



# 中國高速傳動設備集團有限公司\*

## China High Speed Transmission Equipment Group Co., Ltd.

*(incorporated in the Cayman Islands with limited liability)*

(Stock Code: 658)

# 2025

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

\* For identification purpose only

# CONTENTS

About the Report	01
About Us	02
2025 Performance Highlights	03
Sustainable Development Management	05

## 1 Ethics and Compliance

Corporate Governance	14
Compliance Risk Management	14
Business Ethics and Anti-corruption	17
Data Security and Privacy Protection	19

## 2 Green and Low-carbon Development

Climate Change Response	23
Environmental Compliance Management	30
Efficient Use of Resources	36
Environmentally Friendly Products	43

## 3 Innovation-driven Development

Technological R&D and Innovation	47
Product Quality and Safety	55
Intelligent Manufacturing and Lean Management	59
Customer Relationship Management	62

## 4 Building a Responsible Supply Chain

Supply Chain Management	64
Supplier Risk Management	67
Supply Chain Empowerment	68
Conflict Minerals Management	69

## 5 Fostering Employee Growth

Protection of Employee Rights and Interests	71
Employee Remuneration and Benefits	75
Talent Attraction	78
Talent Cultivation and Development	79
Occupational Health and Safety	81

## 6 Contribution to Community Welfare

Rural Revitalisation	88
Community Welfare	88

## Appendix

Key Performance Indicators	90
Report Indicator Index	95
Feedback from Readers	103

# About the Report

China High Speed Transmission Equipment Group Co., Ltd. (the "Company" or "China High Speed Transmission") hereby presents the tenth Environmental, Social and Governance Report (hereinafter referred to as "the Report" or the "ESG Report") to demonstrate its philosophy and practice of sustainable development. The Report aims to help all stakeholders gain a better understanding of the Company and further to drive the Company forward together. The Report has been approved and supervised by the Board of Directors of the Company (the "Board").



## Reporting Scope

The Report, centers on China High Speed Transmission, covers our major manufacturing operations, including the R&D, design, manufacture and sales of wind power gear transmission equipment, industrial gear transmission equipment and rail transit gear transmission equipment. The Report covers the period from January 1, 2025 to December 31, 2025 (the "Reporting Period"). Some of the contents of the Report are appropriately extended to previous and subsequent years to enhance comparability and forward-looking.

## Reporting Standards

The Report has been prepared in accordance with the *Environmental, Social and Governance Reporting Code* (the "ESG Reporting Code") set out in Appendix C2 to the *Rules Governing the Listing of Securities* on the Main Board of The Stock Exchange of Hong Kong Limited ("HKEX"), aligning with the Global Reporting Initiative Standards *Sustainability Reporting Standards* ("GRI Standards") and the UN Sustainable Development Goals ("UN SDGs").

## Designation

For the convenience of description, "China High Speed Transmission" or "the Company" refers to China High Speed Transmission Equipment Group Co., Ltd. and its subsidiaries (collectively referred to as the "Group" or "we").

## Reporting Principles and Source of Data

The Report is written using the four reporting code, namely, Materiality, Quantification, Balance, and Consistency in the *ESG Code*. The Company identifies material and relevant issues to our businesses through industry and materiality assessment, with material issues disclosed first.

The information and data in the Report referenced are derived from the Group's internal official documents and relevant statistical data, and have been reviewed internally or externally. Unless otherwise noted, the data are calculated in a consistent method. Financial data mentioned in the Report are measured in RMB unless otherwise stated.

China High Speed Transmission promises that the Report does not contain any false or misleading statement or record, and we are accountable for its authenticity, accuracy, and integrity.

## Access to the Report

The Report is available in both Chinese and English, which can be found on the HKEX's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.chste.com](http://www.chste.com). In case of discrepancies or inconsistencies between the English and Chinese versions of the Report, the Chinese version shall prevail.

# About Us

## Company Profile

Founded in 1969 and listed in Hong Kong in 2007, the Group is mainly engaged in the research, design, development, manufacture and sale of a wide range of mechanical transmission equipment that is widely used in wind power, industrial and rail transit applications. With strong technical strength, rich production experience and advanced manufacturing technology, the Group has become a leading supplier of gear transmission equipment globally featuring stable growth, reliable quality and perfect service.

As a leading supplier of wind power gear transmission equipment, the Group's wind power gear transmission equipment business segment (the "wind power business segment") produces products that are widely used in both onshore and offshore wind power markets. The offshore wind power business has continuously achieved new breakthroughs, with large-megawatt offshore wind power gear transmission equipment products ranging from 13.6MW to 20MW having been delivered to customers in batch quantities.

The Group's industrial gear transmission equipment business segment ("industrial business segment") consistently reinforces its competitive edge in transmission technology while actively positioning itself within the drive technology sector. Guided by a product strategy of "comprehensive variety, distinct hierarchy, and precise segmentation", the segment addresses diverse and bespoke customer requirements, directly responding to core demands for efficiency enhancement and emission reduction, and independently developing mechatronic control integrated drive systems featured by high efficiency, high reliability, and low energy consumption to empower green and low-carbon development.

The Group's rail transit gear transmission equipment business segment ("rail transit business segment") is widely used in high-speed rail, metro systems, regional trains, and trams. The Group has established long-term cooperative relationships with many well-known domestic and foreign enterprises in the industry. With the optimised gearbox design technology, excellent sealing technology and effective control of the production process, the Group's rail transit gear transmission equipment products show superior environmental friendliness, and the products are highly praised by customers.

## Business Layout

As the process of globalisation deepens, the Group has completed its strategic global layout across Europe, the Americas, and the Asia-Pacific region, continuously providing high-quality products and services to customers worldwide and enhancing its brand influence. By proactively anticipating market trends, the Group continues to increase its investment in cutting-edge R&D to promote efficient product iteration and optimise its product matrix. It actively participates in domestic and international industry associations and exhibitions to stay informed of key customer requirements. By benchmarking against leading industry players, the Group constantly optimises core product functions and life cycle management to steadily enhance its global product competitiveness.

## Philosophy of the Group

As a global expert in gearbox and transmission technology solutions, the Group has always upheld the Corporate Spirit of "Climbing up the summit step by step, Striving for perfection bit by bit" and adhered to its Corporate Mission of "Geared for a Better Future". It carries forward a legacy of craftsmanship, practices zero-defect management, and continuously promotes green development. Within the strategic framework of globalizing its transmission technology, the Group focuses on four core competencies: "innovative mindset, zero-defect quality, professional services, and close to customers". In partnership with all stakeholders, the Group jointly advances the continuous practice of a green future and sustainable development.



### Corporate Spirit

"Climbing up the summit step by step,  
Striving for perfection bit by bit"



### Corporate Mission

"Geared for a Better Future"

# 2025 Performance Highlights

## Performance Highlights\*



### Environmental performance<sup>1</sup>

Renewable Energy Consumption increased by ↑  
**56,907.74** MWh **11.93%** compared to 2024

Intensity of Energy Consumption decreased by ↓  
**1.07** MWh/tonne of production **8.41%** compared to 2024

Intensity of Water Consumption decreased by ↓  
**1.59** m<sup>3</sup>/tonne of production **9.35%** compared to 2024

Total Packaging Material Used decreased by ↓  
**5,998.23** tonne **30.37%** compared to 2024

Intensity of Packaging Material Used decreased by ↓  
**9.21** kg/tonne of production **42.34%** compared to 2024



### Economic performance

Sales Revenue<sup>1</sup>  
**19,733,243,000** RMB

Sales Revenue of the Wind Power  
Business Segment  
**17,360,627,000** RMB

Sales Revenue of the Industrial  
Business Segment  
**2,036,217,000** RMB

Sales Revenue of the Rail Transit  
Business Segment  
**336,399,000** RMB



### Social performance

R&D Total Investment Amount<sup>1</sup>  
**873,901,000** RMB

R&D Input Ratio  
**4.43%**

Cumulative Nationally Authorised Patents  
**1,119**

increased by ↑  
**12.35%** compared to 2024

Signing Rate of the *Transparency  
Agreement* among new suppliers was achieved  
**100%**

Employee Satisfaction Score  
**80.90%**

Average Training Hours  
per Employee  
**24.57** Hours/Person

Invested in Production Safety<sup>1</sup>  
**48,584,100** RMB

Expenditure in Donations<sup>1</sup>  
**5,314,200** RMB

Remark:

\*The difference in calculation results for the year-on-year increase or decrease rates in the Performance Highlights is attributable to variations in statistical methodology arising from rounding to two decimal places at different stages of the calculation process.

<sup>1</sup>Covers the Group's wind power business segment, industrial business segment and rail transit business segment.

## Honours and Awards

Award Category	Full Name of the Award and Honour	Awarding Body	Award Recipient
Corporate Development	2025 Global Top 500 New Energy Enterprises	China Energy News, China Energy Economics Research Institute	China High Speed Transmission Equipment Group Co., Ltd.
Corporate Development	2025 Top 500 Chinese Manufacturing Enterprises	China Enterprise Confederation, China Enterprise Directors Association	Nanjing High Speed Gear Manufacturing Co., Ltd.
Corporate Development	2025 Top 500 Chinese Private Manufacturing Enterprises	All-China Federation of Industry and Commerce	Nanjing High Speed Gear Manufacturing Co., Ltd.
Corporate Development	2025 Top 200 Private Enterprises in Jiangsu	Jiangsu Federation of Industry and Commerce	Nanjing High Speed Gear Manufacturing Co., Ltd.
Corporate Development	Top 100 Manufacturing Enterprises in Jiangsu	Jiangsu Enterprise Confederation	Nanjing High Speed Gear Manufacturing Co., Ltd.
Corporate Development	2025 Top 100 Private Manufacturing Enterprises in Jiangsu	Jiangsu Federation of Industry and Commerce	Nanjing High Speed Gear Manufacturing Co., Ltd.
Corporate Development	2025 Top 100 Private Enterprises in Jiangsu by R&D Investment	Jiangsu Federation of Industry and Commerce	Nanjing High Speed Gear Manufacturing Co., Ltd.
Technological Innovation	Machinery Industry Science and Technology Award, First Prize for Scientific and Technological Progress	China Machinery Industry Federation, Chinese Mechanical Engineering Society	Nanjing High Speed Gear Manufacturing Co., Ltd.
Technological Innovation	2024 Gold Award for Best Drivetrain (20-22MW Fully Integrated Medium-Speed Transmission Gearbox)	Windpower Monthly	Nanjing High Speed Gear Manufacturing Co., Ltd.
Technological Innovation	2024 "Wind Power Leader" Wind Turbine Gearbox (20MW Fully Integrated 3P Medium-Speed Gearbox)	China Wind Power News	Nanjing High Speed Gear Manufacturing Co., Ltd.
Technological Innovation	2025 Chinese Wind Energy Professionals Pioneering Leader Award	Chinese Wind Energy New Year's Tea Party	Nanjing High Speed Gear Manufacturing Co., Ltd.
Technological Innovation	Machinery Industry Science and Technology Award, Second Prize for Scientific and Technological Progress	China Machinery Industry Federation, Chinese Mechanical Engineering Society	Nanjing High Speed & Accurate Gear (Group) Co., Ltd.
Technological Innovation	2025 Jiangsu Machinery Industry Science and Technology Progress Award, Second Prize	Jiangsu Machinery Industry Association	Nanjing High Speed & Accurate Gear (Group) Co., Ltd.
Technological Innovation	2025 Jiangsu Machinery Industry Science and Technology Progress Award, Third Prize	Jiangsu Provincial Machinery Industry Association	Nanjing Nanchuan Intelligent Technology Co., Ltd.
Employer Brand	2024 China Top Employer	Zhaopin	Nanjing High Speed Gear Manufacturing Co., Ltd.
Employer Brand	Human Resources Management Excellence Award - 2025 Outstanding Employer	51job	Nanjing High Speed Gear Manufacturing Co., Ltd.
Employer Brand	2025 Exemplary Employer Brand Management Award	Yonyou Dayee, HR SPACE	NGC Group

Award Category	Full Name of the Award and Honour	Awarding Body	Award Recipient
Environmental Governance	2024 Jiangsu Provincial Green Factory	Jiangsu Provincial Department of Industry and Information Technology	NGC (Huai'an) High Speed Gear Manufacturing Co., Ltd.
Environmental Governance	2024 Call for Typical Climate Action Cases	China Weather Network, Xinhuanet	Nanjing High Speed Gear Manufacturing Co., Ltd.
Environmental Governance	2025 GF60 Sustainable Development Awards · Best Sustainable Practice Case	Green Finance 60 Forum (GF60)	Nanjing High Speed Gear Manufacturing Co., Ltd.
Information Technology Development	2025 Jiangsu Provincial Advanced-Level Smart Factory	Jiangsu Provincial Department of Industry and Information Technology	Nanjing High Speed Gear Manufacturing Co., Ltd.
Information Technology Development	2025 Jiangsu Provincial Advanced-Level Smart Factory	Jiangsu Provincial Department of Industry and Information Technology	NGC (Huai'an) High Speed Gear Manufacturing Co., Ltd.
Information Technology Development	2024 List of the Second Batch of Provincial Star-Rated Cloud-Based Enterprises (Five-Star)	Jiangsu Provincial Department of Industry and Information Technology	NGC (Huai'an) High Speed Gear Manufacturing Co., Ltd.
Information Technology Development	2024 List of the Second Batch of Provincial Star-Rated Cloud-Based Enterprises (Four-Star)	Jiangsu Provincial Department of Industry and Information Technology	Nanjing Nanchuan Intelligent Technology Co., Ltd.
Customer Honour	Excellent Partner	SANY Group Co., Ltd.	Nanjing High Speed Gear Manufacturing Co., Ltd.
Customer Honour	Excellent Supplier	Shandong Lingong Construction Machinery Co., Ltd.	Nanjing High Speed Gear Manufacturing Co., Ltd.
Customer Honour	2025 Excellent Service Award	Guangxi Liugong Machinery Co., Ltd.	Nanjing High Speed Gear Manufacturing Co., Ltd.
Customer Honour	Best Supplier Award	Goldwind Science & Technology Co., Ltd.	Nanjing High Speed Gear Manufacturing Co., Ltd.
Customer Honour	Excellent Green Supplier Award	Goldwind Science & Technology Co., Ltd.	Nanjing High Speed Gear Manufacturing Co., Ltd.
Customer Honour	Long-Term Value Award	Goldwind Science & Technology Co., Ltd.	Nanjing High Speed Gear Manufacturing Co., Ltd.
Customer Honour	2024-2025 Global Excellent Supply Chain Partner	China Baowu Steel Group Corporation Limited	Nanjing High Speed & Accurate Gear (Group) Co., Ltd.
Customer Honour	Excellent Supplier	2024 CRRC Zhuzhou Locomotive Co., Ltd. Wuhan Rail Transit Equipment Co., Ltd.	Nanjing High Speed & Accurate Rail Transportation Equipment Co., Ltd.
Quality Honour	China Quality Award Nomination Award	The 5th China Quality Award Selection and Commendation Committee	Nanjing High Speed Gear Manufacturing Co., Ltd.

# Sustainable Development Management

## Board Statement

### • Board Responsibilities

The Group has embedded the concept of sustainable development into corporate management and operations, establishing a top-down three tier ESG management structure and responsibilities, and has defined a working model that aligns with the Company's actual situation. The Board is the highest decision-making and responsible body for the Group's sustainability management, being responsible for developing ESG policies, strategies, and goals, approving and supervising ESG related matters, and regularly reviewing progress on ESG related goals.

### • Operation Management

As at the end of the Reporting Period, the Group has established the Sustainable Development Leadership Group chaired by the Chairman of the Board. The Sustainable Development Leadership Group sets up ESG Core Working Group and Specialized Task Force to continuously promote and implement ESG related work. During the Reporting Period, the Sustainable Development Leadership Group reviewed several key ESG projects, held 3 meetings, and submitted 1 related proposal to the Board of Directors.

### • Risk Governance

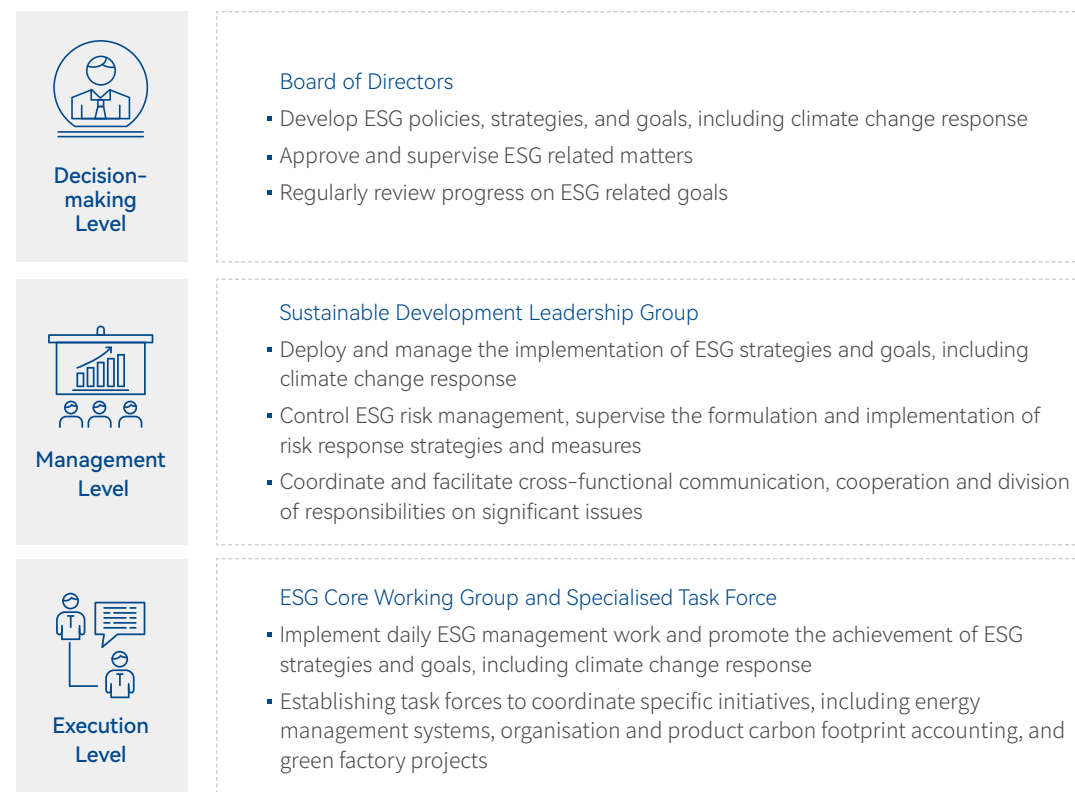
In order to effectively prevent and control all kinds of potential risks that may hinder the sustainable development, the Group incorporates ESG risks into the overall risk management system, working together with various business departments and functional departments to regularly identify, assess, and develop response measures for ESG risks and opportunities involved in the Group's business and processes.

### • Materiality Analysis

In conjunction with its development strategy, the Group maintains close communication with all stakeholders, keeps up with international ESG development trends and peer performance, and identifies and assesses significant ESG issues. Based on the identified significant ESG issues, the Group has developed ESG policies, strategies and annual management objectives and regularly reviews the progress of ESG-related work. The results of the Group's assessment of material issues for 2025 are set out on page 11 in "[Sustainable Development Management - Management of Material Issues](#)".

## ESG Management

The Group continuously enhances its three-tiered "decision-making, management, and execution" ESG governance structure, fully integrating its sustainability philosophy into business decisions and daily management. Through a clear division of responsibilities at all levels, the Group has formed a full-process management mechanism from top-level planning and strategic deployment to daily execution and risk control, thereby systematically advancing work related to sustainable development. Additionally, the Group is actively exploring the establishment of a mechanism to link ESG performance with performance-based remuneration. It is committed to integrating core indicators of ESG-related issues into the performance appraisal system for senior executives, cascading them down to employees in key positions and covering critical issues including production safety, environmental governance, technological innovation, and business ethics.



## ESG Capacity Building

The Group continuously advances its ESG awareness and capacity building, integrating ESG principles into employees' daily work through company-wide awareness campaigns and specialised training. During the Reporting Period, the Group conducted general training for all employees on topics such as ESG management strategies, energy and carbon emissions management, and social responsibility to continually strengthen the sustainability awareness of all staff. Furthermore, for various business departments, the Group organised and conducted specialised training sessions on energy management, carbon management, product lifecycle management, and dedicated ESG management to enhance the practical ESG skills of employees in key positions.







## ESG Audit












The Group regards ESG audits as crucial support for enhancing its ESG management capabilities, strengthening risk identification and compliance control supervision through annual internal audits, and ensuring the effective operation and continuous improvement of its social responsibility management mechanism by combining a management approach of "daily inspections + performance constraints". During the Reporting Period, in accordance with ISO 26000, SA 8000, and applicable laws and regulations, the Group focused on areas including employee rights, environmental protection, supply chain responsibility, and business ethics, actively cooperating with clients to carry out annual social responsibility special audits. The Group's social responsibility management mechanism was generally operating effectively, with no major non-conformances found. For the identified areas for improvement, we have established a rectification and tracking mechanism that specifies responsible departments, specific improvement measures, and completion deadlines to ensure closed-loop management of issues. Meanwhile, the Group continues to integrate social responsibility requirements into daily operations and performance appraisals to constantly elevate ESG governance levels and management transparency.

## ESG Training





## Sustainable Development Goal Practices

Dimension	Key Issues	UN SDGs	Practising the SDGs (Sustainable Development Goals)
Environmental	Energy Management		<ul style="list-style-type: none"> <li>Formulating annual energy conservation plans and clarifying energy consumption assessment indicators.</li> <li>Upgrading high-efficiency, energy-saving equipment; optimising production processes; recovering waste heat resources; and applying smart energy monitoring systems to continuously improve energy efficiency and reduce production energy consumption.</li> </ul>
	Emissions and Waste Management		<p>Placing equal emphasis on source reduction and end-of-pipe treatment, actively promoting process optimisation, technological upgrading, and resource recycling:</p> <ul style="list-style-type: none"> <li>Adding online monitoring for ammonia nitrogen and total phosphorus at wastewater discharge points to achieve all-weather emissions control.</li> <li>Introducing the Hazardous Waste Information Management System and integrating it with the Jiangsu Provincial Solid Waste Management Information System, establishing a full-cycle traceability mechanism for waste covering generation, collection, storage, and transfer for effective management of waste.</li> <li>Achieving waste reduction through oil recycling in briquetting machines, optimising spray painting processes, and recovering metal scrap.</li> </ul>
	Resource Recycling and Utilisation		<ul style="list-style-type: none"> <li>Centering on full product life cycle management, the Company continuously promotes resource recycling and efficient material recovery by implementing measures including circular packaging models, remelting and reusing metal components, and resourcefully processing scrapped castings to increase the proportion of recycled materials and reduce resource waste.</li> </ul>
	Responding to Climate Change		<ul style="list-style-type: none"> <li>Establishing a climate governance mechanism based on the ESG management structure, identifying climate risks and opportunities, and constructing a matrix.</li> <li>Integrating climate risk management into the existing risk management mechanism and formulating targeted response strategies.</li> <li>Identifying and assessing climate-related physical risks, transition risks and transition opportunities, analysing the impacts of material risks and opportunities on the Group's time horizons, business models, value chains and financial performance, and refining response strategies and actions.</li> </ul>
Social	Product Quality and Safety		<ul style="list-style-type: none"> <li>Establishing a quality management system covering the entire process of raw material procurement, the production process, and product maintenance and replacement.</li> <li>Conducting regular quality training and continuous improvement process (CIP) activities to promote continuous quality enhancement and award certification.</li> </ul>
	R&D Innovation and Intellectual Property Protection		<ul style="list-style-type: none"> <li>Strengthening technology R&amp;D and innovation management, increasing R&amp;D investment, promoting breakthroughs in key technologies and the commercialisation of results, and reinforcing intellectual property protection and standard-setting.</li> <li>Deepening industry-academia-research cooperation and industry exchange to enhance overall innovation capability and industry influence.</li> </ul>
	Protection of Customer Rights and Interests		<ul style="list-style-type: none"> <li>Conducting regular customer satisfaction surveys.</li> <li>Providing customised products and services to meet the needs of different customers.</li> <li>Establishing a customer feedback mechanism to promptly collect and address customer opinions.</li> </ul>

Dimension	Key Issues	UN SDGs	Practising the SDGs (Sustainable Development Goals)
Social	Sustainable Supply Chain	 	<ul style="list-style-type: none"> <li>Regulating supplier conduct in areas including compliance management, business ethics, social responsibility, environmental protection, and continuous improvement, and requiring all suppliers to strictly adhere to the <i>Supplier Code of Conduct</i> and sign documents including the <i>Supplier Compliance Commitment Letter</i>, the <i>Environmental, Occupational Health and Safety Agreement</i>, and the <i>Declaration of Non-use of Hazardous Substances</i>.</li> <li>Making a clear commitment to avoid using mineral metals (including tin, tantalum, tungsten, and gold) from conflict zones in the Democratic Republic of Congo and its adjoining regions, and setting out clear compliance requirements for suppliers in the <i>Instructions on the Supplier Development Management Process</i>.</li> </ul>
	Protection of Employee Rights and Interests		<ul style="list-style-type: none"> <li>Upholding compliant employment, equality, and inclusion; maintaining open and diverse employee communication channels; and effectively protecting the legitimate rights and interests of employees.</li> </ul>
	Occupational Health and Safety		<ul style="list-style-type: none"> <li>Regularly commissioning professional third-party institutions to conduct testing and evaluation of chemical hazards, dust, and physical factors in the workplace.</li> <li>Incorporating annual safety production targets, including the "work-related incident rate per 200,000 work hours" and "zero major accidents occurred", into the key performance assessments of senior executives and relevant departments.</li> </ul>
	Employee Training and Development		<ul style="list-style-type: none"> <li>Building upon the existing career development training system, the "Transmission Plan" development programme has been newly established and implemented, fostering a collaborative learning environment through an integrated approach combining an online learning platform and offline communities.</li> <li>Providing academic progression support to employees with outstanding performance and development potential through dual tracks of academia-industry collaboration and institutionalised support.</li> </ul>
	Diversity, Equity, and Inclusion	 	<ul style="list-style-type: none"> <li>Formulating the <i>Board Diversity Policy</i> and the <i>Employee Diversity Policy</i>, and regarding the diversity and inclusion of Board members and all employees as key elements of sustainable development.</li> <li>Monitoring positions at the same grade on a regular basis through the annual remuneration review mechanism to ensure internal pay equity and equal remuneration for employees.</li> </ul>
Governance	Corporate Governance		<ul style="list-style-type: none"> <li>Placing great emphasis on the effectiveness and continuous improvement of its internal control system, consistently strengthening corporate governance and compliance risk management, and enhancing its overall governance standards.</li> </ul>
	Compliance and Risk Management		<ul style="list-style-type: none"> <li>Updating the <i>Comprehensive Risk List</i>, identifying over 470 risk points, and for each risk point, analysing causes, clarifying key control priorities, and proposing targeted control suggestions.</li> </ul>
	Business Ethics and Anti-Corruption		<ul style="list-style-type: none"> <li>Preparing an annual audit plan each year, addressing potential commercial ethics risks such as corruption, bribery, and unfair competition in various business scenarios, and conducting supervisory inspections including patrols, audits, internal control reviews, and special investigations on a rotational basis.</li> <li>Organising regular online training and examinations for directors, senior management, and all employees, achieving a 100% signing rate of the <i>Employee Compliance Commitment Letter</i> among employees in key positions within the Group, and a 100% completion rate for employee business ethics and anti-corruption training.</li> </ul>
	Data Security and Privacy Protection		<ul style="list-style-type: none"> <li>Strengthening full-process technical prevention and risk control, and regularly conducting vulnerability scanning, emergency drills, and data security management.</li> <li>Strictly implementing information security access and control measures for partners, including suppliers, to ensure the overall security and compliance of the supply chain network environment.</li> <li>Improving the full lifecycle protection mechanism for customer privacy, and adding a third-party information protection clause to the <i>Group Information Equipment and Information Security Management System</i>.</li> </ul>

# Stakeholder Engagement

The Group adheres to the communication principles of integrity, interaction, equality, and transparency, and has built a diversified and regular communication mechanism. Based on business characteristics and operational status, the Group has identified main stakeholders, including shareholders and investors, government and regulatory bodies, employees, customers, suppliers, the community and the public, and industry associations, and has established communication methods suitable for different stakeholders to express their expectations and requests. While promptly communicating the Company's development updates and sustainability practices, the Group actively listens to and fully identifies the concerns and expectations of all parties, using stakeholders' expectations and requests regarding the Group's ESG management strategy and practices as an important basis for optimizing its ESG management system and improving the effectiveness of its practices.


Stakeholders	Needs and Expectations	Communication Channels	Response and Effectiveness
 Customers	<ul style="list-style-type: none"> <li>Fulfill contracts with integrity</li> <li>Improve service quality</li> <li>Handle of opinions and complaints</li> <li>Consumer privacy protection</li> <li>Sustainable product design</li> </ul>	<ul style="list-style-type: none"> <li>Customer visits or on-site visits</li> <li>Customer activity days</li> <li>Official website, social media platforms, and official accounts</li> <li>Customer hotline communication, customer meetings</li> <li>Customer satisfaction surveys</li> <li>Daily business communication</li> </ul>	<ul style="list-style-type: none"> <li>Compliant sales and services</li> <li>Ensure service quality</li> <li>Complaint handling mechanism</li> <li>Customer information confidentiality mechanism</li> <li>Product R&amp;D and green innovation</li> <li>Energy and carbon emissions management</li> </ul>
 Suppliers	<ul style="list-style-type: none"> <li>Fulfill contracts with integrity</li> <li>Training and empowerment</li> <li>Open and transparent management</li> <li>Mutual benefit and win-win outcomes</li> </ul>	<ul style="list-style-type: none"> <li>Supplier visits or inbound visits</li> <li>Supplier conferences</li> <li>Official website, social media platforms, and official accounts</li> <li>Daily business communication</li> </ul>	<ul style="list-style-type: none"> <li>Formulate green procurement procedures</li> <li>Responsible sourcing and regular monitoring</li> <li>Sincere communication and cooperation</li> </ul>

Stakeholders	Needs and Expectations	Communication Channels	Response and Effectiveness
 Shareholders/Investors	<ul style="list-style-type: none"> <li>Increase investment returns</li> <li>Reduce operational risks</li> <li>Protect shareholder rights and interests</li> <li>Information disclosure</li> <li>Operate with integrity</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder meetings</li> <li>Periodic reports and corporate announcements</li> <li>Investor communication meetings</li> <li>Official website, social media platforms, and official accounts</li> </ul>	<ul style="list-style-type: none"> <li>Enhance operational efficiency</li> <li>Improve management systems</li> <li>Maintain a relationship of mutual trust with investors</li> <li>Regularly disclose financial reports</li> </ul>
 Employees and Labor Unions	<ul style="list-style-type: none"> <li>Improve remuneration and benefits</li> <li>Career development and promotion</li> <li>Occupational health and safety</li> <li>Equal opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Employee representative meetings</li> <li>Internal meetings</li> <li>Email and the general manager's mailbox</li> <li>Internal publications</li> <li>Social media platforms, official accounts</li> </ul>	<ul style="list-style-type: none"> <li>Reasonable remuneration</li> <li>Diversified training channels</li> <li>Protect labor rights and interests</li> <li>Open recruitment</li> <li>Formulate whistleblower protection measures</li> </ul>
 Government and Regulatory Authorities	<ul style="list-style-type: none"> <li>Compliance in operations</li> <li>Information disclosure</li> <li>Promote local economic development</li> <li>Fulfill corporate social responsibility</li> </ul>	<ul style="list-style-type: none"> <li>Policy Guidance</li> <li>Government meetings</li> <li>Regulatory notices</li> <li>On-site investigations</li> <li>Government visits</li> </ul>	<ul style="list-style-type: none"> <li>Actively comply with local laws and regulations</li> <li>Submit regular regulatory reports</li> <li>Actively pay taxes and respond to national policies</li> </ul>
 The Public and Nearby Communities	<ul style="list-style-type: none"> <li>Focus on public welfare and charity</li> <li>Participate in community building</li> <li>Promote the development of community initiatives</li> </ul>	<ul style="list-style-type: none"> <li>On-site interviews</li> <li>Charitable activities</li> <li>Official website, social media platforms, and official accounts</li> </ul>	<ul style="list-style-type: none"> <li>Organise community events</li> <li>Improve imbalances in educational resources</li> <li>Support rural revitalisation</li> <li>Encourage employees to engage in volunteer activities</li> <li>Maintain open complaint channels</li> </ul>
 Industry associations/Chambers of commerce/Academic institutions/Media	<ul style="list-style-type: none"> <li>Committed to promoting high-quality development in the industry</li> <li>Establish partnerships with non-governmental organizations</li> </ul>	<ul style="list-style-type: none"> <li>Symposiums and presentations</li> <li>Industry exhibitions</li> <li>Official website, social media platforms, and official accounts</li> </ul>	<ul style="list-style-type: none"> <li>Actively participate in lectures and professional associations</li> <li>Actively participate in standards development</li> <li>Industry-academia-research cooperation</li> </ul>

## Management of Material Issues

The Group places great importance on its Materiality Assessment, conducting annual surveys on material issues and continuously updating and refining its assessment methodology to enhance the precision of issue identification and the scientific basis of management decisions. During the assessment process, the Group refers to disclosure standards such as the *Environmental, Social and Governance Reporting Guide* (Appendix C2) and the Global Reporting Initiative Standards *Sustainability Reporting Standards* ("GRI Standards"), benchmarks against the disclosure requirements of international ESG rating agencies, and considers industry-specific issues and topics of concern to upstream and downstream partners to update and upgrade its list and matrix of material issues. During the Reporting Period, we identified a total of 19 ESG-related issues through the following assessment process and have provided focused responses to key issues.


### Material Issues Assessment Process



**Identification of Material Issues**


- Based on the disclosure rules of the Hong Kong Stock Exchange, and in combination with the Group's characteristics, ESG development trends, peer benchmarking, client concerns, and international rating requirements, we analysed sustainability-related impacts throughout the upstream and downstream value chain. This process ultimately resulted in a materiality matrix covering 19 material issues.





**Materiality Assessment**

- To accurately assess the importance of each ESG issue, the Group designed a survey questionnaire based on the three dimensions of "scope of impact", "likelihood of impact", and "irremediability", and collected materiality assessments from internal and external stakeholders through online questionnaires, receiving a total of 318 valid responses.
- Through quantitative analysis of stakeholder feedback, we conducted a preliminary assessment of the issues.




**Prioritisation of Material Issues**

Based on the preliminary assessment results, we adjusted the importance of the issues by incorporating regulatory requirements, industry benchmarking, and value chain analysis to form the final materiality matrix:

- Internal company dimension:** We benchmarked against key issues of concern within regulatory and standards frameworks such as the Hong Kong Stock Exchange, the Shanghai Stock Exchange, and SASB, and comprehensively considered compliance requirements and regulatory trends to calibrate the importance of issues on the vertical axis.
- Stakeholder dimension:** We conducted a benchmarking analysis of issues of high concern to external stakeholders such as clients, peers, suppliers, and the capital market, and made appropriate adjustments to the position of relevant issues in the matrix based on industry trends and external focus areas.

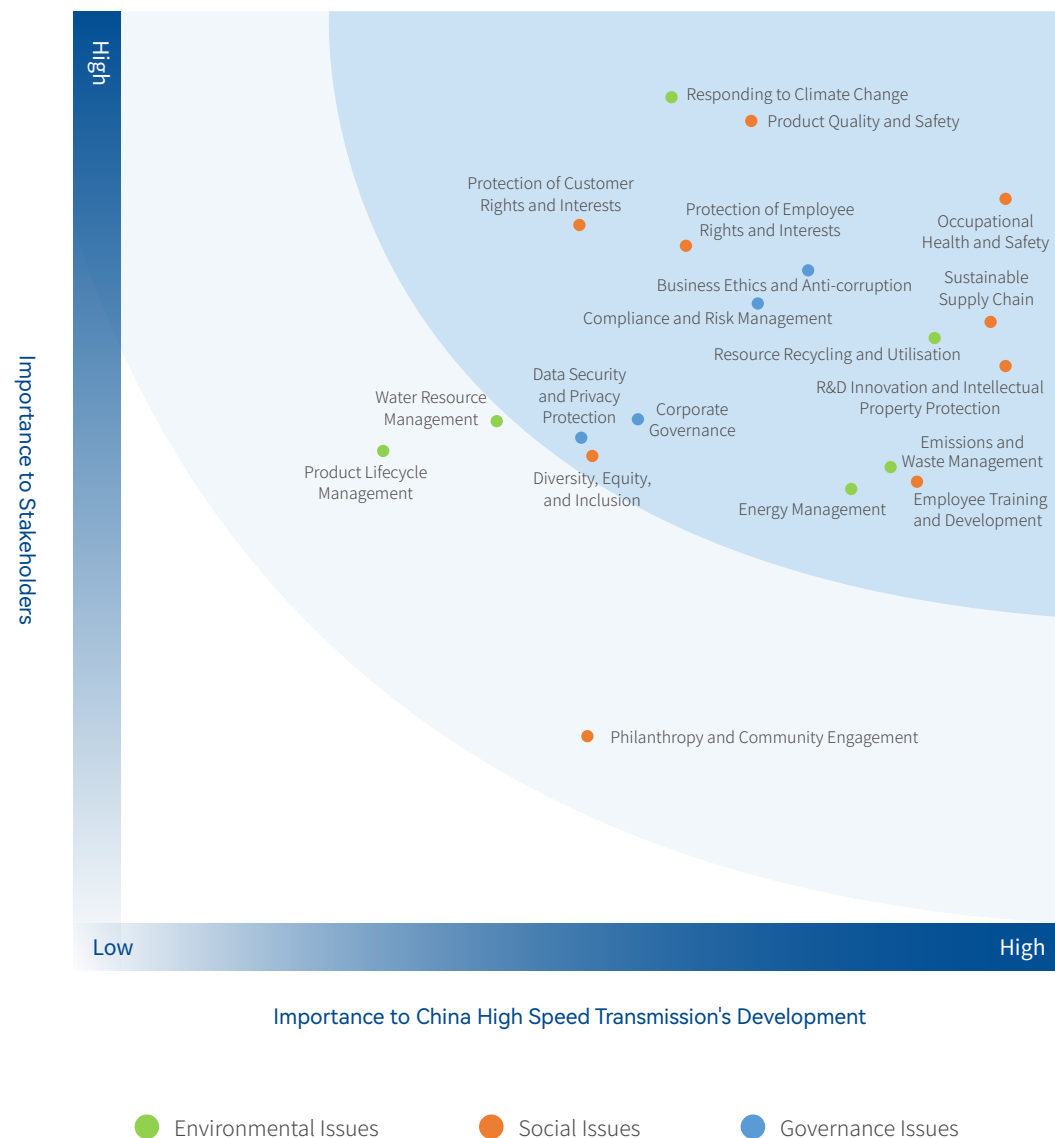




**Review and Confirmation of Material Issues**

- The Board of Directors reviews and confirms the final assessment results, and discloses the finalised materiality matrix and the significant annual progress under each issue in the annual ESG report.

### China High Speed Transmission's ESG Materiality Matrix



### Explanation of changes in issue materiality

Material Issues	Dimension		Reason for Increase
	Importance to Stakeholders	Importance to the Group's Development	
Responding to Climate Change	Increased	Increased	Against the backdrop of Carbon Neutrality goals and continuously strengthening climate regulations, all parties have significantly increased their focus on corporate emissions reduction and climate governance.
Resource Recycling and Utilisation	Increased	Increased	National policies on the Circular economy are becoming stricter, solid waste disposal costs are rising, and requirements for comprehensive resource utilisation are increasing, while downstream supply chains and investors are paying progressively more attention to green, low-carbon, and waste resource management.
Energy Management	Increased	Increased	National "Dual Carbon" policies are becoming stricter, energy price volatility is intensifying, requirements for green manufacturing and low-carbon transformation are increasing, and standards for energy conservation and carbon reduction from customers and capital markets continue to tighten.
Protection of Customer Rights and Interests	Increased	Unchanged	As customer requirements for product quality, safety, and service experience continue to rise, stakeholders are paying significantly more attention to a company's performance in protecting customer rights and interests and enhancing satisfaction and trust.
Sustainable Supply Chain	Increased	Unchanged	As global requirements for supply chain compliance and environmental and Human Rights responsibilities continue to strengthen, brand customers and investors are placing greater emphasis on a company's ability to identify and manage supplier ESG risks.
Diversity, Equity, and Inclusion	Increased	Increased	The societal consensus on fairness, respect diversity, and anti-discrimination continues to deepen, and public and media attention on corporate workplace fairness and gender equality has increased significantly.

## Impacts, Risks, and Opportunities of Material Issues

During the Reporting Period, for the six major ESG issues identified as having an increased Level of impact, the Group conducted a further analysis of their impacts, risks, and opportunities, including the position of each issue in the Value chain and its impact period. For detailed disclosures on the specific management and actions for these issues, please refer to the corresponding chapters in this report.

Issue	Description of Impacts, Risks, and Opportunities	Value Chain Position	Impact Period	Management & Actions Chapter
Responding to Climate Change	<p><b>Impact:</b> Climate change may directly affect production operations, supply chain stability, and energy costs, while also placing potential pressure on brand reputation and investor confidence.</p> <p><b>Risk:</b> Compliance risks from stricter policies and regulations, physical risks caused by extreme weather, and financial risks from energy price volatility or rising carbon costs.</p> <p><b>Opportunity:</b> Through low-carbon technological innovation, continuously increasing the use of renewable energy, and developing green products, the Group can optimise its energy structure and reduce its product carbon footprint to enhance green competitiveness and brand value, while also obtaining green finance and policy support.</p>	Upstream Own Operations Downstream	Short-term Medium-term Long-term	Climate Change Response
Resource Recycling and Utilisation	<p><b>Impact:</b> The level of resource recycling determines the efficiency of raw material consumption and the effectiveness of waste management, affecting the Group's environmental performance and operating costs.</p> <p><b>Risk:</b> Risks of cost fluctuations due to raw material dependence and supply instability, environmental and compliance risks arising from improper waste disposal, and potential negative risks to corporate reputation from inadequate Resource Management.</p> <p><b>Opportunity:</b> By promoting the optimisation and upgrading of production processes, turning waste into resources, and increasing the efficiency of Resource Recycling, the Group can reduce raw material and waste treatment costs, thereby minimizing environmental impact and enhancing its green manufacturing capabilities.</p>	Upstream Own Operations Downstream	Medium-term Long-term	Efficient Use of Resources
Energy Management	<p><b>Impact:</b> The level of energy management directly affects production costs, carbon emission levels, and operational continuity, thereby influencing the Company's operating costs, efficiency, and sustainability performance.</p> <p><b>Risk:</b> Impacts on operating costs and compliance risks from energy cost fluctuations, supply disruptions, and a non-diversified energy structure, exacerbating the negative effects of Climate change and further damaging corporate reputation.</p> <p><b>Opportunity:</b> By optimizing the energy structure, improving energy efficiency, and promoting the use of renewable energy, the Company can reduce operating costs and carbon emissions while increasing the green competitiveness of its products and meeting downstream customers' requirements for supply chain energy management.</p>	Upstream Own Operations Downstream	Medium-term Long-term	Efficient Use of Resources
Protecting Customer Rights and Interests	<p><b>Impact:</b> The level of protection for customer rights and interests affects customer satisfaction, brand credibility, and market trust, playing an important role in the Group's long-term operations and reputation building.</p> <p><b>Risk:</b> Complaints, legal risks, and reputational risks that may arise from product quality issues, insufficient information disclosure, or inadequate service.</p> <p><b>Opportunity:</b> By strengthening service guarantees, the Group can enhance customer trust and loyalty, and increase its brand competitiveness and market share.</p>	Own Operations Downstream	Short-term Medium-term Long-term	Customer Relationship Management
Sustainable Supply Chain	<p><b>Impact:</b> The sustainable management of the supply chain affects the stability of raw materials, continuity of production, and the enterprise's environmental and social performance.</p> <p><b>Risk:</b> Failure to identify or manage supplier ESG risks can lead to compliance, environmental, and reputational risks, and affect the stability of the supply chain.</p> <p><b>Opportunity:</b> Through green procurement, sustainable supplier management, and risk monitoring mechanisms, the Group can reduce supply chain risks and promote the joint creation of a sustainable development Value Chain.</p>	Upstream Own Operations Downstream	Short-term Medium-term Long-term	Supply Chain Management
Diversity, Equality, and Inclusion	<p><b>Impact:</b> A culture of diversity, equality, and inclusion can enhance employee satisfaction scores, innovation capabilities, and organisational resilience, which positively impacts the Group's talent management and innovation-driven approach.</p> <p><b>Risk:</b> A non-inclusive organisational culture or insufficient diversity can lead to talent attrition, constrained innovation, and reputational risks.</p> <p><b>Opportunity:</b> By building diverse teams, promoting inclusive management, and providing equal opportunities, the Group can attract and retain outstanding talent, thereby enhancing its corporate competitiveness and sustainability performance.</p>	Own Operations	Short-term Medium-term Long-term	Protection of Employee Rights and Interests



# Ethics and Compliance

## Material issues in this chapter

- Corporate Governance
- Compliance and Risk Management
- Business Ethics and Anti-corruption
- Data Security and Privacy Protection

## Performance Highlights

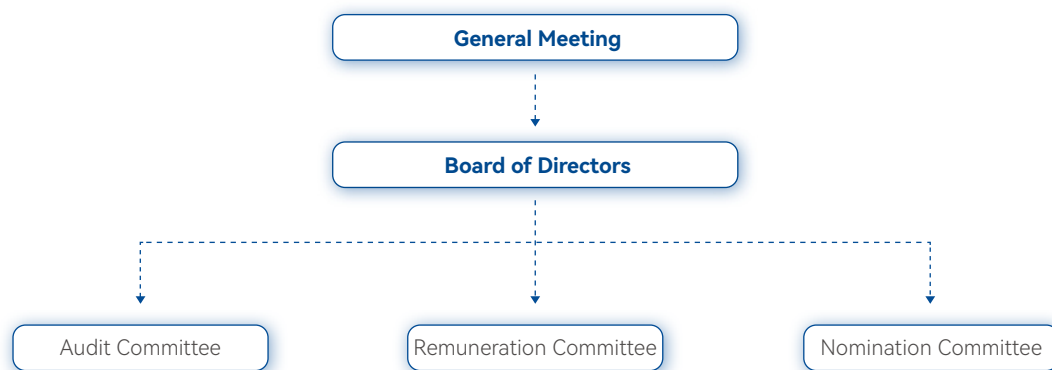
- Conducted **11** special and specialised audit projects
- 100%** signing rate for the *Employee Compliance Commitment Letter* among the Group's employees in key positions
- 100%** completion rate for employee business ethics and anti-corruption training



## Corporate Governance

The Group upholds a governance philosophy of transparency, compliance, and efficiency, and strictly complies with the *Company Law of the People's Republic of China*, the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*, and the *Corporate Governance Code*, and other applicable laws and regulatory requirements. Our governance framework is centred on the board of directors, featuring clearly defined mandates and effective checks and balances. This structure is designed to facilitate high-performance operations founded on regulatory compliance.

The Board of Directors has established an Audit Committee, a Remuneration Committee, and a Nomination Committee. Pursuant to the *Listing Rules* and the *Corporate Governance Code* of the HKEX, each committee maintains defined terms of reference and comprises a majority of independent non-executive directors. Chaired by independent non-executive directors to ensure objective and compliant performance, these committees assist the board of directors in enhancing governance effectiveness. For more details on corporate governance, please refer to the "Corporate Governance Report" section in the Company's *2025 Annual Report*.



The Group adheres to the principle of meritocracy in its selection process and considers board diversity a key element of sustainable development, having formulated the *Board Diversity Policy*. Candidates for the Board of Directors are selected based on diversity criteria, which include not only educational background, professional experience, skills, knowledge, and length of service, but also other factors such as gender, age, nationality, cultural background, and ethnicity. As at the end of the Reporting Period, the Board comprised 11 directors, including two female directors, representing approximately 18.18% of the Board.

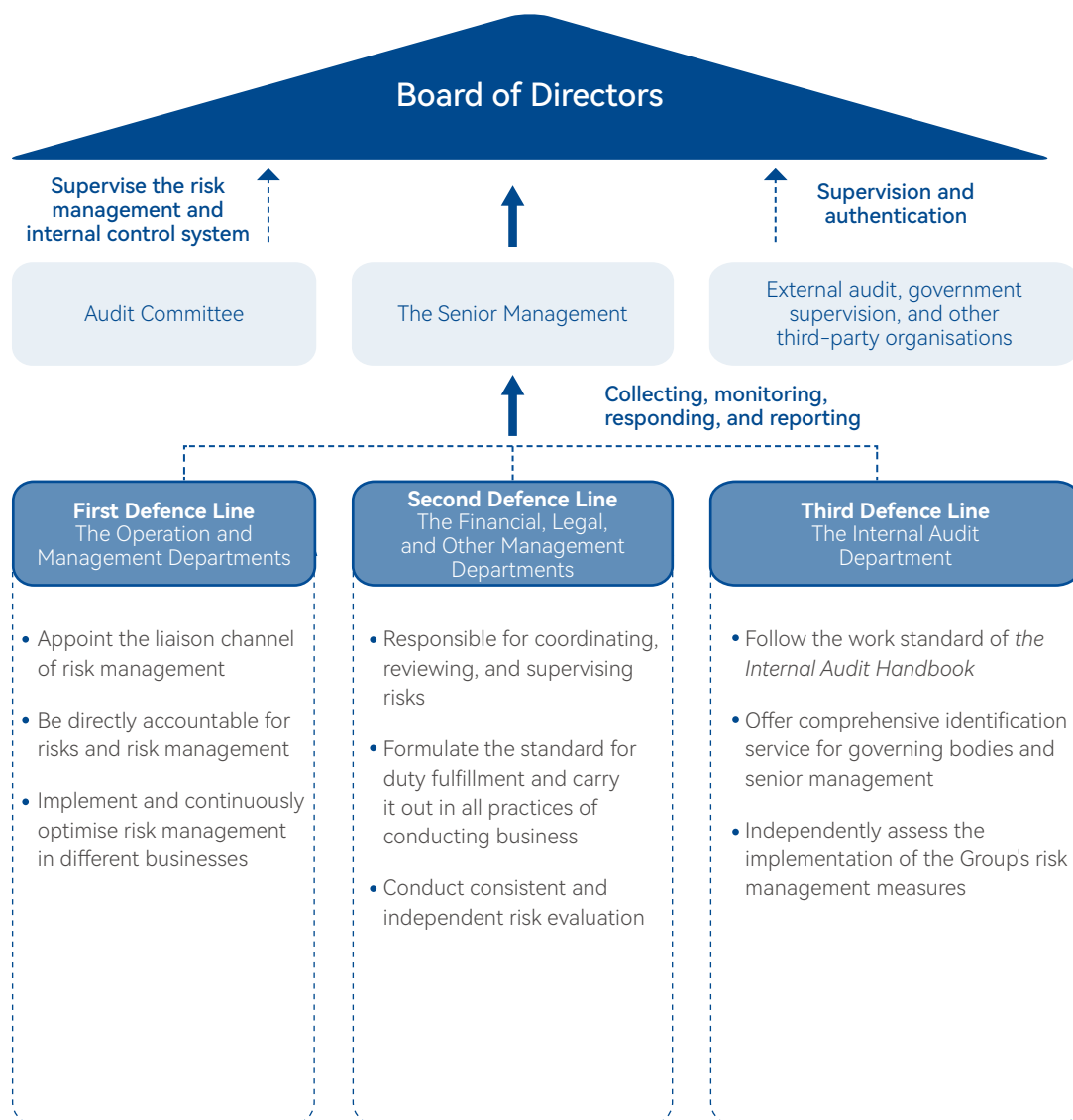
## Compliance Risk Management

The Group remains committed to lawful and compliant operations, integrating risk management and capacity building throughout the entire process of corporate operations, while continuously strengthening its compliance management foundation and enhancing the sophistication of its risk management and control. Strictly complying with the *Corporate Governance Code* in Appendix C1 to the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited, alongside relevant domestic and international laws and regulations, the Group utilises the COSO Enterprise Risk Management Framework and the ISO 31000:2018 Risk Management standard as its core benchmarks. During the Reporting Period, the Group updated and revised the *Enterprise Risk Management Policy* to further refine the processes covering risk identification, assessment, response, monitoring, and review, ensuring that risk management work is aligned with the Group's strategic development. The Group has established a risk management organisational structure composed of the Board of Directors, Senior Management, and the Audit Committee, which clearly defines the responsibilities of the "Three Lines of Defense" for risk management: As stakeholders of all lines of defense, the Board and the senior management are tasked with formulating the Group's strategy and risk management objectives, building a comprehensive governance structure and management processes, and overseeing the implementation of risk management. Audit Committee performs an independent supervisory role, responsible for evaluating the effectiveness of risk management and internal monitoring system and providing timely proposals for improvement to the Board of Directors to promote the efficient coordination and effective operation of the three lines of defense, thereby comprehensively preventing and responding to all types of potential risks in the course of business operations.

This year, the Group continued to deepen the internal control framework, focusing on optimising and upgrading internal processes. By further clarifying employee job responsibilities, strengthening full-cycle reviews and dynamic monitoring of business processes, and simplifying redundant steps, we have constantly enhanced the relevance, efficiency, and execution of internal controls. We closely monitor the latest changes in domestic and international regulatory policies and compliance requirements, having established a dynamic compliance management mechanism to ensure that all internal control and compliance systems, as well as control measures, are upgraded in a timely manner and implemented with precision. This effectively fortifies the compliance defence and safeguarding the stability and sustainability of the Company's overall operations.

Additionally, the Audit Committee, the Risk Control Department, and the Legal Department have further strengthened their prevention and response capabilities for emergencies and potential risks. We continuously optimise response procedures, enhance the long-term risk management mechanism, and deepen collaboration with legal institutions. These actions ensure flexible responses to operational uncertainties and the swift, accurate adoption of necessary and appropriate measures, thereby effectively preventing and defusing all types of risks and hidden perils, and fully safeguarding the lawful rights and interests of the Company and all shareholders. For more details on risk management and internal control, please refer to the "Corporate Governance Report" section in the Company's *2025 Annual Report*.

## The Risk Management Framework and the "Three Lines of Defense"



## Risk Management Process

By updating the *Enterprise Risk Management Policy*, the Group has refined its closed-loop process encompassing risk identification, assessment, response, monitoring, review, and improvement. Risk management objectives are set annually, with risk management requirements embedded across all business activities and throughout the entire corporate operational process. This process covers key risk areas such as strategic, operational, financial, and compliance risks, while also addressing emerging risks such as climate change and digital transformation. This ensures the early identification, assessment, and response to various risks, providing a solid foundation for the Company's compliant and stable operations.

### Risk Identification

The Group utilises diverse methodologies for risk identification, including intelligent computing, data tracking, departmental interviews, key indicator analysis, process reviews, and specialised working groups. In their daily operational management, all departments discharge risk identification responsibilities within their respective functions, comprehensively identifying all types of risk factors that may affect the execution of strategy and the achievement of business objectives.

### Risk Assessment

The Group conducts a comprehensive assessment of risk severity based on two dimensions: likelihood of occurrence and degree of impact on objectives. By integrating qualitative and quantitative methods, the Group performs hierarchical evaluation and comparative analysis of risks at various levels. Relevant personnel and process-owning departments participate in the assessment process, with external experts engaged as required to ensure professional and objective evaluations.

### Risk Prioritisation

Based on the risk assessment, the Group prioritises identified risks by considering risk appetite (the type and overall level of risk the organisation is willing to accept in pursuit of value) and risk tolerance (the boundaries of acceptable variation in performance related to achieving business objectives), taking into account the level at which risks arise and their potential aggregation effects.

### Risk Response

According to the nature and level of the risk, the Group adopts five types of response strategies: accept, avoid, pursue, reduce and share. The risk owner takes the lead in formulating and executing the response plan, ensuring the effective execution of risk response measures through corresponding control activities, policies, and procedures.

During the Reporting Period, based on the results of internal risk investigations and internal control audits, the Group updated *the Risk Register*, identifying over 470 risk factors. For each risk factor, the Group analysed root causes, defined critical control priorities, and formulated targeted recommendations alongside dedicated response plans. The relevant risk management practices and their effectiveness have been disclosed in detail in the corresponding chapters of this report. The following provides illustrative examples of two key risk management areas for the year.

Risk Name	Risk Category	Risk Impact	Mitigation Measures
Operational Safety Risk	Corporate Social Responsibility	Inadequate implementation of the operational safety management system may affect regulatory compliance; insufficient supervision and feedback on their implementation may affect the compliance of corporate operations.	<ul style="list-style-type: none"> <li>Strengthen the implementation of the EHS management system by identifying safety hazards through routine and holiday-specific inspections, with issues and their corrective action recorded and continuously tracked;</li> <li>The Safety Production Committee convenes quarterly, with senior management, plant managers and the EHS department reviewing supervision and inspection findings, tracking corrective actions on key issues, and ensuring effective oversight and continuous improvement of operational safety management.</li> </ul>
		Inadequate safety management system may affect regulatory compliance; failure to meet energy-saving and emission reduction targets during production may lead to administrative penalties; safety incidents could result in administrative penalties as well as corporate property and personnel losses; environmental pollution incidents may similarly lead to administrative penalties, property and personnel losses, and reputational damage.	<ul style="list-style-type: none"> <li>Establish a comprehensive safety management system, obtain ISO 45001:2018 and Safety Production Standardisation certificates, conduct annual surveillance audits and triennial recertification audits, and maintain the system effectiveness through annual internal reviews and management reviews;</li> <li>Set annual targets for emission reduction, consumption reduction, and compliance, while ensuring that water, noise, and air emissions meet the required standards;</li> <li>Formulate the <i>EHS Performance Assessment Regulation</i>, the <i>Employee EHS Code of Conduct</i>, and the <i>Occupational Health and Safety Management and Training System</i>, and announce the results of violation assessments at weekly production meetings and management meetings;</li> <li>The Safety, Environment, and Equipment Department conducts daily inspections and specialised inspections before major holidays, documenting findings in <i>Inspection Record Form</i> and the <i>Patrol Inspection Record</i>. Identified risks are escalated on the same day for coordinated resolution.</li> </ul>

Additionally, to assess the effectiveness of risk management measures, the Group compares risk management-related objectives (including the Group's strategic and operational goals, departmental responsibilities and managers' KPIs) with actual risk management performance. Furthermore, the performance of employees and management is directly linked to the outcomes of managing the Company's key risks to drive continuous optimisation of risk frameworks and strengthen institutional resilience.

## Risk Management Culture

The Group continuously cultivates a robust risk management culture, embedding risk awareness into employee conduct and across all operational processes. For the board, the Group organises annual risk management training for all directors (encompassing executive, non-executive, and independent non-executive directors), covering listing rules, directors' duties, and relevant regulatory compliance. In 2025, the Group conducted two board-level training sessions. For personnel in key positions<sup>2</sup>, structured training and assessments on topics such as risk management, internal control, and internal audit are organised to strengthen their professional capabilities and risk management proficiency. For all employees, the Group performs timely revisions and refinements of institutional documents based on national laws, regulations, and shifts in the external environment, while conducting regularised dissemination. Risk management training is integrated as a mandatory component of the new hire induction process; employees must pass the assessment before officially assuming their posts, thereby ensuring risk awareness is established at the source. For senior management, specialised risk management training programmes are conducted to continuously enhance risk awareness and accountability at the decision-making level. Furthermore, by standardising audit processes and standards, the Group continuously promotes the concept of risk management and control throughout its internal audit work, driving the integration of a risk management culture into the entire business operations. During the Reporting Period, the Group conducted online risk management training (including for senior management), with a total of 1,488 participants, achieving a 100% completion rate.

Remark:

<sup>2</sup>Key positions cover the core departments of the main business of the Group, with full coverage of the Procurement Department and Marketing Department, and all supervisors and above of other departments.

# Business Ethics and Anti-corruption

To continuously improve its business ethics governance, the Group has constructed an integrity governance framework with the Board of Directors as the highest decision-making body, the Group President providing overall coordination, and the Risk Control Department leading a multi-departmental collaboration, thereby ensuring that all employees uphold corporate ethics while pursuing our mission and vision.

## Business Ethics and Anti-corruption

### Business Ethics Management

The Group strictly complies with the *Company Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Prevention of Bribery Ordinance*, and other applicable regulations. During the Reporting Period, we have formulated an *Anti-corruption Policy* and amended the *Business Conduct and Ethics Guidelines* and the *Procedure for Anti-Fraud Reporting Management* to further refine provisions on conflict of interest management. This has established a fully traceable, end-to-end business ethics management mechanism for business ethics, centred on the three pillars of anti-corruption, anti-bribery, and conflict of interest management. This oversight extends to suppliers and contractors, who are mandated to adhere to our ethical standards. By conducting regular supply chain anti-corruption training and requiring suppliers to sign a *Transparency Agreement*, the Group strives to foster an honest, impartial, and transparent supply chain.

### Business Ethics Auditing

The Group has also formulated internal regulations, including the *Internal Auditing Handbook* and the *Departure Audit*, to strictly standardise the business ethics audit workflow. This independent internal audit framework is tailored to the Group's development, ensuring sustained oversight and mitigation of business ethics risks. Each year, the Group prepares an annual audit plan. Based on all business operations and the implementation of all systems, it conducts cyclical supervision and inspection work — encompassing patrols, audits, internal controls, and special checks — targeting potential business ethics risks such as corruption, bribery, and unfair competition across various business scenarios. In conjunction with risk levels, industry dynamics, and review findings, we identify weaknesses in management and adjust the plan accordingly to drive continuous improvement in business ethics risk management. During the Reporting Period, the Group included 100% of the operational scope of its wind power, industrial and rail transit business segments within internal audits, and completed 11 audit projects, including special and specialist audit projects.

## Key Regulations and Initiatives for Business Ethics and Anti-corruption Management

### Anti-corruption

- The scope of whistleblowing reports includes the illegal appropriation of company property, acceptance of kickbacks, provision of false financial information, money laundering, and tax evasion.
- Employees are strictly prohibited from engaging in any form of fraud or corruption; upon discovery, the Group will handle such cases seriously and impose severe penalties on the individuals involved.
- The *Employee Compliance Commitment Letter* requires employees in key positions to pledge to reject corruption and fraud, refrain from misappropriating Group assets, and avoid falsifying expense reports. Through methods such as training and examinations, we continuously mitigate the risks of fraud and corruption. The Group has completed the resigning of the *Employee Compliance Commitment Letter* by all employees at and above Level 5, workshop engineers, and all sales and procurement staff, totalling 249 letters and achieving a 100% completion rate for key positions.
- The Group President signs and issues the *Commitment Letter of the Management* annually to promote integrity and self-discipline.

### Anti-bribery

- Employees are expressly forbidden from accepting cash gifts, kickbacks, or other improper benefits, with specified limits for gifts and a designated account for surrendering monetary gifts.
- We sign *Transparency Agreement* with suppliers and other partners, strictly prohibiting all forms of commercial bribery, including cash, gift cards, and WeChat red packets. Violators are subject to liquidated damages and are permanently blacklisted from future cooperation.

### Conflict of Interest Management

- This year, for the first time, "intimate" have been integrated into the scope of conflict of interest disclosures, stipulating that employees must proactively provide written notification to their department manager, the Human Resources Department, and the Risk Control Department to delineate the boundaries between personal and company interests.

## Fostering a Culture of Business Ethics

The Group places great importance on fostering a culture of business ethics and regularly organises online training and examinations for the Board, senior management, and all employees. We have integrated policies such as the *Business Conduct and Ethics Guidelines* and the *Anti-Fraud Reporting Management Procedures* into general training for all staff and as mandatory courses for new employees. The training content includes, but is not limited to, requirements such as anti-bribery and anti-corruption, eliminating conflicts of interest, and anti-insider trading. The sessions also explain the Group's whistleblowing policy, procedures, and reporting channel, to ensure all trainees are familiar with the Company's requirements. Following the training, the Company conducts examinations to assess understanding of reporting obligations, whistleblowing policies, and channels. We also continually reinforce awareness of the whistleblowing mechanism through routine risk control communications and specialised training sessions, helping employees understand the relevant standards and effectively implement the whistleblowing system.



Online training records on the NGC Academy



On-site at an offline training event

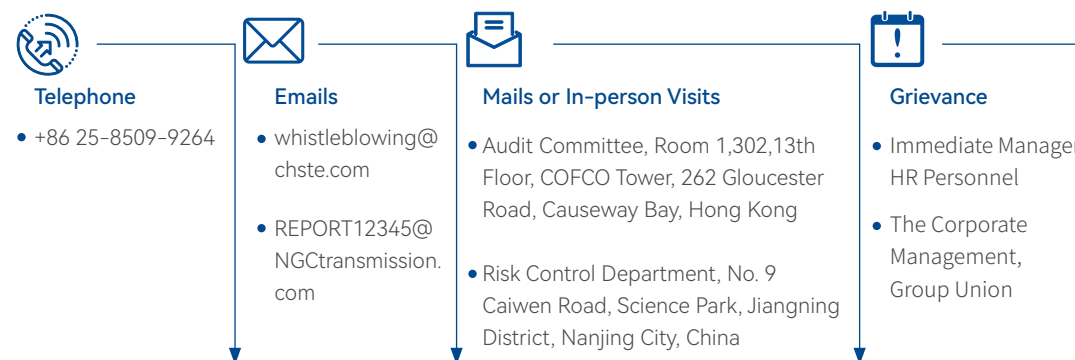
## Unfair Competition

The Group strictly complies with domestic and international laws, regulations, and relevant standards, including the *Civil Code of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*. We have established and continuously improved a fair and honest competition management mechanism to prevent acts of unfair competition. Any allegations or intelligence regarding unfair competition are subject to rigorous specialised investigation procedures for immediate remediation. In the past three years, the Group has not been involved in any legal litigation arising from unfair competition.

## Whistleblowing and Grievance

The Group encourages all stakeholders to report any suspected breaches of business ethics laws, regulations, or conduct standards. Through the *Whistleblowing Policy* and the *Anti-Fraud Reporting Management Procedures*, the Group defines clear grievance and whistleblowing channels, handling protocols, and investigative requirements, ensuring a compliant and traceable process that addresses stakeholder concerns in a timely manner. The Group's Risk Control Department, as the dedicated body for fraud investigation, independently handles report reception, investigation and analysis, formulation of recommendations, and follow-up on outcomes, ensuring the objectivity and authority of supervision and enforcement. The department reports directly to the Chairman of the Board. For matters confirmed to involve violations after verification, the Company initiates immediate investigation procedures; for significant complaints, a special investigation will be launched. Upon completion of an investigation, the Risk Control Department prepares a findings report and proposes disciplinary actions for the Chairman's approval, followed by dissemination within the relevant scope in accordance with regulatory requirements.

### Channels for Grievance and Whistleblowing



### Key Performance

During the Reporting Period,

Conducted training on the theme of business ethics for a total of **2** hours, with **1,488** attendances.

Annual training completion rate of **100%**, and examination pass rate of **100%**.

The Group strictly prohibits any form of retaliation. Any whistleblowers may submit a named or anonymous report through channels including dedicated hotlines, email, mail, or in-person visit. We are committed to maintaining strict confidentiality of the whistleblower's personal information and the content of report. Any individual who engages in retaliation or threats will be subject to disciplinary action, including termination of their employment contract. To encourage stakeholders to actively report behaviors that violate business ethics, we have established an immunity provision. Specifically, if partners voluntarily report misconduct or provide relevant information that is later verified through investigation, we will continue our cooperation with them. Additionally, depending on the circumstances, we may refrain from holding them accountable for their violations or exempt them from penalties.



### Key Performance

During the Reporting Period, the Group had

- **No** corruption-related litigation cases occurred.
- **No** employee who was dismissed or disciplined due to corruption.
- **No** termination of contracts with business partners due to corruption-related violations.



## Data Security and Privacy Protection

The Group strictly complies with laws and regulations including the *Data Security Law of the People's Republic of China* and the *Personal Information Protection Law of the People's Republic of China*, and places significant importance on information security and customer privacy protection. The Group is committed to comprehensively elevating our information security management standards. This is achieved through a robust information security management system, advanced data security safeguards, and stringent customer privacy protection mechanisms, thereby ensuring a secure and reliable business environment for our customers and partners.

## Information Security Management

The Group has established a top-down information security management structure. The Group President serves as the highest supervisory level of oversight, holding overall responsibility for strategic decision-making regarding information security. The director of the Information Department is responsible for the continuous planning, establishment, refinement, and maintenance of the Group's IT platforms and systems in alignment with the Group's strategic roadmap. The Information Department holds unified responsibility for the selection and procurement of information equipment, operation and maintenance, data security, and information security training for all employees. Business departments are responsible for equipment safekeeping and maintenance, forming an information security management mechanism with clearly defined responsibilities and efficient operations. Meanwhile, we have clearly defined the primary responsibilities of all employees, requiring them to engage at both the supervisory and participatory levels regarding information security and confidentiality management. Employees are required to strictly observe the Group's management systems on information security and confidentiality, actively fulfil their obligations, and promptly report any cybersecurity vulnerabilities, disciplinary breaches, illegal activities, or regulatory violations identified in their daily work.

The Group advances the upgrading of its management systems and the implementation of technical capabilities across four key dimensions: technical defence, data security, internal risk auditing, and emergency response. In this year, the Group continued to refine the information security management mechanism with regard to procurement contract access requirements and third-party information protection, and revised the *Information Equipment & Information Security Management Policy of the Group*. The Group has established a defence-in-depth mechanism covering technical prevention, management control systems, and operational maintenance systems. The Group has fully implemented the requirements of the National Cybersecurity Classified Protection 2.0, continuously improving the efficiency and management of information equipment utilisation while safeguarding data security, thereby addressing the challenges posed by evolving information security risks arising from environmental and business changes. During the Reporting Period, the Group completed closed-loop management of 92 security vulnerabilities and upgraded 27 security products. External attacks decreased by 54% compared with 2024, and information security incidents fell by 37% year-on-year.

The Group also implements strict information security access and control measures for partners, including suppliers, and specifies clear security requirements to ensure the overall security and compliance of the supply chain network environment. The *Supplier Code of Conduct* stipulates that suppliers must fulfil confidentiality obligations, protect trade secrets and sensitive information, and refrain from disclosing such information to unauthorised third parties, thereby safeguarding information security and confidentiality.

## Information Security Management Measures

### Technical Defence

- Integrate EDR with the desktop management platform to establish a zero-trust endpoint protection system.
- Employ dual authentication via VPN and bastion host to strengthen remote access.
- Continuously refine firewall policies and block ransomware attack IP addresses in real time.
- Achieve physical isolation of the office network, industrial network, and monitoring network, and require all computer equipment to be authorised by the Information Department before connecting to the network.

### Data Protection

- For core confidential information including R&D drawings, the Group implements high-strength encryption for storage and transmission, alongside stringent access controls. Furthermore, it is mandated that the external dispatch of any such documents is subject to a formal decryption application and approval process.
- Establish mechanisms for auditing downloads to physical media, approving external emails, and conducting multiple server backups.
- Issue real-time alerts for abnormal operations and business personnel violations to intercept potential risks.
- For provisioned computing equipment, access to USB ports, the external network, and outgoing emails is disabled by default. Should access be required for business purposes, a formal *IT External Access Request* must be submitted and approved via the OA (Office Automation) system.
- Implement weekly routine virus scans and data desensitisation mechanisms.

### Internal Risk Audit

- Conduct monthly vulnerability scans covering all key business systems.
- Retain logs for key business systems for 180 days, and conduct regular audits of system logs to analyse anomalous operations.
- Perform regular inspections of the data centre and equipment, and conduct an annual inventory verification of IT assets.
- Conduct monthly audits of outgoing emails and USB data transfer records. For departing employees, relevant operation logs are traced back six months.
- Conduct quarterly reviews of software installation on information equipment and remove unauthorised software.

The Group conducts an annual internal information security audit covering all business segments. In conjunction with the quality management system (QMS), environmental safety, and occupational health and safety audits, information security requirements are also included in the audit scope on an annual basis. During the Reporting Period, the Group conducted 30 information security audits, achieving 100% coverage of the operational scope across all business segments.

To enhance system resilience and rapid incident response capability, the Group continuously improves its mechanisms for the prevention, handling, and remediation of emergencies, and has formulated the *NGC Information Security Emergency Management System* to standardise emergency response processes, effectively preventing and mitigating loss and harm caused by information security incidents. In the event of information leakage, the Group promptly takes remedial measures, notifies relevant departments, and addresses the incident through processes including investigation and assessment, isolation and repair, and notification and communication. The Group also summarises and analyses incidents and regularly reviews and updates its emergency plan. During the Reporting Period, the Group achieved an incident resolution rate of 100%.

## Information Security Emergency Management Measures

- Establish a coordinated mechanism for standardised and immediate response to information security incidents and the activation of emergency plans.
- Conduct multiple emergency drills covering data backup and recovery, system failover, and business disaster recovery, across key systems including collaborative office platforms, supplier management, warehousing and logistics, and the WZH system.
- Implement a three-tier data backup plan on a daily, weekly, and monthly basis, and conduct regular recovery tests for core systems.
- Formulate emergency management plans for security incidents including power outages, equipment failures, and virus attacks.

The Group is committed to fostering an information security culture of "full participation and proactive defence". Through regular company-wide information security awareness training, notices on proper usage, and the establishment of feedback and reporting channels, the Group comprehensively enhances employee awareness of information security and ensures the stable operation of the Group's business. During the Reporting Period, the Group actively conducted information security training, covering a total of 7,680 attendances, with an average training duration of 2 hours per person.

## Security Feedback and Reporting Mechanism

The Group has established an internal reporting channel for information security incidents, vulnerabilities, and violations:

 • Telephone: +86 25-5247-2328

 • Email: XXZX@NGCtransmission.com

### Key Performance

- During the Reporting Period, the Group recorded **No** information security and data privacy breaches.

## Customer Privacy Protection

The Group has established confidentiality systems including the *Customer and Supplier Property Control Procedures* to perform verification, identification, storage, maintenance, and custody of customer-provided assets and information. We have established a comprehensive privacy protection workflow covering the entire data lifecycle, ensuring that customer property and information are effectively controlled to prevent damage, loss, or improper use. Furthermore, during the year, the Group incorporated third-party information protection clauses into the *Group Information Equipment and Information Security Management System*, clarifying that customer and supplier data are for internal use only and shall not be used for commercial purposes or disseminated. During the Reporting Period, the Group recorded no incidents of customer privacy breaches or infringement of customer interests.





## Green and Low-carbon Development

### Material issues in this chapter

- Responding to Climate Change
- Energy Management
- Resource Recycling and Utilisation
- Water Resource Management
- Emissions and Waste Management
- Product Lifecycle Management

### Performance Highlights

- Renewable energy consumption of **56,907.74** MWh, an increase of **11.93%** compared to last year
- The wind power business segment saved **12,375.30** tonnes of steel for packaging, and the recycling rate for main packaging materials for domestic wind power main gearboxes reached **88.80%**
- Total investment in environmental protection was RMB **12,470,000**

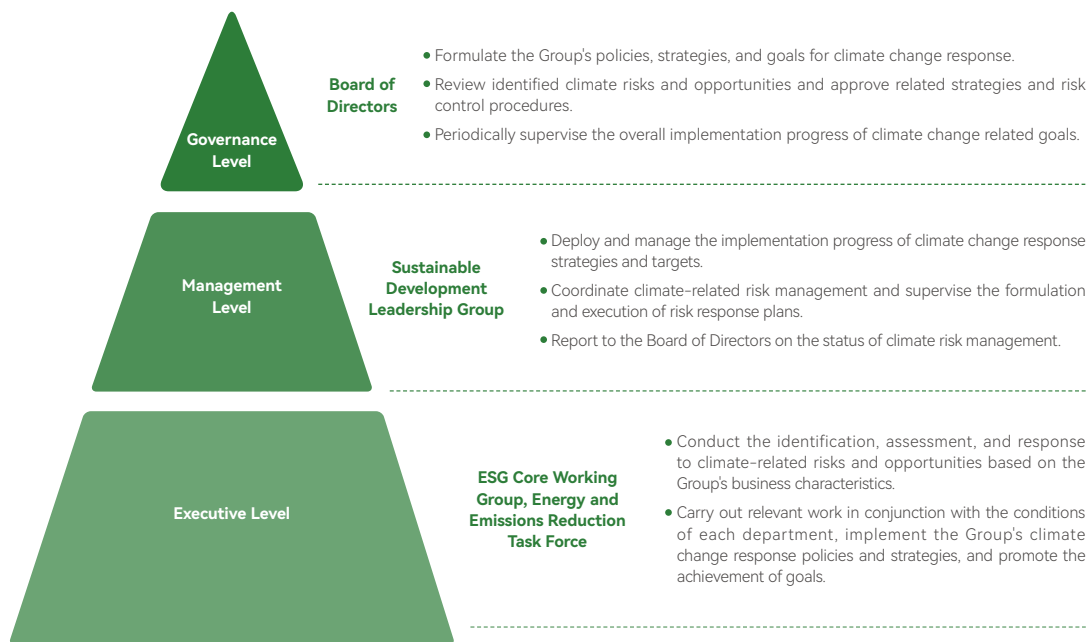


# Climate Change Response

Climate change poses a significant challenge to global sustainable development and represents a critical issue affecting the long-term stable operations and value creation of enterprises. During the Reporting Period, the Group conducted a comprehensive assessment of climate-related risks and opportunities, actively aligned with China's "Dual Carbon" goals and international climate governance initiatives. By integrating climate change considerations into its corporate governance, daily operations, and risk management processes, the Group continues to refine its management and technological approaches, mitigate the environmental impacts within its operations and supply chain, and enhance its corporate climate resilience.

## Climate Governance Structure

The Group has established a three-tiered climate governance structure covering decision-making, management, and execution. By clearly defining the authority and responsibility at each level, the Group ensures a closed-loop management system for climate-related strategies, from top-level design to final implementation.



# Risk Management

The Group has integrated climate-related risks and opportunities into its overall risk management system, establishing a standardised management process of "identification-assessment-response". Under the coordination of the Sustainable Development Leadership Group and through the collaborative execution of the ESG Core Working Group and the Risk Control Department, the Group conducts closed-loop management of climate risks and opportunities.

## Risk Identification

By integrating global climate policy trends, market demands from the upstream and downstream of the industrial chain, and industry technology developments, the Group has conducted a comprehensive research. Through internal interviews on climate change, departmental seminars, and consultations with external experts, the Group systematically sorts and identifies potential risks and opportunities related to climate change.

## Risk Assessment

The Group employs a hybrid qualitative and quantitative approach for risk assessment to ensure scientific validity and comparability of the results. Climate risks are analysed based on severity and frequency of occurrence, while climate opportunities are assessed based on external industry attractiveness and internal capability alignment. Based on internal research findings, a matrix of climate-related risks and opportunities is developed to screen for those that have a significant impact on the Company's strategy, operations, and finances. For details, please refer to the section "Strategy" in this Chapter.

## Risk Response

The Group integrates significant risks into its routine risk management register, under the centralised oversight of the Risk Control Department, with operational departments responsible for ongoing monitoring and mitigation. This approach proactively builds emergency response capabilities to ensure business continuity during extreme weather events and enhances overall climate resilience. To address transition risks, the Group reduces compliance costs through energy-saving technological retrofits, low-carbon technology innovation, and the use of renewable energy. For physical risk, the Group has established an extreme weather emergency plan and optimised its supplier layout to improve its risk response capabilities. Additionally, the Group actively identifies and explores potential value in areas such as resource efficiency and market development, incorporating key opportunities into its annual strategic planning to continuously promote sustainable development and business growth.

# Strategy

## Climate Risk Response Strategy

In 2025, the Group identified and assessed climate-related physical risks, transition risks and transition opportunities. It further analysed the impacts of material<sup>3</sup> risks and opportunities on the Group's time horizons<sup>4</sup>, business models, value chains and financial performance, refining response strategies and actions to comprehensively enhance climate resilience and ensure long-term stable operations.

### Physical Risk Impact Assessment and Response Strategy

Risk Type	Risk Name	Time Horizon	Impact Assessment and Description	Affected Value Chain Segment	Potential Financial Impact	Response Strategy and Actions
Acute Risks	Extreme High Temperatures	<input checked="" type="checkbox"/> Short-term <input checked="" type="checkbox"/> Medium-term <input checked="" type="checkbox"/> Long-term	<ul style="list-style-type: none"> <li>Extreme high temperatures may cause short-term surges in regional power grid loads, exposing factories and upstream suppliers to power rationing and production restrictions. This could disrupt production schedules and order delivery, subsequently damaging customer relationships and increasing default risks.</li> <li>High-temperature environment may increase the heat dissipation load on production equipment, raising the risk of overheating and failure. It may also increase demand for cooling water, thereby increasing operational costs.</li> <li>Working in high-temperature environment may endanger employee health. The Group may face operational pressures, including rising costs for high-temperature allowances and limited effective working hours, which may in turn increase labour costs and affect production scheduling.</li> </ul>	<input checked="" type="checkbox"/> Upstream value chain <input checked="" type="checkbox"/> Production and operations <input checked="" type="checkbox"/> Downstream value chain	Revenue fluctuations Higher capital expenditure ↑ Increased operational costs ↑ Asset impairment ↓	<ul style="list-style-type: none"> <li>The Group has formulated the <i>Power Supply Emergency Plan</i> and conducts regular drills to develop emergency response capabilities. It has also established the <i>Supplier-related Risk Register</i> to assess suppliers' delivery capabilities and their ability to respond to natural disasters on an irregular basis, thereby continuously strengthening supply chain resilience;</li> <li>The Group has established various regulations including the <i>Energy Management Regulation</i> and the <i>Heat Treatment Equipment Energy-saving Management Regulation</i>. It has also equipped workshops with climate-controlled air conditioning to mitigate the impact of external temperature fluctuations on the production environment, and strengthened routine equipment maintenance to ensure stable operations;</li> <li>The Group adjusts work schedules during high-temperature summer weather to avoid peak temperatures. It has formulated the heatstroke emergency plan and conducts regular drills. The Company also stocks first-aid kits with heatstroke prevention and cooling supplies on site, and provides air-conditioned rest areas for employees.</li> </ul>
	Extreme Precipitation	<input checked="" type="checkbox"/> Short-term <input checked="" type="checkbox"/> Medium-term <input checked="" type="checkbox"/> Long-term	<ul style="list-style-type: none"> <li>Extreme precipitation may cause flooding in factory areas, water damage to equipment, and destruction of inventory. Lightning could also damage production equipment or cause fires, resulting in production interruptions and higher operational costs.</li> <li>Secondary disasters caused by extreme precipitation, including landslides and mudslides, may lead to road collapses and transport disruptions. This may result in traffic safety risks and the risk of moisture damage to cargo, affecting raw material supply and product logistics, and potentially disrupting order delivery.</li> <li>Heavy rainfall may obstruct employee commuting and create slippery surfaces and poses electrical leakage risks within the factory area, increasing the potential for commuting accidents and on-site operational safety hazards.</li> </ul>	<input checked="" type="checkbox"/> Upstream value chain <input checked="" type="checkbox"/> Production and operations <input checked="" type="checkbox"/> Downstream value chain	Increased operational costs ↑ Revenue fluctuations Asset impairment ↓	<ul style="list-style-type: none"> <li>The Group has established a flooding emergency plan and has formed an emergency response team. It issues advance warnings for production safety and flood control based on monitoring, and clarifies key concerns and response requirements, including lightning strike prevention, collapse prevention, working-at-height management, electric shock prevention, and traffic safety. The Group implements inspections and maintenance of factory buildings and facilities, focusing on improving the drainage system and proactively clearing and dredging storm drains and pipes. It conducts regular lightning protection inspections to reduce the risk of lightning-related accidents.</li> <li>The Group has formulated the <i>Emergency Plan for Logistics</i>, which outlines procedures for handling events including vehicle breakdowns and traffic accidents. It also enhances weather monitoring and applies comprehensive rainproof and rustproof packaging protection to products in transit.</li> <li>The Group has purchased insurance policies including public liability, employer's liability, product liability, and all-risk property insurance to strengthen protection for personnel and assets, transfer financial loss risks, and reinforce response capabilities for acute risks.</li> </ul>
Chronic Risks	Warming Trends	<input checked="" type="checkbox"/> Long-term	<ul style="list-style-type: none"> <li>The energy consumption of cooling equipment and climate-controlled workshops may continue to rise, and the frequency of equipment maintenance may increase, leading to higher maintenance costs.</li> <li>Regional power rationing caused by high temperatures may become recurrent, affecting the continuity of production planning and the stability of scheduling.</li> <li>Changes in the working environment caused by long-term climate change may affect employees' occupational health, thereby increasing investment in health and safety management, including high-temperature protection.</li> <li>Global warming may alter regional wind speed patterns, affecting demand in the downstream wind power market and consequently impacting the sales revenue of the wind power business segment.</li> </ul>	<input checked="" type="checkbox"/> Production and operations <input checked="" type="checkbox"/> Downstream value chain	Higher capital expenditure ↑ Increased operational costs ↑ Decreased revenue ↓	<ul style="list-style-type: none"> <li>The Group commissions third-party organisations to conduct regular inspections for high-temperature hazards in the workplace and implements effective improvement measures.</li> <li>The Group has built distributed energy storage power stations that can perform two charge-discharge cycles daily. This leverages peak-valley price differences to reduce energy costs while reducing reliance on the traditional power grid under the risks of high-temperature power rationing.</li> <li>The Group provides heatstroke prevention supplies to personnel working in high temperatures, equips work sites with air coolers, establishes air-conditioned rest areas for employees, and continuously improves the performance of cooling equipment.</li> <li>The Group continuously monitors changes in regional demand within the wind power industry, adjusts product layout accordingly, and consistently develops products suited to different climate conditions.</li> </ul>

Remark:

<sup>3</sup>The Group uses a combination of qualitative and quantitative methods to assess and score risks and opportunities. A climate-related risk and opportunity matrix is developed based on internal scoring, and material risks and opportunities are identified based on the Group's risk management indicators.

<sup>4</sup>The Group divides the periods of impact of climate risks/opportunities on the company into three stages: short-term (2026-2030), medium-term (2031-2040), and long-term (2041-2050).

**Transition Risk Impact Assessment and Response Strategy**

Risk Type	Risk Name	Time Horizon	Impact Assessment and Description	Affected Value Chain Segment	Potential Financial Impact	Response Strategy and Actions
Policy and Legals	International and National Climate Policies and Regulations	<input checked="" type="checkbox"/> Short-term <input checked="" type="checkbox"/> Medium-term <input checked="" type="checkbox"/> Long-term	<ul style="list-style-type: none"> <li>Internationally, influenced by regulations including the EU's <i>Net-Zero Industry Act</i>, overseas market access thresholds have risen; international customers demand stricter product carbon footprint disclosures, where non-compliance could result in the loss of orders. Nationally, "Dual Carbon" policies and related regulations impose higher energy conservation and carbon reduction requirements on manufacturing enterprises, and failure to respond timely may lead to environmental penalties or restrictions; the continuous tightening of the green regulatory system (including "Dual Control of Carbon Emissions" and energy efficiency standards for key energy-consuming products and equipment) compels companies to accelerate the green upgrade or decommissioning of high-energy-consuming assets, increasing compliance and transition costs.</li> <li>Under increasingly stringent low-carbon policies, inadequate green manufacturing capabilities may reduce the market competitiveness of products.</li> </ul>	<input checked="" type="checkbox"/> Upstream value chain <input checked="" type="checkbox"/> Production and operations <input checked="" type="checkbox"/> Downstream value chain	Increased capital expenditure ↑ Increased operating costs ↑ Decreased revenue ↓	<ul style="list-style-type: none"> <li>The Group closely monitors domestic and international policy and regulatory trends in green manufacturing within the wind power industry, taps into emission reduction potential through improved energy efficiency, energy structure optimisation and low-carbon technological process improvements to accelerate low-carbon product iteration and transform policy compliance pressure into market competitive advantages.</li> <li>The Group conducts organisational greenhouse gas verification and core product carbon footprint verification to ensure it meets overseas market access and information disclosure requirements.</li> <li>The Group continuously increases investment in energy-saving technological upgrades for high-energy-consuming equipment to avoid asset impairment risks for high-energy-consuming production lines.</li> <li>The Group optimises green product design, continues product lightweighting and green material selection, and promotes a gradual increase in the procurement of low-carbon raw and auxiliary materials; carbon emissions, energy consumption and environmental protection indicators are incorporated into supplier access and assessment standards to collaborate with upstream and downstream partners on decarbonisation.</li> </ul>
Market Risks	Upstream Market (Raw Materials)	<input checked="" type="checkbox"/> Short-term <input checked="" type="checkbox"/> Medium-term	<ul style="list-style-type: none"> <li>Raw material industries including steel and iron are being included in carbon markets, and carbon emission costs may lead to price increases in the upstream raw materials market, which drives up procurement costs.</li> </ul>	<input checked="" type="checkbox"/> Production and operations <input checked="" type="checkbox"/> Upstream value chain	Increased costs ↑ Decreased profits ↓ Decreased revenue ↓	<ul style="list-style-type: none"> <li>The Group explores establishing long-term cooperation or price-locking mechanisms with suppliers to reduce price volatility risks.</li> <li>The Group advances product lightweighting design to reduce the consumption of raw materials including steel and iron per unit from the source.</li> <li>The Group optimises manufacturing technological processes to improve the comprehensive utilisation rate of raw materials and continuously improves production waste recycling to reduce procurement costs.</li> </ul>
	Downstream Market	<input checked="" type="checkbox"/> Medium-term <input checked="" type="checkbox"/> Long-term	<ul style="list-style-type: none"> <li>If demand growth slows in downstream sectors including wind turbine manufacturing and traditional industrial equipment, the Group's business model relying on equipment delivery for new projects will face growth bottlenecks.</li> <li>Customer requirements for upstream suppliers' carbon emissions and disclosure are tightening; decarbonisation on products and supply chain may become a key criterion for supplier selection.</li> </ul>	<input checked="" type="checkbox"/> Production and operations <input checked="" type="checkbox"/> Downstream value chain	Decreased revenue ↓	<ul style="list-style-type: none"> <li>Addressing market demand, the Group steadily develops its three major business segments of wind power, industrial and rail transit, while further expanding into emerging high-growth sectors including new energy vehicles and industrial robots to mitigate risks from cyclical fluctuations in single industries.</li> <li>The Group strengthens product R&amp;D and innovation, including launching products adapted to harsh operating conditions such as extreme cold, high temperatures, high altitudes and desert environments, maintaining product advantages via differentiated competition.</li> <li>The Group conducts organisational greenhouse gas verification and core product carbon footprint verification to enhance data disclosure quality and progressively promote the formulation of scientific and rational carbon reduction targets and pathway planning.</li> <li>Via supplier conferences, technical exchange meetings and training, the Group identifies carbon emission reduction potential and collaborates with suppliers to reduce product energy consumption and the environmental impact throughout the product life cycle.</li> </ul>
Energy Risks	Investment in Energy-saving Technological Retrofits Projects	<input checked="" type="checkbox"/> Short-term <input checked="" type="checkbox"/> Medium-term	<ul style="list-style-type: none"> <li>Energy-saving technological retrofits projects generally have long investment cycles and uncertain payback periods, which may cause short-term returns to risks.</li> <li>Rapid technological iteration may lead to accelerated obsolescence of outdated facilities and technological processes, which affects financial stability.</li> </ul>	<input checked="" type="checkbox"/> Production and operations	Increased investment return risk ↑ Increased costs ↑ Asset impairment ↓	<ul style="list-style-type: none"> <li>The Group prioritises energy-saving technological upgrade projects with mature technology and high investment returns to balance long-term emission reduction goals with short-term cash flow health.</li> <li>Leveraging quality and skill training mechanisms, the Group conducts training on new technological process and equipment operations to reduce the learning costs of new technologies and smooth technological transition period.</li> </ul>
Technology Risks	New Technology R&D	<input checked="" type="checkbox"/> Medium-term, <input checked="" type="checkbox"/> Long-term	<ul style="list-style-type: none"> <li>Rapid technological updates in large megawatt-level wind power models and the net-zero transition-driven demand for low-carbon and high-efficiency transmission equipment mean that should the Group's new technology R&amp;D lag or its technological reserves be insufficient, existing core products will face obsolescence risks, weakening their market competitiveness.</li> <li>Should the conversion of new technology investments into profitable business be hindered, financial losses will be incurred.</li> </ul>	<input checked="" type="checkbox"/> Production and operations	Increased R&D costs ↑ Asset impairment ↓ Decreased revenue ↓	<ul style="list-style-type: none"> <li>The Group closely tracks cutting-edge technological paths within the industry, proactively lays out innovative development and establishes forward-looking product technology reserves.</li> <li>The Group continuously monitors domestic and international green and sustainable design trends, implementing "lightweighting" and "green material selection" during the product design stage to enhance product green competitiveness from the source; it implements refined energy management throughout the life cycle, promotes lean production and constantly improves manufacturing technological processes to tap emission and cost reduction potential in production.</li> <li>The Group strengthens joint innovation with core upstream and downstream customers and top-tier scientific research institutions to align with market demand, share R&amp;D risks and increase the success rate of new technology commercialisation from laboratories to mass production; it also improves review and risk control mechanisms for new technology investment projects, dynamically optimising resource allocation to control sunk costs.</li> </ul>
Reputational Risks	Negative Public Sentiment	<input checked="" type="checkbox"/> Short-term <input checked="" type="checkbox"/> Medium-term	<ul style="list-style-type: none"> <li>With tightening transparency requirements from domestic and international customers, regulatory agencies and the public regarding corporate carbon emissions and climate risk management, should the Group have omissions or delays in information disclosure, it could trigger negative public sentiment, damaging brand reputation and market trust.</li> </ul>	<input checked="" type="checkbox"/> Production and operations <input checked="" type="checkbox"/> Downstream value chain	Decreased revenue ↓ Increased financing costs ↑ Increased operating costs ↑	<ul style="list-style-type: none"> <li>The Group continuously improves its environmental management system and strictly implements environmental compliance requirements to prevent environmental violations from operational sources through regular internal and external audits; it consistently carries out energy-saving and carbon reduction technological upgrade projects, increases investment in clean technologies and builds a responsible corporate image.</li> <li>The Group regularly communicates with stakeholders to fully understand and promptly respond to their concerns and expectations; it optimises its digital energy management system and establishes transparent carbon data traceability and reporting mechanisms to enhance the accuracy and timeliness of environmental and climate-related information disclosure.</li> <li>The Group actively participates in national and local green manufacturing project selections and continues to advance the construction of green factories.</li> <li>The Group improves its public opinion monitoring and response mechanisms to ensure timely remediation and transparent communication when encountering negative public sentiment.</li> </ul>

**Transition Opportunity Impact Assessment and Response Strategy**

Opportunity Type	Opportunity Name	Time Horizon	Impact Assessment and Description	Affected Value Chain Segment	Potential Financial Impact	Response Strategy and Actions
Resource Efficiency	Technological Process Innovation	<ul style="list-style-type: none"> <li>☑ Medium-term</li> <li>☑ Long-term</li> </ul>	As customer and market demand for high-efficiency, low-energy-consumption products continues to rise, the Group constantly improves product energy efficiency and resource utilisation through process optimisation and technological upgrades. These initiatives enhance product market recognition and industry competitiveness, thereby consolidating the Group's market position in green manufacturing and high-end equipment.	<ul style="list-style-type: none"> <li>☑ Production and operations</li> <li>☑ Downstream value chain</li> </ul>	Decreased operating costs ↓ Increased revenue ↑	<ul style="list-style-type: none"> <li>• The Group systematically integrates resource efficiency and energy efficiency targets into technological process R&amp;D and product design, and continuously promotes the application and iteration of high-efficiency, low-energy-consumption technologies.</li> <li>• The Group collaborates across the industrial chain to develop energy-saving and efficiency-enhancing solutions, improving the commercialisation capability of technological achievements.</li> </ul>
	Low-carbon Value Chain	<ul style="list-style-type: none"> <li>☑ Medium-term</li> <li>☑ Long-term</li> </ul>	With increasing demands from downstream customers and international markets for supply chain decarbonisation and sustainable management, the Group promotes the green transformation and low-carbon collaboration of its supply chain. These efforts enhance the Group's competitive advantages of its products in low-carbon procurement, green certification, and international market access, while fostering customer trust and expanding market reach.	<ul style="list-style-type: none"> <li>☑ Upstream value chain</li> <li>☑ Production and operations</li> </ul>	Increased revenue ↑ Increased supply chain compliance and transition management costs ↑	<ul style="list-style-type: none"> <li>• The Group gradually incorporates environmental indicators into supplier admission and performance evaluation mechanisms, and continuously advances sustainable procurement management.</li> <li>• The Group guides key suppliers to enhance their carbon emission management capabilities through specialised supply chain carbon management empowerment training, jointly building a green supply chain.</li> </ul>
	Manufacturing Material and Packaging Material Recycling	<ul style="list-style-type: none"> <li>☑ Medium-term</li> <li>☑ Long-term</li> </ul>	By advancing material recycling and packaging reduction, the Group continuously improves resource efficiency and reduces material consumption per unit of product and operating costs. These initiatives further strengthen the stability of the supply system and enhance operational resilience.	<ul style="list-style-type: none"> <li>☑ Upstream value chain</li> <li>☑ Production and operations</li> </ul>	Decreased operating costs ↓	<ul style="list-style-type: none"> <li>• The Group systematically promotes the classified management of waste and recyclables, and enhances the standardisation and scale of recycling and reuse.</li> <li>• The Group promotes the standardised and circular design of packaging materials to reduce the use of single-use materials.</li> </ul>
Products and services	Wind Power Gear Transmission Equipment	<ul style="list-style-type: none"> <li>☑ Long-term</li> </ul>	Driven by the global energy transition and the trend towards large megawatt-level wind power models, market demand for wind power gearboxes continues to grow. The Group focuses on the R&D and application of high-power offshore wind power gearboxes, positioning itself to expand market share and drive revenue growth.	<ul style="list-style-type: none"> <li>☑ Production and operations</li> <li>☑ Downstream value chain</li> </ul>	Increased revenue ↑ Increased R&D costs ↑ Increased capital expenditure ↑	<ul style="list-style-type: none"> <li>• The Group increases R&amp;D investment in the core technologies of wind power gearboxes to adapt to downstream customer demand for high-power wind turbines, and focuses on advancing the development of high-power offshore wind power gearbox products.</li> <li>• The Group closely follows domestic and international renewable energy policy trends, strengthens collaborative R&amp;D with downstream wind power enterprises, precisely matches application scenarios and reliability requirements, and expand market share.</li> <li>• The Group enhances after-market service capabilities to provide customers with full life-cycle product services.</li> </ul>
	Industrial Gear Transmission Equipment	<ul style="list-style-type: none"> <li>☑ Medium-term</li> <li>☑ Long-term</li> </ul>	The ongoing low-carbon transition in industries including environmental protection, energy storage, and power generation is driving sustained demand for high-efficiency, energy-saving industrial gear products. Leveraging its product performance and technological expertise, the Group continuously expands into the green industrial equipment market, enhancing its business growth potential and market competitiveness.	<ul style="list-style-type: none"> <li>☑ Production and operations</li> <li>☑ Downstream value chain</li> </ul>	Increased revenue ↑ Increased R&D costs ↑ Increased capital expenditure ↑	<ul style="list-style-type: none"> <li>• The Group increases R&amp;D investment in high-efficiency technologies for industrial gearboxes, optimises product design, reduces transmission energy loss, and adapts to the energy transition needs of downstream high-energy-consumption industries.</li> <li>• The Group focuses on key areas such as environmental protection, power generation, and energy storage; expands application scenarios for industrial gearboxes; precisely matches the resource efficiency improvement needs of downstream industries; and broadens market coverage.</li> <li>• The Group continuously provides customized product solutions based on the characteristics of different industries.</li> </ul>

**Current and Anticipated Financial Effects of Climate Change**

The Group places great importance on the financial impact of climate change and is gradually identifying and compiling data on capital and operating expenditures related to climate change response. However, due to multiple external factors including changes in industrial policy and market competition, current quantification methods and assumptions are subject to significant uncertainty, and it is difficult to isolate related financial investments from daily operating expenses. To ensure the prudence and reliability of information disclosure, the Group has chosen to apply the financial effects relief and will not present quantitative figures for the current and anticipated financial impacts of climate change during the Reporting Period. The Group will continue to improve its statistical and accounting systems for climate-related financial expenditures to progressively enhance the feasibility of disclosure.

## Climate Resilience Analysis

### Physical Risk Analysis

#### Analysis Method

Under different warming scenarios, changes in the frequency and intensity of climate-related hazards will have varying degrees of impact on the Group's operational continuity. The Group applies scenario analysis to assess the potential impact of extreme weather events or chronic trends on core operational assets across different scenarios. The analysis references the Fifth and Sixth Assessment Reports of the Intergovernmental Panel on Climate Change (IPCC), selecting Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs) scenario data to conduct a comprehensive assessment of physical risks from 2025 to 2050. The two scenarios used are as follows:

Scenario Name	Scenario Description	Estimated Temperature Rise at the end of this Century	Time Horizon	Key Assumptions
SSP2-4.5	Moderate emissions scenario, corresponding to the SSP2. Global development follows current trends, alongside the adoption of certain climate mitigation measures. Greenhouse gas emissions are projected to be halved by 2080, with radiative forcing reaching approximately 4.5 W/m <sup>2</sup> by 2100.	Approximately 2.7° C	Short-term: 2025 Medium-term: 2030 Long-term: 2050	Internal factors, including the physical location, principal business, asset scale, operating revenue, and risk response measures of each operating site, are assumed to remain unchanged.
SSP5-8.5	High emissions scenario, corresponding to the SSP5. The global economy experiences rapid growth and remains highly dependent on fossil fuels, leading to a continuous increase in greenhouse gas emissions. Radiative forcing is projected to exceed 8.5 W/m <sup>2</sup> by 2100.	Approximately 4.4° C		

This analysis covers all major business segments of the Group. Core operating assets are primarily located in Nanjing and Huai'an in Jiangsu Province, and Baotou in the Inner Mongolia Autonomous Region, among other locations. We analyse the frequency and intensity of various climate-related hazards at the Group's operating sites using scenario data. Taking into account the Group's principal business, asset types, and the sensitivity of each location to such hazards, the risk level of individual assets is assessed under different scenarios, and the proportion of assets (or revenue) at each risk level to total assets (or total revenue) is calculated to comprehensively evaluate the Group's overall exposure to climate-related physical risk.

Based on an analysis of the severity and frequency of physical risks, seven physical risk types were identified. Among these, extreme high temperatures, extreme precipitation, and warming trends are considered the primary risk types. This report focuses on these three risk types, applying the aforementioned scenarios and scoring methods.

#### Analysis Results

From the short-term to long-term, none of the Group's operating sites are exposed to high-risk areas under any scenario, and the assets and revenue exposure susceptible to physical risks are nearly zero. In daily operations, the Group has established corresponding mitigation measures for various risks at each operating site to respond to emergencies, including establishing an emergency response mechanism to prevent operational interruptions and asset losses caused by sudden hazards. The Group also incorporates the occurrence of climate-related hazards into its future business planning and layout considerations to proactively avoid high-risk climate zones.

#### Transition Risk Analysis

Complying with the requirements of the *Environmental, Social and Governance Reporting Code* of the Stock Exchange of Hong Kong Limited, the Group has identified and assessed climate-related transition risks based on reasonably available information during the Reporting Period. It has also conducted qualitative analysis and explanation of the transmission paths, impact cycles and potential business and financial impacts of significant transition risks. However, conducting scientific quantitative scenario analysis of transition risks relies on long-term macroeconomic policy and economic forecasts, precise carbon emissions data across the entire value chain and mature financial estimation models. Given that underlying data tracking and quantification systems are still under development and refinement, the Group has decided to apply the "reasonable information relief" principle this year and temporarily withhold disclosure of quantitative scenario analysis for transition risks in this report. In the future, the Group will continue to enhance the quality of relevant data quantification, closely monitor the progress of quantitative assessment methodologies in the industry and advance related disclosure work in due course.

## Transition Opportunity Analysis

Focusing on our core wind power gear transmission equipment, we have conducted an assessment of the potential impact of external demand fluctuations on our business development across short-term, medium-term, and long-term energy transition pathways. This assessment is primarily based on scenario assumptions from the IEA's *World Energy Outlook 2025* (WEO 2025), using the long-term growth trends in global installed wind capacity as a key external variable.

The global energy transition is driving a continuous surge in demand for clean energy. With many nations legislating net-zero targets and setting clear mandates for green energy adoption, wind power has emerged as a core technology for low-carbon electricity generation, presenting significant growth opportunities. Data from WEO 2024 and WEO 2025 indicate a consistent upward trend in global wind capacity across all scenarios: estimated at approximately 1,300 GW in 2025, and projected to reach approximately 3,985 GW (under the STEPS scenario) and 8,001 GW (under the NZE scenario) by 2050.

The Group continuously monitors global wind policy frameworks and technological advancements. By dynamically assessing the impact of market shifts on product mix and business strategy, we are strengthening our forward-looking capabilities and consolidating our technical edge, thereby ensuring resilience and long-term value creation across diverse energy transition pathways.

## Metrics and Targets

The Group deepens carbon emissions management through carbon emission data collection and accounting mechanisms covering major production sites and key emission sources, promoting regular and institutionalised organisational carbon inventory operations. The task force on energy and carbon emissions further strengthens its coordination function, decomposing annual energy consumption indicators across business segments and key departments, establishing performance tracking and deviation analysis mechanisms, and regularly conducting energy efficiency assessments and energy-saving potential diagnostics. The Group sets annual energy consumption targets and metrics to monitor carbon emissions, as detailed in the "Energy Management" section of this report.

## GHG Emissions (Scope 1 + Scope 2) Data<sup>5</sup>

Indicators	Unit	2025 <sup>6</sup>	2024 <sup>7</sup>	2023 <sup>8</sup>
<b>GHG emissions (Scope 1 + Scope 2)</b>	tCO <sub>2</sub> e	379,695.73	322,874.32	270,683.84
<b>GHG emissions (Scope 1)</b>	tCO <sub>2</sub> e	22,091.14	25,863.44	17,605.62
Wind Power Business Segment—Nanjing Factory	tCO <sub>2</sub> e	8,983.10	10,039.78	9,920.54
Wind Power Business Segment—Huai'an Factory	tCO <sub>2</sub> e	7,805.32	11,851.99	4,365.18
Industrial Business Segment	tCO <sub>2</sub> e	4,223.30	3,908.60	3,319.90
Rail Transit Business Segment	tCO <sub>2</sub> e	1,079.42	63.07	/
<b>GHG emissions (Scope 2)<sup>9</sup></b>	tCO <sub>2</sub> e	357,604.59	297,010.88	253,078.22
Wind Power Business Segment—Nanjing Factory	tCO <sub>2</sub> e	162,295.91	140,876.18	138,381.33
Wind Power Business Segment—Huai'an Factory	tCO <sub>2</sub> e	151,748.36	115,748.49	76,164.27
Industrial Business Segment	tCO <sub>2</sub> e	39,949.37	37,077.07	38,532.61
Rail Transit Business Segment	tCO <sub>2</sub> e	3,610.95	3,309.14	/
<b>Intensity of GHG emissions (Scope 1 + Scope 2)</b>	tCO <sub>2</sub> e/tonne of production	0.58	0.60	0.59

Remark:

<sup>5</sup>Minor decimal discrepancies between the sum of detailed greenhouse gas emission data and total figures in the table are normal statistical outcomes after rounding to two decimal places.

<sup>6</sup>In 2025, the Group's business scale expanded and production and operating activities increased, leading to a corresponding rise in energy consumption. Furthermore, emission factors for certain sources were updated; consequently, our GHG emissions increased compared to last year.

<sup>7</sup>In 2024, the Group's GHG emissions data increased compared to last year due to the new inclusion of the rail transit business segment in the disclosure scope and the full operation of the wind power business segment's Huai'an factory during the year.

<sup>8</sup>In 2023, the GHG emissions data covered the Group's wind power business segment and industrial business segment.

<sup>9</sup>The Group's location-based Scope 2 GHG emissions equal its market-based Scope 2 GHG emissions. GHG emissions (Scope 2) comprise indirect emissions from purchased electricity and steam. Specifically, the emission factors for purchased electricity were 0.5703 kgCO<sub>2</sub>/kWh in 2023, derived from the 2022 national average grid emission factor issued by the Ministry of Ecology and Environment; 0.5366 kgCO<sub>2</sub>/kWh in 2024, derived from the 2022 national average electricity carbon dioxide emission factor issued by the Ministry of Ecology and Environment; and 0.5827 kgCO<sub>2</sub>/kWh in 2025, derived from the 2023 provincial (Jiangsu) average electricity carbon dioxide emission factor issued by the Ministry of Ecology and Environment.

**GHG Emissions (Scope 3) Data**

Indicators	Unit	2025	2024
GHG emissions (Scope 3)	tCO <sub>2</sub> e	4,315,267.03	3,141,639.98
Wind Power Business Segment - Nanjing Factory	tCO <sub>2</sub> e	2,316,132.60	1,844,075.64
Wind Power Business Segment - Huai'an Factory	tCO <sub>2</sub> e	1,508,534.50	970,134.57
Industrial Business Segment	tCO <sub>2</sub> e	457,962.99	294,642.93
Rail Transit Business Segment	tCO <sub>2</sub> e	32,636.94	32,786.84

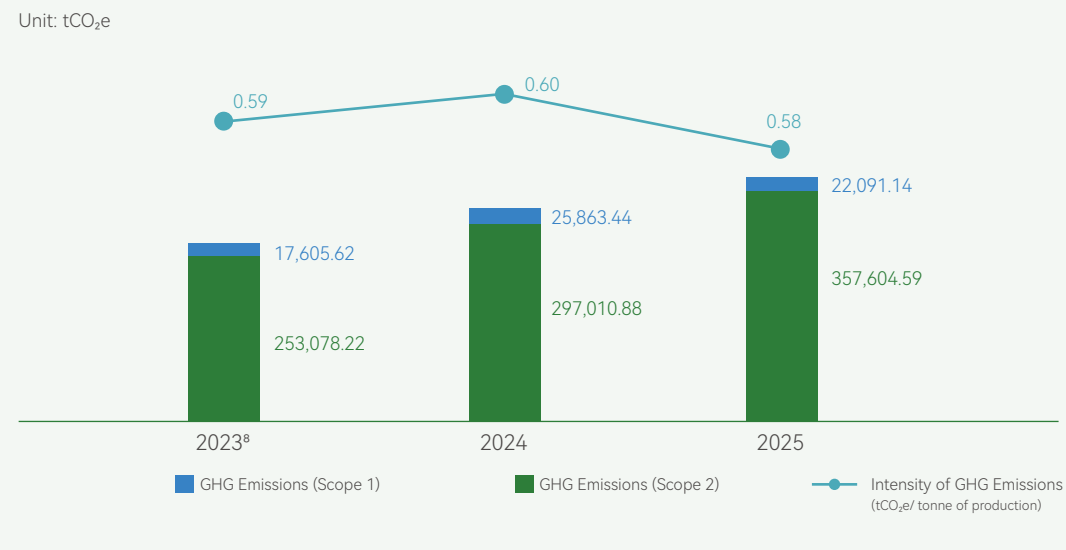
**Categories and Emissions of Scope 3**

Emission Categories <sup>10</sup>	Unit	2025	2024
GHG emissions (Scope 3)	tCO <sub>2</sub> e	4,315,267.03	3,141,639.98
Purchased goods and services	tCO <sub>2</sub> e	3,686,965.78	2,692,787.77
Capital goods	tCO <sub>2</sub> e	223,222.32	62,631.38
Energy-related	tCO <sub>2</sub> e	124,730.05	196,605.71
Upstream transportation and distribution	tCO <sub>2</sub> e	158,827.54	107,759.78
Waste generated by the organisation	tCO <sub>2</sub> e	8,305.13	5,414.83
Business travel	tCO <sub>2</sub> e	1,395.19	1,727.21
Employee commuting	tCO <sub>2</sub> e	3,199.04	3,095.38
Upstream leased assets	tCO <sub>2</sub> e	64,261.15	25,790.27
Downstream transportation and distribution	tCO <sub>2</sub> e	44,360.83	45,827.65

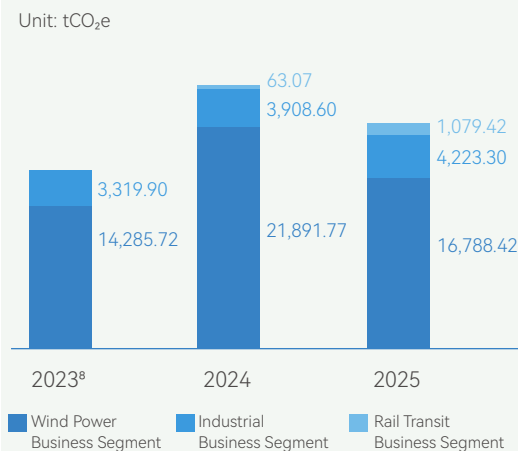
Remark:

<sup>10</sup>Classified in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (GHGP).

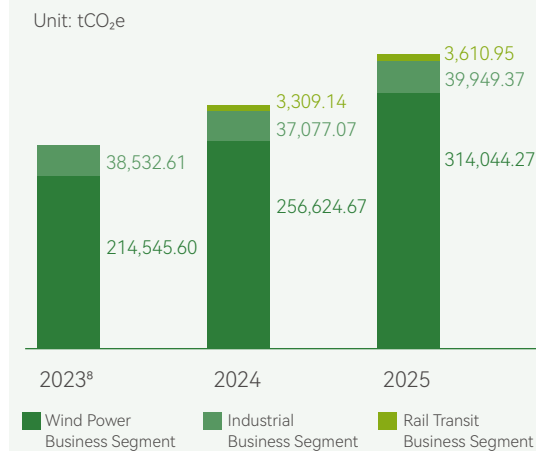
**GHG Emissions and Intensity of the Group from 2023 to 2025 (Scope 1 + Scope 2)**



**GHG Emissions (Scope 1) from 2023 to 2025**



**GHG Emissions (Scope 2) from 2023 to 2025**



# Environmental Compliance Management

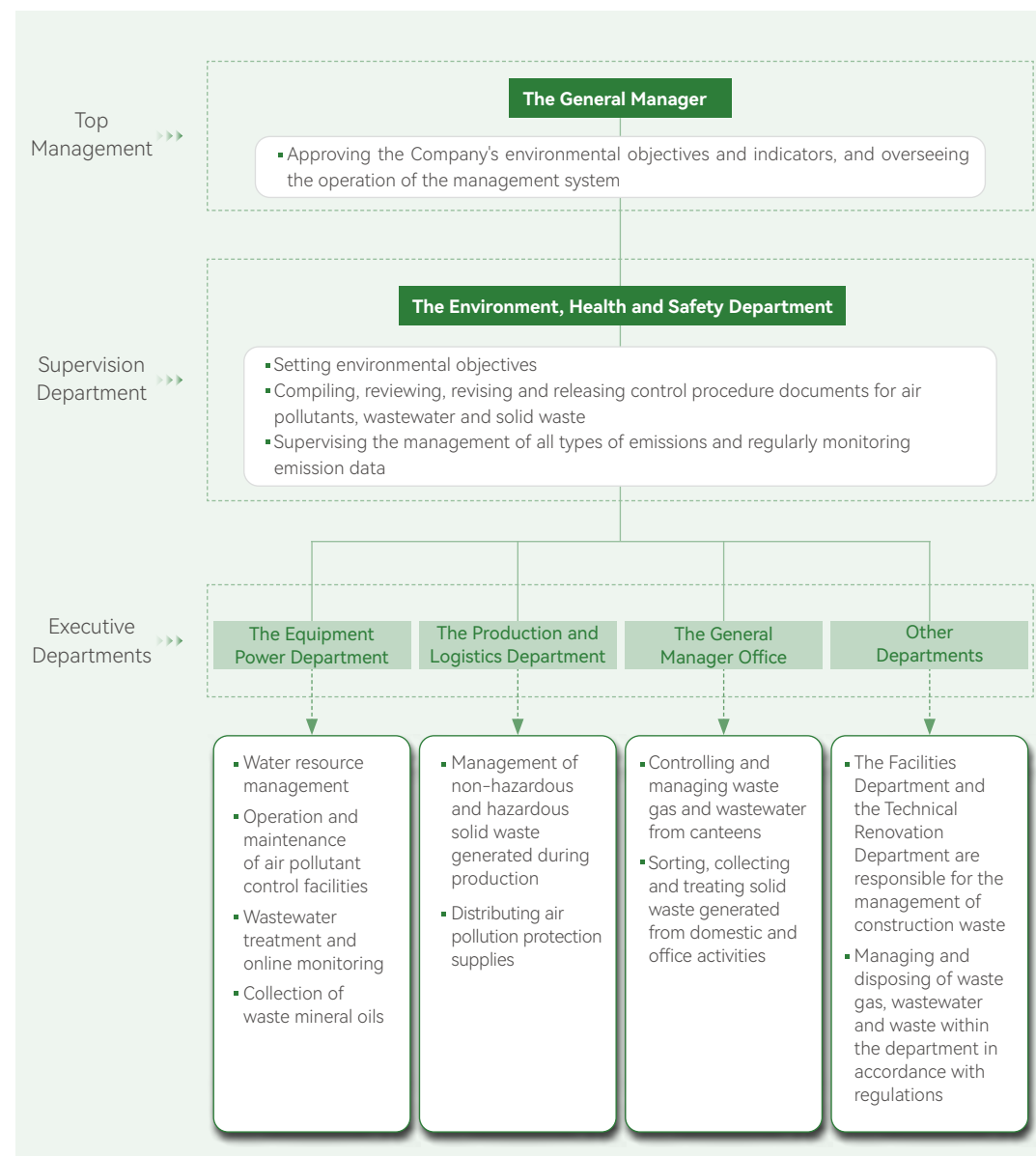
The Group strictly complies with laws and regulations on ecological and environmental protection, integrating the concept of green compliance deeply into corporate operations. We continuously enhance our environmental management system, strengthen risk prevention and emergency management mechanisms, and integrate environmental management requirements into performance assessments. Concurrently, we advance refined and digitalised environmental management, implementing closed-loop management for all emissions to ensure full compliance with discharge standards, thereby minimising the adverse impact of corporate operations on the ecological environment.

## Environmental Management System Environmental Governance and Strategy

The Group strictly complies with national environmental laws and regulations, including the *Environmental Protection Law of the People's Republic of China* and the *Cleaner Production Promotion Law of the People's Republic of China*. In accordance with ISO 14001:2015 Environmental Management System and other relevant standards, the Group continuously revises internal management systems, including the *Environmental and Occupational Health and Safety Management Manual* and the *Management System for Safety and Environmental Protection of Stakeholders*. Approved and issued by the General Manager, these systems cover the Group's own operations and relevant stakeholders, including suppliers and customers. Through scientific guidance and strict supervision, the Group promotes multi-stakeholders collaboration to enhance environmental management and environmental risk prevention capabilities. The Group consistently maintains communication with external stakeholders, such as government and regulatory agencies, safety and environmental service providers, suppliers, and customers, to understand their key concerns and incorporate material issues and recommendations into the revision of internal environmental policies and related documents.

To ensure the effective delivery of environmental management strategies and objectives, the Group has established a comprehensive environmental management structure. With the General Manager acting as the highest authority to oversee and manage operations, the Group's EHS Department formulates relevant environmental targets and directs and coordinates environmental management work within each business segment. The executive departments within each business segment, including safety and environmental protection departments, implement environmental management initiatives and achieve objectives at each plant, aligning with the Group's overall deployment and their respective business realities. The Group has formulated the *EHS Performance Assessment Measures for Business Units (Plants) (Trial)*, defining environmental management performance appraisals and accountability mechanisms for each business segment across dimensions such as the operation of environmental protection equipment, compliant disposal of hazardous waste, and rectification of environmental hazards. Furthermore, each business segment has formulated and implemented the *EHS Reward and Penalty Assessment System* to refine assessment standards for non-compliance. Regular quarterly and annual EHS performance appraisals are conducted for all departments and management personnel, with corresponding rewards and penalties based on the results. The final appraisal results are directly linked to the performance and promotion of management personnel at all levels.

### Environmental Management Structure



## Environmental Risk Management and Objectives

The Group has established a robust environmental risk management mechanism, integrating internal and external audits to conduct regular environmental inspections, monitoring, and audits to promptly identify and mitigate environmental safety hazards. Regarding internal audits, cross-checks are conducted across business segments, and on-site engineers are arranged to perform specialised environmental inspections at the plant level. Regarding external audits, the Group commissions professional third-party agencies to perform on-site risk identification and issue specialised audit reports covering air pollutants, wastewater, hazardous waste, non-hazardous waste, noise, hazardous chemicals, and emergency management. To address identified environmental risks and hazards, the Group utilises its internal OA system to implement a full-process closed-loop management consisting of "upload, rectification, tracking, and re-inspection", incorporating rectification measures into daily production to ensure continuous improvement. Furthermore, professional third-party agencies are invited by the Group to provide environmental management system qualification training for internal auditors, with 125 employees currently holding internal auditor certificates, effectively enhancing the professionalism of the internal audit team.

The Group has formulated the *Emergency Plan for Environmental Emergencies*, establishing an emergency response system comprising "comprehensive + specialised + on-site disposal" plans. Annual emergency drill plans are formulated at the beginning of the year and strictly implemented across all business segments. During the Reporting Period, subsidiaries in the wind power, industrial and rail transit business segments conducted over 80 on-site drills addressing various environmental emergencies, such as environmental facility failures, hazardous waste and chemical leaks, discharge of wastewater exceeding standards and fire evacuations. Employees from each plant and department responded actively, with annual participation exceeding 3,100 attendances and a 100% participation rate for core departments. Following each drill, we conduct systematic summaries and evaluations to continuously optimise emergency response mechanisms and effectively enhance the environmental risk response capabilities of all employees. Furthermore, the Group extends environmental risk management to suppliers and other relevant stakeholders. Prior to site access, they are required to finish qualification review and online approval procedures, sign agreements related to safety, environmental protection and occupational health and safety as well as risk notification documents, and shall only be admitted after fully clarifying respective environmental management responsibilities. During the Reporting Period, the Group signed the *Agreement on Safety, Environmental Protection, and Occupational Health and Safety* with 420 relevant stakeholders, achieving a 100% signing rate.

During the Reporting Period, subsidiaries across all business segments achieved a 100% internal audit coverage rate, hazard rectification rate, and re-examination pass rate for rectified items, and all environmental impact factors were managed with 100% compliance. All five subsidiary companies of the Group's three major business segments of wind power, industrial and rail transit obtained ISO 14001:2015 Environmental Management System Certification, with 100% coverage of the nine core production plants.

## Environmental Management System Certification



Nanjing High Speed Gear Manufacturing Co., Ltd.  
ISO 14001:2015



NGC (Huai'an) High Speed Gear Manufacturing Co., Ltd.  
ISO 14001:2015



Nanjing High Speed & Accurate Gear (Group) Co., Ltd.  
ISO 14001:2015



Nanjing High Speed & Accurate Rail Transportation Equipment Co., Ltd.  
ISO 14001:2015

## Environmental Management Indicators and Targets

2025 Target

Zero major environmental pollution incidents

Annual Target Achieved

☑ Achieved

## Environmental Culture Construction

The Group is committed to integrating the concept of green development into daily operations, promoting green office practices, and regularly conducting various forms of environmental training. Specialised environmental training is provided for different roles, including new employees, frontline production staff, grassroots safety management personnel, and special operation personnel. The training curriculum covers environmental laws and regulations, the management of air pollutants and wastewater, the management of hazardous and non-hazardous waste, and the safe storage and use of hazardous chemicals, followed by assessments to evaluate training effectiveness. During the Reporting Period, the training assessment pass rate for employees across all business segments and the recertification rate for special operation personnel both reached 100%.

**Environmental Training**

Training Theme	Training Content	Target Audience
Environmental management	<b>Industrial business segment:</b> "Environmental Protection Management Training", "Environmental Laws and Regulations Study", and "Identification and Evaluation of Environmental Factors" training	Team leaders and management personnel at or above their level
Hazardous and non-hazardous waste management	<b>Wind power business segment:</b> "Hazardous Waste and Solid Waste Management Training" via the NGC Academy online platform	Safety officers from relevant departments and on-site personnel across plants
	<b>Wind power business segment:</b> Specialised training on waste management and waste reduction themed "Management of Hazardous and General Solid Waste"	Personnel responsible for solid waste management within plants
	<b>Industrial business segment:</b> "Hazardous Waste Management" training	Team leaders, higher-level management and relevant personnel
Air pollution and wastewater discharge management	<b>Rail transit business segment:</b> Specialised promotion and study of "Whole-process Solid Waste Management"	Team leaders
	<b>Wind power business segment:</b> "Air Pollutants and Wastewater Management Training"	Grassroots safety management personnel, including safety officers and team leaders
	<b>Industrial business segment:</b> "Standard for Fugitive Emission Control of Volatile Organic Compounds" training	Department heads, safety officers, and relevant personnel
Hazardous chemicals management	<b>Wind power business segment:</b> "Safe Storage and Use of Hazardous Chemicals Training"	Special operation personnel
	<b>Industrial business segment:</b> "Hazardous Chemicals Management Training"	Relevant personnel
Emergency response for environmental incidents	<b>Wind power business segment:</b> "Emergency Plan for Environmental Emergencies Training"	Grassroots safety management personnel, including safety officers and team leaders
	<b>Rail transit business segment:</b> "Environmental Emergency Plan Training"	All employees

The Group's environmental management performance continues to receive external recognition. As at the end of the Reporting Period, the Group's subsidiaries Nanjing High Speed Gear Manufacturing Co., Ltd., NGC (Huai'an) High Speed Gear Manufacturing Co., Ltd., NGC (baotou) Drive Transmission Equipment Co., Ltd. and Nanjing High Speed & Accurate Gear (Group) Co., Ltd. have all been awarded as "Green Factory". Furthermore, during the Reporting Period, Nanjing High Speed Gear Manufacturing Co., Ltd. (Houjiao Road and Qiande Road plants) was awarded the "Grade A Enterprise in the 2025 Performance Evaluation of Key Industries during Heavy Pollution Weather" by the Jiangsu Provincial Department of Ecology and Environment.

 **Key Performance**

During the Reporting Period, the Group conducted **15** environmental training sessions, with over **7,000** attendances  
 invested approximately RMB **12,470,000** in environmental protection  
 maintained a cumulative total of **1** national-level and **3** Jiangsu provincial-level Green Factories

In the past four years, the Group incurred **No** incidents involving substantial fines or other penalties imposed for environmental or ecological issues



## Environmental Pollution Prevention and Control

The Group strictly complies with national and local laws and regulations concerning the emission of air pollutants, wastewater, and waste. By adhering to the dual approach of source reduction and end-of-pipe treatment, the Group actively promotes process optimisation, technological upgrades, and resource recycling to achieve standardised full-process control over emissions. Concurrently, the Group is deepening the refined management of pollution prevention and control, and has incorporated environmental performance into its assessment systems to strengthen corporate accountability for environmental management.

### Emissions Management

The Group continuously refines various pollutant emission management standards, notably the *Waste Management Regulation*. To implement emissions management, the Group has formulated the *Environmental Facilities Operation Management Regulation*, defining operational procedures for all pollution prevention facilities. Furthermore, dedicated personnel are assigned to conduct daily inspections and regular maintenance to ensure the stable and effective operation of all environmental protection facilities.

The Group consistently strengthens environmental monitoring by integrating automatic online monitoring with manual monitoring. All automatic online monitoring equipment is interconnected with the pollution source automatic monitoring platforms of provincial and municipal ecology and environment bureaus and a specialist third-party agency has been commissioned to provide 24-hour resident operation and maintenance. Furthermore, the Group regularly commissions accredited agencies to conduct manual sampling and testing. All monitoring data are uploaded to the national pollutant discharge permit platform and provincial monitoring systems as required, ensuring that corporate operations comply with environmental regulations.

During the Reporting Period, all discharge outlets and pollutant concentration levels of the Group remained within the permitted limits of their respective discharge permits, and no violations or penalties resulting from excessive emissions were incurred.

#### Environmental Pollution Prevention and Control Indicators and Targets

2025 Targets	Annual Target Achieved
100% compliant transfer and disposal of hazardous waste	☑ Achieved
Compliant discharge of wastewater, noise, and exhaust gas, with a 100% pass rate in environmental monitoring	☑ Achieved

## Management of Air Pollutants

The Group strictly complies with relevant laws and regulations, notably the *Air Pollution Prevention and Control Law of the People's Republic of China*, and has established internal management systems, namely the *Air Pollution Prevention and Control Procedure*. Through initiatives including optimising raw and auxiliary materials, improving production processes, adding and upgrading exhaust gas collection and treatment facilities, and restricting transport vehicles, the Group consistently reduces air pollutant emissions. Furthermore, we continuously monitor air pollutants generated during production and appoint professional third-party agencies to conduct exhaust gas monitoring, ensuring compliance with emission standards. The Ministry of Ecology and Environment has issued pollutant discharge permits for each air pollutant involved, and all types of air pollutants have achieved compliant discharge, with actual emission volumes remaining well below required standards.

#### The Group's Measures for Air Pollution Prevention and Control

Measures	Description	Achievements
<b>Emissions monitoring</b>	<ul style="list-style-type: none"> <li>Main discharge outlets across all business segments are equipped with continuous emissions monitoring systems to enable real-time monitoring of indicators, notably non-methane hydrocarbons.</li> </ul>	<ul style="list-style-type: none"> <li>Ensures transparent and traceable emissions data, reducing the risk of non-compliance and administrative penalties due to excessive emissions.</li> </ul>
<b>Optimisation of raw and auxiliary materials</b>	<ul style="list-style-type: none"> <li>The wind power and industrial business segments have replaced original solvent-based cleaning agents with hydrocarbon alternatives with lower VOC content.</li> </ul>	<ul style="list-style-type: none"> <li>Reduces VOC emissions by using more environmentally friendly cleaning agents.</li> </ul>
<b>Improvement of production processes</b>	<ul style="list-style-type: none"> <li>The wind power business segment has replaced air-less spraying with air-assisted spraying.</li> <li>The industrial business segment has adopted primer-topcoat coatings.</li> </ul>	<ul style="list-style-type: none"> <li>Air-assisted spraying saves over 20% in paint consumption, reduces overspray, and lowers VOC emissions.</li> <li>The primer-topcoat coatings reduce VOC volatilisation and the generation of hazardous paint residue.</li> </ul>
<b>Transitioning to green transport vehicles</b>	<ul style="list-style-type: none"> <li>Electric forklifts have replaced fuel-powered forklifts across most plants.</li> </ul>	<ul style="list-style-type: none"> <li>Reduces exhaust emissions from vehicle transport.</li> </ul>
<b>Environmental access control</b>	<ul style="list-style-type: none"> <li>In response to heavy pollution weather alerts and air quality control requirements, the wind power and industrial business segments strictly implement emergency emission reductions, prohibiting vehicles with "China IV" emission standards or lower from entering plants.</li> </ul>	<ul style="list-style-type: none"> <li>Reduces exhaust emissions.</li> </ul>

 Dust control enhancement project for the shot blasting process

During the Reporting Period, the Group added two reinforced shot blasting machines to the industrial business segment, which can be flexibly configured based on workpiece dimensions. The equipment is supported by a comprehensive dust collection and treatment system: dust generated during shot blasting is centrally collected through sealed pipelines and directed to two cartridge dust collectors. Purified exhaust gas is then discharged through two 15-metre-high exhaust stacks (DA009 and DA010). Since the commissioning of the two shot blasting machines, dust collection and treatment capabilities have significantly improved. The treatment efficiencies of both DA009 and DA010 have reached 95%, effectively reducing air pollutant emissions and achieving significant environmental results.

**Air Pollutant Emissions Data**

Indicators	Unit	2025 <sup>11</sup>	2024 <sup>12</sup>	2023 <sup>13</sup>
Emission of nitrogen oxides	kg	2,359.69	1,665.83	2,224.81
Emission of sulphur oxides	kg	88.49	65.61	142.39
Emission of particulate matter	kg	5,134.90	3,778.73	4,564.99

**Air Pollutant Emission Targets**

**Air Pollutant Emission Targets for the Main Plants across the Group's Business Segments**

Indicator	Business segment	2025 Targets	Progress in 2025	Annual Target Achieved
VOC emissions	Wind Power Business Segment	≤ 18.89 tonnes	1.54 tonnes	<input checked="" type="checkbox"/> Achieved
	Industrial Business Segment	≤ 5.81 tonnes	0.89 tonnes	<input checked="" type="checkbox"/> Achieved

Remark:

<sup>11</sup>In 2025, the Group expanded business scale and increased production and operational activities, resulting in a year-on-year rise in air pollutant emissions.

<sup>12</sup>In 2024, the scope of the Group's air pollutant emission data was expanded to cover the rail transit business segment.

<sup>13</sup>In 2023, air pollutant emission data covered the Group's wind power and industrial business segments.

**Wastewater Management**

The Group strictly observes legal requirements, including the *Water Pollution Prevention and Control Law of the People's Republic of China* and the *GB 8978-1996 Integrated Wastewater Discharge Standard*. We have further refined and implemented internal systems, notably the *Wastewater Control Procedure* and the *Wastewater Discharge Management Regulation*, to achieve standardised full-process control over the generation, collection, treatment, and discharge of wastewater.

**The Group's Wastewater Prevention and Control Measures**

Measures	Description	Achievements
Wastewater treatment efficiency upgrade	<ul style="list-style-type: none"> <li>Added low-temperature evaporation equipment to enhance the treatment efficiency of high-concentration wastewater.</li> </ul>	<ul style="list-style-type: none"> <li>Estimated to reduce the annual generation of hazardous sludge by approximately 25 tonnes, with an estimated reduction in hazardous waste disposal costs of RMB 37,500.</li> </ul>
Stormwater network leak sealing	<ul style="list-style-type: none"> <li>Conducted targeted leak sealing at the nodes where groundwater may leak within the plant's stormwater network.</li> </ul>	<ul style="list-style-type: none"> <li>Eliminates the continuous flow from stormwater outlets during dry weather and strengthens compliance management for stormwater discharge, preventing groundwater from infiltrating the stormwater system.</li> </ul>
Installation of filter screens in workshop collection sumps	<ul style="list-style-type: none"> <li>Installed filter screens in wastewater sumps across all workshops to provide preliminary filtration of sediment, reducing the impurity content of cleaning wastewater.</li> </ul>	<ul style="list-style-type: none"> <li>Reduces the wastewater treatment load at the sewage station and decreases the consumption of chemicals.</li> </ul>
Rainwater-sewage diversion and non-point source pollution control	<ul style="list-style-type: none"> <li>Dedicated stormwater and sewage pipelines have been installed for diversion; open-air storage of chemicals or oil-stained components is prohibited.</li> </ul>	<ul style="list-style-type: none"> <li>Prevents sewage from entering stormwater pipelines, ensuring stormwater is not cross-contaminated by surface pollutants.</li> </ul>
Categorised collection and disposal of wastewater	<ul style="list-style-type: none"> <li>Wastewater containing different pollutants is collected by category and treated via diverse technical routes.</li> </ul>	<ul style="list-style-type: none"> <li>This ensures both the targeted and effective removal of pollutants from wastewater and the achievement of optimal treatment results at minimum cost.</li> </ul>

 Upgrade of online wastewater discharge monitoring equipment

During the Reporting Period, the Group further upgraded the online monitoring system at the 400-mu plant of the wind power business segment and the main production plants of the industrial business segment, building upon existing automatic monitoring of wastewater volume, pH levels, and COD. By adding ammonia nitrogen and total phosphorus to the monitoring parameters at the main wastewater outfall, and successfully connecting to the Nanjing Pollutant Source Automatic Monitoring Platform, the Group has enabled 24/7 real-time monitoring of water pollutant discharges. This has further enhanced the Group's early-warning response and compliance management capabilities in water pollution prevention.

**Wastewater Discharge Data<sup>14</sup>**

Indicator	Unit	2025 <sup>15</sup>	2024 <sup>16</sup>	2023
Total wastewater discharge	m <sup>3</sup>	378,092.82	333,892.22	236,105.00

**Waste Management**

The Group strictly observes relevant legal requirements, including the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste* and the *GB 18597-2023 Standard for Pollution Control on Hazardous Waste Storage*. It has formulated and refined internal systems, notably the *Solid Waste Control Procedures*, the *Waste Management Regulation*, and the *Responsibility System for the Prevention and Control of Environmental Pollution by Hazardous Waste*, to standardise waste management and ensure waste discharge and disposal meet regulatory requirements.

Regarding daily management and control, the Group has introduced the Hazardous Waste Information Management System and integrated it with the Jiangsu Provincial Solid Waste Management Information System. This has established a full-cycle traceability mechanism for waste covering generation, collection, storage, and transfer, combining full-process ledgers with a designated personnel and post system to achieve effective waste management. Leveraging this management system, the Group conducts internal waste audits. Through tracking

Remark:

<sup>14</sup>Wastewater discharge data covers the Group's wind power business segment and industrial business segment.

<sup>15</sup>In 2025, the Group expanded business scale and increased production and operational activities, resulting in a year-on-year increase in wastewater emissions.

<sup>16</sup>In 2024, Huai'an Plant under the Group's wind power segment was fully put into production, leading to a year-on-year growth in wastewater emissions.

records and on-site inspections, it identifies and quantifies the volume and type of waste generated during operations, providing data support for waste reduction and energy efficiency improvements. The Group regularly declares waste information on the provincial platform and entrusts generated waste to qualified external parties for compliant disposal, ensuring that transfer and disposal stages meet environmental requirements.

To reduce waste generation at the source, the Group continuously promotes reduction and prevention work for various types of waste. By allocating R&D funds to support product design improvements, prioritising the use of clean energy and environmentally friendly materials, and adopting advanced process equipment, the Group continuously improves its integrated resource utilisation rate, effectively reducing the generation of various types of waste.

**The Group's Measures for Hazardous Waste Prevention and Reduction**

Measures	Description	Achievements
<b>Vertical mill gear swarf briquetting</b>	<ul style="list-style-type: none"> <li>The wind power business segment used a briquetting machine for vertical mill gear swarf; the extracted oil was recycled, with approximately 40 tonnes of oil recovered annually.</li> </ul>	<ul style="list-style-type: none"> <li>Material recycling saved costs while reducing hazardous waste generation by 40 tonnes per year.</li> </ul>
<b>Improved production processes</b>	<ul style="list-style-type: none"> <li>The wind power business segment replaced airless spraying with air-assisted spraying.</li> <li>The industrial business segment adopted primer and topcoat in one coating.</li> </ul>	<ul style="list-style-type: none"> <li>Paint consumption has been reduced by more than 20%, with a concurrent reduction in the generation of hazardous waste paint residue during the painting process.</li> </ul>
<b>One-item, one-code system for hazardous waste</b>	<ul style="list-style-type: none"> <li>The rail transit business segment leveraged the "Environmental Face" system for online declarations, generating electronic supervision codes affixed to hazardous waste packaging to enable full lifecycle data traceability.</li> </ul>	<ul style="list-style-type: none"> <li>Analysed and improved the processes that generate hazardous waste, achieving source reduction and mitigating environmental risks.</li> </ul>
<b>Hazardous waste classification and seepage prevention</b>	<ul style="list-style-type: none"> <li>The rail transit business segment stores hazardous waste in categorised, independent zones, utilising spill containment pallets for tonne bags, sealing empty waste barrels and conducting regular weekly inspections.</li> </ul>	<ul style="list-style-type: none"> <li>Effectively safeguarded the sealing and safety of hazardous waste temporary storage areas.</li> </ul>
<b>Waste oil recovery and reuse</b>	<ul style="list-style-type: none"> <li>The rail transit business segment implemented a dual-filtration system (coarse and fine), combined with static sedimentation and regular sampling, to achieve the recovery and regeneration of waste oil.</li> </ul>	<ul style="list-style-type: none"> <li>Recycled and reused 3.9 tonnes of waste oil through processing during the year.</li> <li>Prevented soil pollution, effectively protecting approximately 54,000 square metres of industrial land.</li> </ul>

## The Group's Measures for Non-hazardous Waste Prevention and Reduction

Measures	Description	Achievements
Secondary use of sliding grinding wheels	<ul style="list-style-type: none"> <li>The wind power business segment screens and identifies the used grinding wheels for secondary utilisation, reducing the consumption of new grinding wheels.</li> </ul>	<ul style="list-style-type: none"> <li>Extended the lifecycle of grinding wheels and reduced the generation of non-hazardous waste (waste grinding wheels), with an estimated annual reduction of approximately 60-80 new grinding wheels.</li> </ul>
Optimisation of single-sided grinding process	<ul style="list-style-type: none"> <li>The wind power business segment precisely reduced grinding wheel side clearance through experimentation to resolve high consumption issues caused by single-sided grinding in the fine grinding stage, reducing losses at the source.</li> </ul>	<ul style="list-style-type: none"> <li>Increased grinding wheel utilisation by 10%, effectively reducing the generation of non-hazardous waste (waste grinding wheels).</li> </ul>
Process improvement in collaboration with suppliers	<ul style="list-style-type: none"> <li>The wind power business segment collaborated with suppliers to conduct data collection and analyse the causes of product scrapage, lowering the product scrap rate by adjusting processing times and refining manufacturing processes.</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced supplier product quality and reduced the generation of scrap steel by over 60 tonnes throughout the year.</li> </ul>

## Waste Discharge Data<sup>17</sup>

Indicators	Unit	2025 <sup>18</sup>	2024 <sup>19</sup>	2023 <sup>20</sup>
Total wastes	Tonne	63,253.02	51,253.29	37,313.13
Total hazardous wastes	Tonne	2,021.02	1,497.64	1,395.84
Total non-hazardous wastes	Tonne	61,232.01	49,755.65	35,917.29
Intensity of total wastes	kg/tonne of production	97.12	95.04	81.44
Intensity of hazardous wastes	kg/tonne of production	3.10	2.78	3.05
Intensity of non-hazardous wastes	kg/tonne of production	94.02	92.26	78.39

Remark:

<sup>17</sup>Minor decimal differences between the sum of detailed waste data and total values in the table are normal statistical results after rounding to two decimal places.

<sup>18</sup>In 2025, the Group expanded business scale and increased production and operational activities, leading to a year-on-year upturn in waste emissions.

<sup>19</sup>In 2024, the rail transit business segment was newly included in the disclosure scope and added to the data on waste. Besides, the Huai'an factory, which belongs to the wind power business segment, was fully put into production. Consequently, the Group's waste emission data has increased compared to the previous year.

<sup>20</sup>In 2023, waste emission data covered the Group's wind power and industrial business segments.

## Waste Emission Targets

### Waste Discharge Targets for the Main Plants of the Group's Wind Power Business Segment

Indicators	2025 Targets	Progress in 2025	Annual Target Achieved
Total hazardous waste emissions	≤ 1,195.10 tonnes	718.76 tonnes	☑ Achieved
Hazardous waste emissions per unit weight	≤ 4.05 kg/tonne of production	2.43 kg/tonne of production	☑ Achieved

### Waste Discharge Targets for the Main Plants of the Group's Industrial Business Segment

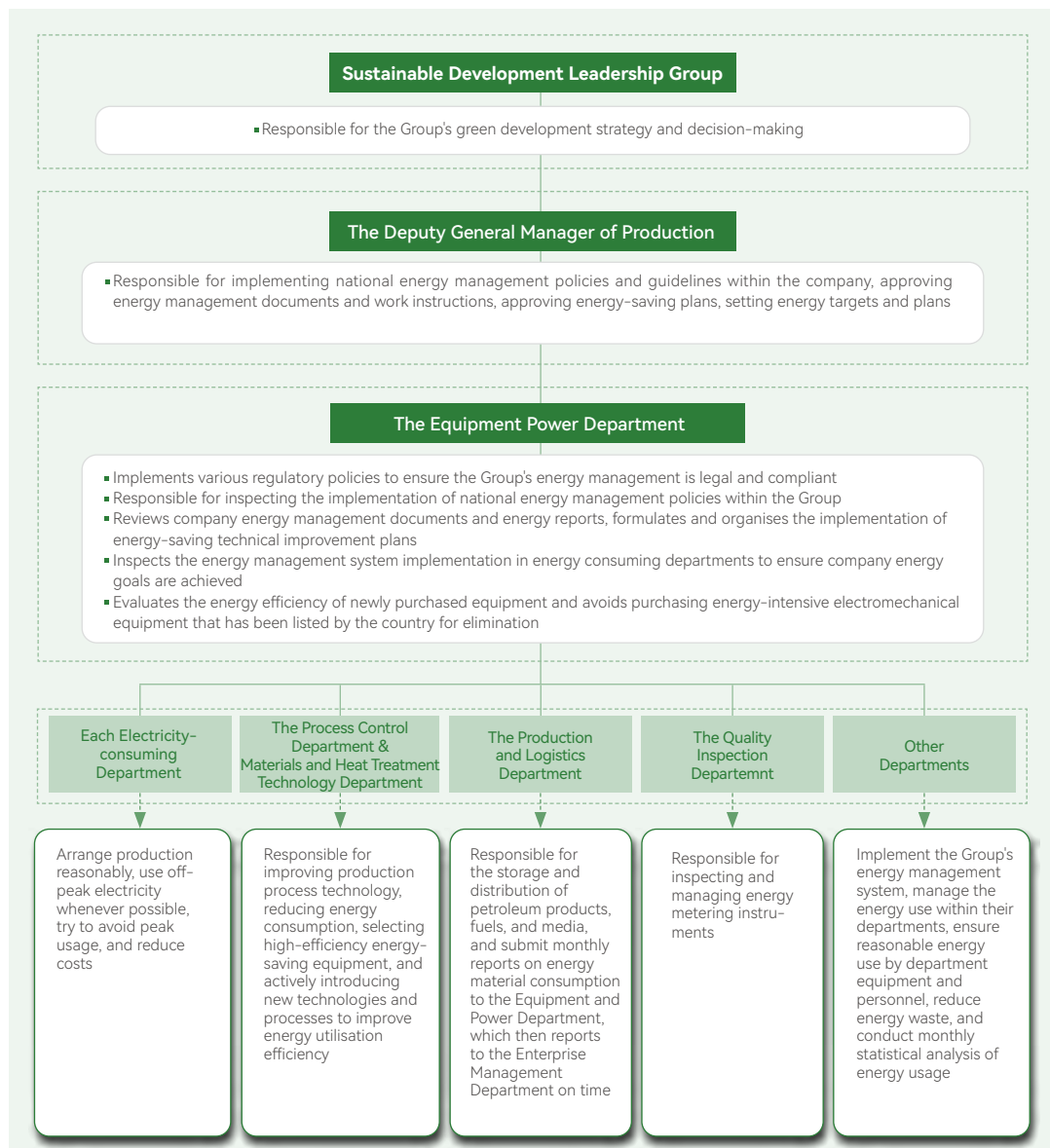
Indicators	2025 Targets	Progress in 2025	Annual Target Achieved
Total hazardous waste emissions	≤ 446.21 tonnes	278.11 tonnes	☑ Achieved
Hazardous waste emissions per unit weight	≤ 8.23 kg/tonne of production	5.13 kg/tonne of production	☑ Achieved

# Efficient Use of Resources

## Energy Management

The Group operates in strict compliance with applicable energy management and conservation laws, regulations, and policies across all operating locations. Guided by its energy management principle of "making the best use of energy and delivering green power through green manufacturing", the Group continuously refines its energy governance structure and institutional framework. We have formulated and implemented management policies, including the *Energy Management Regulation*, the *Energy Management Manual*, and the *Energy-saving Management Regulation*, to clearly define the energy management organisational structure, job responsibilities, and assessment standards. These systems also integrate the breakdown of energy targets into the performance appraisal system and establish supporting incentive and restraint mechanisms. During the Reporting Period, the Group formulated and implemented new specialised policies, including the *Natural Gas Usage Management Regulation* and the *Heat Treatment Equipment Energy-saving Management Regulation*. These policies strengthen control over key energy-consuming processes and critical equipment, including natural gas usage and heat treatment equipment, and further clarify the management requirements and operating procedures for major energy-consuming processes.

## Energy Management Structure



During the Reporting Period, the Group's five companies in the three main business segments of wind power, industrial, and rail transit have successfully obtained the ISO 50001:2018 Energy Management System Certification, with full coverage across the 9 core manufacturing plants. Each certified entity conducted annual internal audits and external supervisory audits of the energy management system as scheduled, promptly implementing and completing 100% of the corrective measures for all identified issues.

## Energy Management System Certification



## Energy Management Targets

The Group has established a comprehensive energy management mechanism, focusing on key stages including energy planning, process control, and performance assessment. The Group implements a department-head accountability system, whereby heads of energy-consuming departments assume management responsibility for their respective energy targets. These energy consumption indicators are deployed from departments down to individual teams, ensuring that targets are communicated and responsibilities are assigned at every level. Each business segment formulates annual energy conservation plans and defines energy consumption assessment indicators, taking into account unit-level consumption patterns, equipment operating conditions and production output. In alignment with these assessment requirements, each energy-consuming department focuses on high-consumption equipment and critical processes to continuously optimise operational procedures and management measures. Energy management performance is gradually integrated into the departmental assessment system, with quarterly evaluations and feedback loops ensuring the effective implementation of energy conservation targets.

### Energy Consumption Data<sup>21</sup>

Indicators	Unit	2025 <sup>22</sup>	2024 <sup>23</sup>	2023 <sup>24</sup>
<b>Total energy consumption</b>	MWh	697,329.33	630,490.02	490,410.86
<b>Direct energy consumption</b>	MWh	82,739.96	76,733.35	45,480.20
Natural gas	MWh	24,071.16	23,820.53	11,518.62
Liquefied petroleum gas (LPG)	MWh	239.97	386.62	1,105.44
Diesel	MWh	1,007.36	1,020.35	1,064.05
Gasoline	MWh	513.74	661.74	607.98
Renewable energy (photovoltaic)	MWh	56,907.74	50,844.11	31,184.10
<b>Indirect energy consumption</b>	MWh	614,589.36	553,756.68	444,930.66
Purchased electricity	MWh	611,740.00	550,705.28	441,111.17
Purchased steam	MWh	2,849.36	3,051.40	3,819.49
<b>Intensity of total energy consumption</b>	MWh/tonne of production	1.07	1.17	1.07

Remark:

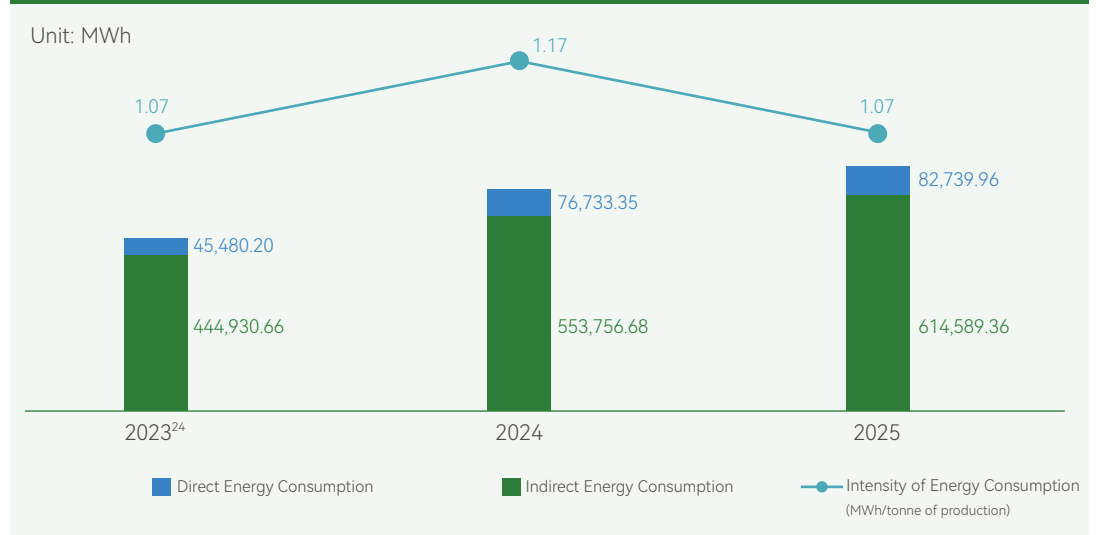
<sup>21</sup>The calculation of energy consumption refers to the *Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions of Machinery and Equipment Manufacturing Enterprises (Trial)* published by the National Development and Reform Commission. National Development and Reform Commission. Differences between the sum of detailed energy consumption data and the total figures in the table are due to normal rounding adjustments resulting from retaining two decimal places.

<sup>22</sup>In 2025, the Group expanded business scale and increased production and operational activities, resulting in a year-on-year rise in energy consumption.

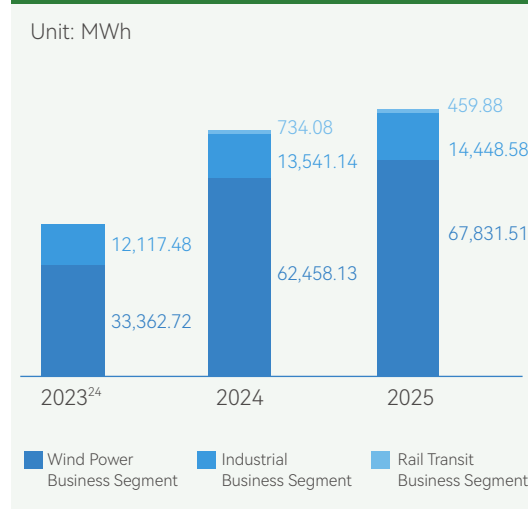
<sup>23</sup>In 2024, the rail transit business segment was newly included in the disclosure scope and added to the data on energy consumption. Besides, the Huai'an factory, which belongs to the wind power business segment, was fully put into production, so the data on energy consumption of the Group has increased.

<sup>24</sup>In 2023, energy consumption data covered the Group's wind power and industrial business segments.

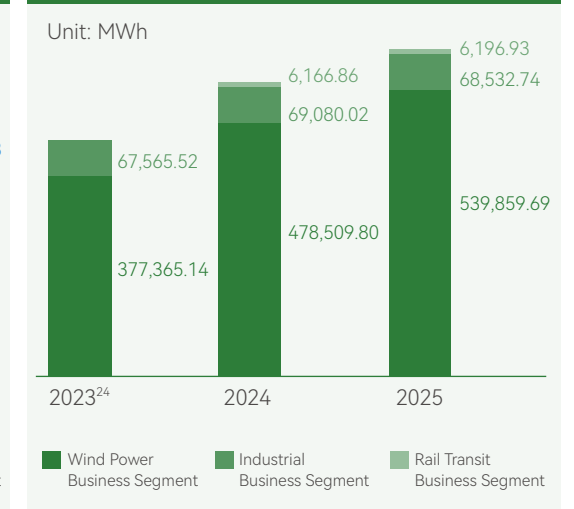
### Total Energy Consumption and Intensity of the Group from 2023–2025



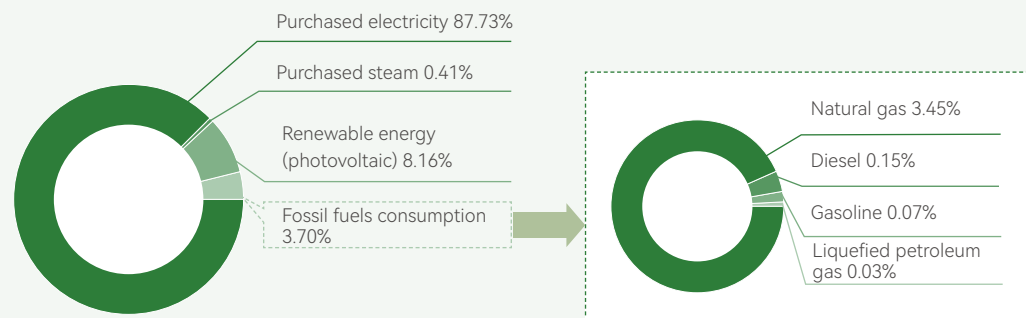
### Direct Energy Consumption from 2023–2025



### Indirect Energy Consumption from 2023–2025



**Breakdown of energy consumption by type for the Group in 2025**



**Energy Consumption Targets**

**Energy Consumption Target for the Main Plants of the Group's Wind Power Business Segment**

Indicators	2025 Targets	Progress in 2025	Annual Target Achieved
Total energy consumption	≤ 35,980.00 tonnes of standard coal	32,950.88 tonnes of standard coal	☑ Achieved
Total energy consumption per unit weight	≤ 0.99 MWh/tonne of production	0.91 MWh/tonne of production	☑ Achieved

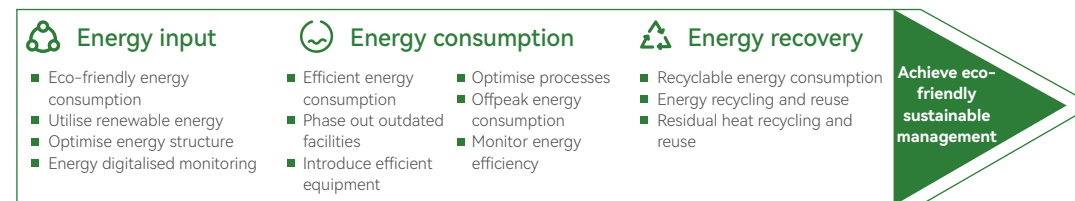
**Energy Consumption Target for the Main Plants of the Group's Industrial Business Segment**

Indicators	2025 Targets	Progress in 2025	Annual Target Achieved
Total energy consumption	≤ 10,300.00 tonnes of standard coal	10,255.00 tonnes of standard coal	☑ Achieved
Total energy consumption per unit weight	≤ 1.55 MWh/tonne of production	1.54 MWh/tonne of production	☑ Achieved

**Energy Management Strategy**

In its energy management practices, the Group has developed a systematic energy management strategy tailored to its multi-business and multi-process production profile. Focusing on the three key pillars of energy input, energy consumption, and energy recovery, the Group drives continuous improvements in energy utilisation efficiency by continuously assessing the current state of energy usage, benchmarking against advanced energy efficiency levels, implementing targeted optimisation and improvements, and dynamically evaluating the effectiveness of these implementations.

**The Group's Energy Management Strategy**



Guided by a management path of "status review, benchmarking, optimisation, and efficiency assessment", the Group advances the implementation of energy management initiatives across diverse production scenarios, tailored to the process characteristics and energy consumption structures of each business segment. The Group comprehensively explores energy conservation potential by introducing digital systems, upgrading equipment, and optimising processes. We leverage technologies including the IoT, AI (Artificial Intelligence), big data, and cloud computing to achieve real-time collection and in-depth analysis of energy data, precisely pinpointing energy conservation optimisation opportunities. Concurrently, we conduct periodic energy audits to continuously strengthen energy management and control through intelligent management.

**Energy Efficiency Enhancement**

To systematically improve energy utilisation efficiency, the Group periodically conducts energy usage assessments and optimisation analyses on key energy-consuming processes, identifying high-energy-consumption procedures and potential energy conservation opportunities. Through systematic inspection covering the operational status of production equipment, the alignment of process parameters, the configuration of the energy structure, and the operational efficiency of auxiliary systems, the Group has compiled a list of energy conservation improvements and formulated a phased implementation plan to continuously advance technical upgrades and operational optimisation. In 2025, the Group executed systematic energy conservation diagnostics and energy efficiency assessments across main production plants of the wind power business segment. Through testing of air conditioning operations during the high-temperature season, evaluating compressed air systems during peak production loads, and overall production energy efficiency inspections, the diagnostic work identified over 20 potential energy conservation projects. By aligning these diagnostic results with annual energy conservation targets, equipment renewal plans, and technical modification projects, the Group has established a closed-loop management mechanism of "identification-assessment-rectification-review". This process continuously uncovers potential for energy efficiency improvements and promotes the enhancement of refined energy management.

## Energy conservation and carbon reduction measures

### Energy equipment upgrades

**The Group is progressively phasing out equipment with low energy efficiency and sub-optimal performance, promoting the application of high-efficiency, energy conservation equipment and optimising equipment configuration based on production requirements:**

- The Group procures high-efficiency equipment to systematically replace high-energy-consumption models, while introducing variable frequency control technology to mitigate no-load or low efficiency operation.
- The wind power business segment added and upgraded automated combination units, increasing automation coverage by approximately 15% and boosting equipment utilisation efficiency by roughly 20%, thereby enhancing energy efficiency. The segment consistently reduced petroleum product consumption by installing 14 micro-lubrication devices in 2025, achieving a 98% reduction in cutting oil usage.
- The rail transit business segment implemented energy conservation renovations in auxiliary production workshops, reducing the spatial volume of the inspection area within the workshop by approximately 80%, adding thermal insulation walls for constant-temperature production zones and replacing legacy air conditioning units with new, high-efficiency models.

### Management improvements

- The wind power business segment's Nanjing plant rectified oil, water, and air leaks in legacy equipment. Through a closed-loop management process of regular inspection, feedback, rectification, and re-inspection, we have achieved the treatment of oil leaks and water leaks in 100+ units, gas leaks in 80+ locations, and a significant improvement in compressed air usage efficiency.

### Production process optimisation

**Focusing on production workflows and key energy consumption nodes, the Group continuously advances the optimisation of production processes to reduce energy consumption:**

- The wind power business segment reduced auxiliary material and electricity consumption by approximately 10.6% through increasing the carburizing temperature of heat treatment pit furnaces.
- The wind power business segment systematically enhanced painting line cycle time and reduced energy consumption through a combination of programme optimisation, hardware upgrades and process trials, achieving a 10% improvement in cycle time efficiency.
- The wind power business segment optimised the loading method and process for certain components on the continuous quenching line, achieving a 100% increase in production efficiency and a 50% reduction in quenching energy consumption and costs, while maintaining constant process time.

### Thermal energy recovery and utilisation

**The Group actively explores residual heat resources generated during the production process, promoting the recovery and reuse of thermal energy to enhance overall energy utilisation efficiency:**

- The wind power business segment has initiated a residual heat recovery project, incorporating a heat recovery designs for the preheating process of desorption gas during painting air emission treatment.

### Intelligent monitoring and refined management

**Leveraging its energy management system and digital tools, the Group continuously enhances its capabilities in monitoring, analysing, and refining energy usage:**

- The wind power and industrial business segments utilised power monitoring systems, intelligent energy management systems, and temperature monitoring systems to promptly identify energy consumption anomalies and implement corrective measures.
- The Group implemented an intelligent forklift supervision system improvement project, enabling the real-time quantification of employee working hours and equipment utilisation rates. This initiative has successfully addressed issues including inconsistent safety awareness, unbalanced workloads, and a lack of supervision in forklift operations, thereby improving operational efficiency and reducing energy consumption.

### Renewable energy utilisation

**Actively responding to national energy transition policies and aligning with its own production and operational characteristics, the Group continuously optimises its energy structure to reduce reliance on traditional fossil fuels:**

- The Group is methodically advancing the planning and installation of rooftop photovoltaic projects in alignment with plant conditions and energy demands, with an additional 6.66 MW of rooftop photovoltaic capacity installed in 2025.

### Natural energy utilisation

**Leveraging seasonal climate conditions, the Group actively explores energy consumption models that utilise natural conditions to replace the operation of high-energy-consumption equipment:**

- During winter, the wind power business segment fully harnesses natural cooling sources by adopting a high-volume supply of fresh outdoor air, achieving estimated annual energy savings of 100,000 kWh.

### Fossil fuel reduction

**The Group continuously promotes the reduction and replacement of high-emission, high-consumption fossil fuels across production and operational processes, while mitigating its reliance on traditional fossil fuels through equipment upgrades and energy substitution:**

- In intra-plant logistics and material handling, the Group has phased out diesel-powered and liquefied petroleum gas (LPG)-powered forklifts, and progressively replaced them with electric models. By 2025, the majority of plant zones have achieved 100% use of electric forklifts.

 Synergistically enhance energy efficiency and manufacturing productivity

During the project implementation, the Group elevated overall energy efficiency through multiple energy conservation and process optimisation measures. It introduced an RTO air emission treatment and residual heat recovery system, achieving an organic waste gas removal rate exceeding 99% and reducing energy consumption to approximately one-third of that of traditional incinerators. Furthermore, automated equipment and intelligent monitoring systems have increased production efficiency while curtailing labour and energy consumption.

Concurrently, variable frequency regulation of cooling tower water pumps has reduced operational energy consumption, enabling the chiller units to achieve a first-class energy efficiency level. LED lighting has also been promoted throughout the plant area, saving approximately 10,000 kWh of electricity annually. Through the coordinated implementation of multiple initiatives, the project has effectively reduced energy consumption and operational costs while improving production efficiency, realising the synergistic development of green and intelligent manufacturing.

**Building an Energy Conservation Culture**

To elevate energy management effectiveness and bolster energy conservation awareness among all employees, the Group continuously improves its mechanisms for building an energy conservation culture, integrating these principles into daily operations and employee codes of conduct. The Group has established a routine energy management training system and formulated the *Energy Management Knowledge Training Requirements*, executing level-specific and categorised training tailored to diverse job responsibilities. The content encompasses energy efficiency requirements and identification methods for general equipment, energy conservation standards for heat treatment, foundational knowledge of the energy management system, and energy conservation management for public utilities, achieving comprehensive training coverage for personnel in energy management roles, firmly consolidating their professional competencies.

**2025 Energy Conservation Training Overview**

Training Topic	Training Audience	Number of Participants
Energy efficiency requirements and identification/verification methods for general equipment	The equipment engineering personnel responsible for the Equipment Power Department and the Heat Treatment of Wind Power Business Segment	134
Training in energy conservation standards for heat treatment	Key positions in the Heat Treatment and Material Heating Department of Wind Power Business Segment	69
Practical training on energy conservation operational control	Key production personnel of each business segment	122
Energy conservation training for industrial enterprises	All employees of Industrial Business Segment	1,200+
Energy management laws and regulations	Management and internal auditors of Rail Transit Business Segment	12

The Group regularly shares energy conservation best practices and improvement outcomes through internal meetings and specialised training sessions. It also deploys energy conservation promotional posters, display boards, and videos in office and production areas to visually demonstrate conservation achievements and provide warnings about resource waste. Furthermore, leveraging various communication channels, the Group strengthens the dissemination of energy conservation policies and knowledge, ensuring conservation principles are deeply ingrained within our corporate culture.



**Green office**

- Strictly controlling the use of air conditioning and lighting, and mandating the powering down of computers after working hours to minimise energy waste.
- Adopting a collaborative office system to enable digital and paperless operations, thereby reducing the waste of office resources.
- Encouraging double-sided printing, recycling single-sided waste paper, and evaluating the usage of office supplies to reduce paper waste.
- Utilising chlorine-free oxygen-bleached eco-friendly paper for the annual report and printing with chemical-free plates and soy-based ink to reduce environmental pollution from the printing process.

By integrating institutional development, promotional activities, and practical improvements, the Group has gradually cultivated an energy-saving culture characterised by full employee participation and continuous improvement, laying a solid foundation for green and low-carbon operations.

**Water Resource Management**

The Group operates in strict compliance with relevant laws and regulations, including the *Water Law of the People's Republic of China*. It advances water resource management by integrating the actual production conditions of each plant and focusing on both institutional development and operational management. At the institutional level, the Group has formulated policies, namely the *Water Conservation Management Policy* and *Water Resource Management Standards*, to refine the organisational structure for water conservation and clarify departmental water-saving responsibilities, providing institutional safeguards for the implementation of water conservation initiatives. At the operational level, the Group continuously elevates water resource utilisation efficiency and promotes standardised and refined water resource management through measures including promoting the advancement of water-saving technology, strengthening resource recycling, optimising water-use process control, and conducting water conservation training for all employees.

## Water conservation measures

Measures	Description	Achievements
Conducting water balance tests	<ul style="list-style-type: none"> <li>The wind power and industrial business segments regularly conduct water balance tests and establish water usage ledgers. Evaluate balance rates based on regular meter readings from the three-tier metering system, complemented by monthly on-site verifications.</li> </ul>	<ul style="list-style-type: none"> <li>Accurately pinpointing leakage, spillage, and inefficient water use to provide data support for water conservation optimisation.</li> <li>Achieved the automated collection of water consumption data, anomaly early warnings and trend forecasting, thereby elevating the precision and efficiency of water conservation management.</li> <li>The water reuse rate at No.30 Houjiao Road factory reached 98.71%; the water reuse rate at No.79 Qiande Road factory reached 96.23%.</li> </ul>
Strengthening water consumption metering and control	<ul style="list-style-type: none"> <li>The wind power business segment has deployed commercial settlement meters and branch water meters at critical points, establishing a monthly reading comparison mechanism. Completed smart water meter upgrades and stipulated that all newly purchased cleaning equipment must be equipped with the GB 17167 standard. The rail transit business segment installed independent flow meters on the air conditioning cooling towers in constant-temperature machining workshops to enable quantitative water resource management.</li> </ul>	<ul style="list-style-type: none"> <li>Promptly investigated water usage anomalies, traced their causes, and prevented water resource waste.</li> <li>Leveraged smart water meters to enable time-of-use statistics and anomaly alerts for water consumption, realizing refined water use management.</li> </ul>
Strengthening the management of water-consuming equipment	<ul style="list-style-type: none"> <li>The wind power business segment has identified and remediated water leakage across surface operations and underground pipe networks. Optimised cooling tower operational controls and implemented variable frequency conversions for cooling water pumps. The industrial business segment has adopted water-saving cooling towers alongside closed-loop circulation and variable frequency fan systems. The rail transit business segment upgraded the air conditioning cooling towers in constant-temperature machining workshops to water-saving models.</li> </ul>	<ul style="list-style-type: none"> <li>Mitigated water resource loss at the source, minimising waste from cooling tower drift, overflow, and evaporation.</li> <li>Elevated the water-saving efficiency of equipment, further reducing fresh water consumption.</li> </ul>
Promoting water resource recycling	<ul style="list-style-type: none"> <li>The wind power business segment recycled all condensate generated by the thermal treatment platform into cooling towers for reuse. The industrial business segment has constructed new closed-loop cooling towers and variable frequency fan systems, mitigating evaporation losses and reducing make-up water volumes.</li> </ul>	<ul style="list-style-type: none"> <li>Significantly boosted the reuse rate of water resources, reducing fresh water consumption and lowering the cost of water use.</li> </ul>

To promote the execution of water conservation principles and elevate the awareness among all employees, the Group has conducted specialised water-saving training centred on regulations and standards for personnel in key positions and critical processes. This training systematically interpreted the core requirements, advanced technologies, and practical skills of industrial water conservation. Concurrently, the industrial business segment cultivated a company-wide water-saving atmosphere by organising comprehensive training for all staff and deploying promotional posters. During the Reporting Period, the rail transit business segment conducted two dedicated water conservation training sessions, precisely targeting energy internal auditors to strengthen the water-saving awareness and professional competencies of core management roles.

## Water Consumption Targets

### Water Consumption Target for the Main Plants of the Group's Wind Power Business Segment

Indicators	2025 Targets	Progress in 2025	Annual Target Achieved
Water consumption	≤ 509,345.00 tonnes	495,759.00 tonnes	☑ Achieved
Water consumption per unit weight	≤ 1.72 tonnes/tonne of production	1.68 tonnes/tonne of production	☑ Achieved

### Water Consumption Target for the Main Plants of the Group's Industrial Business Segment

Indicators	2025 Targets	Progress in 2025	Annual Target Achieve
Water consumption	≤ 138,000.00 tonnes	134,404.00 tonnes	☑ Achieved
Water consumption per unit weight	≤ 2.55 tonnes/tonne of production	2.48 tonnes/tonne of production	☑ Achieved

## Water Consumption Data

Indicators	Unit	2025 <sup>25</sup>	2024 <sup>26</sup>	2023 <sup>27</sup>
Total water consumption	m <sup>3</sup>	1,036,377.99	946,685.00	825,623.00
Intensity of water consumption	m <sup>3</sup> /tonne of production	1.59	1.76	1.80

Remark:

<sup>25</sup>In 2025, the Group expanded business scale and increased production and operational activities, resulting in a year-on-year rise in water consumption.

<sup>26</sup>In 2024, the rail transit business segment was newly included in the disclosure scope and added to the data on water consumption. Besides, the Hua'an factory, which belongs to the wind power business segment, was fully put into production, so the data on water consumption of the Group has increased.

<sup>27</sup>In 2023, water consumption data covered the Group's wind power and industrial business segments.

# Environmentally Friendly Products

## Hazardous Substance Management

The Group strictly complies with the laws and regulations concerning the management of toxic and hazardous substances across all domestic and international operating locations. Furthermore, we actively benchmark against international compliance standards, and are committed to minimising the potential negative sustainability impacts of our products and manufacturing processes on human health and the ecological environment. At the same time, we strictly adhere to the hazardous substance control specifications stipulated by our customers to ensure all product export processes meet environmental access standards.

### Hazardous substance control

#### Green R&D



The Group considers hazardous substance control as one of the core indicators in the "sustainability assessment" during the R&D project initiation phase, focusing on auditing the hazardous substance content in raw materials to reduce the environmental risks of products during product use and end-of-life disposal stages.

#### Responsible Procurement



The Group requires suppliers to sign the *Declaration of Non-Use Hazardous Substance* and has established a comprehensive raw material traceability mechanism. We explicitly require in the *Supplier Code of Conduct* not to use the prohibited substances specified in the RoHS and REACH directives, and regularly updates its list of banned and restricted substances to guarantee compliance at the supply chain source.

#### Production, Packaging and Logistics



In the manufacturing stage, the Group strengthens process control to reduce the addition of hazardous chemicals in auxiliary materials. During the packaging and logistics stage, the Group requires packaging suppliers to control hazardous substances in packaging materials and specifies that plastic packaging raw materials must comply with the requirements of the EU RoHS Directive (2011/65/EU) to ensure that the hazardous substance content in relevant materials is below industry limits.

The Group is committed to continuously identifying and monitoring global chemical control dynamics. By strengthening ecological partnerships with upstream and downstream partners across the value chain, we strive to create an eco-friendly product matrix and inject safe, low-carbon transmission power into global green manufacturing.

## Green Products

The Group consistently integrates green and low-carbon philosophies into its full-lifecycle product management, establishing a closed-loop management mechanism from raw material selection, R&D and design, to green manufacturing and end-of-life recycling, supported by institutional frameworks and technological innovation. At the institutional level, the Group has issued and implemented the *Guiding Specifications for the Green Design of Wind Turbine Main Gearboxes* and, during the Reporting Period, upgraded the *Green Packaging and Transportation Management Regulations*. These policies explicitly define green compliance requirements encompassing raw materials, processing techniques, packaging, transportation, disposal and recycling. Regarding technological innovation, we continue to advance green processes, energy conservation, consumption reduction and the application of eco-friendly materials to comprehensively enhance the green level throughout the entire product life cycle.

### Green Product Life Cycle Management

#### Product Design

- The Company has published and implemented the *Guiding Specifications for Green Design of Wind Turbine Main Gearbox Products*:
- **Modularity**: detachable design for rapid replacement and reuse of faulty components
- **Lightweighting**: reduce material usage, production energy consumption, and waste generation on the premise of meeting strength and reliability requirements.

#### Green Procurement

- Integrating ESG requirements, including environmental considerations, into procurement specifications and requiring suppliers to sign the *Declaration of Non-Use of Hazardous Substances*
- In terms of material selection, our Group gives priority to recyclable materials (such as metals like steel and aluminum) and restricts the use of hard-to-degrade or harmful materials to ensure that raw materials are non-toxic and harmless, meeting national standards and relevant laws and regulations.

#### Product Manufacturing

- Upgrading processing technologies to enhance component utilisation rates and reduce raw material consumption.
- Optimising product structural design to reduce the consumption of energy and auxiliary materials as well as waste generation during the manufacturing process.

#### Recovery and Disposal

- **Product recovery**: improving closed-loop recovery management pathways and increasing product recyclability to achieve the circular reuse of resources.
- **Waste disposal**: a 100% segregated recovery strategy is implemented for scrap castings generated during wind turbine main gearbox production and operations.

#### Product Use

- Enhancing product anti-corrosion grades and optimising wear resistance to extend equipment maintenance cycles.
- Independently developing up-tower open-hatch maintenance technology to circumvent the energy consumption and additional carbon emissions associated with the use of oversized cranes.

#### Packaging and Logistics

- Optimising packaging design and transport tooling.
- Through the *Green Packaging and Transportation Management Regulations* and an intelligent access control management system, a low-carbon transition in the transportation process has been achieved.
- Establishing packaging recovery mechanisms jointly with customers.

To assess the environmental footprint of our products quantitatively, the Group has deeply embedded Life Cycle Assessment (LCA) into its R&D pathway, conducting qualitative or quantitative evaluations of resource consumption, energy usage, pollutant emissions, and environmental impact across the entire product lifecycle. As at the end of the Reporting Period, a wind turbine main gearbox produced by our subsidiary, NGC (Huai'an) High Speed Gear Manufacturing Co., Ltd., has also obtained product carbon footprint verification certification in compliance with the ISO 14067:2018 standard.

#### The rail transit business segment achieves ultra-lightweight gearbox design, driving the green upgrade of rail transit

During the R&D process for the PDM470-20 gearbox, the Group fully integrated the principles of green design and resource conservation. By selecting higher-performance grade gear materials and deeply optimising the product structure, we successfully achieved the goal of ultra-lightweighting for the gearbox. Compared to traditional transmission gearboxes with identical centre distances, the PDM470-20 model achieves a weight reduction of 94 kg per unit, representing a weight reduction of up to 25%. During the operational phase, the lubricating oil consumption of a single unit of this gearbox model is reduced by 1.1 litres, effectively lowering subsequent maintenance costs for customers.

#### Digital logistics empowers circular packaging models, achieving carbon reduction and efficiency gains in collaboration with the industry chain

The Group has deeply integrated green and low-carbon principles into its logistics and packaging management systems. Leveraging the Transportation Management System (TMS), we achieved full-process digital operations from demand identification and order placement to the management of circular steel racks. This significantly curtailed production costs while effectively minimising the environmental footprint across all value chain segments. In transportation, the Group utilised an intelligent access control system to ensure that 100% of vehicles entering our plant meet China V or higher emission standards. By consolidating shipments, we substantially increased load rates, effectively reducing transport mileage and exhaust emissions. Regarding packaging, we implemented customised circular packaging solutions for domestic wind turbine main gearboxes. During the Reporting Period, the Group's wind power business segment recovered a cumulative total of 8,610 packaging racks, reused 7,866 circular packaging racks, directly reduced wood consumption by approximately 7,654 m<sup>3</sup>, saved 12,375.30 tonnes of steel for packaging, and achieved a recycling rate of 88.80% for primary packaging materials (steel and timber) of domestic wind turbine main gearboxes.

#### Building a closed-loop recycling system for metal resources to drive the reuse of waste castings and metal parts

Actively practising circular economy principles, the Group established systematic end-of-life recycling and resource recovery pathways, particularly for metal-dominant gearbox products. Upon reaching their designed service life, the Group sends the metal parts to professional institutions for re-smelting, allowing them to re-enter the industrial production cycle as high-quality raw materials. Worn rubber components are also disposed of through recycling processes. Furthermore, for the core castings in wind power gearboxes, some of the scrapped castings will be returned to the furnace for re-melting, while the rest will be entrusted to qualified organisations for comprehensive utilisation, achieving a 100% actual recycling rate for scrapped castings.

#### Recycling and reuse of sun gear mandrels

The sun gear mandrels generated during the drilling process in the wind power business segment are sorted and recycled for sale to the rail transit and yaw/pitch business segments for component processing. This initiative achieves robust resource circulation, with approximately 40 tonnes of sun gear mandrels recovered monthly. It not only reduces purchasing and production costs but also effectively enhances material utilisation efficiency, promoting green manufacturing and sustainable development.

#### **Packaging Material Consumption Data**

Indicators	Unit	2025	2024 <sup>28</sup>	2023 <sup>29</sup>
Total packaging material consumption	Tonne	5,998.23	8,613.86	7,084.00
Intensity of packing material consumption	kg/tonne of production	9.21	15.97	15.46

Remark:

<sup>28</sup>In 2024, the rail transit business segment was newly included in the disclosure scope and added to the data on packaging material consumption. Besides, the Huai'an factory, which belongs to the wind power business segment, was fully put into production, so the data on packaging material consumption of the Group has increased.

<sup>29</sup>In 2023, packaging material consumption data covered the Group's wind power and industrial business segments.

## Clean Technology

The Group is dedicated to propelling the global energy transition through advanced clean technologies. It consistently elevates the energy conversion efficiency and reliability of large-megawatt energy equipment by leveraging cutting-edge innovation. Furthermore, we focus on the development of clean technology sectors including renewable energy and new energy vehicles, continuing to deepen technological innovation and application, and actively expanding the application scenarios for clean technologies.

Business Segment	Clean Technology Products and Application Scenarios	Highlights of Green Eco-design for Products
Wind Power Business Segment	New generation of sliding bearing technology for wind turbine gearboxes: Designed for 2–20 MW and above large-megawatt wind turbine models, the solution adopts a combined design of multi-planetary gear systems and sliding bearings to meet the high-load and high-reliability requirements of both onshore and offshore wind power applications, while supporting the rapid validation of new gearbox technologies and product iteration.	<ul style="list-style-type: none"> <li>Breakthrough in critical component supply to end external monopolies, with bearing manufacturing cycles curtailed by over 10% and R&amp;D and delivery efficiency significantly enhanced.</li> <li>Achievement of a gearbox torque density exceeding 270 Nm/kg, coupled with a lightweight design that reduces overall weight by over 10% and decreases raw material consumption.</li> <li>More than doubling of material bonding strength and a reduction in alloy material usage by over 90%, effectively lowering energy consumption and resource input during the manufacturing phase.</li> </ul>
	Up-tower open-box repair technology for semi-direct drive gearboxes: Applicable to the operation and maintenance stages of both onshore and offshore wind turbines, particularly in scenarios such as offshore wind power projects that demand high maintenance efficiency and cost control, the solution enables direct in-tower inspection, maintenance, and replacement of key planetary gearbox components.	<ul style="list-style-type: none"> <li>Enabling the direct up-tower inspection and replacement of critical planetary components. Compared to the traditional full-nacelle lowering protocols, this significantly reduces the lifting load required for maintenance operations, allowing compact lifting equipment to meet construction needs. Consequently, it mitigates reliance on and deployment frequency of heavy offshore lifting infrastructure (e.g., large floating cranes or jack-up vessels). This not only avoids the high resource losses and logistics costs associated with full-unit replacements, but also effectively reduces energy consumption and indirect carbon emissions throughout the gearbox maintenance process by lowering the fuel consumption of high-energy-consuming service vessels.</li> <li>Curtailed fault-induced wind turbine downtime by more than 40%, decreasing electricity generation losses and elevating the energy utilisation efficiency of wind power equipment during its operational phase.</li> </ul>
Industrial Business Segment	High-efficiency gearbox for internal mixers: Tailored for the high-capacity, continuous mixing processes of large-scale internal mixers within the tyre manufacturing industry.	<ul style="list-style-type: none"> <li>Optimisation of gear modification and transmission design to elevate transmission efficiency to over 96%, thereby reducing equipment operating energy consumption.</li> <li>Adoption of die-forging and welding techniques for lightweighting, and optimisation of housing structures to minimise oil volumes, effectively conserving metal and petrochemical resources at the source.</li> <li>Control of load noise to below 88 dB and vibration to below 0.8 mm/s, significantly improving the working environment in end-user workshops.</li> <li>Integration of intelligent monitoring systems for predictive maintenance, ensuring equipment reliability under ultra-high loads and extending product service life.</li> </ul>
Rail Transit Business Segment	Die-forged gear shafts: Engineered for diverse gear transmission equipment and systems requiring high load-bearing capacities and exceptional reliability.	<ul style="list-style-type: none"> <li>Breakthrough in traditional free-forging process limitations, with material utilisation rates for part processing elevated from 48% to 55%, significantly reducing raw material consumption.</li> <li>Optimisation of forging precision to reduce subsequent machining requirements, thereby enhancing processing efficiency and lowering energy consumption during the manufacturing phase.</li> </ul>
	Sand-proof metro gearboxes: Designed for rail transit operational scenarios facing severe sand and dust climate conditions and extreme natural environments, including the Egyptian metro project.	<ul style="list-style-type: none"> <li>Adoption of specialised wind- and sand-resistant structural designs to effectively protect precision machinery from erosion by extreme weather, ensuring operational safety of trains in harsh environments.</li> <li>Mitigation of internal wear and malfunctions caused by wind and sand ingress, thereby extending equipment service life and reducing indirect resource consumption associated with frequent train maintenance and component replacement.</li> </ul>
New Energy Vehicle Business Segment	Parallel shaft gear transmission system and planetary gear transmission system: Applicable across a diverse range of vehicle categories, including new energy vehicles, passenger cars, buses and trucks.	<ul style="list-style-type: none"> <li>Incorporation of two-stage and single-stage transmission structures, with internal integration of differentials available. Featuring optional electronic parking mechanisms and brake drums, the gearboxes are characterised by a compact design, high transmission efficiency, and exceptional NVH performance.</li> </ul>



## Innovation-driven Development

### Material issues in this chapter

- R&D Innovation and Intellectual Property Protection
- Product Quality and Safety
- Product Lifecycle Management
- Protection of Customer Rights and Interests

### Performance Highlights

- Had **3** National Technology Innovation Platforms, **5** Provincial Technology Innovation Platforms, and **4** Industry Technology Innovation Platforms
- R&D total investment amount RMB **873,901,000**, R&D input ratio **4.43%**
- Has been granted **1,119** patents authorized by the state, increased by **12.35%** compared to last year
- Achieved **100%** customer satisfaction target for **8** consecutive years



# Technological R&D and Innovation

The Group has always upheld the corporate spirit of "Climbing up the summit step by step, Striving for perfection bit by bit", positioning R&D and innovation as one of the core strategies driving the corporate development. By continuously increasing investment in R&D technology, strengthening R&D team building, and expanding the depth of its R&D operations, the Group has established a full-chain R&D system covering basic research, application development, and industrial implementation. Furthermore, we consistently deepen industry, academia and research collaborative innovation and strengthen the development and protection of the intellectual property system, transforming R&D achievements into core technological assets to empower high-quality development through continuous technological breakthroughs.

## Innovative R&D Management

### Innovative R&D System

Guided by its innovation-driven development strategy, the Group builds an innovation management system combining institutional standards, platform support, and the advancement of key projects. The Group has formulated management systems, including *the R&D Organisation Management Policy*, *the Application Procedures for Continuous Improvement and Innovation Project Initiation*, *the R&D Investment Accounting Management Policy*, *the R&D Expenses Special Account Management Policy*, and other policies to regulate R&D management, clarify project initiation and approval procedures, detail standards for special-account collection and accounting of R&D expenses, and strengthen the planning and supervision of special funds. During the Reporting Period, the Group continued to advance the independent R&D and transformation of achievements of various transmission technologies, consistently improving the efficiency of R&D resource utilisation and innovation effectiveness.

### R&D Investment of the Group

Indicator	2025	2024 <sup>30</sup>	2023 <sup>31</sup>
Number of R&D team members	564	564	562
R&D total investment amount (RMB 10,000)	87,390.10	77,674.83	88,814.02
R&D input ratio <sup>32</sup>	4.43%	4.41%	5.30%

Remark:

<sup>30</sup>In 2024, the R&D investment amount data was newly included in the rail transit business segment.

<sup>31</sup>In 2023, the R&D investment amount data covered the Group's wind power and industrial business segments.

<sup>32</sup>The R&D input ratio = R&D total investment amount / Sales revenue \* 100%.

## Innovation Platforms and Technology Centres

The Group actively establishes Nationally Recognised Enterprise Technology Centres as well as National and Provincial Innovation and R&D Platforms, leveraging their resource integration advantages to continuously deepen the R&D and transformation of achievements of cutting-edge technologies.



### Key Performance

As at the end of the Reporting Period, the Group had **3** National Technology Innovation Platforms, **5** Provincial Technology Innovation Platforms, and **4** Industry Technology Innovation Platforms.

### Development of the Group's Technology R&D Centres

R&D centres owned by the Group (Partial)	Certification units
National Recognised Enterprise Technology Centre	National Development and Reform Commission of the People's Republic of China, Ministry of Science and Technology of the People's Republic of China, Ministry of Finance of the People's Republic of China, General Administration of Customs of the People's Republic of China, State Taxation Administration
Key Laboratory of Wind Power Gear Transmission Systems for the Machinery Industry, Engineering Research Centre for Heavy-duty Transmissions for the Machinery Industry	China Machinery Industry Federation
Demonstration Base for Technological Innovation in Thermal Treatment	Thermal Treatment Society of the Chinese Mechanical Engineering Society
Provincial-level Enterprise Technology Centre in Jiangsu Province	Jiangsu Provincial Department of Industry and Information Technology, Jiangsu Provincial Development and Reform Commission, Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, Jiangsu Provincial Tax Service
Jiangsu Provincial Engineering Technology Research Centre for Wind Power Gear Equipment	Jiangsu Provincial Department of Science and Technology
Jiangsu Province Industrial High-speed Fine Gear Transmission Device Engineering Research Centre	Jiangsu Provincial Development and Reform Commission
Jiangsu Provincial Engineering Technology Centre for Industrial Gears	Jiangsu Provincial Department of Science and Technology
Nanjing High Speed & Accurate Rail Transportation Equipment Co., Ltd. Technology Centre	Jiangsu Provincial Enterprise Technology Centre
Jiangsu Provincial Rail Transit Transmission Device Engineering Technology Research Centre	Jiangsu Provincial Engineering Technology Research Centre
Nanjing High-Speed Heavy-duty Mechanical Transmission System Engineering Technology Research Centre	Nanjing Municipal Science and Technology Bureau
Huai'an Wind Power Gear Transmission System Engineering Technology Research Centre	Huai'an Municipal Science and Technology Bureau

## Key Scientific Research Projects

The Group utilises its technological accumulation to participate deeply in numerous national, provincial, and municipal key scientific research projects, collaborating closely with partners to advance joint research on key technologies and industrial application.

### National, Provincial and Municipal Key Scientific Research Projects Jointly Conducted and Participated in by the Group

Projects	Initiating Organisations
National key R&D programme: key technologies and applications of sliding bearings for wind turbine	Ministry of Science and Technology of the People's Republic of China
National key R&D program: key technology of high reliability and high torque planetary gear transmission	Ministry of Science and Technology of the People's Republic of China
2022 Special projects for industrial base reengineering and high-quality development of the manufacturing industry: development and application projects of high-power wind power main bearings, gearbox bearings, and wind power hub	Ministry of Industry and Information Technology of the People's Republic of China
2025 municipal science and technology project: R&D of key technologies for 22MW and above ultra-large offshore wind power gearboxes	Huai'an Municipal Science and Technology Bureau
2024 Jiangsu Province manufacturing powerhouse development special fund project: ultra-large offshore wind turbine gearbox breakthrough	Jiangsu Provincial Department of Industry and Information Technology
Nanjing major science and technology project: key technology of sliding bearings for wind power gearbox with 8 MW and above	Nanjing Municipal Science and Technology Bureau
Inner Mongolia Autonomous Region "Dual Carbon" major science and technology special project (open competition mechanism): development of large-scale domestically produced onshore wind turbine units adapted for high-altitude and low-temperature conditions	Department of Science and Technology of Inner Mongolia Autonomous Region
2023 municipal science and technology project: R&D and industrialisation of 6MW and above integrated ultra-compact wind power gearboxes	Huai'an Municipal Science and Technology Bureau

## R&D Team Development

The Group attaches great importance to R&D team building, formulates targeted training plans annually based on the employee competency matrix and actual business needs, and conducts diverse training, including pre-employment training for new employees, rotational training for university graduates, and senior engineer series courses, to comprehensively assist R&D personnel in refining their professional skills and broadening their innovation perspectives.

The Group also emphasises the deep integration of theoretical knowledge with project practice, guides engineers to participate extensively in new product project reviews for different clients and platform models, and encourages them to enhance their professional cognition and broaden their design thinking through practical application. Furthermore, we conduct regular cross-departmental technical exchanges and utilise morning meetings to share project experience and industry information in a timely manner, ensuring the collective growth of the R&D team.

### Rail Transit Business Segment Conducts Specialised Training for R&D Personnel

In 2025, the Group's Rail Transit Technology Development Department focused on breakthroughs in core technologies and R&D capabilities, and has conducted several professional training courses for R&D personnel, including the *Gear Noise and Vibration Exchange*, the *Casting-related Knowledge*, the *Structural Design of Rotary Shaft Skeleton Oil Seals*, and the *Fine Boring of Combination Casings*. During the Reporting Period, this series of training was conducted 22 times, recording 135 attendances, with a total of 166 training hours.



On-site training



**Key Performance**

In 2025, the Group's average professional training hours for R&D technicians reached **20** hours.

**Innovation Incentive Mechanism**

The Group has formulated internal policies including the *System for the Organisation, Implementation, and Incentive Rewards for the Transformation of Scientific and Technological Achievements*, the *Management System for Professional and Technical Channel Job Qualifications for Technical and Project Engineers*, the *Monthly Performance Evaluation Method for Engineers*, and the *NGC Group Patent Invention Reward Management Method*. These policies explicitly define the reward standards for innovative achievements, performance evaluation indicators, career development channels for engineers and other detailed rules related to innovation incentives, providing institutional support for the efficient advancement of R&D work. During the Reporting Period, the Group's industrial business segment introduced the *Industrial Business Division New Product Development Incentive Policy and the System for the Organisation, Implementation, and Incentives for the Transformation of Scientific and Technological Achievements*, aiming to stimulate the creativity of the R&D team while promoting the transformation of achievements to enhance the core competitiveness of product technology.

Reward Category	Reward Description
Innovative Achievement Award	Rewards are granted based on the contribution level of leading provincial-level or higher scientific research projects and the transformation of multiple achievements.
Technical Improvement Award	Rewards are granted based on actual economic benefits generated from product design improvements and production process optimisation (including energy saving, consumption reduction and cost reduction), and annual evaluation results.
Technical Invention Award	Rewards are granted based on patent type (invention, utility model or design patent) and stage (acceptance or granting).
Scientific Research Paper Award	Rewards are granted based on the acceptance status of scientific research papers, the quantity and quality of annually published papers and the extent of enhancement to corporate benefits.

**Product and Technological Innovation Achievements**

**Key Technological Breakthroughs**

During the Reporting Period, the Group has achieved breakthroughs in several key technologies through continuous R&D tackling, further promoting product performance upgrades and market application expansion.

**A New Generation of Sliding Bearing Technology**

The Group's independently developed new-generation sliding bearing technology shortens bearing manufacturing cycles by over 10%, accelerating the rapid validation of new gearbox technologies and fast iteration of new products. Additionally, this technology has doubled the material bonding strength, saving over 90% of alloy materials and reducing energy consumption in processing and assembly through additive manufacturing moulding. Currently, this technology has been successfully applied to 2-20MW wind turbine models, with the maximum gearbox torque density exceeding 270 Nm/kg.

**Uptower Open-box Maintenance Technology for Semi-Direct Drive Gearboxes**

The Group utilises proprietary semi-direct drive gearbox open-box maintenance technology to enable direct uptower repair and replacement of planetary components. This technology shortens wind turbine downtime by over 40%, reducing power generation losses, whilst replacing downtower maintenance with uptower repair to minimise crane usage and significantly lower gearbox operation and maintenance costs.

**Highlight Product Innovation Achievements**

The Group has been committed to transforming core R&D achievements into competitive industrial equipment. In recent years, we have adhered to the product design philosophy of high reliability and high energy efficiency, achieving successive breakthroughs in application scenarios including onshore and offshore large-megawatt wind power, hydrogen energy storage, and intelligent mining.

### Benchmark Applications and Large-scale Delivery Achievements of the Group's Core Products

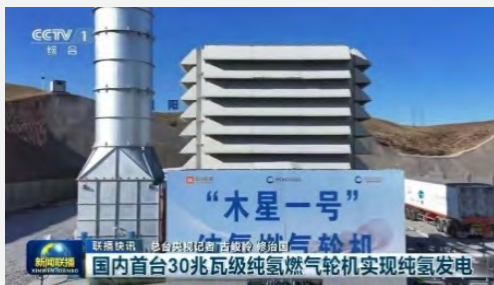
#### Yaw and Pitch Gearbox Deliveries Reach a Record High

In 2025, domestic deliveries of yaw and pitch gearboxes, core transmission components for wind turbines, exceeded 100,000 units, setting a new record with cumulative deliveries of nearly one million units. Based on modular and high-reliability designs, the Group will continue to drive iteration towards high integration and lightweighting, empowering the efficient operation of the global wind power industry.



#### TG Series High-Speed Gearboxes Empower Hydrogen Industry Upgrades

In December 2025, China's first 30 MW-class pure hydrogen gas turbine hydrogen energy storage demonstration project successfully generated power. As a core supplier, the Group participated in the project and provided its TG series high-speed gearboxes. The product, with professional and high-reliability transmission performance, has effectively ensured the stable and efficient operation of the equipment, empowering technological innovation and low-carbon upgrades in the hydrogen energy storage industry.



#### 20 MW-Class Fully Integrated Drivetrain Gearbox Supports Grid Connection of Offshore Wind Turbines

In February 2026, the world's first 20 MW offshore wind turbine, equipped with the Group's 20 MW-class fully integrated gearbox, was successfully connected to the grid. This product, specifically designed for high-power offshore wind turbines, employs a fully integrated rigid connection structure integrating sliding bearing and multi-planetary load-balancing technologies to achieve lightweighting whilst significantly enhancing transmission efficiency. Its innovative sealing structure and segmented maintenance design protect the equipment against high-salt spray corrosion while reducing offshore operation and maintenance difficulty, providing solid support for the reliable operation of ultra-large-power wind turbines.



#### Successful Application of 2250 kW Tower Mill Permanent Magnet-Gear Drive System

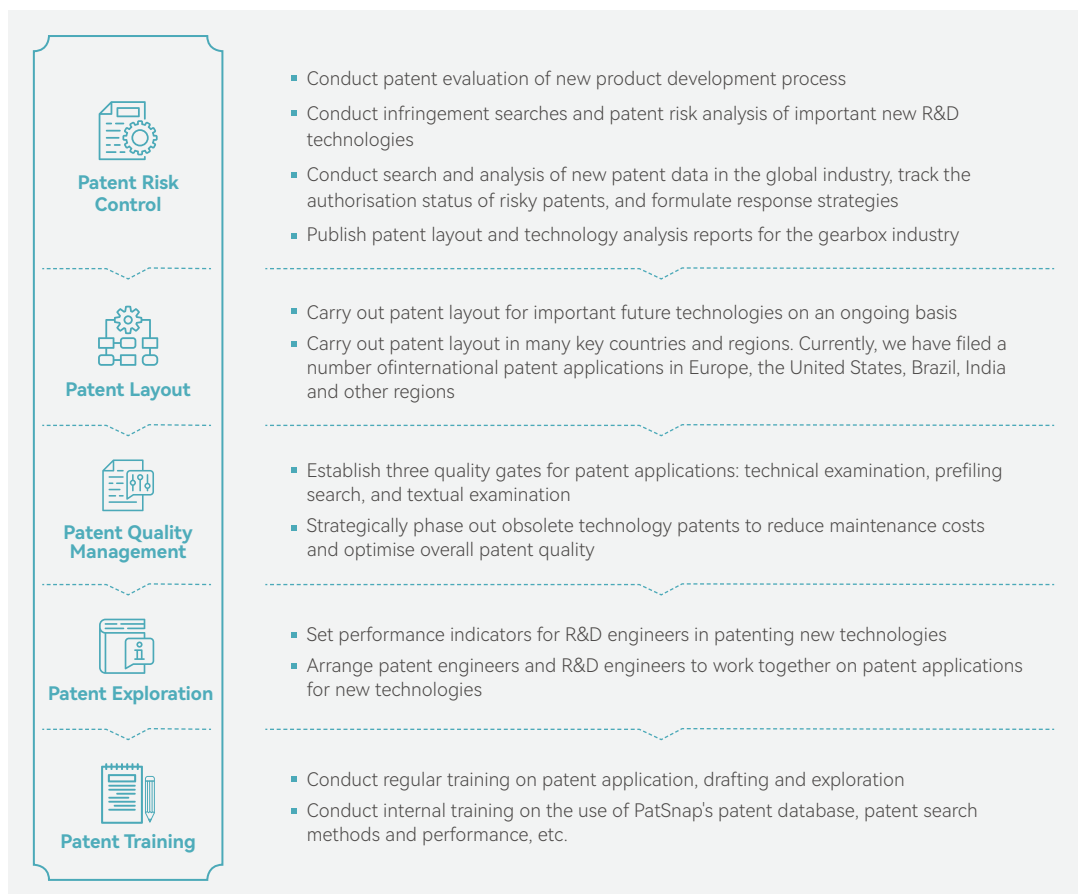
To meet the mining industry's demand for intensive and green transformation, the Group has successfully developed and applied the 2,250kW tower mill permanent magnet-gear drive system, helping the industry accelerate towards a green, efficient and intelligent future. The product utilises an integrated electromechanical design, integrating a permanent magnet motor, gear transmission and variable frequency control system. Compared with traditional asynchronous drive systems, it reduces height by 40% and weight by 25%, with an energy saving rate exceeding 8%; vibration and noise are also significantly reduced, demonstrating the high efficiency of the permanent magnet motor, high torque density ratio of the gear transmission and intelligent variable frequency control.



## Intellectual Property Protection

The Group strictly abides by the *Patent Law of the People's Republic of China* and other relevant laws and regulations. It has formulated internal policies including the *NGC Patent Management Regulations*, the *Infringement Retrieval Process Management Regulations*, and the *Patent Application Process Management Regulations* to perfect its intellectual property management system. At the implementation level, the Group ensures the effective implementation of intellectual property work by establishing standardised management procedures in areas including patent risk management, patent layout, patent quality management, patent mining and patent training.

### The Group's patent management process



Over the past three years, the Group's patent portfolio has grown steadily. Various patent achievements cover core technologies and key processes, forming an effective intellectual property protection system to safeguard its continued technological leadership and sustainable development. In 2025, in terms of patent compliance and risk control, the Group conducted patent reviews for the development processes of over 40 new wind power main gearbox products, published a patent analysis report for the wind power main gearbox industry, and carried out infringement searches and patent risk analyses for over 10 important new technologies. During the Reporting Period, the Group experienced no patent infringement litigation.

Additionally, the Group conducts specialised patent training to continuously strengthen employee intellectual property capabilities and systematically enhance staff professional knowledge of patent layout, patent quality improvement, patent inventiveness requirements and international patent applications.

### Conducting patent knowledge training to strengthen intellectual property management

To effectively enhance employee intellectual property awareness and patent-related professional skills, the Group organised online and offline training courses for technical personnel in 2025, with topics including *US Patent Applications*, *Patent Layout and High-Quality Patents*, and *Official Standards for Inventive Step*. The training content covered areas US patent applications, patent layout, high-quality patents, and examination standards for inventive step. As at the end of the Reporting Period, a total of 328 attendances were recorded for patent training.

### Number of Patents of the Group

Indicator	2025	2024	2023
Number of patent applications (items)	156	148	126
Number of patents granted (items)	198	167	116
Cumulative number of nationally granted patents (items)	1,119	996	872
Cumulative number of patents submitted and under examination (items)	201	365	437

## Integration of Industry, Academia and Research

The Group attaches great importance to industry-academia-research collaborative innovation, continuously deepening strategic partnerships with domestic and international universities, research institutes and upstream and downstream enterprises to jointly promote technological progress and industrial upgrading in the transmission field. In 2025, the Group conducted 9 key industry-academia-research cooperation projects, leveraging advanced scientific research to resolve difficulties in new product development and effectively enhance core scientific research capabilities.

### Key Performance

As at the end of 2025, the Group had established a total of **30** industry, academia and research cooperation projects

### Industry, Academia and Research Cooperation Projects

Project Name	Partner Institution
Configuration and Lubrication Technology for High-Torque-Density Sliding Bearing Gearboxes	Chongqing University
Coupled Dynamic Optimisation Design Technology for Sliding Bearing Gearbox Systems	Taiyuan University of Science and Technology
Configuration Design Technology for Wind Turbine Gearbox Sliding Bearings Capable of Withstanding Combined Bending and Torsional Loads	Taiyuan University of Science and Technology
Research on Dynamic Simulation Technology and Simulation Software for Large-scale Onshore Wind Turbines in High-Altitude, Low-Temperature Environments	Tsinghua University
Single-unit and Wind Farm Cluster Control for Large-scale Onshore Wind Turbines in High-altitude, Low-temperature Environments	Inner Mongolia University of Technology
Multi-mode Failure Analysis and Reliability Design for Planetary Transmission Systems under Complex Operating Conditions	University of Electronic Science and Technology of China
Impact-resistant Tooth Profile Modification and Tooth Root Optimisation Design for Planetary Transmission Systems	Chongqing Jiaotong University
Integrated Design Technology for High-power Wind Turbine Gearbox Transmission Systems	Chongqing University
Key Technologies for Dynamic Analysis and Design Optimisation of Integrated Drivetrains	Nanjing University of Aeronautics and Astronautics

### Joint research with Chongqing University on high-power wind turbine gearbox technology

In 2025, to develop efficient and compact transmission solutions for wind turbine gearboxes and to study multi-planet load sharing and gear modification technologies for integrated gearboxes, the Group collaborated with Chongqing University on integrated design technology research for high-power wind turbine gearbox transmission systems. The project aimed to minimise peak-to-peak transmission errors and proposed an optimised design method for micro-modification of gear tooth surfaces based on the NSGA-II genetic algorithm. It constructed a dynamic model of a three-stage planetary gear speed-increasing integrated gearbox comprising a main shaft, planetary gear train and output shaft, analysing the dynamic meshing forces and load sharing characteristics of each planetary gear stage. Furthermore, for specific high-efficiency transmission configurations, the Group successfully achieved a balanced design of "lightweighting" and "high reliability" for integrated wind turbine gearboxes by coordinating top-level integrated optimisation, equal strength design principles and closed-loop experimental verification.

## Industry Exchanges

Leveraging its technological accumulation in gear transmission, the Group deeply participates in diverse industry exchanges and standards formulation, continuously outputting cutting-edge R&D achievements and application experience to synergise with upstream and downstream stakeholders in building an open and win-win industrial ecosystem.

### Industry Exchange and Collaborative Development

In 2025, the Group participated in over ten industry exhibitions in sectors including wind power, photovoltaic, rail transit, mining, and rubber and plastics. Whilst showcasing innovative technologies and product solutions, the Group deepened technical communication and business cooperation with industry partners to drive high-quality industrial development.

Selected Industry Activities in 2025

Wind Power Business Segment



China Wind Power 2025, Beijing



The 17th China (Jiangsu) Wind Power Industry Development Conference



2025年 智能传动·智绘未来  
中国机械工程学会机械传动分会年会

2025年8月8-10日  
August 8-10, 2025

2025 Annual Meeting of the Mechanical Transmission Institute, Chinese Mechanical Engineering Society

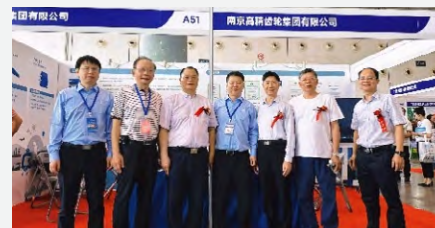
Industrial Business Segment



CHINAPLAS 2025 International Exhibition on Plastics and Rubber Industries



RubberTech China



Guangxi International Sugar Technology and Intelligent Equipment Exhibition



2025 Hannover Milano Fairs (Shanghai)

Rail Transit Business Segment



MetroTrans 2025

**Attendance at the "10th National Conference on Practical Technology and Equipment for Non-ferrous Metal Mining, Mineral Processing, and Tailings"**

In April 2025, the Group attended the "10th National Conference on Practical Technology and Equipment for Non-ferrous Metal Mining, Mineral Processing, and Tailings" to discuss the sustainable development of mining equipment with industry partners. At the conference, the Group showcased a comprehensive product matrix of high-efficiency transmission and intelligent monitoring solutions, including MHB series standard industrial gearboxes, MPG high-pressure grinding roll gearboxes and the Gear-Sight intelligent monitoring platform, effectively ensuring the efficient operation of long-distance conveying and fine grinding in mines. During the conference, the Group reached cooperation intentions with several scientific research institutions and enterprises on low-carbon pathways for equipment.



**Attendance at the "Technical Seminar on Wind Turbine Pitch and Yaw Systems"**

In June 2025, the Group attended the "Technical Seminar on Wind Turbine Pitch and Yaw Systems", collaborating with the entire industry chain to discuss pathways for enhancing wind turbine precision control and reliability. The Group has seized development opportunities in new transmission technologies to proactively carry out deep cooperation with upstream and downstream enterprises. Regarding high-reliability hydraulic pitch and yaw technology, the Group has achieved project alignment with partners to jointly develop a dedicated yaw reducer for a new hydraulic motor yaw system. Leveraging this industry technical exchange, the Group has further clarified its work direction with reliability as the core and collaborative innovation as the pathway, and will continue to contribute its transmission wisdom to the sustainable development of the global wind power industry through high-quality transmission solutions.



**Development of Industry Standards**

Based on its technological accumulation, the Group actively leads and participates in the formulation of various national, industry and association standard. During the Reporting Period, the Group has participated in the formulation and publication of 7 new national standards and 3 association standards; with several others currently under formulation, effectively empowering the perfection of the industry standard system.

No.	Standard Name	Standard Type
1	GB/T 45861-2025 Technical Specification for Accelerated Fatigue Life Test of Heavy-duty Gearboxes	National Standard
2	GB/T 46653-2025 Test Method for Vertically Mounted Gear Transmission Devices	National Standard
3	GB/Z 3480.31 Calculation of Load Capacity of Spur and Helical Gears Part 31: Example for the Calculation of Micropitting Load Capacity	National Standard
4	GB/Z 10062.20 Calculation of Load Capacity of Bevel Gears Part 20: Calculation of Scuffing Load Capacity — Flash Temperature Method	National Standard
5	GB/Z 3480.20 Calculation of Load Capacity of Spur and Helical Gears Part 20: Calculation of Scuffing Load Capacity — Flash Temperature Method	National Standard
6	GB/Z 3480.21 Calculation of Load Capacity of Spur and Helical Gears Part 21: Calculation of Scuffing Load Capacity — Integral Temperature Method	National Standard
7	GB/Z 10062.32 Calculation of Load Capacity of Bevel Gears Part 32: ISO Rating System for Bevel and Hypoid Gears — Example for the Calculation of Scuffing Load Capacity	National Standard
8	T/BTIAIRI 0001-2025 Interface Requirements for Electrically Driven Integrated Joints of Humanoid Robots	Association Standard
9	T/CRES 0033-2025 Wind Turbine Generator Systems — Procedure for Gear-box Lubricating Oil Change	Association Standard
10	T/CECA-G 0342-2025 Calculation Method for Energy Efficiency Indicators of Digital Operation of Pump Systems	Association Standard

# Product Quality and Safety

The Group strictly abides by the *Product Quality Law of the People's Republic of China* and other relevant laws and regulations, regarding product quality and safety as the cornerstone of the Group's steady development. We uphold the quality policy of "Quality First, Customer Foremost, Outstanding Service, and Good Faith", committing to delivering safe, reliable, and high-quality products and services to our global customers.

## Full Lifecycle Quality Management

The Group continuously implements the "Zero Defect" philosophy and promotes a comprehensive preventive quality control system. It integrates stringent quality control standards throughout the entire product lifecycle, from product introduction and experimentation to mass production and delivery, striving to "Getting things right on the first try" to effectively ensure product delivery quality.

## Quality Management System

Based on the ISO 9001:2015 Quality Management System, the Group has successively introduced several industry-leading quality management systems, including GB/T 19580-2012 Outstanding Performance Management System, VDA6.3 Process Quality Management System, APQP<sub>4</sub>Wind Advanced Product Quality Planning<sup>33</sup> and PRI Special Process Certification derived from aviation standards. The Group adheres to adopting higher external standards as internal quality management benchmarks to drive the continuous evolution of the company's quality management system. During the Reporting Period, all business segments completed independent external certifications. Seven companies, covering five major business segments of wind power, industry, rail transit, robotics and new energy vehicles, have all passed the ISO 9001:2015 Quality Management System Certification, achieving 100% coverage of nine core production plants. The wind power business segment completed the recertification of CNAS laboratory and measurement management systems. The industrial business segment obtained several system certifications, including API Q1 and ISO 3834. The rail transit business segment was awarded the IRIS Rev.04 (ISO 22163:2023) Quality Management System Certification and received a "Silver" performance level certificate from the IRIS Management Centre.

Remark:  
<sup>33</sup>APQP<sub>4</sub>Wind is a quality standard and optimal practice for the entire wind power industry to plan and implement quality assurance throughout the supply chain from manufacturer to component suppliers, with the aim of making the product quality assurance requirements process and production part approval process (PPAP) as clear as possible.

## Quality Management System Certification



Nanjing High Speed Gear Manufacturing Co., Ltd.  
ISO 9001:2015



NGC (Hua'an) High Speed Gear Manufacturing Co., Ltd.  
ISO 9001:2015



Nanjing High Speed & Accurate Gear (Group) Co., Ltd.  
ISO 9001:2015



Nanjing High Speed & Accurate Rail Transportation Equipment Co., Ltd.  
IRIS Rev.04

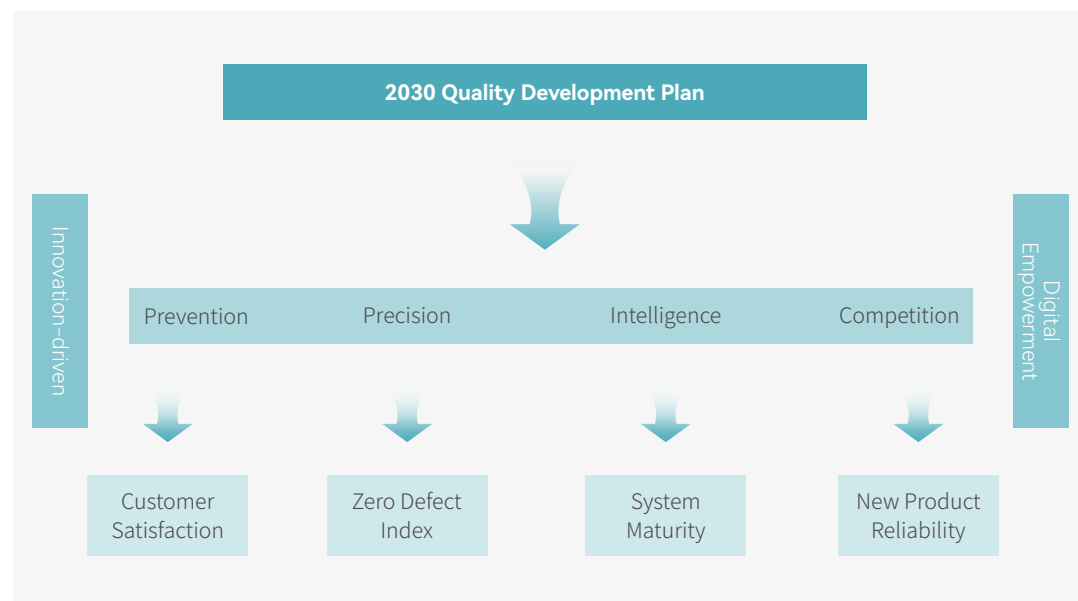
Since 2018, the Group has been implementing TPG Certification<sup>34</sup>. By benchmarking against aerospace standards, it continuously optimises process control, reduces failure costs and improves product quality. During the Reporting Period, the heat treatment, NDT, and shot peening processes of the Group's wind power business segment successfully passed assessment and obtained TPG recertification Certificates. Furthermore, multiple gearbox products have passed hundreds of international certifications, including high-tech product appraisal, the EU CE Certification, GOST Russian Certification, and MA Certification.



Remark:  
<sup>34</sup>TPG (Transportation and Power Generation) is a certification for special processes to suppliers based on the requirements of GE company on transportation and energy equipment. This certification is in line with the Nadcap (National Aerospace and Defense Contractors Accreditation Program) standard. The certified companies will be listed on the PRI (Performance Review Institute) website as the top choices for all manufacturing buyers in the world.

## Excellent Quality Management

Based on its overall strategic framework, the Group consistently upholds the philosophy of "Carrying forward the spirit of the craftsman and creating the quality benchmark", comprehensively advancing its "2030 Quality Development Plan". Driven by the dual engines of "innovation-driven" and "digital empowerment", the Group focuses on the four core dimensions of customer satisfaction, zero-defect management, system maturity, and new product reliability to continuously deepen NGCQS Excellent Quality System development and risk control, holistically strengthening the management foundation for its high-quality development.

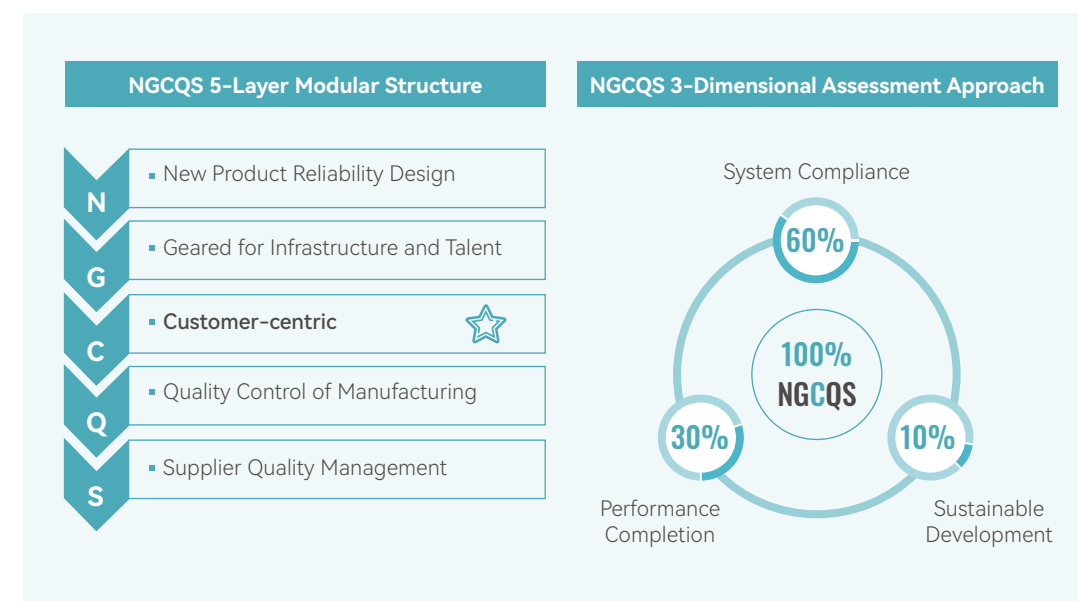


### Development of the NGCQS Excellent Quality System

Since 2017, based on its own characteristics, the Group has combined its quality management system and excellent performance management system to progressively build the customer-centric NGC excellent quality management system (NGCQS), realising precise quality control across five dimensions. To ensure the continuous and effective operation of the system, the Group formulated the *Guidelines for NGCQS Excellent Performance Management System* and innovatively introduced system maturity assessment, optimising management

processes by conducting assessments around the three dimensions of system conformity, performance completion and sustainability. During the Reporting Period, the Group's proprietary "Red Star Power Transmission 1253" management model was honoured as an "Advanced Quality Management Method of Jiangsu, Zhejiang, Anhui, Jiangxi and Shanghai for 2025".

### NGCQS Excellent Quality Management System



### Full-process Quality Control for Products

To effectively prevent and address potential product quality defects and avoid product recall risks, the Group has formulated policy documents including the *Product Design Control Procedure*, the *Manufacturing Process Development Control Procedure*, and the *Monitoring and Measurement Control Procedure*, building a quality management system that covers the entire lifecycle to ensure quality control throughout the entire process from new product introduction and experimentation to mass production.

### New Product Introduction Stage

APQP (Advanced Product Quality Planning) and PPAP (Production Part Approval Process) procedures are strictly executed; a dedicated team conducts multi-node and cross-departmental reviews to identify manufacturing risks in advance and prevent failure modes; supplier evaluations and incoming quality control (IQC) are concurrently implemented to mitigate defects from both design and raw material sources.

### Product Testing Stage

Based on the measurement management system and CNAS laboratory accreditation, the Group conducts multi-dimensional in-house reliability verification, such as flow tests and stress tests, providing precise measured support for product performance indicators.

### Mass Production Stage

New product ledgers are established and followed up by dedicated engineers; key control points are embedded into process cards to implement multi-level verification, comprising first article, in-process and final inspections; the "Three No's" principle ("do not produce, do not accept and do not pass on") is strictly enforced to block the flow of defects.

### Defect Handling and Prevention

In response to internal and external quality anomalies, the Group rigorously executes a cross-departmental closed-loop process of "problem identification, traceability and containment, root cause analysis, corrective and preventive action, effectiveness verification and standardisation" to ensure timely problem resolution and assetise experience to prevent recurrence.

### Post-delivery Monitoring and Early Warning

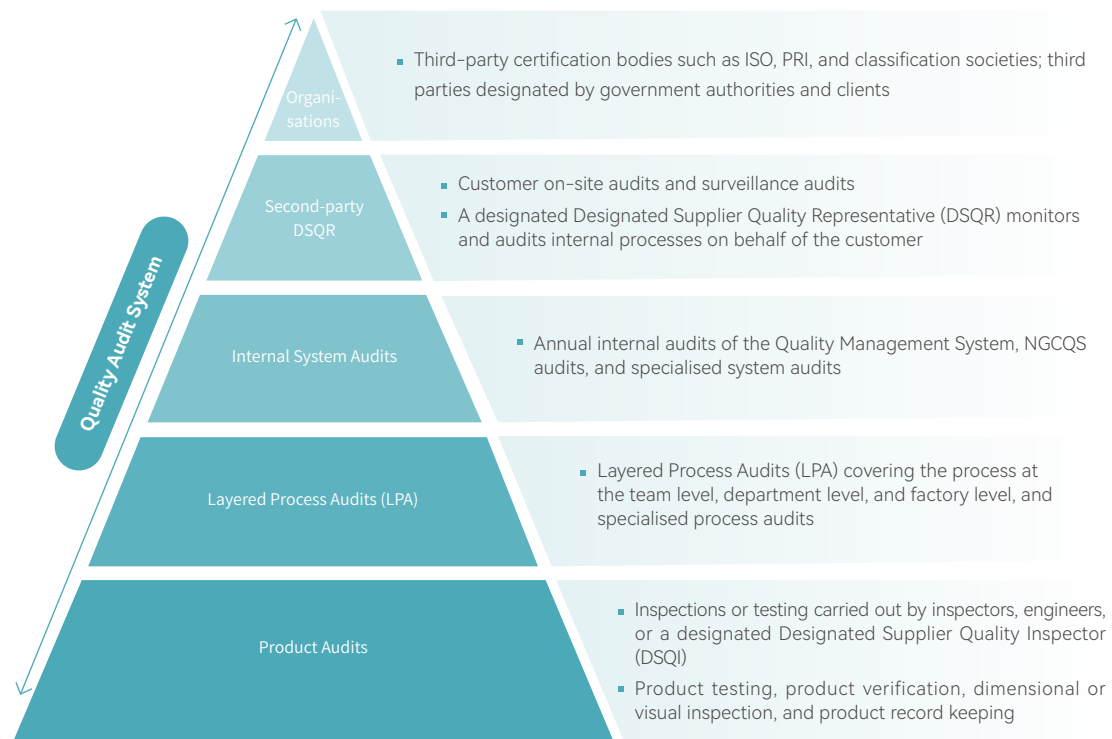
The Group has established a professional after-market operation and maintenance team, leveraging self-developed online monitoring devices and an O&M big data centre to track and predict equipment status in real time. Extending quality control to after-market operations maximises the prevention of major failures and recall risks.

By establishing a comprehensive closed-loop quality management process, the Group implements improvement management across eight steps: traceability and containment, contingency planning, RCA projects, correction, verification and confirmation, platform products, new products, knowledge bases and application failure. The Group conducts multi-faceted reviews and summaries to build a problem knowledge base, effectively preventing product defects and ensuring delivery quality whilst continually enhancing customer trust and market competitiveness.

## Layered Audit Mechanism

To ensure stable and reliable product quality, the Group establishes a multi-layered quality audit and supervision mechanism. Through third-party certification audits, customer and second-party audits, internal system audits, layered process audits (LPA) and product audits, the Group systematically monitors the operation of the quality management system, production process control and product quality performance. Meanwhile, the Group proactively undergoes supervisory spot checks conducted by government quality supervision departments according to law to continuously strengthen quality compliance management. In 2025, the Group's core business segments of wind power, industry and rail transit conducted comprehensive internal system audits and over 60 key process audits, precisely identifying potential quality risks; maintained a 100% pass rate in spot checks by government quality and technical supervision departments; and cumulatively accepted over 100 second-party and third-party supervisory audits from domestic and international clients and authoritative certification bodies. For all non-conformities identified during internal and external audits, the Group strictly implements root cause analysis and full-process corrective action tracking, ensuring 100% closed-loop rectification of all issues.

### Quality Audit Framework



## Continuous Improvement

The Group integrates the philosophy of "continuous improvement" into the entire process of quality culture construction, encouraging all employees to carry out improvement activities focusing on core areas including system processes, management enhancement, technological optimisation, production efficiency and on-site environment. The Group has comprehensively implemented the CIP (continuous improvement process) mechanism, formulated the *CIP Management Measures*, and built a submission platform for all staff accessible via PC and mobile devices. By establishing an improvement credit system and regularly organising evaluation, verification and awards, the Group effectively stimulates the innovative vitality of all employees.

During the Reporting Period, the Group's "All-Staff CIP System" was honoured by the Standards Press of China as a "2024 Typical Case of Quality Transformation and Innovation by Enterprise Chief Quality Officers".

### Improvement of paint roller coating process for gearbox hanger rod surfaces

In 2025, the Group deepened the "CIP" projects, achieving numerous breakthroughs in various manufacturing processes. For the gearbox coating process, it introduced high-density foam rollers to replace traditional spraying and switched to direct roller application of primer. This enabled natural curing and appearance operations to occur simultaneously, breaking production bottlenecks to achieve quality enhancement, energy saving and efficiency gains.

#### Before improvement

- Paint film thickness on the hanger rod mounting surface was difficult to control, resulting in frequent rework due to tolerance exceeding;
- The original spraying occupied dedicated drying equipment, significantly slowing down the production cycle.



#### After improvement

- Tolerance exceeding in film thickness is significantly reduced, ensuring inspection quality;
- The dedicated drying stage is eliminated, lowering equipment energy consumption and waiting time;
- Adhesive tape marks are eliminated, substantially reducing the appearance rework rate and cutting energy consumption by 1 hour per manufactured unit compared with the original process.

### Number of CIP Submissions and Project Benefits for the Group

Indicators	2025	2024	2023
Number of all-staff CIP submissions (items)	12,371	9,519	6,173
Benefits from all-staff CIP submissions (RMB 10,000)	25,735	23,880	21,014

## Quality Culture Cultivation

The Group continuously reinforces the all-staff quality awareness of "Getting things right on the first try and striving for zero defects". By regularly conducting quality management system training, Quality Month activities and Elite Six Sigma management training, the Group establishes a systematic training mechanism to constantly elevate overall quality management levels and foster an excellent quality culture of all-staff participation, joint construction and sharing.

### Empowerment through the "High-Precision Quality Academy" for regular training on policy documents

To enhance employee quality control capabilities, the Group formulated the *High-Precision Quality Academy Management Regulations* and established the "High-Precision Quality Academy" learning platform, building a routine learning mechanism covering all quality system documents. In 2025, the Group fully implemented a blended training model of "offline hands-on practice for core SOPs + weekly online learning for other standards". More than 340 training sessions on various quality system documents were organised throughout the year, effectively ensuring the execution of quality standards and the steady improvement of all-staff control skills.

### 2025 Quality Month activities

In 2025, the Group conducted a series of "Quality Month" activities themed "Strengthening fundamentals by digging into root causes, forging a soul through innovative quality improvement" and "Getting things right on the first try and striving for zero defects", effectively strengthening all-staff quality control capabilities to provide cultural and skills support for the company's high-quality development.

- **Quality Culture Handbook Launch:** Release of the *Nanjing High Speed & Accurate Gear (Group) Co., Ltd. Quality Culture Handbook* and an employee book gifting ceremony.
- **"Training and Practice Integration" Internal Auditor Cultivation:** Cultivating senior internal auditors to identify issues in process operation through audit practice and promoting the implementation of improvement measures.
- **Customer Complaint RCA Workshop:** Selecting customer complaint cases to enhance the problem analysis skills of quality development engineers through RCA training and case studies.
- **Quality Portrays High Precision Essay Contest:** Sharing frontline quality stories and perceptions of and feelings about quality to enhance staff quality awareness.
- **Promoting Learning through Competition:** Organising inspection skill competitions and commending outstanding NCR/RCA and quality improvement cases to enhance staff professional skills.
- **Authoritative Coverage:** CCTV Finance's *Super Productivity* column conducted a special visit to the Group's "quality manufacturing" practices.

### Elite Six Sigma management culture

The Group continues deepening the "Elite Six Sigma" management system. By formulating the *Six Sigma Management Measures* and improving Black/Green Belt instructor and course resources, the Group continuously integrates quality improvement tools into internal R&D, technical processes and production links. Meanwhile, the Group extends Six Sigma management to suppliers to collaboratively enhance data analysis and quality control capabilities across the entire value chain. In 2025, the Group conducted 40 days of Six Sigma Black/Green Belt training in total.



### Key Performance

As at the end of the Reporting Period, the Group has trained a cumulative total of **555** Six Sigma certified belt professionals, and completed **322** Six Sigma improvement projects.

## Intelligent Manufacturing and Lean Management

The Group empowers the entire manufacturing process with cutting-edge technology and integrates lean principles throughout the business chain to drive quality enhancement, cost reduction and efficiency gains, building a transparent, efficient, low-energy and traceable modern smart manufacturing system that continuously enhances global core competitiveness and customer delivery value.

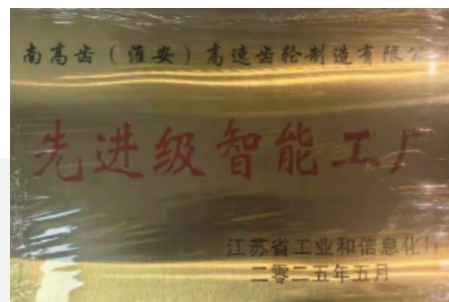
### Intelligent Manufacturing

The Group continues deepening smart manufacturing and comprehensively advances the development of an intelligent production system in the Industry 4.0 era. Driven by data, the Group further integrates cutting-edge AI applications into production practices on the basis of steady automation progress supported by MES/QMS, breaking down barriers between underlying data and equipment visualisation to significantly enhance production efficiency and full-link traceability, accelerating the innovative upgrade from "manufacturing" to "intelligent manufacturing".

The Group vigorously promotes the integrated development of "informatisation and industrialisation". In 2025, Nanjing High Speed Gear Manufacturing Co., Ltd. and NGC (Huai'an) High Speed Gear Manufacturing Co., Ltd. passed the AAA-level certification and the AA-level second certification for the Integration of Informatisation and Industrialisation Management System, respectively. The Nanjing Factory and the Huai'an Factory were honoured with the title of "Advanced Intelligent Factory".




The Nanjing Factory of Nanjing High Speed Gear Manufacturing Co., Ltd. was awarded the title of "Advanced Intelligent Factory"



The Huai'an Factory of NGC (Huai'an) High Speed Gear Manufacturing Co., Ltd. was awarded the title of "Advanced Intelligent Factory"

During the Reporting Period, based on the production informatisation platform and multi-dimensional cutting-edge AI applications, the Group realised panoramic analysis and refined management of production process data. The widespread application of informatisation and smart achievements in core manufacturing and quality inspection links provides the Group with exceptional momentum for quality enhancement, efficiency gains and cost reduction.

**Selected Key Achievements**



**Informatisation**

**Cold Working MES System**

Integrating refined dispatching with multi-scenario control models improves operational efficiency and reduces costs.

---

**Batch Processing MES System**

By integrating planning, technical processes, production and quality inspection flows, the system simplifies on-site interactions via a new employee workstation and a batch inspection data entry mode; the independent operation mechanism, decoupled from the ERP system, mitigates front-end system downtime risks to enhance the operational continuity and collaborative efficiency of batch manufacturing.



**Informatisation**

**Informatisation of Thermal Treatment and Induction Quenching Processes**

The heat treatment workshop of the Huai'an Factory has significantly increased the equipment networking rate and achieved online interconnection for processes such as carburising and quenching, leading to improved production efficiency; the Nanjing Factory has implemented full-process informatisation for induction quenching, covering nearly ten core links from production scheduling to delivery, effectively shortening product lead times.

---

**Implementation of the New Energy ERP+WMS Project**

The project involved streamlining 120 core business processes and completing the integrated deployment of multiple ERP modules (covering production, sales, procurement and finance) with systems including WMS and OA. By cleansing and importing relevant static and dynamic master data with high quality, it realised the integration of "business, financial and information" flows.

---


**Implementation of the Wind Power Aftermarket AMS System**

The system reshaped core service business processes to build a "comprehensive service profile" for cross-organisational collaboration, enhancing aftermarket response efficiency and digital operation and maintenance capabilities.

---

**Nanchuan Intelligent Selection and Matching System**

The system realised the digitisation of component grading and technical formulas; based on BOM and real-time inventory, it automatically matches the optimal component grades, linking with Warehouse Management System (WMS) stereoscopic warehouse for accurate off-shelf operations and connecting the material feeding link from process to storage to improve complex assembly efficiency and accuracy.



**Intelligent Transformation**

<p>Multi-scenario Application of AI Computer Vision</p>	<p>Built a computer vision test bed to deeply empower various core manufacturing links, including workshop security, appearance inspection, stamping identification, magnetic particle inspection, gearbox oil filling and RV assembly inspection, via technologies including object detection, segmentation and tracking, comprehensively enhancing on-site inspection automation and precision.</p>
<p>AI Machine Learning Data Analysis Optimisation</p>	<p>Introduced advanced machine learning algorithms to replace traditional ones to improve data analysis accuracy; developed dedicated desktop and web applications to enhance inspection data storage and management efficiency.</p>
<p>Intelligent Q&amp;A for Industrial R&amp;D Based on Large Language Models</p>	<p>Deployed and adapted general large language models via the enterprise AI application platform to develop standard document Q&amp;A functions for industrial R&amp;D and design documents, significantly improving the efficiency of document consultation and retrieval for R&amp;D personnel.</p>

## Lean Production

The Group regards lean production as a key driver for enhancing factory competitiveness and responding flexibly to market changes. It has formulated and continuously refined policies including the *Description of Lean Production Process*, the *Tiered Meeting & Dashboard Management Policy*, the *On-Site Line Patrol Management Policy*, the *Manual of Visualisation Management of Working Sites*, the *Provisions on the Management of Factory Dashboards*, the *Rules on the Management of Policy Deployment and Project Tracking*, and the *On-Site 5S Management Measures for Wind Power Main Gearbox* to comprehensively promote the implementation and effective performance conversion of lean production principles across major manufacturing links.

Optimising production processes and operational models and launching a series of lean production improvement projects enhances production efficiency and product quality while reducing costs, strengthening the Company's flexibility and rapid response capabilities to market changes.

During the Reporting Period, the Group launched 14 lean improvement projects with a 100% completion rate; through process and workflow optimisation and automation improvements, equipment efficiency increased by 30.8% and working hour efficiency by 7.25% year-on-year. Furthermore, the Group conducted 33 on-site peripheral inspections, 77 monthly inspections and 14 special upgrades, completing 1,770 5S improvement items in total.

## Lean Training

The Group strengthens its lean management training system by integrating routine communication with specialised empowerment to enhance employee awareness and practical capabilities. During the Reporting Period, lean training focused on the following dimensions: firstly, improving the stratified and classified talent development matrix and conducting specialised practical courses for new employees, grassroots team leaders and core functional departments on basic tool application, on-site operation improvement and problem-solving to strengthen lean cognition and application skills. Secondly, lean knowledge-sharing sessions, "Efficiency Improvement Week" and "Full-chain Waste Review" salons were organised for other employees and senior management to further promote top-down dissemination and penetration of lean principles.



"Full-chain Waste Review" Salon: Presentation and sharing session



### Key Performance

In 2025, the Group conducted **19** lean training sessions with over **780** attendances.

# Customer Relationship Management

The Group upholds the "Customers First" service philosophy to provide high-quality services to global customers throughout the product lifecycle. In 2025, guided by the service principle of "Prompt, Effective, and Satisfactory", the Group leveraged its global service system and a localised service network covering more than 30 provincial-level administrative regions in China to enhance its customer relationship management and precisely meet the diverse needs of global customers.

## Customer Service

The Group has formulated customer service-related policies, including the *Customer Relationship Management Process* and the *Customer Complaint Management Process Description*, to continuously optimise the service response mechanism. In addition, the Group leverages private cloud informatisation technology and the aftermarket service management platform to coordinate and dispatch service resources, and fully implements the "dedicated service engineer" docking mechanism. Upon receiving a customer request, dedicated engineers rely on the management platform to ensure that a troubleshooting service plan is developed and responded to within 8 hours, while providing precise technical support for on-site personnel to comprehensively enhance business response speed and terminal service quality and efficiency.

## Complaint and Feedback Mechanism

The Group strictly adheres to relevant laws and regulations including the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, and has formulated and implemented internal policies including the *Customer Complaint Handling Process*, the *Customer Complaint Management Process Description*, the *Customer Complaint Failure Analysis and Improvement Process*, and the *Management Regulations on Root Cause Analysis of Customer Complaints*, to ensure standardised and regulated customer complaint handling.

To ensure efficient and smooth communication, the Group provides 24/7 service via diversified channels including QR codes, service hotlines, WeChat official accounts and email. For received customer complaints, the Group implements a tiered handling model based on the impact level, prioritising urgent complaints. Concurrently, it has formulated various solutions encompassing remote guidance, advance material stocking, on-site repairs by professionals, product replacement and return-to-factory repair for old machines. The Group has developed the AMS system for complaint management to track and manage the entire records, processes and outcomes of all customer complaints. Furthermore, it conducts analysis of causes and issues to formulate

corresponding improvement measures, forming a "response-resolution-improvement" closed-loop management to comprehensively safeguard customer rights and interests. During the Reporting Period, the Group received no complaints or litigation related to product liability and services.

## Product Recall

The Group has formulated and continually refines the *Product Recall Process*, specifying a recall mechanism initiated by design, quality and sales departments. When identifying a product defect endangering personal safety or potentially causing property damage, the Group reports to relevant administrative departments immediately and timely informs customers. Concurrently, it takes a series of measures, including but not limited to ceasing production and sales, issuing warnings, recalling, harmless treatment and destruction, to effectively safeguard the personal safety and legitimate rights of customers and minimise losses. In 2025, the number of products sold or shipped by the Group that must be recalled for safety and health reasons was 0.

## Customer Satisfaction

To understand customer needs and improve service experience, the Group sets annual customer satisfaction targets and regularly conducts satisfaction surveys among domestic and overseas customers including the *Customer Satisfaction Control Procedures* and the *Customer Satisfaction Management Process Description*. The survey process is supervised by an independent third party to ensure the objectivity and impartiality of the assessment results. Based on the results, the Group formulates and implements targeted improvement measures to enhance customer satisfaction.



### Key Performance

Achieved **100%** customer satisfaction targets for **8** consecutive years



# 4

## Building a Responsible Supply Chain

### Material issues in this chapter

Sustainable Supply Chain

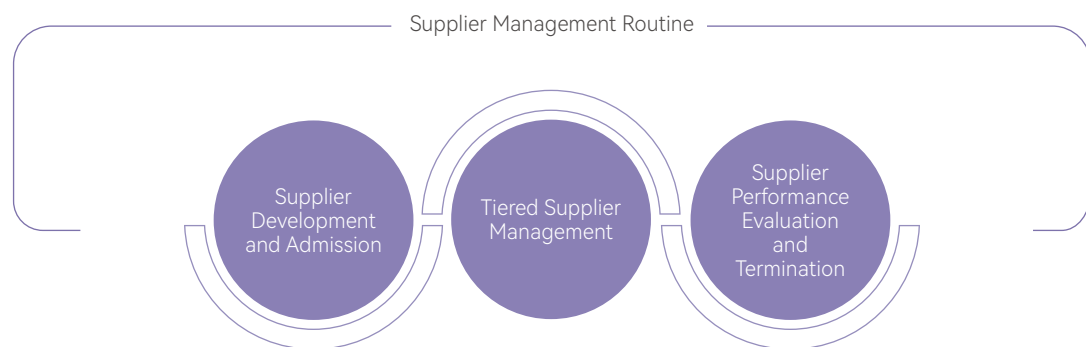
### Performance Highlights

- **179** annual supplier audits conducted, with an audit completion rate of **99.44%**
- **100%** signing rate for the *Transparency Agreement* among new suppliers
- **100%** of suppliers signed the *Supplier Compliance Commitment Letter*



# Supply Chain Management

The Group strictly complies with relevant laws and regulations and has established a supplier management system covering supplier development, admission, tiered management, performance evaluation, risk management, and termination. Supported by institutionalised, process-oriented, and digitalised management, this system ensures the supply chain operates with stability, compliance, sustainability, and high quality. In addition, the Group has formulated core policy documents including the *Instructions on Supplier Development Management*, the *Provisions on the Management of Supplier Performance Evaluation*, the *Instructions on Supplier Quality Management*, the *Provisions on Sustainable Procurement Management*, and the *Supplier Code of Conduct* to standardise processes covering supplier development, admission, assessment, and management.



## Supplier Development and Admission

To establish a standardised management mechanism for supplier development and admission, and to secure supply chain quality and stability at the source, the Group has formulated the *Supplier Pre-assessment Rapid Audit Report* and the *Supplier-related Risk Register*. The Group has developed a supplier risk identification and assessment mechanism spanning dimensions including business, quality management, production management, environment, occupational health and safety, social responsibility and governance, implementing a one-vote veto policy for non-compliant suppliers. ESG-related issues are incorporated as key assessment criteria within the scope of this one-vote veto.

### ESG-related Issues Subject to One-vote Veto Policy in the Evaluation of Suppliers' Qualification for Admission



Environmental

- Failure to provide documents or evidence demonstrating compliance with local environmental laws and regulations and the environmental requirements in the places where they operate and their products are used (Suppliers are recommended to provide ISO 14001:2015 Environmental Management System Certification or other evidence to demonstrate compliance with environmental requirements of the place of production and end-use location.)



Social

- Failure to obtain the ISO 9001:2015 Quality Management System Certification
- Failure to establish an information confidentiality management process or policy
- Refusal to sign a quality agreement or failure to define product warranty responsibilities
- Involvement in illegal employment practices including child labour and forced labour (Suppliers are recommended to provide an ISO 45001:2018 Occupational Health and Safety Management System Certification or alternative evidence to demonstrate compliance with local occupational health and safety requirements.)



Governance

- Inclusion in the list of poor credit records released by the government (involving violations or significant potential risks in areas including corruption, bribery, or unfair competition)

Upon passed assessment, suppliers are required to sign documents including the *Supplier Quality Manual* and the *Framework Procurement Agreement*, detailing quality, compliance, and management requirements. Concurrently, via on-site audits or targeted assessments, the Group reviews the supplier's production process control capabilities and the operational status of its quality management system to ensure they possess stable product quality assurance capabilities.

Indicators	Unit	2025
Number of new supplier admission reviews	Number	67
Number of new suppliers approved for admission	Number	53

## Tiered Management and Code of Conduct

The Group has established a tiered supplier management mechanism, implementing differentiated management based on multi-dimensional evaluations including quality, contract fulfilment capability, and ESG performance. The Group has developed and implemented the *Supplier Quality Assurance Capability Evaluation Form* to quantitatively score suppliers' quality management capabilities. In conjunction with material risk levels, the corresponding cooperation strategies and management measures are formulated to continuously enhance the overall management level and stability of the supply chain.

The Group continuously promotes the development of a responsible and sustainable supply chain, further refining and implementing the *Provisions on Sustainable Procurement Management*. The Group regulates the behaviour of suppliers in areas spanning compliant operations, social responsibility, environmental protection, business ethics, and continuous improvement. All suppliers are required to comply with the *Supplier Code of Conduct* and sign documents including the *Supplier Compliance Commitment Letter*, the *Environment and Safety Notification Agreement*, and the *Declaration of Non-applicable of Hazardous Materials*, driving continuous improvement in their sustainability performance during operations. Furthermore, the Group's procurement contracts explicitly state the sustainability responsibilities and obligations that suppliers must fulfil, ensuring the practical implementation of responsible supply chain requirements.

### Key Content of the Supplier Code of Conduct

#### Compliance with Laws and Regulations

- Compliance with relevant domestic and international laws, regulations, policies, and standards
- Non-inclusion in the list of enterprises with abnormal operations, and zero major accidents or penalties involving safety, environmental protection, and quality
- Establishment and effective implementation of processes to identify and assess risks and opportunities concerning safety, environmental protection, and quality
- Continuous improvement of quality, environmental, occupational health and safety, and energy management systems

#### Social Responsibility

- Prohibition of discrimination or harassment against employees based on factors including race, gender, or religion
- Prohibition of forced labour: No employee shall be forced to engage in any form of forced labour, including slavery, indentured labour, human trafficking, and other similar practices
- Signing of labour contracts and payment of wages not lower than the local minimum wage standard

- Compliance with applicable working hours regulations and guarantee of reasonable rest periods
- Provision of a safe and healthy working environment
- Respect for employees' freedom of speech and right of association
- Prohibition of child labour
- Active commitment to protecting vulnerable social groups
- Provision of appropriate social security and welfare benefits for employees
- Establishment of a sound internal supervision mechanism to protect employee rights and interests
- Non-use of conflict minerals

#### Environmental Responsibility

- Formulation of policies and measures concerning energy and consumption reduction, resource recycling, and waste disposal
- Procurement of production equipment that meets standards, with a preference for green equipment
- Encouragement of the use of energy-saving and environmentally friendly processes/equipment
- Non-use of substances prohibited under the RoHS and REACH directives

#### Business Conduct

- Conducting business with honesty and integrity, faithfully fulfilling commitments and contractual obligations, and refraining from any fraudulent, false, or misleading conduct
- Refraining from any form of illegal competitive behaviour, based on the principles of fairness and transparency
- Protection of customer rights against infringement
- Respect for intellectual property and non-infringement upon the patents, trademarks, or copyrights of others
- Protection of trade secrets and sensitive information to ensure information security and confidentiality
- Strict prohibition of all forms of bribery, corruption, or illegal inducements

#### Innovation and Improvement

- Encouragement of innovation and improvement through the adoption of more environmentally friendly and efficient production technologies and management methods
- Establishment of procurement policies related to social responsibility
- Provision of appropriate training on social responsibility for employees



Furthermore, the Group is concurrently advancing the development of a transparent procurement mechanism. By signing the *Transparency Agreement*, we clarify requirements for integrity, conflict of interest management, anti-commercial bribery, and information transparency, defining the behavioural boundaries for procurement personnel and suppliers to prevent fraud and improper transaction risks. This mechanism has been integrated into the entire supplier management process forming institutional synergy with existing supplier development, performance evaluation, and quality management, thereby fortifying supply chain compliance.



**Key Performance**

During the Reporting Period,

the signing rate for the *Transparency Agreement* with new suppliers was **100%**,

the signing rate for the *Supplier Compliance Commitment Letter* was **100%**.

## Performance Evaluation and Termination

The Group has formulated and implemented the *Provisions on the Management of Supplier Performance Evaluation*, establishing and continuously refining its supplier performance management mechanism. Annual performance evaluations are conducted for key Class A and Class B suppliers with ongoing supply relationships. The evaluation dimensions encompass quality performance, business cooperation, environmental management, social responsibility, and delivery capability, providing a comprehensive reflection of the supplier's overall performance through multi-dimensional quantitative scoring. Based on the evaluation results, the Group classifies suppliers into developing, strategic, preferred, or restricted, formulating differentiated cooperation strategies and management measures accordingly.

For suppliers demonstrating outstanding performance in the annual comprehensive evaluation, we grant them equal priority in new project allocation, cooperation depth, and order stability, utilising positive incentives to drive continuous performance enhancement. For suppliers requiring rectification, the Group mandates the formulation of improvement plans and continuously monitors their implementation. We also persistently drive supplier improvement and capability enhancement by developing annual improvement plans, setting performance indicators, and organising improvement teams to provide support. For suppliers failing to meet standards following multiple rounds of rectification, we initiate a phase-out procedure encompassing the suspension of new orders, reduction of cooperation scope, or termination of the partnership, thereby safeguarding supply chain quality and operational stability.

## Digital Supply Chain Management

To enhance the efficiency and transparency of supplier management, the Group is continuously advancing the digitalisation of strategic procurement through its Supplier Relationship Management (SRM) system. Centred on strategic procurement requirements, this system digitalises the management of supplier information, risk assessment, and procurement execution process. Leveraging this digital system, the Group conducts supplier management, and risk identification and assessment more efficiently, achieving standardised, transparent, and traceable management of its procurement operations.

### SRM System Highlight



**Cost Reduction and Efficiency Improvement**

- Expand supplier sourcing channels to strengthen supply continuity
- Digitised operations reduce process complexity and labour costs
- Enable supplier data reuse, procurement coordination and process integration to improve operational efficiency



**Compliant and Transparent Management**

- Establish full lifecycle supplier management and standardise data governance processes
- Online requests for quotation ensure transparency and openness, preventing opaque practices
- Procurement processes operate within a closed-loop framework, ensuring objectivity ex ante, control during execution, and traceability ex post



**Risk Control**

- Implement admission controls for suppliers and supply categories to safeguard business stability
- Strengthen material certification controls to rigorously manage quality risks
- Conduct social responsibility audits to reinforce compliance risk management

# Supplier Risk Management

## Risk Management Process

The Group places strong emphasis on supply chain risk management, continuously enhancing the stability and resilience by establishing systematic risk identification, assessment, and response mechanisms. Leveraging institutionalised management processes and digital tools, the Group comprehensively manages potential risks related to suppliers' operational stability, quality assurance capabilities, and environmental and social responsibility performance. Through continuous monitoring and dynamic evaluation mechanisms, the Group drives the ongoing improvement of suppliers' risk management capabilities.



The Group integrates risk management into the supplier screening and admission stages, conducting multi-dimensional risk identification for potential suppliers. We have formulated and implemented the *Supplier Pre-assessment Rapid Audit Report* and the *Supplier-related Risk Register*, classifying supplier-related risks into categories including strategic, organisational, process, and technical risks. These encompass country, industry, and commodity risks to ensure structured risk identification and assessment for strategic procurement suppliers.



Leveraging the SRM system, the Group conducts risk assessments at the supplier development stage, comprehensively evaluating suppliers on their quality performance, business cooperation, environmental management, social responsibility, and delivery capabilities. Only suppliers that pass the assessment may proceed to the supplier development process. Concurrently, the Group conducts an annual risk assessment of its strategic procurement system, identifying potential risks spanning material, supplier, and environmental dimensions. Subsequently, corresponding control measures are formulated for identified risks to continuously enhance its supply chain risk management capabilities.



To mitigate supply chain disruption risks, the Group actively promotes supply source diversification by developing alternative suppliers for identical product categories and establishing multi-channel procurement mechanisms, thereby reducing reliance on single suppliers. At the same time, the Group maintains long-term, stable strategic partnerships with key suppliers, enhancing the overall stability and collaborative efficiency of the supply chain through continuous communication and joint improvements, which strengthens resilience against risks within complex external environments. Furthermore, we integrate climate adaptation indicators into supplier management by stipulating metrics including material anti-corrosion performance and temperature adaptation in product technical specifications. This addresses climate-related risks including high temperatures, corrosion, and flooding, thus enhancing the overall climate resilience of the supply chain.

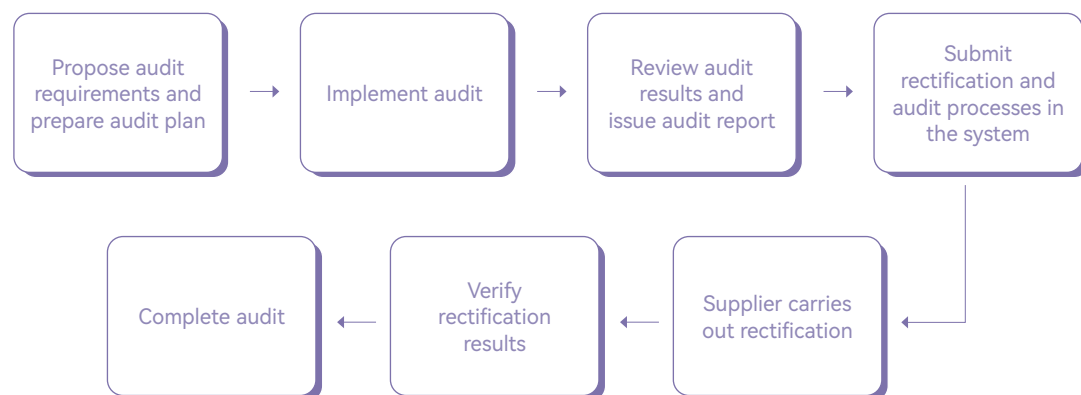
Throughout the supplier risk management process, the Group incorporates the identification and mitigation of country-specific, sector-specific, and commodity-specific risks. By adopting a multi-dimensional approach to risk identification and control, we ensure the security and stability of the supply chain.

### Multi-dimensional Risk Identification

Country-specific Risk	Sector-specific Risk	Commodity-specific Risk
Primarily focuses on risks in the supplier's country or region related to political stability, legal compliance, and environmental and labour regulation	Primarily assesses the potential ESG risk level of the supplier's industry in terms of the environment, occupational health and safety, and business ethics.	Focuses on risks associated with key raw materials or product categories in terms of environmental impact, resource dependency, and supply stability.
<b>Focused Risk Items by the Group</b>		
Regional risk, laws, regulations, and policies, working hours compliance, environmental requirements, etc.	Industry competition, global after-sales experience, quality and management systems, product development and design, etc.	Supply and delivery, inventory and supply chain, production continuity, technical compatibility, material flow, etc.

## Supplier Audits

The Group has established a standardised supplier audit management mechanism and implements a closed-loop, end-to-end management of suppliers in accordance with the *Instructions on Supplier Quality Management*.



Supplier audits cover dimensions including quality assurance capabilities and EHS (Environment, Health and Safety). Regarding quality management, we utilise the *Supplier Quality Assurance Capability Evaluation Form* to quantitatively score suppliers' quality management capabilities and formulate differentiated management measures. Beyond traditional audit indicators including quality and delivery time, the Group has formulated and implemented the *Provisions on Sustainable Procurement Management*, incorporating audit indicators pertaining to environmental, social, and governance aspects. Particular focus is placed on supplier performance regarding environmental compliance, occupational health and safety management, and the establishment of relevant management systems.

The Group conducts diverse supplier audits for all suppliers listed in the *Qualified Supplier Directory*, including desktop audits, process audits, on-site audits, and unannounced inspections. We continuously monitor the stability of supplier systems and quality processes to ensure comprehensive identification of potential risks and to drive continuous improvement. Annually, we formulate an audit training plan and facilitate cross-departmental participation. As of the end of the Reporting Period, the Group planned to conduct 180 supplier quality audits and successfully completed 179 audits, achieving an audit completion rate of 99.44%. No medium-risk or high-risk suppliers were identified.

For non-conformities identified during audits or inspections, the Group issues rectification requests to suppliers and tracks the progress of these rectifications through a systematic process. All rectifications must be completed within three months and may only be closed upon verification that the remediation meets relevant requirements. For suppliers with inadequate rectifications, recurring issues, or significant risks, the Group enforces measures in accordance with relevant management policies, including the suspension of business, reduction of procurement shares, or revocation of supplier qualification, to safeguard the security and stability of the supply chain.

## Supply Chain Empowerment

The Group focuses on enhancing the overall management standards and sustainable development capabilities of suppliers through capacity building and collaboration. Internally, we conduct specialised training on quality and sustainable procurement to strengthen the capability of relevant personnel in procurement and quality functions to identify and assess relevant risks in supplier management. Externally, we leverage annual supplier evaluation results to provide targeted training and improvement guidance, systematically communicating our requirements regarding quality management, environmental management, and social responsibility. Through technological empowerment and collaborative enhancement, we work together to build a stable, high-quality, and sustainable supply chain. The Group also actively collaborates with suppliers to advance initiatives related to energy conservation, emission reduction, and resource efficiency, jointly advancing the green transformation of the entire supply chain.

### Conducting empowerment training on quality tools to strengthen the foundation of supply chain resilience

In September 2025, the Group organised specialised empowerment training for lubrication systems suppliers to systematically enhance their quality management standards and process control capabilities, thereby ensuring their long-term operational resilience. The training covered the application of core manufacturing quality tools including Measurement System Analysis (MSA), Process Capability Analysis (CPK), Fault Tree Analysis (FTA), and the 8D method. By combining theoretical instruction, case studies, and practical exercises, the training assisted suppliers in establishing capabilities for data-driven process analysis, anomaly analysis, and continuous improvement. Simultaneously, this initiative laid a solid foundation for enhancing the supply stability of key materials, mitigating quality fluctuations risks, and strengthening overall supply chain reliability.

### Building sustainable procurement capabilities for procurement personnel to drive the transition to responsible sourcing

In 2025, the Group continued to strengthen the professional competence of the procurement team through specialised training on sustainable procurement. The curriculum encompassed the background of sustainable procurement, global development trends, key elements of sustainable procurement, and evaluation methods. The training focused on the functional applications of the supplier management platform and initiatives for supplier diversification capabilities, guiding the procurement team to shift from a traditional "cost-quality-delivery" perspective towards a comprehensive "value-risk-sustainability" approach. By integrating theory with case studies, the training further enhanced the ESG professional judgement of procurement personnel across supplier screening, performance evaluation, and collaborative empowerment, laying an organisational foundation for building a responsible, resilient, and low-carbon supply chain.

### Wash-free delivery project for purchased parts — promoting energy conservation, carbon reduction, and resource efficiency within the supply chain

With the goal of enhancing product reliability and resource efficiency, the Group initiated the "Wash-free Delivery for Purchased Parts" project. Through collaboration with suppliers, we ensure that key purchased parts undergo high-standard cleaning and anti-rust treatment at the supplier's site, fulfilling requirements for direct, wash-free assembly and guaranteeing material cleanliness at the source. At the same time, we worked closely with suppliers to advance cleaning process upgrades, optimise anti-rust packaging, and standardise quality inspections, thereby collectively improving the stability of material delivery quality. This project not only significantly reduced on-site wastewater and energy consumption, achieving tangible environmental improvements, but also fostered a collective enhancement of the entire supply chain's quality assurance capabilities and process standards, laying a robust foundation for a stable, efficient, and sustainable supply chain.

## Conflict Minerals Management

The Group upholds the concept of a responsible supply chain, strictly preventing minerals from conflict-affected and high-risk areas from entering its product value chain. The Group strictly adheres to international conventions and industry initiatives, including the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* and the *Responsible Minerals Initiative (RMI)*. In evaluating the necessity of using conflict minerals, we explicitly commit to avoiding metallic minerals (including tin, tantalum, tungsten, and gold) sourced from conflict zones in the Democratic Republic of the Congo and its adjoining countries. Furthermore, clear compliance requirements for suppliers are stipulated in our *Instructions on Supplier Development Management*.

To further enhance conflict minerals management, the Group has established prerequisites for signing a quality agreement during the supplier admission and material certification stages. These include a commitment on the non-use of conflict minerals and the traceability of raw material origins. Relevant suppliers must provide the *Conflict Minerals Reporting Template (CMRT)* and sign a *Commitment Letter on Not Using Conflict Minerals*, ensuring that mineral sources are traceable and verifiable. Additionally, conflict minerals compliance is a key criterion in annual supplier audits and performance evaluations, enabling continuous monitoring and management. During the Reporting Period, the Group identified no procurement or use of conflict minerals.





# 5

## Fostering Employee Growth

### Material issues in this chapter

- Protection of Employee Rights and Interests
- Occupational Health and Safety
- Diversity, Equality, and Inclusion
- Employee Training and Development

### Performance Highlights

- **100%** signing rate of the collective contract was achieved
- Total training hours reached **190,378.80** hours, an increase of **10.85%** compared to last year
- Average training hours per employee **24.57** hours, an increase of **6.64%** compared to last year



# Protection of Employee Rights and Interests

The Group strictly complies with labour laws and regulations, upholds compliant employment practices and an equitable and inclusive workplace, respects employees' lawful rights to freedom of association and participation in democratic management, maintains diverse communication channels, and safeguards employees' legitimate rights and interests, thereby fostering harmonious and stable labour relations.

## Compliant Employment

### Prohibition of Child Labour and Forced Labour

The Group strictly complies with the *Labour Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Women's Rights and Interests*, the *Provisions on Prohibition of Child Labour*, and other applicable national laws and regulations, as well as applicable laws and regulations in other countries and regions where it operates, and actively upholds internationally recognised principles of human rights protection. The *Employee Handbook* and the *Recruitment Management System and Procedures* stipulate that all forms of slavery and forced labour are strictly prohibited across the Group's operational scope. The use of prison labour/child labour/labour obtained through illegal channels, such as human trafficking is resolutely prohibited. The situation to use child labour and forced labour is not allowed to occur in the Group. The Group verifies candidates' identities through third-party background checks and other means to ensure compliant employment. The Group has also established and implemented the *Statement on Prohibition of Child Labour and Emergency Response Plan* and the *Statement on Prohibition of Forced Labour and Emergency Response Plan*, which specify the remedial measures to be taken in the event of any occurrence of child labour or forced labour. During the Reporting Period, the Group had no illegal or non-compliant incidents related to child labour employment, forced labour, or human trafficking. The labour contract signing rate for full-time employees remained at 100%.

#### Remedial Procedures for Inadvertent Employment of Child Labour

Upon discovery of child labour employment, the Head of Human Resources (HR) must be notified immediately, and the following remedial measures shall be taken: the HR Department shall first report the case to the labour authorities for further verification. Based on the guidance of the labour authorities, the Company shall make the following arrangements: immediately cease all work performed by the child, send the child to a local medical institution for a medical examination, and contact the child's guardian and arrange for the child's safe return home. Where serious consequences arise, the Company shall pursue accountability of relevant personnel in accordance with the law. The incident will be reviewed, and training shall be provided to recruitment personnel to prevent recurrence.

#### Remedial Procedures for Forced Labour

The Company shall inform employees of its prohibition on forced labour and the applicable grievance procedures. In the event of a forced labour incident, employees may report the matter in accordance with the grievance procedures set out in the *Employee Handbook* to the HR Department, senior management, or the trade union, or other relevant channels to seek resolution. The whistleblower's reporting information, identity, and other details shall be kept confidential by the complaint recipients and investigators, who shall be responsible for taking proactive measures to prevent the whistleblower from suffering retaliation. Where the above measures fail to yield a satisfactory resolution, employees may file a complaint with the local labour supervision authority, and the Company shall cooperate fully with the investigation. Where any personnel involved in the recruitment process are found to have privately accepted money or benefits from candidates or employees or to have withheld personal identification documents, the Company shall take corresponding serious disciplinary action upon discovery. Management personnel who use verbal abuse, bullying, threats, corporal punishment, or other coercive means to force employees to work or make similar unlawful demands will be subject to disciplinary sanctions. Where psychological harm is caused by such conduct, the responsible manager must apologise to the affected employee. Where serious consequences result, the case shall be referred to the public security authorities.

## Working Hours and Leave Management

The Group has established and implemented attendance management and leave management policies in compliance with applicable laws and regulations in the jurisdictions where its business segments operate. The Group adopts a hybrid management system combining standard and special working hour arrangements, and implements flexible scheduling based on job roles and business characteristics to meet the actual work requirements of different positions. The Group monitors employees' working hours through a digital scheduling system to ensure that work hour arrangements meet production and operational needs while safeguarding employees' right to necessary rest. The Group prohibits any form of forced overtime. Working hours are capped and where such limits are exceeded, employees must complete the Group's overtime application and approval process, and specify the reasons and details for the overtime work. The Group shall then arrange compensatory leave or pay overtime in compliance with national regulations.

The Group implements a paid annual leave management system, with the *Employee Handbook* specifying the number of annual leave days by length of service and the corresponding application procedures. On this basis, the Group ensures employees' equal right to statutory leave, including paid marriage leave, paid bereavement leave, maternity leave with maternity allowance payable in accordance with national policies, paid breastfeeding leave, paid nursing care leave, paid antenatal examination leave, paid parental care leave for only-child employees, and paid parental leave.

## Equality and Inclusion

### Anti-discrimination and Anti-harassment

The Group strictly complies with laws and regulations including the *Labour Law of the People's Republic of China* and the *Law of the People's Republic of China on the Protection of Women's Rights and Interests*, and also refers to internationally recognised human rights principles set out in the *Universal Declaration of Human Rights* and the *ILO Declaration on Fundamental Principles and Rights at Work*. The Group has issued the *Statement on Protecting Employees from Discrimination, Harassment, and Guaranteeing Freedom of Association*, adopting a zero-tolerance approach to all forms of discrimination. It clearly requires that no employee shall be subject to discrimination on the basis of ethnicity, gender, religious beliefs. Furthermore, the Group does not tolerate any form of harassment against customers, suppliers or employees, and respects employees' freedom of belief. Anti-discrimination and anti-harassment requirements are integrated into new employee induction training system to promote awareness of workplace conduct standards and foster a safe, fair, and respectful working environment. Employees may file a report or complaint through the *Employee Whistle-blowing Procedures* if their legitimate rights and interests are infringed. If an investigation confirms that discriminatory or harassing behaviour has occurred and constitutes a disciplinary breach, the Group shall initiate disciplinary procedures and implement remedial actions in accordance with the *Employee Handbook*. As at the end of the Reporting Period, the Group had not received any material complaints relating to discrimination and harassment.

#### Remedial Procedures for Discrimination and Harassment

If any harassment occurs, employees may file a complaint with their direct manager or the designated HR specialist. If the direct manager or HR specialist is unable to solve the matter, employees may escalate it to higher-level supervisors. If the matter remains unresolved, employees may refer it to the Company's HR Manager, HR Director, or senior management. The Company maintains designated mailboxes in both electronic and physical form, through which employees may submit feedback to management. Employees may also lodge a complaint with the trade union chairperson at their respective company. Any dispute regarding work arrangements, working hours, or other company decisions shall be filed through the above procedures within 30 calendar days of the incident.

## Diversity and Equality

The Group promotes a corporate culture of diversity, equality, and inclusion. The *Employee Handbook* and the *Recruitment Management Policy* stipulate that all applicants are entitled to equal employment opportunities, regardless of nationality, race, colour, age, gender, sexual orientation, disability, marital status, pregnancy, religion, political affiliation, or membership of social organisations. Successful candidates will receive remuneration commensurate with their position upon employment.

The Group places significant emphasis on the protection and well-being of female employees' rights and interests, and prohibits any form of discrimination against female employees in any setting and in any form. We provide hygiene allowances and female-specific health examinations, and respect and safeguard female employees' rights related to childbirth, breastfeeding, and child-rearing. The Group implements a fair promotion mechanism. In 2025, the proportion of female employees in management positions increased to 13.47%. In employment management, the Group upholds the principle of equal pay for equal work, ensuring that employees of different genders receive equitable remuneration in equivalent roles and under comparable conditions. We also ensure that employees with disabilities enjoy equal remuneration and development opportunities to other employees in the same positions, thereby effectively safeguarding their legitimate rights and interests.

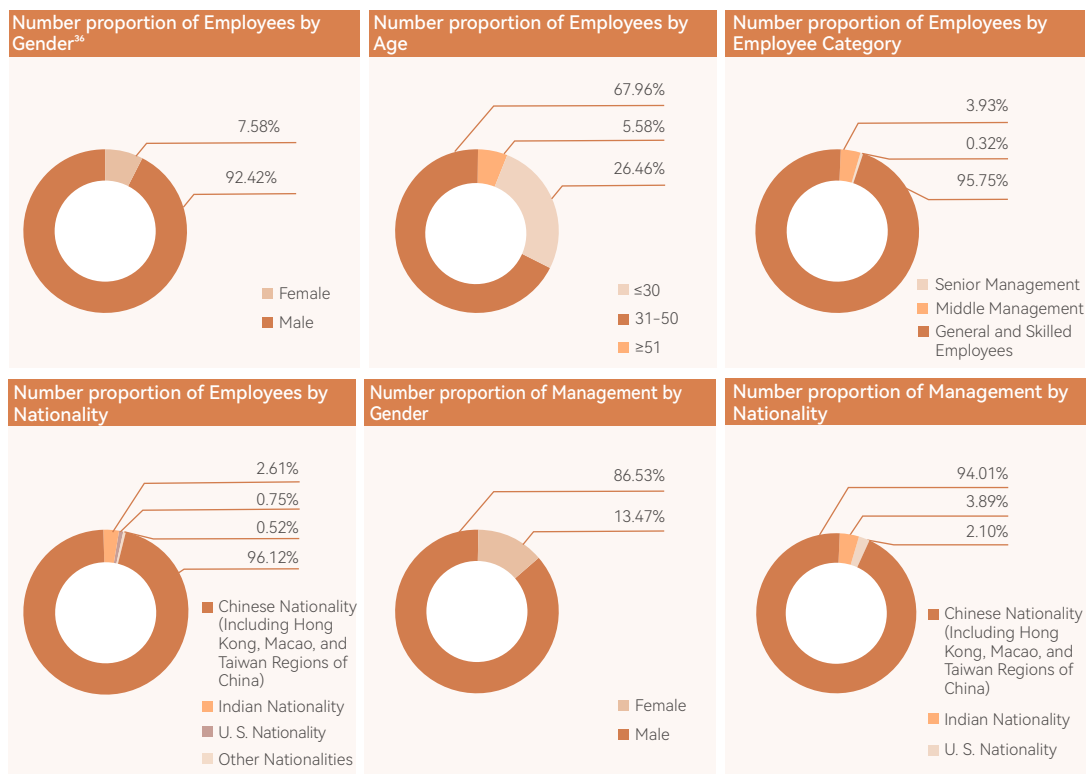
While advancing diversity and equal employment practices, we fully respect local cultural differences and actively promote the localisation of management teams and operating models. At our factory in India, we held an "Understanding India" training session, enabling employees deepen their understanding of Indian cultural traditions through face-to-face cultural exchange. In addition, we organise a variety of local cultural activities, including employee birthday celebrations and Puja ceremonies at the factory in India, and the "Star of the Quarter" recognition programme at our factory in the United States, to promote communication and integration between expatriate and local employees, enhance mutual understanding and trust, and foster an inclusive and harmonious working environment.

### Employment Overview in 2025

Total Number of Employees (persons) <sup>35</sup>	Full-Time Employees (persons)	Part-Time Employees (persons)
7,852	7,852	0

Remark:

<sup>35</sup>In 2025, employee-related data covers 99.90% of the Group's full-time employees, amounting to 7,852 individuals. The statistical methodology refers to the guidance on social key performance indicators set out in *How to Prepare an Environmental, Social and Governance Report*.



Remark:  
<sup>36</sup>The gender ratio disparity is mainly attributable to industry-specific factors and does not indicate any deviation from the Group's equal employment principles in recruitment, promotion and training.



**Employee Turnover<sup>37</sup>**

Indicator	2025
Employee Turnover Rate	6.23%



Remark:  
<sup>37</sup>Employee turnover rate by gender/age/region/employee category/nationality = (Total resignations in the category during the Reporting Period) / (Total resignations in the category during the Reporting Period + Total number of employees in the category at the end of the Reporting Period) × 100%.

## Employee Communication

### Democratic Management

The Group strictly complies with laws and regulations including the *Trade Union Law of the People's Republic of China* and the *Collective Contract Provisions*. Through the trade union and the workers' congress, the Group has established a regular democratic communication mechanism to closely listen to employees' concerns and safeguard their legitimate rights and interests. The Group has issued the *Statement on Protecting Employees from Discrimination, Harassment, and Guaranteeing Freedom of Association*, which safeguards employees' rights to freedom of association and collective bargaining. The trade union convenes a workers' congress on an annual basis and has formed collective contract supervision and inspection team, which reports annually to the workers' congress on the fulfilment of the collective contracts. During the Reporting Period, the trade union coverage rate and the collective contract signing rate across the Group's business segments both stood at 100%.



### Digital Communication Channels

As an integral part of the Group's digital transformation strategy, the Group launched an HR intelligent customer service system in December 2025, built on Large Language Model (LLM) and AI Agent technology. This initiative aims to shift HR services from a manual response model to an intelligent and self-service approach, helping employees adapt to and utilise AI tools proficiently.

Before the system went live, the Group provided user guidance and promotional training to ensure employees could quickly master the intelligent dialogue operations and application scenarios. The system covers all employees and provides 24/7 uninterrupted HR policy enquiry service with accurate and immediate responses, achieving "zero-wait" replies and eliminating time constraints and information gaps in traditional communication. In the first month of operation, nearly 300 valid enquiries were recorded, with approximately 60–70% of routine enquiries handled through the intelligent service platform, significantly improving response efficiency and freeing up HR resources, thereby enabling the HR team to focus on talent development, organisational development, and employee well-being. The system also records and analyses enquiry data, helping the HR department identify key employee concerns and areas for process optimisation and providing data support for continuous improvement and decision-making. The project not only improves operational efficiency, but also promotes the adoption of digital working habits, contributing to the achievement of the Group's overall digital transformation objectives.

## Whistle-blowing Procedures

To ensure that employees' rights and concerns are addressed in a timely manner, the Group has established the *Employee Whistle-blowing Procedures*, which stipulate that employees may first report issues to their direct manager or the HR specialist in their department. If the issue remains unresolved, employees may escalate it to higher-level supervisors, HR Manager, HR Director, or senior management. The Group has established multi-level, closed-loop feedback and grievance channels, including dedicated employee feedback mailboxes (both email and physical mailboxes), conducting surveys, and channels for submitting feedback to the trade union chairman, providing diverse channels for employees to safeguard their rights. Furthermore, the Company maintains strict confidentiality obligations regarding reported information and the identity of reporting employees, comprehensively protects the legitimate rights and interests of whistleblowers, and strictly prohibits any form of retaliation.

-  **E-mail address for whistle-blowing:** REPORT12345@ngctransmission.com
-  **Mailbox address for whistle-blowing:** Dedicated mailboxes for anonymous submissions in each plant of the Group.

## Employee Engagement and Satisfaction

The Group regularly conducts annual employee engagement and satisfaction surveys targeted at all employees, encompassing the following survey elements: job satisfaction, sense of purpose, employee well-being, and work-related stress. These surveys provide a systematic understanding of employee perceptions and expectations regarding career development, remuneration and benefits, the working environment and corporate culture. The Group uses the survey results as an important reference for formulating future improvement measures and management optimisation, and continues to monitor and respond to employee concerns to enhance employee satisfaction and engagement.



### Key Performances

In 2025, employee engagement and satisfaction survey questionnaire:

Issued **7,489** copies   Valid **6,713** copies   Survey participation **89.64%**.

In 2025, the Group set a target of 80% for both employee engagement and satisfaction.

Employee engagement score **84.90%**   Employee satisfaction score **80.90%**

**100%** Target achievement

# Employee Remuneration and Benefits

Adhering to a people-oriented management philosophy, the Group continuously improves its systems and practices in remuneration management, performance appraisal, and employee care, ensuring fair treatment of employees and their physical and mental well-being, enhancing employee motivation and loyalty, and providing solid support for the achievement of the Group's strategic objectives and sustainable development.

## Remuneration Management

Pursuant to national laws and regulations and relevant local provisions, the Group continuously refines and implements the *Remuneration Management Policy* to consolidate a remuneration management system that is both externally competitive and internally equitable. Through external remuneration data research and analysis of local economic development and cost-of-living changes, the Group dynamically optimises its remuneration management system, ensuring that wage levels comply with local wage standards and meet the basic living needs of employees and their families. Remuneration management strictly complies with national laws, regulations, and local government requirements, covering aspects including minimum wage standards and overtime pay benchmarks. On this basis, the Group continuously benchmarks against market-leading enterprises to provide competitive income security. The remuneration structure primarily includes basic salary, performance-based pay, year-end bonuses, awards and incentives, and various benefits and subsidies. Remuneration is allocated based on position value, contribution, and individual performance, without differentiation based on non-performance-related factors including gender, ethnicity, religion, or marital status.

The Group strictly adheres to the principle of equal pay for equal work, continuously monitoring internal equity and pay equality between male and female employees through annual remuneration reviews. We use the comparable salary ratio (CR) to compare the remuneration of male and female employees in positions of the same grade, and conduct monitoring and analysis during the annual remuneration review. During the Reporting Period, based on the results of the remuneration review, the remuneration levels of the Group's male and female employees complied with the rules of equal pay for equal work. The comparable salary ratio (CR) of female to male employees was 0.99, and no systemic discrepancies due to gender were found. The observed differences were mainly influenced by sample size and the distribution of personnel during the Reporting Period.

# Performance and Incentives

## Performance Management System

To drive the effective achievement of its operational strategy goals, the Group has established a performance management mechanism centred on management by objectives. We cascade our strategic goals down into an annual comprehensive budget and competitive benchmark targets (company-level KPIs), which are then broken down into departmental, modular, and position-level KPIs to ensure consistency between individual and organisational performance goals.

The Group conducts performance appraisals in accordance with the *NGC Group Performance Management Policy (2024 Revision)*. Employees are subject to performance appraisal by job level, with each level required to set performance indicators. Multi-dimensional performance appraisals are carried out through agile dialogues and interview-based feedback, and other methods. Regular interviews are conducted monthly and quarterly, while ongoing feedback is embedded throughout daily work, focusing on employees' goal execution, work challenges, and improvement plans, to achieve continuous communication and dynamic follow-up on performance. The Group aggregates and reports appraisal results to provide a basis for relevant management decisions and incentive arrangements.

### Performance Management System

#### Performance Appraisal Frequency

Once per quarter, conducting phased assessments and reviews based on job level and position characteristics, culminating in an annual comprehensive evaluation.

#### Performance Management Method

Based on management by objectives, combined with KPI indicators, cascaded and implemented into departmental/positional-level goals.

#### Performance Management Process

Performance indicator setting → Performance appraisal and assessment → Monthly and quarterly face-to-face review.

#### Forms of Performance Incentives

Employees' year-end bonus coefficient or standard amount is determined based on the annual performance achievement of each business division. Incentive bonuses are then distributed by each department based on individual employee performance for the year, ensuring that incentives are directly linked to contributions.

## Incentive Mechanisms

During the Reporting Period, the Group continued to implement various employee incentive programmes to fully recognise the hard work and valuable contributions of our employees, stimulating their motivation and creativity through a combination of material and spiritual encouragement. Based on the core values in the competency model, including "public interest before self, integrity, embracing change, teamwork, customer orientation, and courage to take responsibility", the Group carried out a number of company-level employee incentive and recognition activities.



### Key Performance

During the Reporting Period,

#### Annual Outstanding Teams and Individuals

**32** Outstanding Team Awards

**45** Excellent Individual Awards

#### Technological Innovation Project Evaluation

**149** Technical Patent Awards

**7** Technical Innovation Team Awards

**4** Technical Innovation Individual Awards

#### Employee Promotion Evaluation

Deputy Senior: **17**

Intermediate Engineers: **22**

Assistant Engineers: **37**

## Benefits and Care

### Physical and Mental Care and Benefits

The Group places a high value on employee well-being, having built a comprehensive system of benefits and care that addresses employees' physical and mental health and their daily needs.

## Employee Care and Welfare Measures

### Support for Employees in Hardship

The Group has successfully assisted employees in applying for municipal-level hardship assistance, organised the "Trade Unions Reach Out to Families" initiative to provide care and support to special employee groups, helped those in need apply for care grants, and carried out regular visits to employees suffering from major or severe illnesses and other hardship-stricken employees.

### Care for Female Employees and Parenting Support

Multiple nursing rooms have been established. A monthly hygiene allowance is provided, and regular health checks and activities specifically for women are organised, reflecting comprehensive care for the health and well-being of female employees. Both primary and non-primary caregivers (including parents and other legal guardians) of children under 3 years old are entitled to 10 days of paid parental leave per year.

### Statutory Benefits and Supplementary Insurance

In strict compliance with local government regulations and contribution standards, the Group provides all full-time employees with social insurance and housing provident fund coverage, including pension insurance, medical insurance, and unemployment insurance, achieving a 100% coverage rate. In 2025, the Group purchased supplementary medical insurance for over 7,500 employees and more than 5,000 of their children under 18 years old. The insurance plan covers outpatient, emergency and inpatient care, as well as critical illness, early-stage critical illness, and mortality coverage, alleviating the burden of medical expenses on employees. In addition, the Company provides group personal accident insurance for employees on high-risk business travel or stationed in high-risk areas.

### New Employee Care

New employees are provided with a welcome pack, induction team-building activities, and outdoor development. Holiday events and birthday parties are organised to enhance their sense of belonging and cultural identity.

### Employee Living and Incentive Benefits

The Group provides work meals, commuter buses, apartments for recent graduates, housing subsidies, birthday benefits, and holiday gift packages, and continuously improves employees' work-life support.

### Employee Mental Health Support

Online training courses on stress management and emotional regulation are provided. These courses cover stressor identification, stress characteristics analysis, and emotion management and adjustment, using scientific methods to help employees improve their emotional regulation and stress-coping abilities, thereby supporting their overall physical and mental health.

### International Women's Day intangible cultural heritage rubbing on silk scarf activity

On 6 March 2025, the Group's Corporate Management Department organised a themed event for International Women's Day — "Intangible Cultural Heritage Rubbing on Silk Scarf: Unlocking a New Fashion Mark" — with more than 60 female employees participating. Under the guidance of a professional instructor, participants gained an in-depth understanding of the history and culture of silk scarf rubbing and handcrafted their own unique silk scarves. This activity provided a platform for female employees to relax and interact, reflecting the Company's care and respect for them. The Company continues to enhance employee happiness and sense of belonging through a variety of female employee care activities.



International Women's Day intangible cultural heritage rubbing on silk scarf activity

### "Bringing Coolness, Comfort, and Care" summer care event

Amid the peak of summer, Nanjing was under a persistent heat warning. To ensure the efficient progress of production tasks, frontline production staff braved the scorching heat and remained at their posts. The physical and mental well-being of employees and their diligent contributions are always a priority for leaders at all levels of the Group. To effectively implement labour protection and heatstroke prevention measures during the high-temperature season and safeguard employees' rights to occupational safety and health, the Group's trade union meticulously organised the "Summer Coolness Distribution" event. Leaders from the Group and its subsidiaries went to the frontline to personally deliver carefully prepared heatstroke prevention supplies to employees, demonstrating the Group's care for employees through practical support.



"Bringing Coolness, Comfort, and Care" summer care event

### Employee Cultural Activities

The Group adheres to the "people-oriented" management philosophy, focusing on the physical and mental well-being of its employees and empowering them to achieve a better work-life balance. During the Reporting Period, the Group organised diverse cultural and sports activities and leveraged its six major employee associations, covering reading, photography, and running, to conduct various interest-based events, promoting employee interaction, enhancing team cohesion, and strengthening employees' sense of identity and belonging to the Group.



The 13th NGC Employee Dragon Boat Race



Water Sports Carnival



Team Building Activity

### Mid-Autumn Festival trip to Qianjiadu

To celebrate the traditional Mid-Autumn Festival, the Group organised an educational excursion entitled "Full Moon over Qianjiadu, Fun-filled Mid-Autumn Night", inviting employees and their families to participate. The event combined parent-child interaction, intangible cultural heritage experiences, and a tour of a Jiangnan water town, aiming to convey the Company's care for its employees and their families while creating a warm festive atmosphere. Participating families expressed that they experienced the charm of traditional culture amid laughter and joy, while strengthening the emotional connection between families and the Company. Through this event, employees and their families felt the warmth and cultural care of the Company during the festival, further enhancing their sense of belonging and happiness.



Mid-Autumn Festival educational excursion in Qianjiadu

## Talent Attraction

The Group is committed to enhancing its talent appeal and brand influence, focusing on building its employer brand, expanding diversified recruitment channels, and continuously optimising its talent attraction system to attract high-quality talent to support the Group's high-quality development.

## Employer Brand Building

The employer brand is a cornerstone of talent attraction and serves as an external reflection of the Group's core culture and values. The Group has incorporated employer brand building into its core talent strategy, focusing on developing a differentiated Employer Value Proposition (EVP) to continuously strengthen its brand momentum and talent appeal.

At the brand communication level, a multi-dimensional communication matrix of "internal ambassadors + external media" has been established. Outstanding employees are encouraged to become "employer brand ambassadors", using their personal growth experiences to convey the advantages of the Company's training system and promotion channels. Externally, the Group leverages omnichannel platforms, including its official website, new media platforms, and promotional materials, to communicate its employer value through visual and video content. It also engages with best employer awards and other initiatives to strengthen brand influence and enhance recruitment competitiveness and efficiency.

The Group continues to strengthen engagement with universities, enhance its employer brand influence within higher education institutions, and actively carry out university-enterprise collaboration activities. During the Reporting Period, the Group conducted nearly 50 university-enterprise activities, maintained long-term partnerships with 32 universities, and implemented a "one policy per university, tiered management" strategy. Over 15 internship and visit activities were organised, and 7 internship bases were jointly established, providing stable engineering practice opportunities for over 500 students annually. Among these, the "Modern Industrial College" at Nanjing Forestry University has systematically trained over 300 innovative talents by integrating actual R&D projects into its curriculum and graduation projects, enhancing students' practical and innovative abilities. This systematic university-enterprise collaboration not only establishes a strong employer and technology brand image but also contributes to building a pipeline of young talent and advancing engineering and technology education.

During the Reporting Period, the Group received several honours for its outstanding performance in employer brand building, including 2025 Top Employer award, the Employer Brand Management Excellence Award, and China Preferred Employer of the Year 2024.



"NGC Cup" CAD Application Competition  
Over **1,000** participants



"NGC Lecturers in the Classroom" Programme  
**10** lectures held throughout the year, reaching over **2,800** students

||  ||

Outstanding Human Resources Management  
Award - 2025 Top Employer by 51job

||  ||

Employer Brand Management Excellence  
Award by Yonyou Dayee and HR SPACE

## Diversifying Recruitment Channels

The Group adheres to a diversified recruitment philosophy, continuously expanding high-quality recruitment channels to build a comprehensive recruitment system covering campuses, society, and communities. This approach balances talent quality with structural optimisation, injecting new vitality into the Group's development.

In campus recruitment, the Group continues to deepen the theme of "Building Dreams Together, Creating the Future Together," shifting the recruitment focus forward from a "selection-based" approach to a "co-development" model, achieving early attraction and retention of top technical talent. In social recruitment, in addition to traditional offline job fairs and live-streamed recruitment events, the Group has strategically expanded new media recruitment channels, continuously promoting its presence on the Rednote platform by inviting current employees to share content on the work environment and team activities. The Group leverages the platform's social attributes to amplify brand reach, while drawing on the platform's high-quality female user base to attract more outstanding female talent. The Group also continues to deepen community co-construction and regional talent ecosystem building through active and in-depth cooperation with government and community bodies. Targeted recruitment is conducted around factory locations, and the Group participates in distinctive recruitment

events organised by local government, including the "Talent Night Market", the first recruitment session at the gig market of the Jiangning District "Spring Breeze Action" job fair, and the Jinhu New Year Job Fair. These efforts promote regional talent mobility and employment equity, and achieve a diversified and stable supply of blue-collar technical talent, supporting sustainable business development and contributing to community co-prosperity. The recruitment assessment system is continuously improved to achieve closed-loop management of talent selection and development, providing support for enhancing organisational effectiveness.



**Key Performance**

In 2025, the Group

Hired **744** new employees      Percentage of vacant positions filled by internal candidates was **3.60** %

**New Hires Overview**

Number of New Hires by Category		Unit	2025
By Age	≤ 30 Years Old	Person	478
	31-50 Years Old	Person	266
	≥ 51 Years Old	Person	0
By Gender	Female	Person	29
	Male	Person	715
By Employee Category	Senior Management	Person	0
	Middle Management	Person	2
	General and Skilled Employees	Person	742
By Nationality	Chinese (Including Hong Kong, Macao and Taiwan Region of China)	Person	601
	Indian Nationality	Person	130
	United States Nationality	Person	13

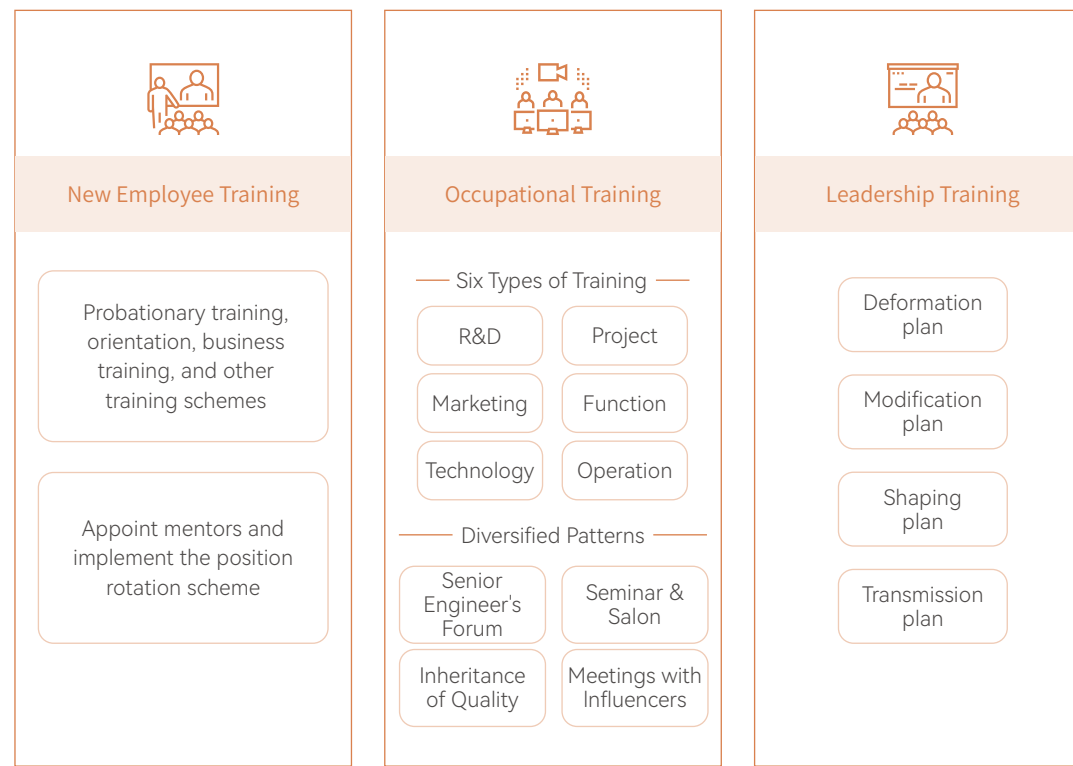
## Talent Cultivation and Development

The Group places emphasis on employee growth and regards talent development as a key pillar for sustainable development and innovation capability building. Through systematic development mechanisms and career promotion channels, we seek to unlock employee potential and cultivate high-calibre talent, providing a solid foundation for the Group's long-term development.

## Training Management

### The Training System of the Career Development

Upholding the corporate spirit of "Climbing up the summit step by step, striving for perfection bit by bit", the Group places great importance on employee growth and capability enhancement. The Group is dedicated to building a "dual-track" training system that encompasses both professional and management pathways. This system supports employees in deepening their expertise in technical fields to become subject-matter experts, while also systematically developing their comprehensive management skills, empowering them to assume higher-level responsibilities.



## Highlights of Employee Training Programmes

### The "Transmission Plan" Development Programme

The Group has implemented the "Transmission Plan" Development Programme, offering a customised two-year systematic development plan for recent university graduates with high potential. The programme combines job rotation, project-based work, and a mentorship system, supplemented by networking sessions and specialised training, to enhance participants' cross-functional professional skills and overall professional qualities. This lays a foundation for cultivating core business talent and future management personnel. During the Reporting Period, all participants undertook their job rotations across various business departments as scheduled.

### Internal E-learning platform – "NGC Academy"

The Group utilises its "NGC Academy" digital learning platform to provide a tiered and categorised training system for all employees, offering online, offline, and hybrid learning models to meet diverse needs. The platform creates personalised learning maps and establishes comprehensive learning profiles for employees, precisely matching training to their career progression paths and helping them deepen their professional knowledge and skills. Employees can also record and upload their own courses to the knowledge base, contributing to the accumulation of job-specific experience and best practices. The Company also organises training on new digital AI tools, enabling employees to quickly adapt to digital work environments, improve efficiency and productivity, and provide the talent support needed for the Company's overall digital transformation. As at the end of the Reporting Period, "NGC Academy" hosted over 5,000 courses. In 2025, 571 new courses were added, with over 5,000 course sessions conducted, reaching 260,000 attendances and accumulating over 190,000 total training hours for the year.

### Micro-Course Competition

The Group held its third "Micro-Course Competition", spanning three months. Following multiple selection rounds, participants received one-on-one online and offline coaching from mentors and external experts, transforming them from novices into skilled micro-course creators. A total of 249 entries were submitted to the competition. After review by internal and external experts and public voting, 80 outstanding works were selected, effectively stimulating employees' enthusiasm for content creation and promoting internal knowledge sharing.

Additionally, the Group has established internal study groups and professional exchange networks to encourage collaborative learning and experience sharing across different roles and scenarios. Leveraging both online platforms and offline communities, it fosters a supportive, co-learning atmosphere, helping employees continuously enhance their professional skills.

## Employee Training

Total Number of Trainees (Persons)	Percentage of Trainees (%) <sup>38</sup>	Total Training Hours (Hours)	Average Training Hours completed per employee(Hours/Person)
7,748	98.68	190,378.80	24.57

Remark:

<sup>38</sup>Some employees, due to the special nature of their positions, did not participate in occupational training during the Reporting Period.

Divided by Category	Unit	2025	
Percentage of Trainees by Gender <sup>39</sup>	Female	%	97.65
	Male	%	98.76
Average Training Hours by Gender	Female	Hours/Person	20.80
	Male	Hours/Person	24.88
Percentage of Trainees by Employee Category <sup>39</sup>	Senior Management	%	92.00
	Middle Management	%	97.73
	General and Skilled Employees	%	98.74
Average Training Hours by Employee Category	Senior Management	Hours/Person	23.63
	Middle Management	Hours/Person	30.60
	General and Skilled Employees	Hours/Person	24.33

Remark:

<sup>39</sup>The percentage of trainees by employee category/gender = (Number of trainees in this category / Total number of employees in this category) × 100%.

## Promotion and Development

The Group has established a comprehensive promotion mechanism and talent development pathway to continuously stimulate employees' motivation for growth, which has provided a stable and sufficient talent reserve for the Company's high-quality development and sustainable operations. In accordance with the *NGC Group Position Qualification Management System*, a total of 253 employees were promoted during the Reporting Period, including 28 management personnel, 13 senior engineers, 47 senior blue-collar technicians, and 165 specialist engineers.

In terms of career development and capacity building, the Group considers employees' academic advancement and professional skills development as integral components of its talent cultivation system. Through university-enterprise collaboration and institutionalised support, the Group continuously enhances the professional expertise and innovative capabilities of its employees. The Group provides educational advancement support to employees with outstanding performance and development potential, including encouraging participation in MBA and other further education programmes. The Group also encourages its engineering team to obtain relevant professional and vocational qualifications to continually improve their professional capabilities and overall qualities.

### NUAA-NGC Mechanical Engineering Master's Equivalency Program

The Group jointly launched a "Mechanical Engineering Master's Equivalency Program" with Nanjing University of Aeronautics and Astronautics (NUAA), which commenced in April 2024. The 29 participants from various departments across the Group has further enhanced their engineering technology capabilities and innovative practical skills through a systematic curriculum. This initiative has also strengthened the long-term cooperative relationship between the Group and NUAA in R&D, as well as talent acquisition and cultivation.

## Occupational Health and Safety

The Group upholds an occupational health and safety management policy of "strictly complying with laws and regulations, focusing on prevention through continuous improvement, avoiding health and safety risks, and promoting efficiency through reduced consumption and emissions", and is committed to creating a safe and healthy working environment for all employees. We rigorously implement a work safety responsibility system, continuously improve our Occupational Health and Safety Management System, and enhance employees' safety awareness and occupational health literacy to effectively safeguard their occupational health and legitimate rights and interests.

## Production Safety Management

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 the Prevention and Control of Occupational Diseases*, and other relevant laws and regulations in its areas of operation. It has formulated internal policies including the *Safety Production Responsibility System of All Employees*, the *Responsibility System of All Departments as EHS Entities*, and the *Environmental and Occupational Health and Safety Management Handbook*. Through measures including safety risk management, hazard inspection, identification, and rectification, occupational health management, emergency and accident management, and safety education and training, we provide solid safeguards for the Group's sustainable development and the health and safety of our employees. The *Environmental and Occupational Health and Safety Management Handbook* is approved and issued by the general manager and applies to all employees and relevant parties, including suppliers.

## Occupational Health and Safety Management System

The Group has established an occupational health and safety management structure covering "decision-making, supervision, and execution" based on the ISO 45001:2018 standard. By setting safety targets annually, we promote the continuous improvement of the management system and the effective control of risks. The Group also places great emphasis on employee participation and consultation mechanisms. All management system documents have been approved by a full vote of the workers' congress to ensure the effective implementation, efficient execution, and continuous optimisation of the Group's safety strategy.

### Occupational Health and Safety Management System Certification



Nanjing High Speed Gear Manufacturing Co., Ltd.  
ISO 45001:2018



NGC (Huai'an) High Speed Gear Manufacturing Co., Ltd.  
ISO 45001:2018

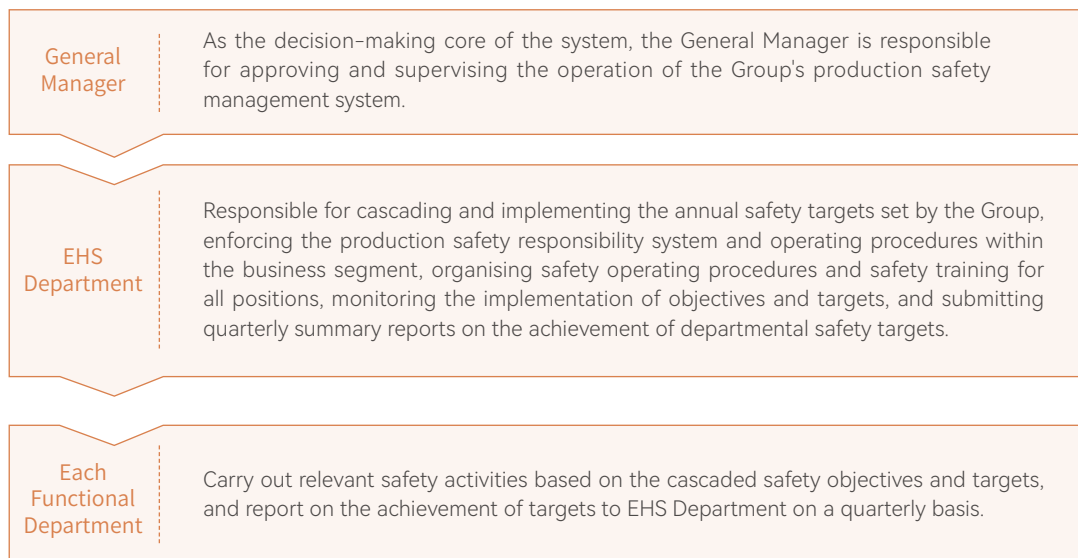


Nanjing High Speed & Accurate Gear (Group) Co., Ltd.  
ISO 45001:2018



Nanjing High Speed & Accurate Rail Transportation Equipment Co., Ltd.  
ISO 45001:2018

### The Framework and Responsibilities of Production Safety Management



The Group has formulated the 2025 Annual Performance Responsibility Agreement, setting clear, quantified targets. Annual work safety objectives, including the "work-related incident rate per 200,000 work hours" and "zero major accidents occurred," are incorporated into the key performance indicators for senior management and relevant departments to enhance the level of occupational health and safety management. By formulating the *EHS Performance Evaluation Policy for Each Business Segment (Plant)*, the Group has achieved quantified evaluation and dynamic supervision of EHS performance across its business segments, further enforcing the EHS responsibility system at all levels and ensuring the effective implementation of all management requirements. Over the past three years, the Group has recorded no work-related fatalities.

The Group also conducts regular internal and external audits and management reviews of relevant activities, locations, and equipment each year, continuously improving intrinsic safety levels through systematic and routine management. Any non-compliance issues identified during audits are promptly rectified, ensuring 100% closed-loop resolution of all issues. During the Reporting Period, all five subsidiary companies of the Group's three major business segments of wind power, industrial and rail transit passed the Occupational Health and Safety Management System re-certification, with 100% coverage of the nine core production plants.

### Safety Risk Management

The Group integrates production safety risk management into every aspect of production and operations, and has established a comprehensive safety risk management process. This process forms a full closed-loop system covering risk identification, risk assessment, and risk monitoring, ensuring an effective response to safety risks. During the Reporting Period, employee health and safety risk assessments covered 100% of the Group's operating sites.

#### Safety Management Processes and Measures

Process	Measures
<p><b>Risk Identification</b></p>	<ul style="list-style-type: none"> <li>The Group has formulated and implemented policies including the <i>Environmental Factor Control Procedures</i> and the <i>Procedures for Hazard Identification, Risk Assessment, and Determination of Control Measures</i> to standardise the risk identification process. We conduct ongoing three-tier safety inspections and revise and improve management systems based on the inspection results.</li> </ul>
<p><b>Risk Assessment</b></p>	<ul style="list-style-type: none"> <li>The Likelihood, Exposure, and Consequence (LEC) Assessment Method is used to evaluate hazard sources and to determine a list of significant hazard sources. Risk levels are assessed based on compliance obligations, providing a basis for formulating control measures.</li> </ul>
<p><b>Risk Control</b></p>	<ul style="list-style-type: none"> <li>Control measures including elimination, substitution, and personal protection are applied to significant hazard sources, and operational control procedures are established. Emergency preparedness is established, drills are organised, and approval, on-site supervision, and hazard investigation and rectification are enforced for high-risk operations.</li> </ul>
<p><b>Risk Response and Monitoring</b></p>	<ul style="list-style-type: none"> <li>Employees are informed of the hazards in their workplaces and key emergency response procedures to ensure they understand significant hazard sources and their control measures. Relevant parties are required to undergo safety training and be notified of safety matters before entering sites, and must sign a safety agreement to enhance overall safety awareness.</li> <li>The Group maintains a potential hazard investigation and rectification file that records the entire process of hazard identification, assessment, rectification, and acceptance, and strictly monitors the implementation of corrective actions. Key performance indicators are regularly reviewed, and any issues identified are investigated and rectified to ensure closed-loop problem resolution.</li> </ul>

The Group also places a high priority on the safety risk management of its suppliers. For relevant parties, including suppliers, the Group has established an online stakeholder management system and strictly enforces the signing of safety management agreements. Personnel entering sites for work must undergo qualification reviews, complete safety training, and be notified of safety matters before starting work, and are subject to continuous safety supervision and inspection during their operations. Special operations require a hazardous work permit to ensure that the entire process of work by relevant parties is controllable.

## Safety Hazard Investigation

The Group has established a safety hazard investigation and rectification mechanism. Through multi-dimensional internal inspections, external professional assessments, and regular emergency drills, we continuously enhance the risk prevention, control, and response capabilities of all departments to ensure the effective implementation of work safety measures.

### Safety Hazard Management in each Business Segment

#### Wind Power Business Segment

**Each plant conducts systematic regional safety risk assessments as required by relevant regulations and policies, either by engaging third-party professional institutions or using the LEC quantitative analysis method:**

- Comprehensive, specialised, and routine safety inspections are carried out, and promptly rectifies identified potential hazards. Each plant also cooperates with government safety inspections and establishes dedicated rectification plans.
- It has implemented "closed-loop safety management of the entire work process", which has reduced the rate of on-site operational violations. Through the implementation of "integrated safety management for relevant parties", the Company has achieved zero accidents in related-party operations.
- It conducts daily, quarterly, and holiday-specific periodic on-site inspections, and organises specialised inspections covering key areas including machinery, electrical systems, hazardous chemicals, fire safety, and special equipment.
- During the Reporting Period, a total of 3,224 potential hazards were identified, and 22 government safety inspections were conducted. All identified hazards have been rectified or incorporated into specialised rectification plans.

#### Industrial Business Segment

- The Company regularly organises internal inspections, including specialised pre-holiday inspections for major holidays, comprehensive quarterly reviews, specialised hazardous chemical inspections, and routine dual-control inspections.

- During the Reporting Period, the Group completed 298 internal inspections and received approximately 23 external government safety inspections, identifying a total of 650 potential hazards. All identified issues were promptly rectified.

#### Rail Transit Business Segment

- We continue to carry out regular safety inspections, have completed the annual safety risk identification and report, and regularly conduct safety status evaluations.
- During the Reporting Period, the Group conducted 58 safety inspections of various types, and a cumulative total of 219 potential hazards were identified, rectified, and closed.

## Safety and Emergency Management

The Group has formulated and implemented relevant policies and plans, including the *Emergency Preparedness and Response Control Procedures* and the *Workplace Safety Incident Emergency Plan*. We continuously standardise emergency management response processes by regularly organising specialised, comprehensive, and on-site response drills. Additionally, the Group incorporates the organisation, response timeliness, and closed-loop rectification of emergency drills into the EHS performance assessments for each business segment to enhance proactiveness and initiative in emergency management.

### Specialised emergency drill for confined spaces

In 2025, to test the Specialised Emergency Plan for Confined Spaces, the Rail Transit Business Segment organised a specialised emergency drill for its rail transit paint coating line. The drill simulated a typical scenario of an employee fainting from poisoning inside sealed equipment, systematically testing the emergency plan for confined space incidents, the feasibility of the response procedures, and the emergency handling capabilities of personnel, thereby effectively enhancing the safety assurance levels for high-risk operations.



On-site at the specialised emergency drill for confined spaces

## Chemical Safety Management

The Group places a high priority on chemical risk control and has established a comprehensive management system covering the entire process of procurement, transportation, storage, use, and emergency response. By clearly defining responsibilities, standardising operating procedures, strengthening supervision and inspections, and regularly conducting emergency drills, the Group implements chemical risk prevention and control measures from multiple dimensions to consolidate the foundation of production safety.

### Chemical Safety Management Measures

Management process	Management measures
Procurement and Access Control	<ul style="list-style-type: none"> <li>The Production Procurement Department holds unified responsibility for ensuring that all purchased chemicals comply with national safety standards and for handling relevant formalities relating to public security, fire safety, and transport authorities.</li> <li>The qualifications of transport units are strictly verified, and all relevant documents are archived for future reference.</li> </ul>
Warehousing and On-Site Storage	<ul style="list-style-type: none"> <li>Implement storage by "category, zone, and warehouse"; mixed storage is strictly prohibited.</li> <li>The quantity of temporary on-site storage must not exceed the amount required for a 24-hour period.</li> <li>Material Safety Data Sheets (MSDS) must be posted at all storage and usage points.</li> <li>During high-temperature seasons (<math>\geq 35^{\circ}\text{C}</math>), warehouse access is restricted to specific times.</li> <li>Upon receipt, the appearance, labelling, and certificates of conformity of containers are strictly inspected; non-compliant items are rejected.</li> </ul>
Use and Operation	<ul style="list-style-type: none"> <li>A safety check is required before requisition; items that fail the check are strictly prohibited from use.</li> <li>User departments must designate specific personnel to monitor the entire process, ensuring that instructions are read before use, operating procedures are strictly followed, and personal protective equipment is properly used.</li> <li>Contractors shall not use self-provided chemicals. All chemicals must be centrally requisitioned through the contracting department and managed by designated personnel.</li> </ul>
Inspection and Supervision	<ul style="list-style-type: none"> <li>Conduct daily safety inspections of hazardous chemical warehouses and keep records.</li> <li>Conduct periodic inspections of all storage and usage points, covering fire safety, ventilation, emergency supplies, and MSDS posting.</li> <li>The EHS Department coordinates supervision, inspection, and assessment to drive the closed-loop rectification of potential hazards.</li> </ul>
Archives and Information Management	<ul style="list-style-type: none"> <li>Maintain chemical archives and registration ledgers.</li> <li>Implement an electronic approval system for chemical warehouse entry and exit to ensure traceability of chemical flow.</li> </ul>

### Hazardous chemical leak emergency drill on the acid pickling line

In May 2025, the Group conducted an emergency drill at the acid pickling line at the plant located at No. 79 Jianheng Road, simulating an incident involving a concentrated hydrochloric acid leak and an employee chemical burn. The drill replicated a scenario in which a leak in the tank area caused injury to an employee, and covered the full emergency response process from initial incident reporting and first aid for the injured to safe transfer. The drill effectively tested the feasibility and operability of the specialised emergency plan for acid chemical leaks. It enhanced the emergency response and coordinated rescue capabilities of relevant personnel in a real-world scenario, further strengthening the Company's on-site safety management and risk control levels for hazardous chemicals and providing a practical basis for the continuous improvement of the production safety emergency system.



On-site at the emergency drill

## Building a Safety Culture

The Group continuously promotes its internal production safety culture by formulating an annual safety training plan and regularly organising activities including the "Safety Production Month" campaign, a zero-accident production competition, the "1,000 Days of Safe Production" commendation, and the "Safety Forges Excellence" summary event, to enhance employees' on-the-job safety awareness. In addition, each business segment carries out a variety of specialised activities tailored to its operational characteristics, aiming to foster a safety and environmental culture of proactive participation and continuous learning while raising awareness among all employees.

**1,000 days of production safety campaign**

In July 2025, the Group held a production safety commendation event under the theme "Safety Drives Excellence, A New Journey Begins After 1,000 Days" recognising 10 departments that achieved 1,000 and 2,000 days of safe production. Since 1 January 2020, the Group has consistently pursued the production safety goal of "zero accidents and zero injuries". As at the end of the Reporting Period, the Group had surpassed 1,000 days without a safety incident. By continuously improving the safety production management system, strengthening comprehensive safety training for all employees, and conducting regular hazard identification and control efforts covering all areas and levels, the Group has steadily reinforced its safety defences and is writing a new chapter in production safety.



Event photo



All staff taking an oath

**Nanjing High Speed & Accurate Gear (Group) Co., Ltd. – Safety and environmental culture activities**

In 2025, the Company actively explored innovations in safety management by launching a variety of specialised activities. The Company implemented a points-based reward and penalty system for safety and environmental culture across all employees, linking their safety and environmental behaviours — including hazard reporting, submission of CIP initiatives, and safety violations — to culture points. Individual scores were further linked to the performance of their respective teams and departments, effectively enhancing engagement at all organisational levels. The Company also utilised the NGC Academy and factory notice boards to launch a "Question of the Day" online quiz via QR codes, using fragmented downtime to popularise safety and environmental knowledge and skills. The total number of attendances in answering questions for this activity has exceeded 230,000, effectively enhancing the safety and environmental awareness of all employees and fostering a culture of proactive engagement and continuous learning.



Safety Month launch meeting



Operating procedures training session

**Key Performance**

In 2025, the Group

Conducted **198** emergency drills of various types

Developed **290** online safety training courses

Organised **645** safety training sessions

Achieved **72,566** attendances in safety training

Identified **4,961** safety hazards

Invested RMB **48,584,100** in production safety

**Achievement of Production Safety Targets in 2025**

2025 Targets	Annual Target Achieved
Zero work-related fatalities	☑ Achieved
Work-related incident rate per 200,000 work hours ≤ 0.70	☑ Achieved
Lost time injury rate per 200,000 work hours ≤ 45 days	☑ Achieved
Zero major accidents occurred	☑ Achieved
100% review and approval of dangerous work (working at high altitudes, with fire, or in a confined space)	☑ Achieved
Completion of emergency plan drills as scheduled	☑ Achieved
Hazard rectification rate ≥ 96%	☑ Achieved

## Occupational Health

The Group consistently places employee health and safety as its top priority, strictly complying with national laws and regulations including the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and the *Regulations on Work-Related Injury Insurance*, and has formulated internal regulations, including the *Environmental and Occupational Health and Safety Management Handbook*, *Policy for Handling and Reporting of Occupational Hazard Accidents*, the *System for Emergency Rescue and Management of Occupational Hazards*, and the *Work-Related Accident Management Policy*, to continuously standardise the entire process of occupational health and work-related injury management. The Group maintains a core annual objective of "Zero Major Accidents Occurred", and has integrated this objective into the EHS performance appraisal system. The Group also regularly commissions professional third-party institutions to conduct comprehensive testing of occupational hazard factors in the workplace, thereby adopting a comprehensive approach to preventing such hazards and minimising the occurrence of occupational diseases and work-related accidents.

### Hazard Identification and Prevention

The Group adheres to the principle of "Prevention First, Combining Prevention and Control", continuously improving its employee occupational health monitoring and intervention mechanisms to achieve the control of occupational disease hazards from source identification through to full-process control. The Group regularly conducts occupational health status evaluations of its workplace and commissions professional third-party institutions to detect and evaluate chemical hazards, dust, and physical factors in the workplace, thereby identifying occupational disease hazard risk points and enhancing the refinement of management.

The Group fully implements all occupational health prevention and control measures, provides employees with suitable personal protective equipment and training on its use, and continuously monitors compliance with wearing requirements. First aid kits are installed in the workplace, stocked with emergency medicines and emergency equipment including AEDs (Automated External Defibrillators); dedicated eyewash stations are provided in areas where chemicals are used. The condition and expiry dates of all medical supplies are checked regularly to ensure emergency resources are always available. The Group continuously improves the management of employee occupational health records, organises annual occupational health check-ups for all employees, and strengthens its occupational health risk prevention and control capabilities across multiple dimensions, thereby effectively safeguarding employees' health rights and interests.



#### Key Performance

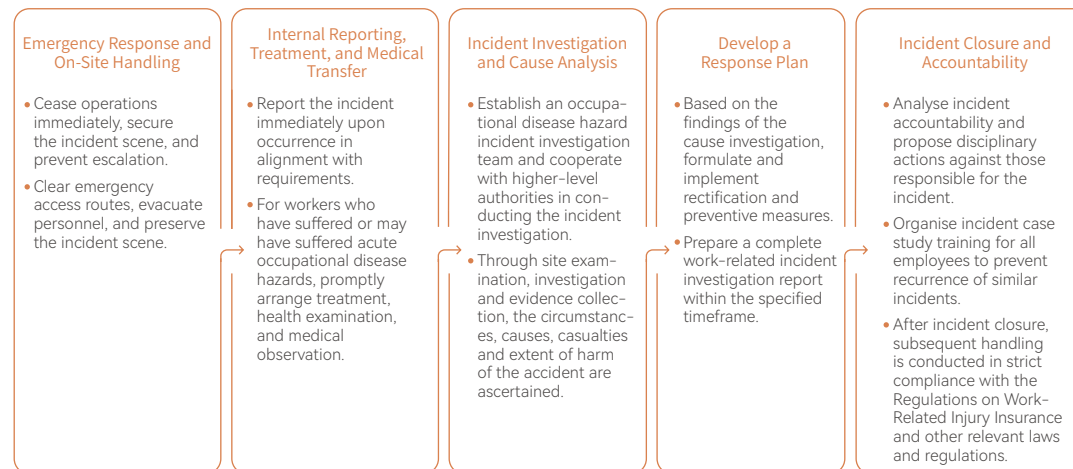
During the Reporting Period, the Group recorded **No** cases of occupational diseases, and the employee occupational health check-up participation rate reached **100%**.

### Safeguarding Employee Health – occupational health hazard identification and assessment by the EHS department of the wind power business segment

From April to June 2025, the Wind Power Business Segment commissioned a professional third-party institution to conduct occupational health hazard identification and assessment across its plants. The assessment covered key indicators including noise, dust, and chemicals. The test results showed that all monitoring points complied with national occupational health standards. Based on the assessment results, the Group has further implemented targeted preventive measures, including providing soundproofing devices on high-noise equipment and providing employees with soundproofing earplugs, dust masks, and other standard-compliant protective equipment.

### Work-related Accident Handling Procedure

The Group continuously refines its work-related accident investigation and handling mechanism, clarifies the responsibilities of each department, and has established a standardised procedure covering accident reporting, treatment of the injured, cause investigation, and rectification implementation, to minimise the impact of accidents on employee health and safety.



#### Occupational Health Management Targets

2025 Targets	Annual Target Achieved
100% annual occupational health inspection rate	<input checked="" type="checkbox"/> Achieved
100% in-service occupational health examination rate	<input checked="" type="checkbox"/> Achieved

# 6

## Contribution to Community Welfare

### Material issues in this chapter

Philanthropy and Community Engagement

### Performance Highlights

- Expenditure in donations was RMB **5,314,200**
- Participating in the volunteer activities was **175** attendances, increased by **78.57%** compared to last year



## Rural Revitalisation

The Group thoroughly implements the rural revitalisation strategy and actively fulfils its corporate social responsibilities, contributing to rural development through various means such as village-enterprise collaboration, educational support, and charitable donations, thereby continuously injecting corporate strength into rural revitalisation and giving back to society through practical actions.

### "Village-Enterprise Joint Construction, Empowering Revitalisation" Initiative

To further advance rural revitalisation and promote village-enterprise co-development, the Group, under the coordination and promotion of the relevant rural revitalisation task force, organised a "Village-Enterprise Joint Construction, Empowering Revitalisation" initiative. This engagement encompassed field research to assess local requirements, office equipment donations to enhance administrative infrastructure, and targeted contributions for Shiliang Village in Xinghua City to bolster grassroots governance and living standards. By carrying out this village-enterprise co-development and targeted donation event, the Group has facilitated the precise allocation of support resources, provided positive momentum for establishing a long-term collaborative mechanism and supporting the sustained development of rural revitalisation, and fulfilled its corporate social responsibility through concrete actions.



On-site at the village-enterprise co-development project

## Community Welfare

The Group actively discharges its corporate social responsibilities, undertaking public welfare initiatives including educational support and volunteer services tailored to community needs. By fostering the deep integration of corporate resources with community development, the Group continuously contributes to public well-being.

### NGC Volunteer Team Visited Duocai Township Primary School in Qinghai to Provide Support and Assistance

Since 2024, the Group has launched a support project for underprivileged children in Qinghai. During the Reporting Period, to accurately understand the project's implementation effectiveness over the past year and to better ascertain the actual needs of the sponsored students, Group volunteers travelled to Yushu, Qinghai, to conduct field research and carry out support visits. A total of 2 internal corporate volunteers, 2 external volunteers, and 8 local volunteers participated in this initiative, which included activities such as donating scholarships and first-aid kits, conducting interactive classroom sessions, and home visits and care provisions for student of herder families, with the total visit duration amounting to approximately 120 hours. Through this on-site research and support, the Group not only precisely matched project resources to improve the students' learning and living conditions but also provided students with support in terms of psychological care and social integration, thereby fulfilling its corporate social responsibility through practical actions and promoting educational equity and the all-round development of rural children.



The volunteer team providing support and assistance at Duocai Township Primary School in Qinghai

### The Warm Lunchbox Donation Campaign

To address the prolonged reliance of primary and secondary school students in Dongxiang County, Gansu, using plastic bags for instant noodles as their lunch due to limited resources, the Group launched a "warm lunchbox" donation. We have custom-produced 550 sets of food safety-compliant lunch boxes with matching utensils, donated 15 steam rice cabinets, and contributed RMB 50,000 to alleviate student dining difficulties and safeguard the healthy growth of children and adolescents. In addition, the Group also supports schools in organising "Healthy Eating" parent seminars to promote healthy eating concepts among students, and helps establish a meal service model that integrates "school support with family participation".



Warm Lunchbox Donation

### The Care Medicine Kit Donation Campaign

Addressing the scarcity of medical resources and deficiencies in equipment and pharmaceuticals within the high-altitude, remote pastoral areas of Yushu in the Tibetan region, the Group initiated the "caring medical kit" donation project, donating 140 units of 14-inch care medicine kits (each containing 36 types of supplies, including a first-aid manual) to local township health centers, herder families, schools, and other institutions, along with a cash donation of RMB 50,000. These efforts are aimed at replenishing basic medical reserves, establishing a long-term assistance mechanism, and helping enhance the local medical service capacity.



Care Medicine Kit Program Visit



# Appendix

## Key Performance Indicators<sup>40</sup>

Environmental KPIs				
KPIs	Unit	2025	2024	2023
<b>A1.1 Air pollutant emissions in total and intensity</b>				
<b>Total air pollutant emissions</b>	kg	7,583.08	5,510.16	6,932.18
Emission of nitrogen oxides (NO <sub>x</sub> )	kg	2,359.69	1,665.83	2,224.81
Emission of sulphur oxides (SO <sub>x</sub> )	kg	88.49	65.61	142.39
Emission of particulate matter	kg	5,134.90	3,778.73	4,564.99
<b>Intensity of air pollutant emissions</b>	kg/ tonne of production	0.012	0.010	0.015
<b>A1.3 Hazardous wastes produced in total and intensity</b>				
<b>Total hazardous wastes</b>	Tonne	2,021.02	1,497.64	1,395.84
Waste of paint residue	Tonne	222.13	196.24	179.60
Waste of lead acid battery	Tonne	38.97	33.99	25.31

Remark:

<sup>40</sup>The data coverage for each year has described in the main text and will not be remarked in the appendix. Minor discrepancies between the sum of the breakdown indicators and the totals presented in the table are due to rounding to two decimal places.

KPIs	Unit	2025	2024	2023
Waste oil	Tonne	123.04	93.30	124.30
Contaminants <sup>41</sup>	Tonne	654.06	502.27	490.61
Waste oil containers	Tonne	108.83	76.71	68.14
Waste paint buckets <sup>42</sup>	Tonne	108.75	101.33	108.16
Waste solvent cleaner	Tonne	26.81	29.01	22.45
Waste activated carbon	Tonne	40.83	81.14	118.56
Waste quenching oil	Tonne	14.37	17.02	6.17
Dross (including sludge)	Tonne	501.89	292.80	194.75
Waste salt	Tonne	0.00	0.00	0.50
Waste rust preventive oil	Tonne	0.84	6.10	3.35
Waste lubricating oil	Tonne	50.23	47.04	22.99
Waste cutting oil	Tonne	0.00	0.00	1.89
Waste cotton filter	Tonne	29.40	17.61	28.96
Waste liquid from online wastewater monitoring instruments	Tonne	2.63	3.09	0.11
Concentrated waste liquid	Tonne	98.27	/	/
<b>Intensity of hazardous wastes</b>	kg/ tonne of production	3.10	2.78	3.05

Remark:

<sup>41</sup>The chemical packaging container (excluding waste paint buckets) and oily waste shall be uniformly disclosed as contaminated waste, and the data from previous years shall be revised according to the new categories of hazardous waste.

<sup>42</sup>Renamed from "Waste chemical containers (including waste paint buckets)" to "Waste paint buckets".

KPIs	Unit	2025	2024	2023
<b>A1.4 Non-hazardous wastes produced in total and intensity</b>				
<b>Total non-hazardous wastes</b>	Tonne	61,232.01	49,755.65	35,917.29
Grinding metal chips	Tonne	1,546.85	1,144.98	1,108.02
Wood	Tonne	11,462.72	8,474.17	7,868.29
Iron filings	Tonne	46,503.39	38,831.60	25,376.64
Scrap steel	Tonne	1,719.05	1,304.90	1,564.34
<b>Intensity of non-hazardous wastes</b>	kg/ tonne of production	94.02	92.26	78.39
<b>A2.1 Direct and/or indirect energy consumption by type in total and intensity</b>				
<b>Total energy consumption</b>	MWh	697,329.33	630,490.02	490,410.86
<b>Total direct energy consumption</b>	MWh	82,739.96	76,733.35	45,480.20
Natural gas	MWh	24,071.16	23,820.53	11,518.62
LPG	MWh	239.97	386.62	1,105.44
Diesel	MWh	1,007.36	1,020.35	1,064.05
Gasoline	MWh	513.74	661.74	607.98
Renewable energy (photovoltaic)	MWh	56,907.74	50,844.11	31,184.10

KPIs	Unit	2025	2024	2023
<b>Total indirect energy consumption</b>	MWh	614,589.36	553,756.68	444,930.66
Purchased electricity	MWh	611,740.00	550,705.28	441,111.17
Purchased steam	MWh	2,849.36	3,051.40	3,819.49
<b>Intensity of energy consumption</b>	MWh/ tonne of production	1.07	1.17	1.07
<b>A2.2 Water consumption in total and intensity</b>				
<b>Total water consumption</b>	m <sup>3</sup>	1,036,377.99	946,685.00	825,623.00
<b>Intensity of water consumption</b>	m <sup>3</sup> / tonne of production	1.59	1.76	1.80
<b>Total wastewater discharge</b>	m <sup>3</sup>	378,092.82	333,892.22	236,105.00
<b>A2.5 Total packaging material used for finished products and with reference to per unit produced</b>				
<b>Total packaging material used</b>	Tonne	5,998.23	8,613.86	7,084.00
Steel	Tonne	2,161.10	1,623.70	1,236.00
Plastics	Tonne	273.13	302.19	228.00
Wood	Tonne	3,564.00	6,687.97	5,620.00
<b>Intensity of packaging material used</b>	kg/ tonne of production	9.21	15.97	15.46

Social KPIs				
KPIs	Unit	2025	2024	2023
<b>B1.1 Total workforce by gender, employment type, age group and geographical region</b>				
<b>Total number of employees</b>	Person	7,852	7,521	7,483
<b>Number of employees by gender</b>				
Female	Person	595	610	618
Male	Person	7,257	6,911	6,865
<b>Number of employees by employment type</b>				
Full-time	Person	7,852	7,521	7,483
Part-time	Person	0	0	0
<b>Number of employees by age group</b>				
≤ 30	Person	2,078	1,819	1,819
31-50	Person	5,336	5,225	5,149
≥ 51	Person	438	477	515
<b>Number of employees by geographical region</b>				
Chinese Mainland	Person	7,524	7,269	7,220
Hong Kong, Macao and Taiwan regions of China	Person	1	1 <sup>43</sup>	1

Remark:

<sup>43</sup>Based on the latest statistical results, the 2024 data have been revised.

KPIs	Unit	2025	2024	2023
Other countries and regions	Person	327	251 <sup>43</sup>	262
<b>Number of employees by employee category</b>				
Senior management	Person	25	24	22
Middle management	Person	309	294	284
General and skilled employees	Person	7,518	7,203	7,177
<b>B1.2 Employee turnover rate by gender, age group and geographical region</b>				
<b>Total employee turnover rate</b>	%	6.23	4.89	4.59
<b>Employee turnover rate by gender</b>				
Female	%	4.95	2.87	3.29
Male	%	6.34	5.07	4.71
<b>Employee turnover rate by age group</b>				
≤ 30	%	12.65	13.01	9.32
31-50	%	3.89	2.06	3.09
≥ 51	%	1.13	1.04	1.72
<b>Employee turnover rate by geographical region</b>				
Chinese Mainland	%	5.38	3.72	4.07
Hong Kong, Macao and Taiwan regions of China	%	0.00	0.00 <sup>42</sup>	0.00

KPIs	Unit	2025	2024	2023
Other countries and regions	%	22.33	29.69 <sup>44</sup>	17.09
<b>B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year</b>				
Number of work-related fatalities	Person	0	0	0
Proportion of work-related fatalities	%	0	0	0
<b>B2.2 Lost days due to work injury</b>				
Lost days due to work injury	Day	1,543	1,675	1,557
<b>B3.1 Percentage of employees trained by gender and employee category (e.g. senior management, middle management)</b>				
Total trainees	Person	7,748	7,454	7,441
<b>Number of trainees by gender</b>				
Female	Person	581	594	594
Male	Person	7,167	6,860	6,847
<b>Percentage of trainees by gender</b>				
Female	%	97.65	97.38	96.12
Male	%	98.76	99.26	99.74
<b>Number of trainees by employee category</b>				
Senior management	Person	23	22	22

Note:

<sup>44</sup>Based on the latest statistical results, the 2024 data has been revised.

KPIs	Unit	2025	2024	2023
Middle management	Person	302	287	278
General and skilled employees	Person	7,423	7,145	7,141
<b>Percentage of trainees by employee category</b>				
Senior management	%	92.00	91.67	100.00
Middle management	%	97.73	97.62	97.89
General and skilled employees	%	98.74	99.19	99.50
<b>B3.2 The average training hours completed per employee by gender and employee category</b>				
Average training hours	Hour/Person	24.57	23.04	22.60
<b>Average training hours completed per employee by gender</b>				
Female	Hour/Person	20.80	18.61	18.21
Male	Hour/Person	24.88	23.43	22.98
<b>Average training hours completed per employee by employee category</b>				
Senior management	Hour/Person	23.63	24.50	24.27
Middle management	Hour/Person	30.60	30.46	28.40
General and skilled employees	Hour/Person	24.33	22.74	22.36
Total number of courses	Course	5,000+	5,000+	3,551
<b>B5.1 Number of suppliers by geographical region</b>				

KPIs	Unit	2025	2024	2023
<b>Total number of suppliers</b>	Number	744	666	623
Chinese Mainland	Number	717	642	603
Hong Kong, China	Number	1	1	0
Other countries and regions	Number	26	23	20
<b>B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons</b>				
Number of products recalled for safety and health reasons out of total products sold or delivered	Number	0	0	0
Percentage of products recalled for safety and health reasons out of total products sold or delivered	%	0	0	0
<b>B6.2 Number of products and service related complaints received and how they are dealt with</b>				
<b>The number of products receiving complaints</b>	Number	0	0	0
The number of products receiving complaints - Related to the health and safety of products	Number	0	0	0
The number of products receiving complaints - Related to customer privacy	Number	0	0	0
<b>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</b>				
Number of concluded lawsuits relating to corruption involving the Group or its employees	Number	0	0	0
<b>B8.2 Resources contributed (e.g. money or time) to the focus area</b>				

KPIs	Unit	2025	2024	2023
<b>Person-time of participation in the volunteer activities</b>	Attendances	175	98	61
Person-time of participation in the volunteer activities - employees of the Group	Attendances	135	63	35
Person-time of participation in the volunteer activities - employees outside the Group	Attendances	40	35	26
<b>Total hours of participation in the volunteer activities</b>	Hour	136	21	14
<b>Expenditure on donations</b>	RMB	5,314,200	5,196,000	216,600
<b>Part D: Climate-related Disclosures</b>				
<b>GHG emissions (Scope 1+ Scope 2)</b>	tCO <sub>2</sub> e	379,695.73	322,874.32	270,683.84
GHG emissions (Scope 1)	tCO <sub>2</sub> e	22,091.14	25,863.44	17,605.62
GHG emissions (Scope 2)	tCO <sub>2</sub> e	357,604.59	297,010.88	253,078.22
<b>GHG emissions (Scope 3)</b>	tCO <sub>2</sub> e	4,315,267.03	3,141,639.98	/
<b>Intensity of GHG emissions (Scope 1+ Scope 2)</b>	tCO <sub>2</sub> e/ tonne of production	0.58	0.60	0.59
Intensity of GHG emissions (Scope 1)	tCO <sub>2</sub> e/ tonne of production	0.03	0.05	0.04
Intensity of GHG emissions (Scope 2)	tCO <sub>2</sub> e/ tonne of production	0.55	0.55	0.55

# Report Indicator Index

## HKEX ESG Key Performance Indicators Index

Mandatory Disclosure Requirements		Page
Governance Structure	A statement from the Board containing the following elements: (i) a disclosure of the Board's oversight of ESG issues; (ii) the Board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the Board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	P5
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: <b>Materiality:</b> The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. <b>Quantitative:</b> Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. <b>Consistency:</b> The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	P1, P10-12
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	P1

Subject Areas, Aspects, General Disclosures and KPIs		
Area A. Environmental		
Aspect	Description	Page
<b>Aspect A1 Emissions</b>		
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.	P30-36
A1.1	The types of emissions and respective emissions data.	P33-36, P90-91
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P36, P90
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P36, P91
A1.5	Description of emission target(s) set and steps taken to achieve them.	P33-38
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.	P35-36
<b>Aspect A2 Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	P36
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).	P38-39, P91
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P42, P91
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	P37, P39-41
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.	P42

Aspect	Description	Page
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	P3, P44, P91
<b>Aspect A3      The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	P23-45
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P7, P23-45
<b>Area B. Social</b>		
<b>Employment and Labour Practices</b>		
<b>Aspect B1      Employment</b>		
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 compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	P71-73, P75-81
B1.1	Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region.	P73, P92
B1.2	Employee turnover rate by gender, age group and geographical region.	P73
<b>Aspect B2      Health and Safety</b>		
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 providing a safe working environment and protecting employees from occupational hazards.	P81-86
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	P93
B2.2	Lost days due to work injury.	P93
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P81-86
<b>Aspect B3      Development and Training</b>		

Aspect	Description	Page
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	P79-80
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P73, P93
B3.2	The average training hours completed per employee by gender and employee category.	P93
<b>Aspect B4      Labour Standards</b>		
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 labour.	P71
B4.1	Description of measures to review employment practices to avoid child and forced labour.	P71
B4.2	Description of steps taken to eliminate such practices when discovered.	P71
<b>Operating Practices</b>		
<b>Aspect B5      Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	P64-69
B5.1	Number of suppliers by geographical region.	P94
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.	P64, P66
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P64-69
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P65-66
<b>Aspect B6      Product Responsibility</b>		
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.	P21, P62

Aspect	Description	Page
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	P62、 P96
B6.2	Number of products and service related complaints received and how they are dealt with.	P62、 P96
B6.3	Description of practices relating to observing and protecting intellectual property rights.	P51
B6.4	Description of quality assurance process and recall procedures.	P56-58、 P62
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P21
<b>Aspect B7</b>	<b>Anti-corruption</b>	
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.	P17-18
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.	P19、 P94
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	P17-18
B7.3	Description of anti-corruption training provided to directors and staff.	P18
<b>Community</b>		
<b>Aspect B8</b>	<b>Community Investment</b>	
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.	P88-89
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P88-89
B8.2	Resources contributed (e.g. money or time) to the focus area.	P3、 P88-89、 P94

Aspect	Description	Page
<b>Part D. Climate-related Disclosure</b>		
<b>Governance</b>	(a) Information on the governance body(s) or individual(s) responsible for oversight of climate-related risks and opportunities (b) Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities	P23
<b>Strategy</b>	Climate-related risks and opportunities	P24-26
	Business model and value chain	P24-26
	Strategy and decision-making	P24-26
	Financial position, financial performance and cash flows	P24-26
	Climate resilience	P27-28
<b>Risk Management</b>	(a) The processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks (b) The processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (c) The extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process	P23
<b>Metrics and Targets</b>	Greenhouse gas emissions	P28-29
	Climate-related transition risk	P28-29
	Climate-related physical risk	P28-29
	Climate-related opportunities	P28-29
	Capital deployment	P28-29
	Internal carbon prices	N/A
	Remuneration	N/A
	Industry-based metrics	N/A
	Climate-related targets	P28-29、 P39
	Applicability of cross-industry metrics and industry-based metrics	N/A

## GRI Indicator Index

Statement of use: The Group has reported the information referenced in this GRI Content Index for the period from January 1, 2025 to December 31, 2025, with reference to the GRI Standards.

GRI 1 used: GRI 1: Foundation 2021

No.	Description	Page
<b>GRI 2: General Disclosures 2021</b>		
<b>The organization and its reporting practices</b>		
2-1	Organizational details	P2
2-2	Entities included in the organisation's sustainability reporting	P1
2-3	Reporting period, frequency and contact point	P1
2-4	Restatements of information	P28、 P92-93
<b>Activities and workers</b>		
2-6	Activities, value chain and other business relationships	P1-P2
2-7	Employees	P71-81
2-8	Workers who are not employees	P81-86
<b>Governance</b>		
2-9	Governance structure and composition	P14-15
2-10	Nomination and selection of the highest governance body	P14

No.	Description	Page
2-11	Chair of the highest governance body	P14
2-12	Role of the highest governance body in overseeing the management of impacts	P5、 P14
2-13	Delegation of responsibility for managing impacts	P5、 P14-15
2-14	Role of the highest governance body in sustainability reporting	P5、 P14
2-15	Conflicts of interest	P17
2-16	Communication of critical concerns	P10-12
2-17	Collective knowledge of the highest governance body	P6
2-18	Evaluation of the performance of the highest governance body	P14
2-19	Remuneration policies	P14、 P75
2-20	Process to determine remuneration	P75
2-21	Annual total compensation ratio	P75
<b>Strategy, policies and practices</b>		
2-22	Statement on sustainable development strategy	P5
2-23	Policy commitments	P7-8、 P71-72
2-24	Embedding policy commitments	P7-8
2-25	Processes to remediate negative impacts	P12、 P71-72
2-26	Mechanisms for seeking advice and raising concerns	P18-19

No.	Description	Page
2-27	Compliance with laws and regulations	P14、 P17-19、 P71-74、 P81、 P86
<b>Stakeholder engagement</b>		
2-29	Approach to stakeholder engagement	P9
2-30	Collective bargaining agreements	P71-72
<b>GRI 3: Material Topics 2021</b>		
3-1	Process to determine material topics	P10
3-2	List of material topics	P11-12
3-3	Management of material topics	P10-12
<b>GRI 201: Economic Performance 2016</b>		
3-3	Management of material topics	P10-12
201-1	Direct economic value generated and distributed	P3
201-2	Financial implications and other risks and opportunities due to climate change	P23-28
201-3	Defined benefit plan obligations and other retirement plans	P75-77
<b>GRI 203: Indirect Economic Impacts 2016</b>		
3-3	Management of material topics	P10-12

No.	Description	Page
203-1	Infrastructure investments and services supported	P88-89
203-2	Significant indirect economic impacts	P88-89
<b>GRI 205: Anti-corruption 2016</b>		
3-3	Management of material topics	P10-12
205-2	Communication and training about anti-corruption policies and procedures	P17-18
205-3	Confirmed incidents of corruption and actions taken	P17-18
<b>GRI 206: Anti-competitive Behavior 2016</b>		
3-3	Management of material topics	P10-12
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	P18-19
<b>GRI 301: Materials 2016</b>		
3-3	Management of material topics	P10-12
301-1	Materials used by weight or volume	P44、 P91
301-2	Recycled input materials used	P44
301-3	Reclaimed products and their packaging materials	P44、 P91
<b>GRI 302: Energy 2016</b>		
3-3	Management of material topics	P10-12

No.	Description	Page
302-1	Energy consumption within the organisation	P38-39、P91
302-3	Energy intensity	P38、P91
302-4	Reduction of energy consumption	P39-41
302-5	Reductions in energy requirements of products and services	P43-44
<b>GRI 303: Water and Effluents 2018</b>		
3-3	Management of material topics	P10-12
303-1	Interactions with water as a shared resource	P34-35、P41-42
303-2	Management of water discharge-related impacts	P34-35
303-3	Water withdrawal	P42、P91
303-4	Water discharge	P35、P91
303-5	Water consumption	P42、P91
<b>GRI 305: Emissions 2016</b>		
3-3	Management of material topics	P10-12
305-1	Direct (Scope 1) GHG emissions	P29、P94
305-2	Energy indirect (Scope 2) GHG emissions	P29、P94

No.	Description	Page
305-3	Other indirect (Scope 3) GHG emissions	P29、P94
305-4	GHG emissions intensity	P29、P94
305-5	Reduction of GHG emissions	P29
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	P33-34、P90
<b>GRI 306: Waste 2020</b>		
3-3	Management of material topics	P10-12
306-1	Waste generation and significant waste-related impacts	P12
306-2	Management of significant waste-related impacts	P35-36
306-3	Waste generated	P35-36、P90-91
306-4	Waste diverted from disposal	P35-36
306-5	Waste directed to disposal	P35-36
<b>GRI 306: Effluents and Waste 2016</b>		
3-3	Management of material topics	P10-12
306-3	Significant spills	P34-36
<b>GRI 308: Supplier Environmental Assessment 2016</b>		
3-3	Management of material topics	P64-69

No.	Description	Page
308-1	New suppliers that were screened using environmental criteria	P64
308-2	Negative environmental impacts in the supply chain and actions taken	P66-69
<b>GRI 401: Employment 2016</b>		
3-3	Management of material topics	P10-12
401-1	New employee hires and employee turnover	P72-73、P78-79
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	P76
401-3	Parental leave	P72
<b>GRI 403: Occupational Health and Safety 2018</b>		
3-3	Management of material topics	P10-12
403-1	Occupational health and safety management system	P82
403-2	Hazard identification, risk assessment, and incident investigation	P82-86
403-3	Occupational health services	P83、P86
403-4	Worker participation, consultation, and communication on occupational health and safety	P81
403-5	Worker training on occupational health and safety	P84-85
403-6	Promotion of worker health	P86
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P82-84
403-8	Workers covered by an occupational health and safety management system	P81-82

No.	Description	Page
403-9	Work-related injuries	P85-86
403-10	Work-related ill health	P86
<b>GRI 404: Training and Education 2016</b>		
3-3	Management of material topics	P10-12
404-1	Average hours of training per year per employee	P80
404-2	Programs for upgrading employee skills and transition assistance programs	P80-81
<b>GRI 405: Diversity and Equal Opportunity 2016</b>		
3-3	Management of material topics	P10-12
405-1	Diversity of governance bodies and employees	P72-73
405-2	Ratio of basic salary and remuneration of women to men	P70
<b>GRI 406: Non-discrimination 2016</b>		
3-3	Management of material topic	P10-12
406-1	Incidents of discrimination and corrective actions taken	P72
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>		
3-3	Management of material topics	P10-12
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	P72

No.	Description	Page
<b>GRI 408: Child Labor 2016</b>		
3-3	Management of material topics	P10-12
408-1	Operations and suppliers at significant risk for incidents of child labor	P71
<b>GRI 409: Forced or Compulsory Labor 2016</b>		
3-3	Management of material topics	P10-12
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	P71
<b>GRI 414: Supplier Social Assessment 2016</b>		
3-3	Management of material topics	P10-12
414-1	New suppliers that were screened using social criteria	P64
414-2	Negative social impacts in the supply chain and actions taken	P66-69
<b>GRI 416: Customer Health and Safety 2016</b>		
3-3	Management of material topics	P10-12
416-1	Assessment of the health and safety impacts of product and service categories	P57-62
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	P62, P94
<b>GRI 418: Customer Privacy 2016</b>		
3-3	Management of material topics	P10-12
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	P23, P94

## Climate Risk Glossary

Risk Type	Risk Name	Assessment Indicators and Definitions
Acute physical risks	Tropical Cyclone	Cyclone Frequency: The annual probability of a specific location being impacted by a tropical cyclone
	Extreme Precipitation	Heavy Rainfall Intensity: The probability that precipitation exceeds the heavy rainfall hazard threshold within a specific timeframe at a given location
	Extreme Heat	Heatwave Intensity: The frequency and duration of events where summer temperatures exceed the historical climatological norm in a specific location
Chronic physical risks	Riverine Flooding	Flood Inundation Depth: The depth of inundation from river flooding at a specific location during a given period
	Wind Speed Trends	Daily Mean Wind Speed: Refers to the adverse impacts on business operations caused by changes in wind speed. Excessive wind speeds can restrict outdoor activities and production, such as transportation and wind power generation
	Low Temperature / Icing Risk	Cold Surge / Icing Days: The number of days with low temperatures or icing/glaze accretion within a specific period at a given location
	Warming Trends	Warming Days: The number of days within a specific period where temperatures are consistently higher than the historical baseline for the same period

## Feedback from Readers

**If you wish, please leave your information so that we can respond to your comments and suggestions in a timely manner:**

Name: \_\_\_\_\_ Company: \_\_\_\_\_

TEL: \_\_\_\_\_ Email: \_\_\_\_\_

**You can return this form by email to the following contact:**

Email: [esg@ngcgears.com](mailto:esg@ngcgears.com)

Dear readers:

Thank you for reading this Report. To effectively advance the management and practice of environmental, social, and governance at China High Speed Transmission, we highly value and look forward to hearing your valuable opinions and suggestions.

Please select your stakeholder category:

- Government and regulatory bodies
- Shareholders and investors
- Customers
- Employees and the trade union
- Suppliers/Partners
- The general public and the neighborhood
- Media and Non-governmental Organisations (NGOs)
- Industry Associations/Chamber Organisations
- Other (\_\_\_\_\_)

1.What is your overall assessment of the Group's ESG Report?

- Very good                       Good                       Normal                       Poor

2.What do you think about the authenticity, accuracy and effectiveness of information and data disclosure in this Report?

- Very good                       Good                       Normal                       Poor

3.How do you think this Report reflects the Group's significant environmental, social and governance impacts?

- Very good                       Good                       Normal                       Poor

4.What do you think of the Group's performance in stakeholder communication?

- Very good                       Good                       Normal                       Poor

5.Do you think the language description, content layout and layout of this Report are easy to read?

- Yes                       No

6.What are your comments and suggestions on the Group's implementation of sustainability management work?

---



---