonia nitrogen (NH ₃ -N) emissions	tonnes	0.07	0.05	0.06
Waste				
Total amount of waste	tonnes	36,281.42	38,427.18	35,019.89
Total emissions of general industrial solid waste	tonnes	35,030.96	36,640.30	33,803.10
Of which: landfill	tonnes	/	/	30,889.48
Of which: incineration (not for power generation)	tonnes	/	/	1,583.24
Of which: recycling and utilization	tonnes	/	/	1,330.38
General industrial solid waste Emissions Intensity	tonnes/RMB10,000 of revenue	0.07	0.08	0.07
Total amount of hazardous waste	tonnes	1,250.46	1,786.88	1,216.79
Of which: landfill	tonnes	/	/	352.18
Of which: incineration (not for power generation)	tonnes	/	/	10.90
Of which: recycling and utilization	tonnes	/	/	826.95
Of which: others	tonnes	/	/	26.76
Hazardous waste emission intensity	tonnes/RMB10,000 of revenue	0.002	0.004	0.003

² Based on changes in statistical standards, historical data on pollutant emissions, greenhouse gas emissions, energy use, water resources usage and packaging materials usage have been restated. The scope of data disclosure covers all listed entities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator Name	Unit	2023	2024	2025
Greenhouse gas emissions				
Scope 1: Direct emissions	tonnes of CO ₂ e	79,603.40	81,553.27	76,636.92
Scope 2: Indirect emissions	tonnes of CO ₂ e	311,354.09	325,143.98	326,301.18
Total greenhouse gas emissions	tonnes of CO ₂ e	390,957.49	406,697.25	402,938.10
Greenhouse gas emission intensity	tonnes of CO ₂ e/ RMB10,000 of revenue	0.76	0.84	0.85
Energy use				
Diesel consumption	liters	198,016.00	222,922.70	239,654.10
Natural gas consumption	cubic meters	34,105,807.00	35,020,619.00	31,065,383.00
Photovoltaic power generation	MWh	13,608.21	15,341.74	21,283.32
Purchased electricity	MWh	586,796.25	612,785.49	614,966.41
Direct energy consumption	MWh	384,411.81	396,287.03	359,623.14
Total indirect energy consumption	MWh	586,796.25	612,785.49	614,966.41
Total energy consumption	MWh	971,208.06	1,009,072.52	974,589.56
Energy consumption intensity	MWh/RMB10,000 of revenue	1.88	2.09	2.07
Water resources usage				
Water consumption	cubic meters	720,994	745,809	761,199
— Municipal water use	cubic meters	436,108	505,185	555,366
— Surface water	cubic meters	284,886	240,624	205,833
Freshwater consumption intensity in production	cubic meters/RMB10,000 of revenue	1.40	1.54	1.61
Packaging materials usage				
Total packaging material consumption	tonnes	1,710.05	1,740.22	1,726.50
Paper	tonnes	505.25	510.80	505.00
Metal	tonnes	53.45	63.42	61.50
Plastic	tonnes	182.55	186.00	180.00
Wood	tonnes	968.80	980.00	960.00
Others (buffer materials, adhesives, strapping tapes, etc.)	tonnes	0	0	20.00
Packaging materials consumption density	tonnes /RMB10,000 of revenue	0.003	0.004	0.004

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social

Indicator Name	Unit	2023	2024	2025
Employee basic information				
Total number of employees (as of the end of the reporting period)	no. of employees	3,517	3,527	3,601
Number of new hires during the reporting period	no. of employees	559	423	784
Number of fresh graduates employed	no. of employees	65	74	90
Annual employee satisfaction	%	/	98.00	97.68
Number of internal transfers and internal recruitment	no. of employees	/	/	199
Percentage of vacancies filled by internal recruitment	%	/	/	22.18
By gender				
Male	no. of employees	2,357	2,564	2,496
Female	no. of employees	1,160	963	1,105
By employment type				
Full-time	no. of employees	3,517	3,527	3,601
Part-time	no. of employees	0	0	0
By age group				
Under 30	no. of employees	517	466	522
Ages 30-50	no. of employees	1,950	1,964	1,957
Ages 50 and above	no. of employees	1,050	1,097	1,122
By region				
Chinese mainland	no. of employees	3,431	3,421	3,404
Hong Kong, Macao and Taiwan	no. of employees	1	1	3
Overseas	no. of employees	85	105	194
By educational attainment				
Bachelor's degree	no. of employees	/	289	349
Master's degree	no. of employees	/	23	30
Doctorate	no. of employees	/	2	2
Other educational qualifications	no. of employees	/	3,213	3,220
By job level³				
Senior management	no. of employees	/	20	21
Middle management	no. of employees	/	218	219
Frontline employees	no. of employees	/	3,289	3,361

³ The Group defines senior management as employees at the assistant plant-manager level or above, middle management as employees at the departmental-head or director levels, and frontline employees as accounting-level staff or general administrative personnel.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator Name	Unit	2023	2024	2025
Employee turnover				
Annual employee turnover rate	%	27.55	19.28	17.00
By gender				
Male	%	28.68	17.24	15.58
Female	%	25.26	24.71	20.18
By age group				
Under 30	%	25.92	33.26	23.95
Ages 30-50	%	29.59	18.13	17.02
Ages 50 and above	%	24.57	15.41	13.73
By region				
Chinese mainland	%	27.16	18.74	16.92
Hong Kong, Macao and Taiwan	%	0.00	0.00	0.00
Overseas	%	43.53	37.14	18.56
Employee training and development				
Employee training coverage	%	100.00	100.00	100.00
Average training hours per employee	hours	30	36	38
Percentage of employees who receive regular performance and career development assessments	%	100.00	100.00	100.00
Average training hours per employee by gender				
Male	hours	32	36	40
Female	hours	25	36	36
Training percentage by gender				
Male	%	67.02	72.70	69.31
Female	%	32.98	27.30	30.69
Average training hours per employee by employee category				
Senior management	hours	2	1	7
Middle management	hours	14	15	19
Frontline employees	hours	84	84	83
Training percentage by employee category				
Senior management	%	/	0.57	0.58
Middle management	%	/	6.18	6.08
Frontline employees	%	/	93.25	93.34

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator Name	Unit	2023	2024	2025
Diversity, equity and inclusion				
Employment contract coverage	%	100.00	100.00	100.00
Social insurance coverage	%	100.00	100.00	100.00
Health check-up and health records coverage	%	100.00	100.00	100.00
Percentage of female employees in management positions	%	/	27.68	32.28
Percentage of female employees in junior management positions	%	/	72.35	53.50
Percentage of female employees in middle management positions	%	/	26.27	40.00
Percentage of female employees in senior management positions	%	/	1.38	2.50
Percentage of female employees in management positions in revenue-generating functions	%	/	48.63	50.08
Percentage of female employees in STEM-related positions	%	/	16.67	18.89
Percentage of mainland employees in labor union	%	/	100.00	100.00
Suppliers' management				
Number of suppliers	no. of suppliers	485	495	869
Number of suppliers by region				
Chinese mainland	no. of suppliers	480	490	864
Hong Kong, Macao and Taiwan	no. of suppliers	2	2	2
Overseas	no. of suppliers	3	3	3
Number of suppliers by level				
Core suppliers	no. of suppliers	183	183	440
Non-core suppliers	no. of suppliers	302	312	429
Total training duration for suppliers	hours	/	/	108

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator Name	Unit	2023	2024	2025
Product responsibility and customer service				
Annual customer satisfaction	%	93.14	95.10	97.05
Number of complaints received about products and services	cases	69	139	60
Complaint resolution rate for products and services	%	100.00	100.00	100.00
Proportion of products recalled due to safety and health concerns out of total products sold	%	0.00	0.00	0.00
Total number of violations related to health, safety, and labeling of products and services provided	cases	0	0	0
Total number of violations in marketing and promotional activities	cases	0	0	0
Technological innovation and intellectual property				
Number of R&D personnel	person	/	455	448
Number of patent applications filed	items	69	89	99
Number of patents granted	items	61	57	43
Cumulative number of patents	items	263	277	253

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator Name	Unit	2023	2024	2025
Occupational health and safety				
Work-related injuries and fatalities				
Number of work-related fatalities	person	0	0	0
— Employees				
Number of work-related fatalities	person	0	0	0
— Suppliers				
Rate of work-related fatalities	%	0.00	0.00	0.00
Lost workdays due to work-related injuries	day	0	0	30
Lost Time Injury Frequency Rate (LTIFR)	n/per million work hours	0	0	0.252
— Employees				
Lost Time Injury Frequency Rate (LTIFR)	n/per million work hours	0	0	0
— Contractors				
Total Recordable Injury Frequency Rate (TRIFR) — Employees	n/per million work hours	0	0	0.252
Total Recordable Injury Frequency Rate (TRIFR) — Contractors	n/per million work hours	0	0	0
Safety training				
Number of safety production training sessions	sessions	87	92	180
Total attendance of safety production training	no. of people	2,798	2,808	2,782
Total duration of safety production training	hours	174	183	360
Safety production training coverage	%	100.00	100.00	100.00
Public welfare, charity and community activities				
Total outgoing donations	RMB10,000	/	240	349
Total hours employees volunteered in public welfare activities	hours	/	180	240

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Governance

Indicator Name	Unit	2023	2024	2025
Business ethics				
Number of embezzlement lawsuits filed and concluded against the issuer or its employees during the reporting period	cases	0	0	0
Number of employees penalized or dismissed for violations of anti-corruption policies	person	0	0	0
Fines, penalties or settlement costs related to corruption	RMB10,000	0	0	0
Total duration of anti-corruption training	hours	/	21	16.5
Board anti-corruption training				
Proportion of directors covered by anti-corruption training	%	/	100.00	100.00
Average duration of anti-corruption training attended by directors	hours	/	0.5	1
Employee anti-corruption training				
Number of employees participating in anti-corruption training	person	/	3,439	3,500
Anti-corruption training coverage among employees	%	/	97.50	97.20
Average duration of anti-corruption training for employees	hours	/	0.5	0.5

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Appendix 2 ESG Reporting Code Index

Part C: “Comply or explain” Provisions		
Category	Disclosure requirements	Disclosure in the report
Environmental		
A1 Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. A1.1 The types of emissions and respective emissions data. A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility) A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility) A1.5 Description of emissions target(s) set and steps taken to achieve them. A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Strict Control of Pollution Emissions ESG Key Performance Indicators ESG Key Performance Indicators ESG Key Performance Indicators Strict Control of Pollution Emissions Strict Control of Pollution Emissions
A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility). A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them. A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Efficient Use of Resources ESG Key Performance Indicators ESG Key Performance Indicators Efficient Use of Resources Efficient Use of Resources ESG Key Performance Indicators
A3 The Environment and Natural Resources	General Disclosure Policies on minimizing the issuer’s significant impacts on the environment and natural resources. A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Group’s activities have no significant impact on the environment and natural resources. The Group’s activities have no significant impact on the environment and natural resources.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part C: “Comply or explain” Provisions		
Category	Disclosure requirements	Disclosure in the report
Social		
B1 Employment	General Disclosure	Committing to Diverse Hiring
	Information on:	
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	
	B1.1 Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	ESG Key Performance Indicators
	B1.2 Employee turnover rate by gender, age group and geographical region.	ESG Key Performance Indicators
B2 Health and Safety	General Disclosure	Strengthening the Safety Foundation
	Information on:	
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	
	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	
	B2.2 Lost days due to work injury.	ESG Key Performance Indicators
	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Strengthening the Safety Foundation
B3 Development and Training	General Disclosure	Broadening Development Paths
	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	
	B3.2 The average training hours completed per employee by gender and employee category.	
		ESG Key Performance Indicators
		ESG Key Performance Indicators

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part C: “Comply or explain” Provisions		
Category	Disclosure requirements	Disclosure in the report
B4 Labor Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Committing to Diverse Hiring
	B4.1 Description of measures to review employment practices to avoid child and forced labor.	Committing to Diverse Hiring
	B4.2 Description of steps taken to eliminate such practices when discovered.	Committing to Diverse Hiring
B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Practicing Responsible Procurement
	B5.1 Number of suppliers by geographical region.	ESG Key Performance Indicators
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Practicing Responsible Procurement
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Practicing Responsible Procurement
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Practicing Responsible Procurement
B6 Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Lean Quality Control Enhancing Service Experience
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	ESG Key Performance Indicators
	B6.2 Number of products and service related complaints received and how they are dealt with.	Enhancing Service Experience ESG Key Performance Indicators
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	Protecting Intellectual Property
	B6.4 Description of quality assurance process and recall procedures.	Lean Quality Control
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Ensuring Information Security

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part C: “Comply or explain” Provisions		
Category	Disclosure requirements	Disclosure in the report
B7 Anticorruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Upholding Business Ethics
	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Upholding Business Ethics
	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Upholding Business Ethics
	B7.3 Description of anti-corruption training provided to directors and staff.	Upholding Business Ethics ESG Key Performance Indicators
B8 Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities’ interests.	Spreading Warmth of Charity
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Spreading Warmth of Charity
	B8.2 Resources contributed (e.g. money or time) to the focus area.	Spreading Warmth of Charity

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part D: Climate-related Disclosures		
	Disclosure requirements	Disclosure in the report
Governance	(a) The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities	Addressing Climate Change
	(b) Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities	Addressing Climate Change
Strategy	Climate-related risks and opportunities	Addressing Climate Change
	Business model and value chain	Addressing Climate Change
	Strategy and decision-making	Addressing Climate Change
	Financial position, financial performance and cash flows	Addressing Climate Change
	Climate resilience	Addressing Climate Change
Risk Management	Risk Management	Addressing Climate Change
Metrics and Targets	Greenhouse gas emissions	Addressing Climate Change
	Climate-related transition risks	Addressing Climate Change
	Climate-related physical risks	Addressing Climate Change
	Climate-related opportunities	Addressing Climate Change
	Capital deployment	Addressing Climate Change
	Internal carbon prices	Addressing Climate Change
	Remuneration	Addressing Climate Change
	Industry-based metrics	Addressing Climate Change
	Climate-related targets	Addressing Climate Change
	Applicability of cross-industry metrics and industry-based metrics	Addressing Climate Change