



2023

Environmental, Social and Governance Report

Shandong Taihe Technologies Co., Ltd.

Stock Code:300801



Shandong Taihe Technologies Co., Ltd.

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About This Report

This Report is the second Environmental, Social and Governance (ESG) Report released by Shandong Taihe Technologies Co., Ltd., which aims to provide our stakeholders with comprehensive information on the Company's ESG practices and related performance.

Report Scope

This Report focuses on Shandong Taihe Technologies Co., Ltd. and covers its subsidiaries. This Report covers the period from 1 January 2023 to 31 December 2023 (the "Reporting Period"), and is annually released, with some information exceeding the above time frame.

Appellation Description

For the convenience of expression and reading, Shandong Taihe Technologies Co., Ltd. is also expressed as "Taihe Technologies", "the Company", or "we" in this Report.

Reference Standard

This Report is prepared in accordance with the *Basic Framework of the Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-ESG 5.0)* issued by the Chinese Academy of Social Sciences, in conjunction with the disclosure requirements of the *Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 2 - Standardised Operation of Listed Companies on the Growth Enterprise Market*, and with reference to the *GRI Standards*.

Data Description

The financial data in this Report are derived from the 2023 Financial Report audited by a third party, and other data are sourced from the Company's internal statistical reports or documents. In case of any discrepancy in the financial data, please refer to the 2023 financial report. The monetary amounts involved in this Report are measured in RMB.

Report Access

This Report is published in both Chinese and English, which can be viewed and downloaded on our official website (<http://www.thwater.com>), Shenzhen Stock Exchange website (<http://www.szse.cn>) or Juchao Information Network (<http://www.cninfo.com.cn>). In case of any inconsistency between the English and Chinese versions, the Chinese version shall prevail.

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Chairman's Statement

In 2023, we confronted with unprecedented challenges and uncertainties. In the face of the complex and ever-changing international economic environment and under the pressure of the post-pandemic economic recovery, Taihe Technologies never forgets our original aspiration and forges ahead against all the odds. Through continuous investment in product research and development (R&D) and process innovation, we prioritise advanced technologies and processes to achieve excellence in our core business, with the aim of becoming an industry leader in professional water treatment chemicals.

In 2023, the Company's operating performance saw a solid growth. Total product sales exceeded 715,600 tonnes, including 278,200 tons of water treatment chemicals and 437,900 tons of chlor-alkali (excluding hydrochloric acid), achieving a year-on-year increase of 28.41%. Operating income reached RMB 2.206 billion. In 2023, while strengthening the core business, we are keen on seeking new product applications and investing in the new energy sector, in response to China's "carbon peaking and carbon neutrality" strategy and the action plan for building a beautiful China. Meanwhile, we continue to promote ESG practices internally and operate in a green and low-carbon manner. In addition, we fulfill our social responsibility to realise the high-quality and sustainable development of the Company.

Drive Technological Innovation and Develop Green Products

We think highly of technological innovation, and increase investment in R&D to constantly enhance our competitiveness. We continue to conduct product R&D and process innovation, actively developing green products that are degradable and easily degradable, and produce a series of innovations with core independent intellectual property rights. As of 2023, we had 110 valid authorised invention patents and 71 utility model patents, among which, 27 achievements had reached the international advanced level, and 12 had reached the domestic leading level. With tremendous technological strength and high-quality products, in 2023, we won 7 provincial technological innovation awards and 6 quality improvement awards. These awards indicate that our products and innovation capabilities are widely recognised by the industry and customers.

Ensure Intrinsic Safety and Achieve Safe Production

Adhering to the production policy of "Full Participation, Legal Operation, Scientific Management, and Ensuring Safety", we fully integrate safety concepts into all aspects of production and operation. We have established and improved a safety production management framework, clarifying safety responsibilities at all levels from top to bottom. We continue to increase investment in safety production, including R&D in automation and intelligence, to constantly improve safety production technology. We have independently created an internationally advanced continuous production process for water treatment agents, breaking through the limitations of traditional single pot intermittent production methods in the industry. We have combined automation control systems such as PLC and DCS, multiple sets of intelligent production devices, and achieved one key start and stop. The main production workshop has basically achieved unmanned and few people on site. We have designed intrinsic safety designs such as process chain, safety alarm, safety chain (SIS), pressure relief system and emergency parking systems (ESD) for abnormal scenarios, achieving international advanced levels. At the same time, we insist on providing a good safety atmosphere for our employees, developing safety training and emergency drill plans every year, and conducting safety education and emergency drills irregularly to maximize the safety and health of the factory and personnel.

Practice Green and Low-carbon Strategy and Safeguard our Beautiful Home

We attach great importance to the potential impact of our production and operations on the environment. Focusing on China's "carbon peaking and carbon neutrality" goals, we integrate the philosophy of green development into every aspect of our production and operations. By optimising energy structure, increasing photovoltaic power generation, improving production technology and applying steam residual pressure power generation, we further enhance energy efficiency and promote energy conservation and emission reduction. In 2023, we achieved our environmental objectives of "zero discharge of waste water, standard discharge of exhaust gas and zero environmental pollution incidents", and obtained the ISO 50001 Energy Management System Certification and have realized the cascade utilisation of energy through the HEDP(1-Hydroxy Ethylene-1,1-Diphosphonic Acid) raw material structure adjustment project (160,000 tons/year Phosphorus Trichloride project).

Strengthen Cooperation and Exchange and Share Industry Opportunities

We always adhere to honesty, open cooperation, carry out mutually beneficial and win-win cooperative relations with all parties actively, to promote the development of the industry. We continue to regulate supplier management, promoting ESG concept among suppliers. We strengthen the environmental and social responsibility requirements for suppliers in all aspects of supplier access, regular audit and evaluation aiming to build a safe, stable and responsible supply chain. We actively promote the Industry-University-Research institute collaboration with universities. By jointly incubating innovative projects, we build a development platform for chemical students, thus cultivating talents for the industry. Meanwhile, we participated in a wide range of industry exchanges, engaged in the formulation of industry standards and fully shared industry experience.

Adhere to People-Oriented Principles and Build a Harmonious Society

Taking the human needs and well-being as the top priority, we care about our employees' development and undertake an active role in shouldering social responsibilities. We adhere to a diverse and equal employment, fully protect the employees' legitimate rights and interests, care for our employees' lives and strive to create a harmonious, positive, friendly and united working environment. Employee development and growth is another focus of our attention. We encourage our employees to obtain professional title certificate and upgrade their academic qualifications, and provide tuition support or incentives for employees who have obtained qualifications. While developing ourselves, we never forget to contribute to society and were awarded "Zaozhuang Charity Outstanding Contribution (Enterprise Award)". In 2023, we continued to carry out community voluntary fire protection work and donated to public welfare undertakings including drought relief, educational development and etc., thereby fulfilling corporate social responsibility and commitment with practical actions.

In the face of fierce market competition, Taihe Technologies focuses on our core business for more than ten years, and has grown into one of global leading professional water treatment chemicals manufacturers. In the future, while unswervingly strengthening the core business of water treatment chemicals, we will further extend industry chains and expand product applications to lead technological progress in the industry. We will also practice the green and low-carbon development strategy and contribute our strength to building a beautiful China.

Cheng Zhongfa

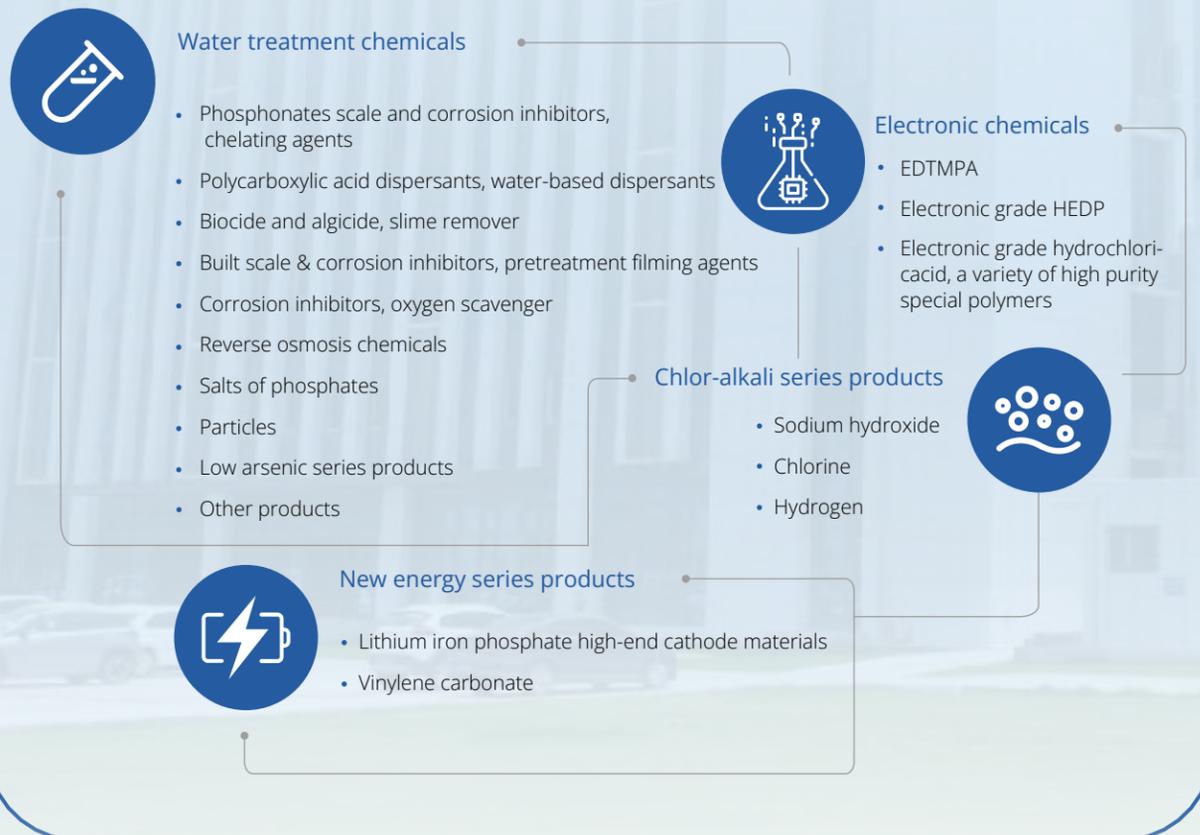
Chairman of Shandong Taihe Technologies Co., Ltd.

About Taihe Technologies

Company Introduction

Founded in 2006, Shandong Taihe Technologies Co., Ltd. is one of the world-leading water treatment chemicals manufactures. Since establishment, we commit to the R&D of water treatment chemicals and the innovation of production processes, play to the leading role of science and technology and driving force of innovation, and promote the extension and expansion of the industrial chain. In addition, we have developed a number of continuous, large-scale and intelligent manufacturing technologies of water treatment chemicals and related fine chemicals with independent intellectual property rights. On 28 November 2019, Taihe Technologies was successfully listed on the Growth Enterprise Market of the Shenzhen Stock Exchange with stock code: 300801. While deeply cultivating the core business, we constantly broaden our development space, and focus on the layout of chlor-alkali and new energy industry, in an effort to create new profit growth points for the Company. Now our core business covers water treatment chemicals, chlor-alkali, new energy, electronic chemicals, and the industrial matrix is constantly enriched. In the future, we will further increase R&D investment in green products and green manufacturing processes, and contribute our own strength to creating a sustainable society.

Major Business Segments and Main products of Taihe Technologies (including under construction)



Financial indicators for 2023



Total assets RMB **3.118** billion, up **7.22%** year-on-year

Operating income RMB **2.206** billion

Net profit attributable to the parent company RMB **0.142** billion



Awards and Honours

No.	Level	Awards	Certification Authorities
1	National Level	National Champion of Single Project Manufacturing	National Ministry of Industry and Information Technology
2	National Level	National Intellectual Property Advantage Enterprises	National Intellectual Property Administration
3	National Level	National Enterprise Standard "Forerunner"	State Administration for Market Regulation
4	Provincial and Ministerial Level	Benchmark Enterprise for Intelligent Transformation of Chemical Industry in Shandong Province	Department of Industry and Information Technology of Shandong Province
5	Provincial and Ministerial Level	Intelligent Manufacturing Benchmark Enterprise in Shandong Province	Department of Industry and Information Technology of Shandong Province
6	Provincial and Ministerial Level	Smart Factory in Shandong Province	Department of Industry and Information Technology of Shandong Province
7	Provincial and Ministerial Level	Shandong Provincial Industrial Internet Platform	Department of Industry and Information Technology of Shandong Province
8	Provincial and Ministerial Level	Green Factory in Shandong Province	Department of Industry and Information Technology of Shandong Province
9	Provincial and Ministerial Level	Advanced Unit for Clean Production in Shandong Province	Department of Ecology and Environment of Shandong Province
10	Provincial and Ministerial Level	Technological Innovation Demonstration Enterprise in Shandong Province	Department of Industry and Information Technology of Shandong Province
11	Provincial and Ministerial Level	Leading Cultivation Enterprise for Manufacturing Industry in Shandong Province	Department of Industry and Information Technology of Shandong Province
12	Provincial and Ministerial Level	Quality Benchmark Enterprise in Shandong Province	Department of Industry and Information Technology of Shandong Province



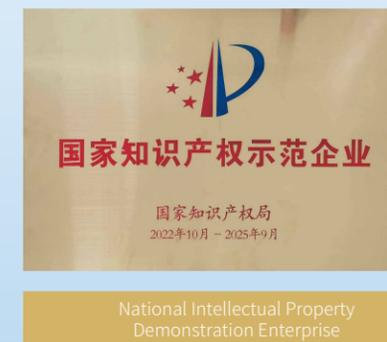
National Champion of Single Project Manufacturing



National Enterprise Technology Centre
 Shandong Taihe Water Treatment Technology Co., Ltd.
 博士后科研工作站
 POSTDOCTORAL PROGRAMME
 人力资源和社会保障部 颁发
 全国博士后管委会
 山东省人力资源和社会保障厅 监制
 二〇二〇年十一月
 Postdoctoral Scientific Research Workstation



National Enterprise Standard "Forerunner"



National Intellectual Property Demonstration Enterprise



Top 100 Innovative Private Enterprises in Shandong Province

ESG Governance

Taihe Technologies attaches great importance to the effectiveness and completeness of ESG governance, actively integrates the concept of ESG into every aspect of enterprise operation, and builds the ESG management method with the characteristics of the Company. We value the expectations and feedback of stakeholders, and continuously communicate with internal and external stakeholders to promote high quality and sustainable development of the Company.

ESG Philosophy

We believe that creating long-term value depends on the sustainable development of our business. Taihe Technologies always adheres to the principle of business for the good, focuses on the impact of "product", "environment" and "people", actively carries out ESG practice, and creates long-term value with all stakeholders.



ESG Management Structure

To effectively carry out ESG work, Taihe Technologies, based on its original corporate governance structure and strategic development needs, has established a hierarchical ESG management structure with clear responsibilities to implement ESG-related work from top to bottom.



With excellent ESG management, Taihe Technologies has been awarded the SA 8000:2014 Social Responsibility System Certification. In 2023, we got Wind ESG Rating - Level A and won the "2023 Best ESG Practice Award for Listed Companies".



Materiality Assessment

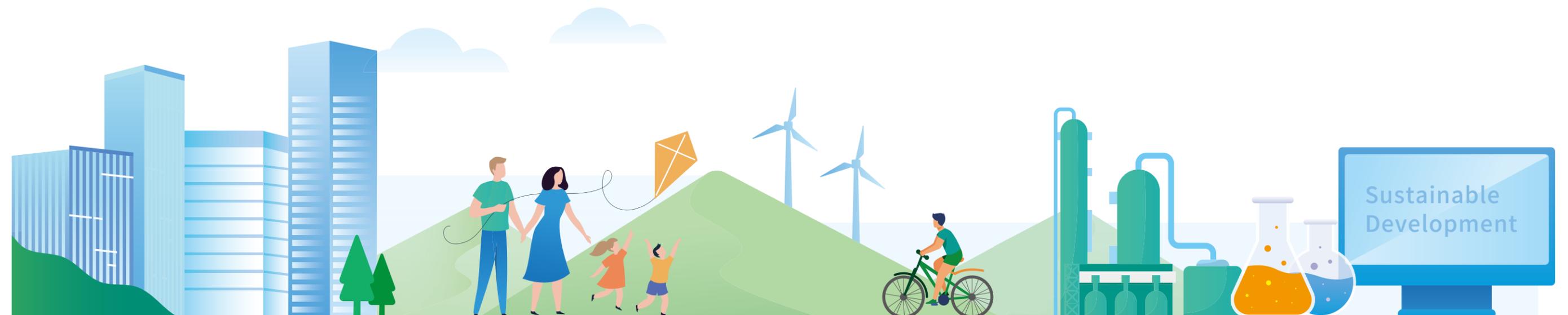
Taihe Technologies has identified and selected 19 material ESG issues based on its own reality and industry characteristics, considering internal and external stakeholders' concerns and expectations.



Communication with Stakeholders

We are fully aware that our long-term growth cannot be achieved without contributions and advice from all stakeholders. We have established stakeholder communication mechanisms, building diverse communication channels to fully understand and listen to their demands and expectations. Key stakeholders identified during the Reporting Period included government and regulatory agencies, shareholders and investors, customers, employees, suppliers, communities and the public, and industry associations.

Stakeholders	Government and regulatory agencies	Shareholders and investors	Customers	Employees	Suppliers	Communities and the public	Industry associations
Concerned Topics	<ul style="list-style-type: none"> Compliant operation Risk management Environmental management system Product safety and quality 	<ul style="list-style-type: none"> Return on investment Information disclosure Corporate governance Compliant operation 	<ul style="list-style-type: none"> Product safety and quality Customer service Compliance marketing Information security 	<ul style="list-style-type: none"> Talent development Pay and benefits Diversity and equality Occupational health and safety 	<ul style="list-style-type: none"> Product safety and quality Responsible supply chain 	<ul style="list-style-type: none"> Community contribution Product safety and quality 	<ul style="list-style-type: none"> Energy management Green product
Communication Channels	<ul style="list-style-type: none"> Institutional investigation Policy implementation Information disclosure 	<ul style="list-style-type: none"> Telephone and email inquiries Performance presentation Information disclosure General meeting of shareholders Investor research 	<ul style="list-style-type: none"> Customer survey Technical seminar Customer service hotline Customer satisfaction survey 	<ul style="list-style-type: none"> Employee training Employee activity Team construction Workers' congress 	<ul style="list-style-type: none"> Supplier access and audit Supplier exchange and training 	<ul style="list-style-type: none"> Volunteer service Community activity 	<ul style="list-style-type: none"> Industry conference Standard formulation



Improve Corporate Governance

Excellent corporate governance plays a major role in a company for the sustainable development of enterprises. Taihe Technologies always adheres to the principles of integrity and compliance and strictly abides by the code of business ethics during operations, actively build an enterprise operation system that complies with laws, regulations and business ethics to enhance the core competitiveness. In the long-term corporate governance practice, Taihe Technologies constantly improves the governance system and the management level to ensure the effective operation of internal control, and promote the sustainable development of the Company.

Key Performance



General meeting of shareholders

4 times

Meeting of the Board of Directors

10 times

Meeting of Board of Supervisors

9 times



Internal audits

4 times



The proportion of female directors

20%

The proportion of female supervisors

66.67%

the proportion of female senior executives

57.14%

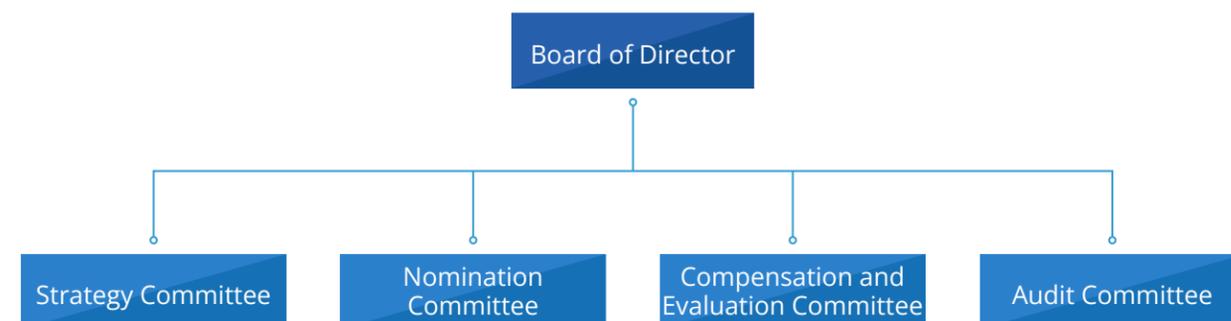


Diversified Governance

Taihe Technologies strictly abides by the requirements of relevant laws and regulations such as the *People's Republic of China, the Securities Law of the People's Republic of China, the Governance Guidelines for Listed Companies, the GEM Listing Rules of Shenzhen Stock Exchange*, standardises the operation of the Company, and continuously improves the governance structure. We have formed a management system dominated by the Board of Directors, the Board of Supervisors and the senior management. We fully consider the importance of diversity to the development of the Company and value the views of members with different backgrounds. We take into account the diversity of the members of the Board of Directors, the Board of Supervisors and the senior management to ensure the soundness of governance decisions.

Board Construction

In order to ensure the effective supervision of the Company by the Board of Directors over the Company, we hold Board meetings in strict accordance with the provisions and requirements of the *Articles of Association, the Rules of Procedure of the Board of Directors* and the *Rules of Procedure of the Special Committees of the Board of Directors*, and standardise the convening methods, procedures, voting methods and resolution contents. The Company continues to improve its corporate governance structure and enhance its internal management and control system. The Strategy Committee, the Nomination Committee, the Compensation and Evaluation Committee and the Audit Committee, composed of experienced Board directors, are all responsible to the Board of Directors to strengthen the scientific decision-making.



Construction of Board of Supervisors

In accordance with the provisions and requirements of the *Articles of Association, the Rules of Procedure of the Supervisory Board* and other relevant laws and regulations, the Board of Supervisors conscientiously performs its duties and operates in a standard manner in terms of convening methods, procedures, voting methods and resolution content, so as to effectively protect the rights and interests of the Company and shareholders. As of 31 December 2023, the Company had 3 supervisory members (including 1 employee representative supervisor), among which female supervisors accounted for 66.67%

Shareholder Management

The Company strictly obeys by the *Articles of Association, the Rules of Procedure of the General Meeting of Shareholders* and other relevant provisions and requirements, treats all shareholders equally, and ensures that all shareholders, especially minority shareholders, enjoy equal status and fully exercise their rights. In 2023, we held 4 general meetings of Shareholders.



Compliance and Risk Management

Taihe Technologies adheres to the bottom line of compliance operation, strictly abides by relevant national laws and regulations, and keeps improving the legal compliance system and to make sure a stable and sustainable operation that is in line with the laws and regulations. In accordance with the requirements of relevant laws and regulations such as *the Audit Law of the People's Republic of China*, *the Regulations of the National Audit Office on Internal Audit Work*, and other relevant laws and regulations, we formulate and continuously improve the "Internal Audit System" to strengthen the internal control of the enterprise, ensure the legality and compliance of operation and management, and promote Self-improvement and development of the Company. Each year, the Internal Audit Department performs quarterly audits in accordance with the annual audit plan and reports to the Audit Committee. For documents and contracts that require sealing, a review process has been established in the form of collective review by the business department, legal department, leaders in charge and the general manager to ensure the standardization and process of contract sealing. In 2023, Taihe Technologies had no non-compliance incident.

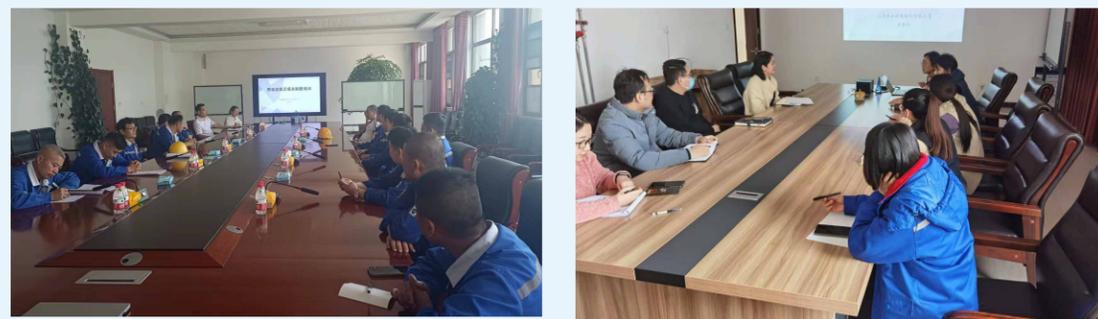
Taihe Technologies attaches great importance to the impact of future uncertainty on the company's business objectives and sustainable development, and has formed three lines of defense for risk management to reduce the risks that companies may encounter in achieving operations.

Risk management process



Focusing on fostering a compliance culture, we raise our employees' legal and risk prevention awareness via various training specific to legal compliance annually. In 2023, a total of 3 legal compliance training sessions were provided by the Legal Department.

Legal training



Business Ethics

Taihe Technologies abides by business ethics, and strictly follows the *Anti-Unfair Competition Law of the People's Republic of China*, the *Anti-Monopoly Law of the People's Republic of China* and other regulations and relevant code of business conduct. We have formulated and keep improving systems, including the Employee redline management system, the Business Ethics and Regulations System and the Sales Personnel Code of Conduct to regulate employees' behaviours in terms of integrity and business ethics and eliminate any form of unfair competition, corruption and bribery, strive to create a culture of honesty and integrity within the Company. Suppliers and customers are required to sign the *Integrity Agreement* and comply with relevant requirements to prevent unfair competition and corruption. In order to standardise business behaviour, we issued a *Letter to Suppliers* to all suppliers during the Spring Festival, the Mid-Autumn Festival and other major holidays, advocating simple, transparent and sunny business relationships, to jointly establish a healthy and fair business order. The Company advocates fair trade and prohibits employees from engaging in unfair competition when conducting external business or activities. At the same time, we implement a strict confidentiality policy, formulate the *Trade Secret Protection System*, and take various measures to implement the management of trade secrets to prevent illegal theft, use and leakage of trade secrets.



A Letter to Suppliers

We encourage employees to report non-compliance or business ethics through suggestion boxes, trade unions, wechat, corporate wechat, telephone or in writing. After receiving the report, the General Manager shall authorize the deputy General Manager of the department to investigate and implement the reported incident. If the matter involves the deputy general manager, it will be investigated and verified by the General Manager or another designated person designated by him. After receiving a report, we will keep the information of the informant strictly confidential, and it is strictly forbidden to give the personal information of the informant and the handling of the report to the informant or other personnel unrelated to the handling of the report.

We attach great importance to strengthening the anti-corruption awareness and concept of all employees. We regularly organise anti-corruption training to communicate the requirements of business ethics and anti-corruption and advocate for a corporate culture of honesty and integrity. In order to further strengthen the management's awareness of integrity and self-discipline, we require directors, supervisors and senior management to regularly participate in relevant training organised by the China Association of Listed Companies, to establish a clean and honest management atmosphere.

Information Transparency

In order to ensure that all shareholders, especially minority shareholders, have equal access to major issues of the Company, Taihe Technologies strictly performs the information disclosure obligations of the listed company, and has formulated the *Information Disclosure Management System*, which sets forth the basic principles of information disclosure principles, content, standards and review procedures. We communicate with investors via the Shenzhen Stock Exchange's *irm.cninfo.com.cn* portal, telephone, email and general meeting of shareholders, etc., to enhance the transparency of operation and management brightness, and actively respond to shareholders' demands. During the Reporting Period, the Company did not have incidents that were penalised under information disclosure regulations. In 2023, Taihe Technologies released a total of 141 announcements.

We pay attention to the quality of information disclosure, actively carry out interactive communication with investors, fully guide investors to establish correct investment concepts, and better protect the legitimate rights and interests of investors. In order to strengthen the effective communication between the Company and investors and standardise the management of the Company's investor relations, we have formulated the Reply Process on the *Shenzhen Stock Exchange's irm.cninfo.com.cn portal* and follow the principles of openness, fairness and justice to ensure that the content of the reply on the *irm.cninfo.com.cn portal* is objective, true, accurate and complete. In 2023, we replied to a total of 129 pieces of contents on the *irm.cninfo.com.cn portal*, the response rate of the performance briefing was 100% and we received 4 surveys from institutions.



[irm.cninfo.com.cn portal:](http://irm.cninfo.com.cn)

replied **129** pieces of contents

response rate **100%**

received surveys from institutions **4** times

Produce Reliable Products

With the goal of value co-creation, Taihe Technologies always gives full play to the leading role of science and technology and driving force of innovation. We continuously develop green products and green intelligent manufacturing processes, and safeguard the rights and interests of customers with high-quality products, promoting China's ecological civilisation and contributing to creating a better environment.

Key Performance

 **110** valid authorised invention patents
71 utility model patents

 R&D expenses of RMB **67.655** million,
accounting for **3.07%** of operating revenue

 Customer complaint response rate reached
100%

 Customer satisfaction score reached
95.88



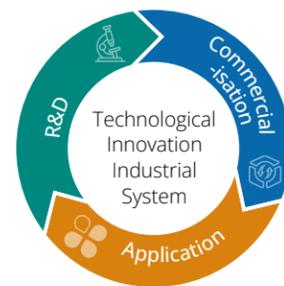
Technological Innovation

As a technology-based company in the fine chemical industry, Taihe Technologies always regards technological innovation as the main driving force of enterprise development. We have formed a high-level R&D team composed of experienced members. We continue to invest in technology R&D and improve our technical strengths via in-house R&D efforts. Furthermore, we integrate our technology and process strengths accumulated in the water treatment chemicals sector into new products and new areas on a sustained basis, promoting the continuous upgrading and transformation of the Company's products and technologies.



Innovation System

We have built a technological innovation industrial system integrating "R&D, commercialisation and application". Moreover, we build technology platforms to stimulate innovation potential and lead industrial development.

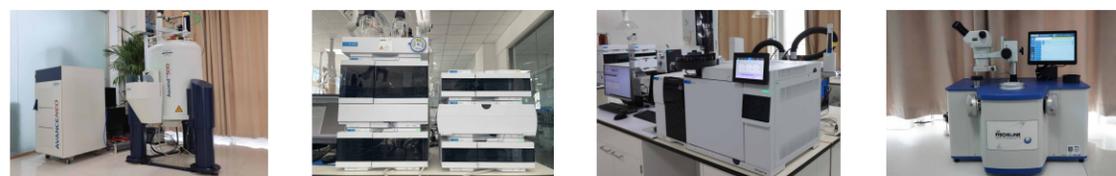


• R&D Platform Construction

Taihe Technologies has 2 national innovation platforms, namely the National Enterprise Technology Center and the National Postdoctoral Research Workstation, and 6 provincial innovation platforms, including Shandong Engineering Laboratory and Shandong Industrial Enterprise "One Enterprise, One Technology" R&D centre. Besides, Taihe Technologies has been awarded the titles such as Manufacturing Individual Champion Demonstration Enterprise issued by the Ministry of Industry and Information Technology of the People's Republic of China, National Intellectual Property Demonstration Enterprise, National Enterprise Standard Forerunner, China's Top 100 Fine Chemical Enterprises, Leading Scientific and Technological Enterprises in Shandong Province, Intelligent Manufacturing Benchmarking Enterprise in Shandong Province, Top 10 Industrial Cluster Leading Enterprises in Shandong Province, and Technological Innovation Demonstration Enterprise in Shandong Province.

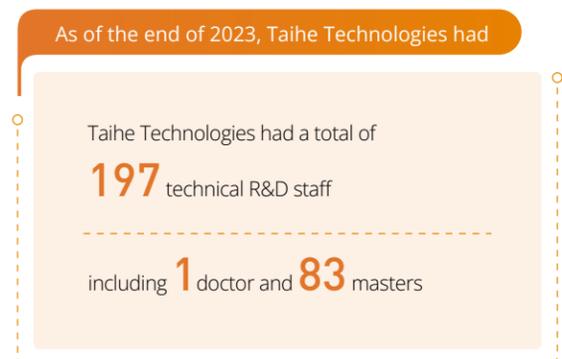
To facilitate the innovation of technical process and the development of new products, we equip ourselves with advanced experimental, analytical and testing instruments and equipments, which are the foundation for product R&D and quality control. The main experimental, analytical and testing instruments and equipments include: two superconducting NMR spectrometers (one is 500 MHz and the other is 400 MHz); three mass spectrometers that include a two-dimensional liquid quadrupole time-of-flight mass spectrometer, a two-dimensional liquid triple quadrupole mass spectrometer and a gas chromatography quadrupole mass spectrometer; one ion chromatograph; three ultra-high performance liquid chromatographs, five high-performance liquid chromatographs, one preparative liquid chromatograph, two gel chromatographs and more than ten gas chromatographs; two integrated thermal analysers (one integrated thermal analyser and co-working with one GC-MS); one differential scanning calorimeter; three ICPs, including one inductively coupled plasma mass spectrometer (ICP-MS), one inductively coupled plasma emission spectrometer, and one high-resolution full-spectrum inductively coupled plasma spectrometer; one field emission scanning electron microscope; one ion beam cutting and polishing instrument; one Raman microscope; one hand-held Raman spectrometers; one on-line Raman spectrometer; one transform infrared spectrometer; one near-infrared analyser; one fluorescence spectrophotometer; one fully-automated polarimeter; two polycrystalline X-ray diffractometer; one total organic carbon analyser; two high-frequency infrared carbon and sulphur analyser; two specific surface area and pore size analyser; one powder resistivity & compaction density analyser; and two laser particle size analysers.

Advanced experimental, analytical and testing equipments



• R&D Team Building

Knowing the importance of R&D, we constantly attract and cultivate high-level R&D talents, and have established a team with rich experience in scientific research. We encourage R&D staff in innovation and research with incentive mechanisms. As of the end of the Reporting Period, Taihe Technologies had a total of 197 technical R&D staff, including 1 doctor and 83 masters. To keep enhancing our competence in core technologies, we are actively engaged in new product R&D and the process design of new technologies through approaches such as independent R&D, transformation of technological achievements and cooperation among industries, universities and research institutes. In addition, we have given full play to the role of talent aggregation in Taihe Technologies's National Enterprise Technology Center and Shandong Expert Service Base, and have introduced Professor Gao Canzhu, a Taishan industry leading talent, to carry out technological cooperation.



Innovation Achievements

In over 10 years of development, the Company always puts technological innovation at the core and constantly improves technical strengths by continuously increasing investments in R&D. Leveraging constant product R&D and process innovation, we have produced a series of innovations with core independent intellectual property rights. As of the end of 2023, 27 achievements had reached the international advanced level, 12 had reached the domestic leading level, and 6 had reached the domestic advanced level, among which 10 achievements filled the gap in China.

• Technological Achievements

Taihe Technologies is devoted to the independent R&D of green products as well as green intelligent production technologies. With the accumulation of production experience and technologies, the production process and product quality have been gradually improved, product variety has been continuously enriched and environmental performance has been continuously enhanced. In 2023, we have achieved fruitful technological innovations with our advanced R&D capabilities. 3 major technological innovations have been evaluated by industry experts and reached international advanced levels. A number of innovations won the scientific and technological innovation awards issued by Shandong Society of Chemistry and Chemical Engineering, Shandong Intellectual Property Service Industry Association, Shandong Enterprise Technology Innovation Promotion Association, Shandong Light Industry Collective Enterprise Association and other industrial associations and our products are widely recognised and praised by the market and users.

Scientific and Technological Innovation Awards in 2023

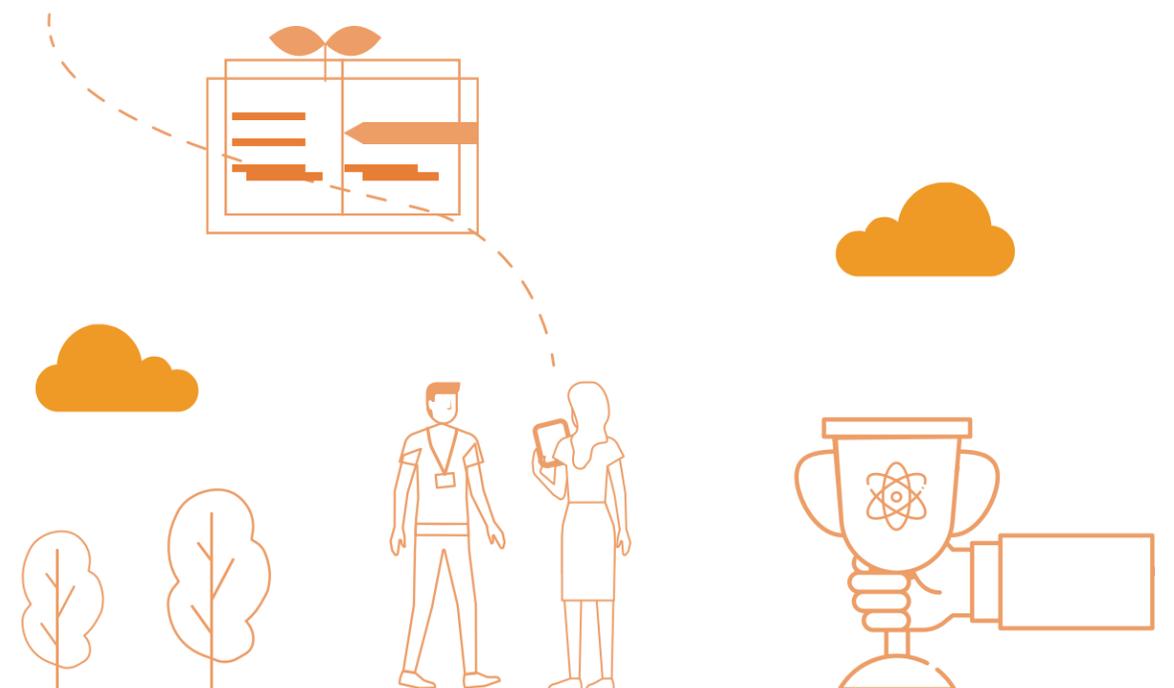
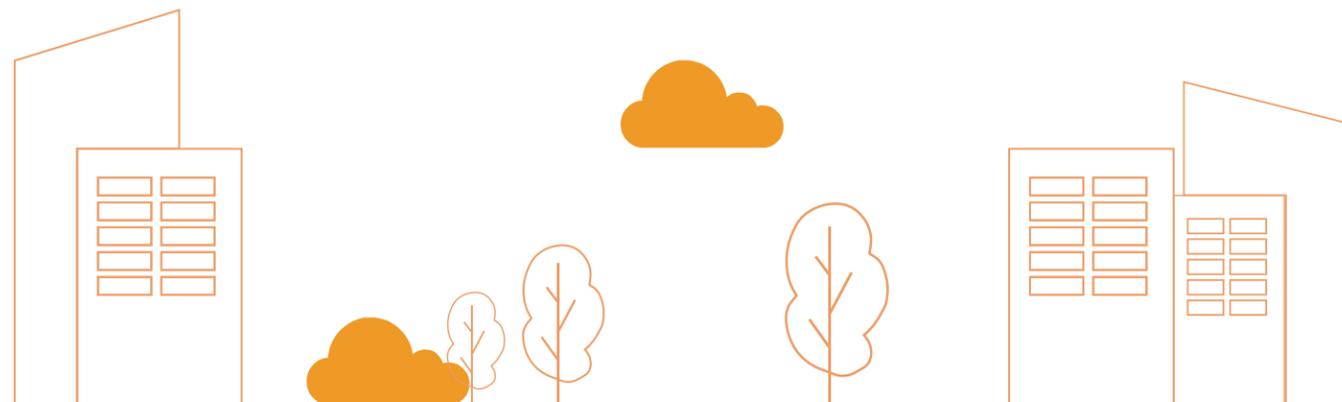
Project	Award	Issued by
The development and application demonstration of the greentelligent production technologies used in narrowly distributed and low molecular weight water soluble polymers	Science and Technology Award of Shandong Society of Chemistry and Chemical Engineering - Second Prize	Shandong Society of Chemistry and Chemical Engineering
Key technology and application of greentelligent production of sodium of polyepoxysuccinic acid	Shandong Intellectual Property Science and Technology Award - Second Prize	Shandong Intellectual Property Service Industry Association
Application demonstration of natural amino acid synthesized and high-performance water treatment chemicals	2023 Outstanding Achievement in Technological Innovation of Shandong Enterprises - Second Prize	Shandong Enterprise Technology Innovation Promotion Association
Key technology and application of greentelligent production of sodium of polyepoxysuccinic acid	2023 Outstanding Achievement in Technological Innovation of Shandong Enterprises - Third Prize	
Key technology and application demonstration of greentelligent production of hydrolysed polymaleic anhydride	2023 Outstanding Achievement in Technological Innovation of Shandong Enterprises - Third Prize	
The development and application of key technologies used in the production of narrowly distributed and low molecular weight water soluble polymers	2023 Outstanding Achievement in Technological Innovation of Shandong Enterprises - Recognition Award	
The development of key technologies used in the production of electronic polycarboxylic acid dispersant	2023 Excellent Innovations of Shandong Enterprise Innovation Achievements Promotion List - First Prize	Shandong Light Industry Collective Enterprise Association, Shandong Association of Small and Medium-sized Enterprises and Shandong SME Management Consulting Association

• Intellectual Property Protection

As a national intellectual property demonstration enterprise, Taihe Technologies attaches great importance to the protection of intellectual property. In strict accordance with laws and regulations of regions where we operate, we continuously improve the management system of intellectual property protection and facilitate the compliance management of intellectual property. In 2023, we became a pilot enterprise for the compliance construction of intellectual property in Zaozhuang city.

As of the end of 2023, Taihe Technologies had

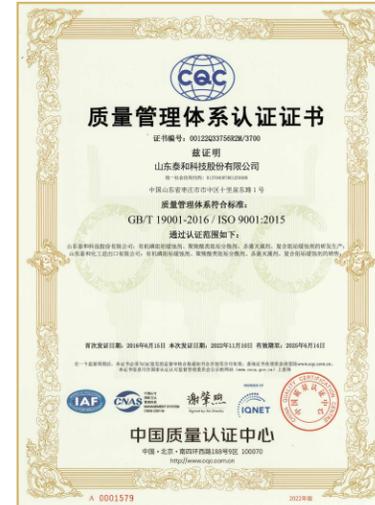
-  **110** valid authorised invention patents
- 71** utility model patents
- 5** new software copyrights



Product Quality

Focusing on quality management is our important long-term principle and good product quality has become one of our competitive strengths. Taihe Technologies has rich product lines, which can fully meet the diverse needs of large customers. In addition, we have established a complete set of quality management and control systems that cover the entire process of procurement, production and sales. We also have passed the GB/T 19001-2016/ISO 9001:2015 quality management system certification.

With strict quality control, Taihe Technologies has established the industrial brand influence of the Company's products and won such honorary titles as Shandong Provincial Integrity Construction Demonstration Enterprise, Shandong Manufacturing High-end Brand Cultivation Enterprise, Shandong Famous Brand, Shandong High Quality Brand, Shandong Outstanding Quality Improvement and Zaozhuang Mayor Quality Award. In 2023, with a sound quality improvement process and product quality control, we were awarded various quality improvement awards issued by Quality Evaluation Association of Shandong Province.



GB/T 19001-2016/ISO 9001:2015
Quality management system certification

Quality control approaches



Purchase of raw materials

- Strictly control the quality of raw materials



Production

- Strictly implement process standards in mass production
- Adopt continuous, automated and intelligent production technology to improve product quality and stability



Customer services

- Closely track product use
- Get timely feedback on product quality

The outstanding quality improvement projects of Shandong Province obtained by Taihe Technologies in 2023 are as follows:

Green process and intelligent upgrade of sodium of polyepoxysuccinic acid

The study and application demonstration of polycarboxylic acid dispersant for aqueous coatings

The development and application of key technologies used for the efficient energy saving and consumption reduction of dibutyl maleate



Greentelligent production of hydrolysed polymaleic anhydride

The application of natural amino acid synthesized and high-performance water treatment chemicals

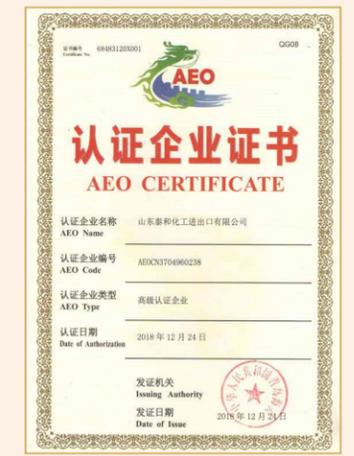
Technological improvement in narrowly distributed and low molecular weight water soluble polymers

Customer Satisfaction

Taihe Technologies is committed to providing high-quality products and services to customers and safeguarding their rights and interests. Centring on customer needs, we ensure service quality, consolidate customer relationships and improve customer experiences by formulating complaint handling process, strengthening information security and privacy protection, conducting satisfaction surveys and other approaches. Due to our excellent quality and service, Shandong Taihe Chemicals Co.,Ltd., a subsidiary of Taihe Technologies, has won the certification and honor of AEO Advanced Certification Enterprise of Customs and AAA-level customer of China Export Credit Insurance Company.



AAA-level customer of China
Export Credit Insurance Company



AEO Advanced Certification
Enterprise of Customs



Customer Complaints

To quickly respond to customer demands and standardise the management of customer complaints, we have formulated the *Customer Complaint Handling Process*. Customers can express their opinions through such channels as communication with business personnel, public e-mails and company phone. The Quality Control Department is responsible for performing preliminary investigation and analysis within 8 hours after receiving complaints from customers to ensure immediate response, reporting and handling. We offer satisfactory solutions for customers based on our analysis. For instance, actions will be taken according to the *Handling Process for Unqualified Products* in event of product return or exchange. After solutions are approved, we will keep monitoring and reporting the implementation of solutions to protect customers' rights and interests. To raise relevant departments' sense of responsibility, customer complaints are taken into consideration for calculating the monthly bonus of employees from such departments.



Customer Complaint Handling Process



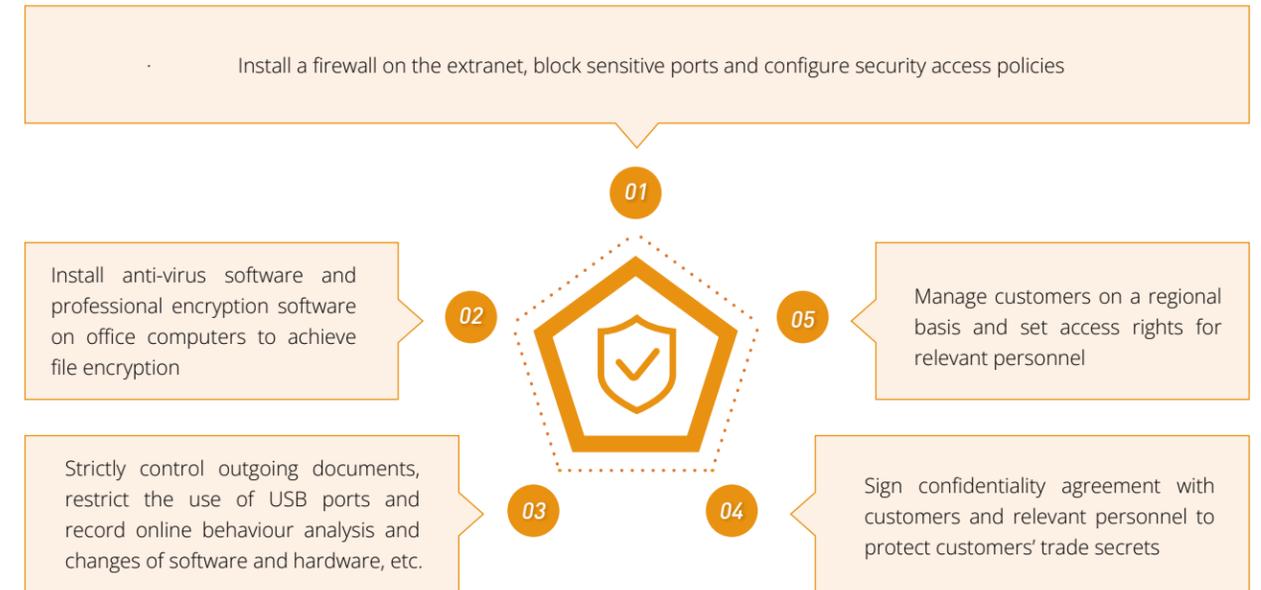
Complaint Channel

E-mail
th@thwater.com

Tel
0632-5113088 0632-5113066

Information Security and Privacy Protection

We lay emphasis on the protection of customers' trade secrets and have formulated the *Information Security Management Policy* to standardise the management of information security. We take various measures to ensure information and privacy security:



Satisfaction Survey

We have formulated and keep improving the *Employee Redline Management System*, and the *Sales Personnel Code of Conduct*, which forbid employees from providing false information or engaging in fraudulent activities. We also regulate the behaviours of sales personnel by providing occasional training on marketing and sales cases and entering into compliance agreements with them.

To enhance the communication with customers and ensure that our services and products meet customer needs, we conduct annual customer satisfaction surveys to key customers, covering dimensions such as delivery timeliness, product quality, usage effect, and service attitude. During the Reporting Period, the Company issued a total of 320 questionnaires, with a response rate of 89.06% and overall customer satisfaction score reached 95.88.



Adhere to Intrinsic Safety

Adhering to the safety production policy of "Full Participation, Legal Operation, Scientific Management and Work Safety", Taihe Technologies regards process safety, environmental protection as well as occupational health and safety as the fundamental foundation for the Company's survival. Taihe Technologies also keeps enhancing advantages and increasing the investment in safety production, and establishes a solid bottom line of safety production.

Key Performance

 Investment in safety production was RMB **13.2517** million

 Rectification rate for safety dangers was **100%**

 **104** special safety training and accident warning education sessions

production safety training **170** times



Safety Production Management

In strict accordance with the *Work Safety Law of the People's Republic of China*, *Law of the People's Republic of China on Prevention and Control of Occupational Diseases* and other laws and regulations, Taihe Technologies has formulated and constantly improves the *Safety Production Responsibility System*, *the Change Management System*, *the Management Policy for Key Installations and Parts*, *the Management Policy for Staff Restriction in High-risk Areas*, *the Management Procedure for the Isolation of Hazardous Energy* and other policies to ensure safety production. We have established an Environmental Health and Safety (EHS) management system to control production and operational risks effectively. We also obtained a safety production license and Secondary safety production standardization certificate, occupational health and safety management system certification, environmental management system certification and were honoured with the title of Zaozhuang Advanced Unit of Safety Production. Taihe Technologies focuses on safety production input and has developed the *Safety Production Cost Management System* to regulate the management of production safety expenses, and continuously strengthen our advantages in safety production through optimising organisational structure, innovating management system and upgrading hardware.

The main person in charge of Taihe Technologies is the first person responsible for safety production, fully responsible for safety production work. In accordance with national laws and regulations and considering the actual situation of the Company, such main person should set objectives for safety production. We have set up a Safety Production Committee, and established a sound safety production management network from the Committee to grassroots teams. We have also formulated safety production plans and assessment targets in accordance with national laws and regulations and the actual situation of the Company. Taihe technologies adheres to the principle of “managing business, as well as production and operation while focusing on safety”, and stipulates that department managers and workshop directors are the first responsible persons for safety production in their departments/workshops. And they should provide feedback, discuss and solve safe production problems at regular meetings of the Safety Production Committee. We have also established a safety office for safety management. The office consists of full time safety management personnel with rich experience and registered safety engineers to ensure the professionalism and effectiveness of safety management.

Contractor safety management is an important part of the company's safety management. We treat contractor employees as regular employees in safety management. Therefore, in 2023, we updated the *Contractors Management Policy*, which regulates the safety management for contractors in construction and operation activities. We also include the number of serious injuries and fatalities into our safety production objectives and assessment indicators. Taihe Technologies has achieved the following safety production performance indicators for this year.



2023 Taihe Technologies Safety Production Performance Indicators



Safety Production Process

Adhering to the strategy of technology-driven production, Taihe Technologies has established a process safety management system and keeps improving safety production technologies, existing technical process and the mechanical integrity of existing production equipment to reduce process risks. Upholding the concept of intrinsic safety, the Company achieves the design of intrinsic safety through process hazard analysis and unmanned job site with automatic control.

Continuous and Automatic Production Technology

Taihe Technologies has achieved the continuous production of fine chemicals by overcoming difficulties in the field. Compared with the traditional intermittent production, the production method delivers significant improvements in environmental protection, safety, energy conservation, quality stability, production efficiency and other aspects. With the adoption of continuous and automatic production technology, most technical processes are completed by automatic equipment, product quality and stability get improved, the land and the investment per unit of capacity is reduced, energy consumption per unit of product is reduced significantly and production environment gets cleaner, which fully protect personnel safety and health.

Taihe Technologies' continuous production is integrated with automation, informatisation and intelligent means and sets of intelligent production equipment have realised the one-click start and stop feature. During the Reporting Period, HEDP workshop, PBTC workshop, crystal workshop II, solid workshop II, organic phosphorus workshop II, phosphorus acid workshop and other major workshops have achieved on-site unmanned operation.

Case

Safe modification of liquid chlorine storage facility

In 2023, Taihe Technologies subsidiary Hydrogen Power New Materials (Shandong) Co., Ltd. has successively reformed the liquid chlorine storage tank, tank car filling area, filling pump area, and equipped with an independent negative pressure absorption system. By modifying the filling system of liquid chlorine tank truck, the one-button filling function is realized and the safety risk caused by manual errors is reduced.

Honors

- HEDP (Hydroxyethylidene Diphosphonic Acid) Workshop won the award of "2023 Shandong Provincial Digital Workshop"
- Selected into the Shandong 2023 digital economy "Morning Star Factory" cultivation list
- The quality management experience based on green intelligent production of water treatment chemicals won the award of "2023 Shandong Quality Pioneer"
- Selected into the 2022 Shandong Provincial Leading New Materials Enterprise Cultivation Library
- The Top 50 Leading New Materials Enterprises in Shandong Province

Informatisation Safety Management

Taihe Technologies keeps fostering the construction of informatisation safety management. The Company independently developed the informatisation system for hazardous chemicals leveraging personnel positioning and AI video analyser, and built an informatisationsafety production management platform around the "standardised management of safety production" concept. The platform is designed with such modules as "dual prevention mechanism of classified risk control and hidden danger investigation and treatment, monitoring and early warning of major danger sources, management of laws and regulations, management of special operations, contractor management, personnel positioning, intelligent monitoring and AI analysis, real-time monitoring and early warning". It enables closed management of factories and personnel, full-coverage sensing of personnel, equipment and environment, and real-time monitoring and reporting of personnel behaviours and environmental risks. This strengthens our capability of classified risk control, hidden danger investigation and treatment, and monitoring and early warning of special operations and major danger sources.

Case

Prevention of Safety Production Risks with Personnel Positioning System



The personnel positioning system utilizes Bluetooth beacon technology to track the real-time location of internal staff and contractors within the factory area. Information such as personnel details, real-time locations, movement trajectories, and abnormal conditions is visualized on a 3D map of the factory area on the large screen in the emergency center. The system also features automatic alarms for SOS one-click alarm, personnel gathering risk alarm, overstaffing alarm, understaffing alarm, boundary-crossing alarm, lingering alarm, and stationary alarm. For external experts and visitors who are unfamiliar with the company's site, an unaccompanied alarm is set up. The emergency center can promptly provide feedback to the relevant responsible persons to ensure that any abnormalities are dealt with immediately.



Insure Factory Safety

Taihe Technologies is committed to protecting the safety of factories by formulating processes for safety danger identification and response and performing safety inspections to effectively control production and operational risks and strictly prevent the occurrence of safety accidents during production.

In 2023

Organised company level safety inspection **24** times **246** identified risks
3,292 identified safety dangers, **100%** On-time rectification rate
 Carried out **4** special drills on major hazard sources
 Emergency drill for on-site disposal plan **264** times

Risk Identification

Carry out annual risk identification and apply risk matrix methodology to evaluate the risk points, formulate control measures according to the evaluation results, clarify the management and control levels, and ensure that the risks are controllable

Safety Check

Conduct Regular comprehensive inspection, special inspection, holiday inspection, seasonal inspection, major activity inspection, accident analogy investigation etc.

Rectification of Hidden Dangers

Develop the Hidden Danger Investigation and Treatment System, clarify the responsible person for hidden danger investigation and management, and carry out closed-loop management of hidden dangers

Contingency Management

formulate comprehensive plans, special plans, on-site disposal plans, and defined the emergency leading group, which is responsible for unified coordination of emergency management

We have built our own fire station, which is equipped with 8 fire engines, 18 professional firefighters and various kinds of emergency rescue equipment. Our 24-hour, all-weather fire brigade is fully capable of emergency rescue to ensure immediate dealt the accident.



Self-owned Fire Station and Firefighting Equipment

Self-owned Fire Station



Fire engine



High-flow Mobile Fire Monitor



Firefighting Robot

Protect Employee Health

The occupational health of employees is a top priority in Taihe Technologies. We have established a comprehensive occupational disease prevention system and taken various measures to prevent the occurrence of occupational diseases. Besides, we conduct occupational health training and drills to continuously improve, enhance employees' awareness of self-protection against occupational diseases and ensure the health and well-being of our employees.

Occupational Health Management

Occupational health and safety of employees is also the foundation of Taihe Technologies. We have implemented comprehensive occupational disease prevention measures to ensure the occupational health and life safety of employees in our daily work. We also have obtained the GB/T 28001-2011 Occupational Health and Safety Management System Certification. Every year, we organise occupational health examinations for our employees and conduct occupational disease hazard factor testing. In 2023, there were no occupational diseases or suspected cases, and all tests for occupational hazard factors have met the standard requirements.

GB/T45001-2020 Occupational Health and Safety Management System Certification



Occupational Disease Prevention Measures

We continue to optimise and improve our strategies and practices for the prevention of occupational diseases. We strive to make our factory a safe, healthy and happy workplace for our employees through improves production environment, regular inspections on the protective equipments, occupational health examinations for employees, safety training, and publicity & implementation campaigns.

Occupational Health Examination

- Arrange occupational health examinations for employees upon on-boarding, transfer or departure, and intervene once suspected occupational diseases are found.

Occupational Disease Hazard Factor Testing

- Entrust qualified institutions to conduct annual occupational disease hazard factor testing
- Assign specialists every month to conduct daily monitoring of occupational disease hazards, establish relevant records, and inform employees of the results

Regular Inspection

- Carry out daily inspections, comprehensive inspections, inspections on holiday, and quarterly inspections on protective facilities, supplies and equipment for occupational health to realise closed-loop management of hazards.

Occupational health training

- Conduct orientation training and assessment, as well as occupational health training on anti-poisoning, the use of PPE and other themes for new employees

Warning Signs

- Set up occupational hazard bulletin boards at the entrance and prominent positions of the production area, and post management systems and operating procedures
- Post warning signs at locations where occupational hazards may arise

Personal Protective Equipment (PPE)

- Provide all employees with necessary PPE in accordance with the Personal Protective Equipment Management Policy, and supervise the correct wearing of such equipment

Safety Training and Drills

We have established *Safety Training and Education Management Policy* to ensure that principal, safety management personnel, special operation personnel, and special equipment operators hold certificates to work. For new employees, we provide a hierarchical training programme. They can only take up their positions after receiving company level, workshop level, and team level training and passing the assessment. Besides, new employees are required to participate in annual retraining to continuously improve their safety awareness and skills. At the team level, we have established the "Master and Apprentice Management System." New employees are guided hands-on by designated masters before starting their jobs until they can operate independently. The masters are also rewarded for their guidance.

Every year, we organise several safety training sessions and accident warning education activities for all employees. During the Reporting Period, we have conducted a total of 29 safety training sessions, including laws and regulations, emergency plans, labor protection equipment, special operations, and 75 accident warning education sessions. To raise the safety awareness of employees and enhance health and safety knowledge, we compiled more than 100 representative cases of special safety accidents for staff learning. In addition, we also carried out more than 200 emergency drills, organized fire and rescue skill competitions and knowledge contests to enhance its ability to respond to unexpected situations.

We also include contractors in the safety training and education management and regularly provide safety training and on-site case study for them, help their special operation personnel to obtain certificates, so as to continuously improve the safety awareness and safety skills of contractors. In 2023, we held 12 special meetings and 8 safety training sessions for contractors, covering more than 300 participants, and a total of 85 operators were certified with our help.



Fire and rescue skill competition and knowledge contest



First aid training for chemical burns



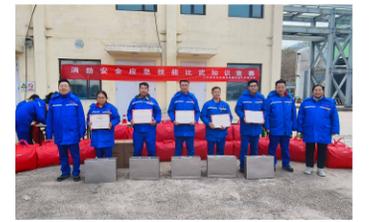
Comprehensive drill



Accident case study for contractors



Cardiac resuscitation forensics training



Fire emergency competition

In 2023

104 times of special safety training and accident case study

170 times of safety training sessions, covering all employees

More than 200 times of emergency drills

Case

Safety Education of the "First Lesson of Starting Work"



the "First Lesson of Starting Work"

On the first day of work after the 2023 Spring Festival, Taihe Technologies's principal leader organized and personally conducted the "First Lesson of Starting Work." The content of the lesson included the current policy situation, accident cases, focus education, deployment of safety work, and safety requirements for resuming work and production. The aim was to educate and mobilize all employees to effectively enhance their safety awareness, quickly enter the working state, and ensure safety at the start of work and in production.

Fulfil Green Responsibilities

Taihe Technologies always adheres to the concept of green and low-carbon development and strictly abides by relevant laws and regulations on environmental protection. Moreover, the Company implements the green and low-carbon development strategy, continuously optimises the production process and energy structure, so as to promote energy conservation and emission reduction. We are committed to reducing the impact of our production and operations on the environment and strive to realise a coordinated development between company and nature, in order to contribute to sustainable development.

Key Performance

 **Zero** waste water discharge

 Photovoltaic power generation: **1,236.2** MWh

 Total greenhouse gas emissions: **253,660.50** tCO₂e



Environmental Management

Taihe Technologies strictly obeys the national and local laws, regulations, and industry norms related to environment protection. We continue to optimise the environmental management system, and have obtained the ISO 14001:2015 Environmental Management System Certification. We have formulated environmental protection policies such as the *Air Pollutant Discharge Management System*, the *Solid Waste Management System*, and the *Sewage Reuse and Rainwater Discharge Management System*, focusing on source control and strict management throughout the process. To ensure that the responsibility for environmental protection is effectively fulfilled, we have implemented an environmental protection responsibility system and set up an Environmental Protection Department, which is fully responsible for the organisation, coordination, inspection and guidance of environmental protection work. Every year, we develop an *Environmental Protection Work Plan*, clarifies management objectives and decomposes them layer by layer to ensure that all environmental protection work is effectively implemented.

We conduct internal and external audits strictly in accordance with the requirements of environmental management system certification every year. In 2023, we conducted internal and external audits of our environmental management system. Based on the audit results, we continuously improved and optimized to ensure the effective and compliant operation of the system.



ISO 14001 Environmental Management System Certification

The company carries out environmental inspections every year to ensure the effective operation of various environmental management measures and prevent environmental pollution risks. In 2023, we organized 24 environmental protection inspections, including comprehensive inspections, environmental protection facilities operation inspection, special inspection of hazardous waste, etc., and all the hidden problems investigated have been rectified.

We attach great importance to the promotion and training of the philosophy of environmental protection and have formulated policies such as the *Environmental Protection Training and Education Policy* and the *Environmental Protection Rewards and Punishments Management Policy* to ensure that environmental protection work is rule-based and implemented effectively. In 2023, we carried out training on environmental protection cases for all employees including common violations of environmental protection such as excessive emission of air pollutants, non-operation of air pollution prevention and control facilities, discharge of pollutants without obtaining permits, and non-compliant storage of hazardous wastes. For employees of the hazardous wastes etc. disposal workshop, we have launched special training on the disposal and utilisation of hazardous waste to ensure that employees dispose of hazardous waste in accordance with regulations and to reduce the impact on the environment. In addition, we have conducted training for workshop directors and external contractors on environmental protection accident cases related to hazardous waste and the operation of environmental protection equipment. With a focus on conveying the Company's environmental protection requirements, the training aims to enhance the environmental awareness of relevant personnel.

We consider to use green and environmental processes at the beginning of the design, and also actively develop green products that are readily and easily biodegradable. At the same time, we strictly comply with the corresponding environmental protection approval procedures in accordance with the environmental protection-related laws and regulations, and continuously optimize our pollution treatment facilities to reduce pollutant emissions and ensure that our operation complies with the relevant environmental protection requirements, contributing to green and low-carbon development actively. Therefore, we were awarded the titles of Shandong Green Factory, Shandong Advanced Unit of Clean Production, and Zaozhuang Green Factory.

Taihe Technologies pays attention to environmental protection investment, through the introduction of advanced environmental protection technology and equipment, optimize the production process, reduce the emission of pollutants, in order to achieve green, low-carbon, circular production methods. In 2023, we will invest a total of RMB 4.6202 million in environmental protection.

In 2023, we achieved all our environmental targets

- Zero** waste water discharge
- 100%** compliance with waste gas emission standards
- 100%** compliance with hazardous waste disposal regulations

Green Operation

Taihe Technologies insists on integrating the concept of green development into various aspects of daily production and operation, achieving energy conservation, emission reduction, cost reduction, and efficiency increase through optimizing production processes, improving energy structure, and energy cascading utilization etc. At the same time, we strengthen environmental monitoring, ensure compliance with emission standards, and promote clean production, gradually build a resource-saving and environmental-friendly production mode, and actively respond to climate change and share a sustainable green life.

Resource Management

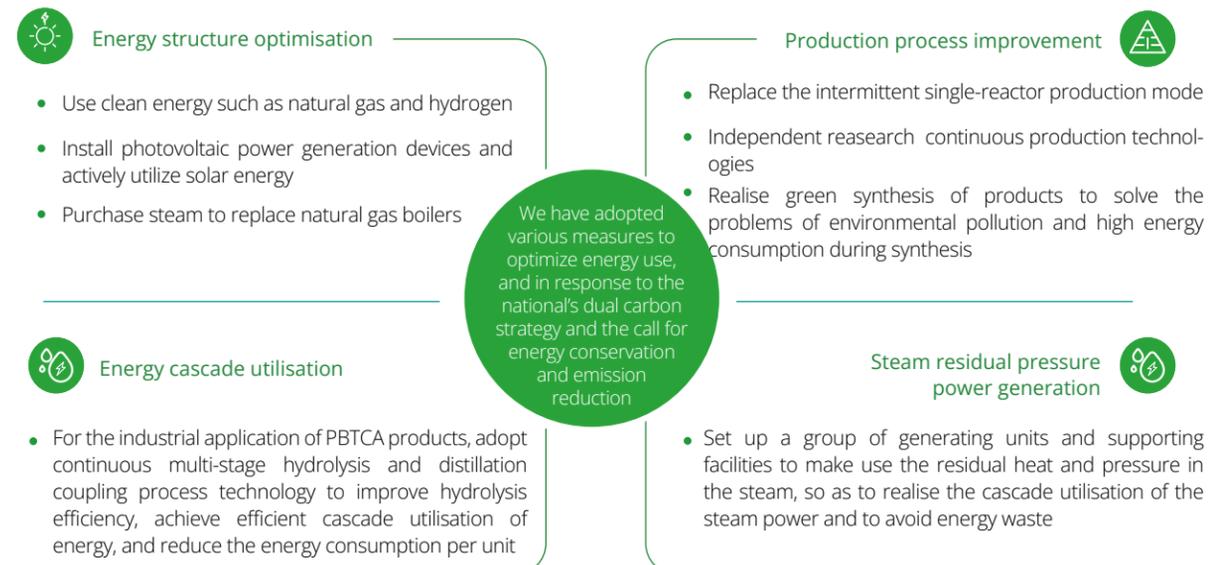
To utilise resources reasonably and efficiently, we have formulated policies such as the *Energy and Resource Management Procedure*, the *Main Energy Management and Inspection Policy*, and the *Energy Procurement Management Policy*, with the aim of enhancing energy efficiency, promoting energy conservation and emission reduction, and playing an active role in driving sustainable development. In 2023, the Company obtained the ISO 50001 Energy Management System Certification.

In 2023

Photovoltaic power generation:
1,236.2 MWh



ISO 50001 Energy Management System Certification



Case

Constructing HEDP raw material structure adjustment and transformation project to achieve energy cascade utilization



In 2023, we extended the existing industrial chain by improving the production process and using the chlorine of our subsidiary--Hydrogen New Materials (Shandong) Co., Ltd. in the park, thus forming an industrial chain from liquid chlorine production to Phosphorus Trichloride (an intermediate product) to HEDP and Phosphorous Acid. Through such restructuring, we have realised the cascade utilisation of energy, improved energy utilization efficiency and satisfied the Company's needs for downstream products, which helps to reduce the production cost, decrease the social risks caused by the transportation of hazardous chemicals, and improve the competitiveness of the products.

Using clean energy to help achieve dual carbon goals

Case



Photovoltaic power generation devices

Taihe Technologies actively responds to the national dual-carbon strategy, promotes the use of clean energy, optimizes energy, and promotes the transformation and upgrading of energy structure. The Company has built and put into use a hydrogen utilization project, using the hydrogen gas turbine generator for power generation, providing energy support for the Company's daily production and reducing carbon emissions. During the Reporting Period, we added two new hydrogen power plants to accelerate the process of energy structure transformation. In addition, we installed photovoltaic power generation devices in factories, roofs and open spaces. In these methods, we practice the concept of low-carbon development and help the country achieve the dual carbon goals with practical actions.



Resource usage	Unit	2023	2022
Total energy consumption	MWh	500,941.97	396,625.17
Direct energy consumption	MWh	17,345.18	18,625.77
Natural gas	Standard cubic feet	1,800,166.50	1,970,771.00
Diesel	Litre	28,799.65	25,293.00
Gasoline	Litre	108,265.46	84,069.48
Indirect energy consumption	MWh	483,596.79	377,999.40
Purchased electricity	MWh	332,457.39	214,863.62
Purchased steam	Tons	198,305.19	214,045.26
Fresh water consumption	Tons	1,102,002.00	709,544.82
Recycle water consumption	Tons	61,888,125.00	49,318,848.00

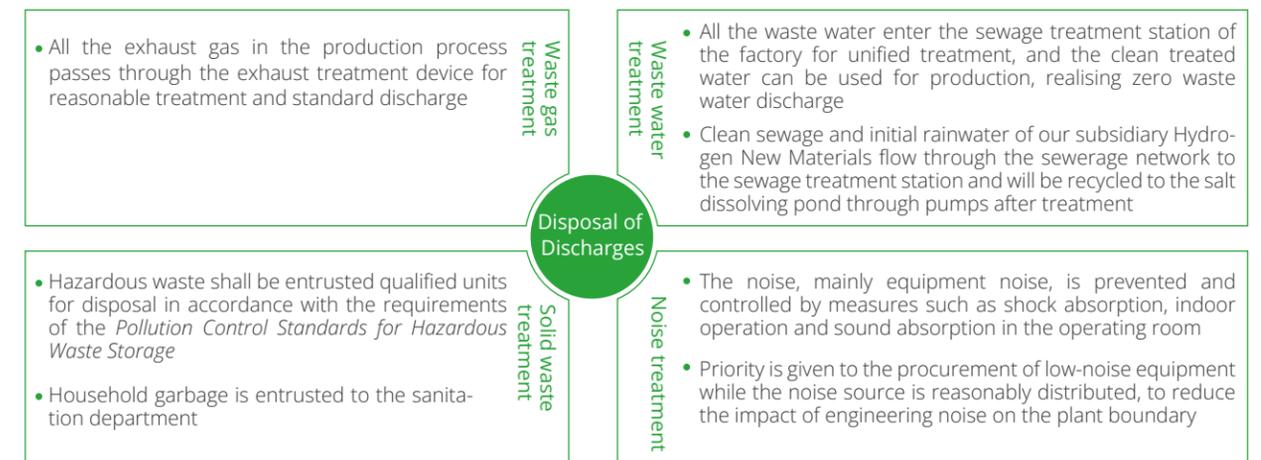
Notes:

- The direct energy mainly comes from natural gas, diesel, and gasoline consumed by Taihe Technologies and our subsidiaries. The data is disclosed after converting energy units into megawatt hours based on the *General Rules for the Calculation of the Comprehensive Energy Consumption (GB/T2589-2020)* after statistical analysis.
- The indirect energy mainly comes from the purchased electricity and steam consumed by Taihe Technologies and our subsidiaries. The data is disclosed after converting the energy units of the purchased electricity and steam into megawatt hours based on the *General Rules for the Calculation of the Comprehensive Energy Consumption (GB/T2589-2020)* after statistical analysis.

We advocate a simple, moderate, green and low-carbon life style. We have independently developed an APP named "Taihe Technologies", which supports remote work, and employees can use it for stamp application, car use, leave application, etc. With the help of the digital platform, we have turned our traditional office into an informationised, intelligent and safety "paperless office", not only reducing the use and waste of paper, but also effectively streamlining the workflow and greatly improving our work efficiency.

Emission Management

We strictly abide by relevant laws and regulations, and implement effective pollution prevention and control strategies to ensure waste gas, waste water and solid waste are disposed of in compliance with the prescribed requirements. According to the requirements of laws and regulations, environmental assessment and discharge permit, we have made monitoring programs for waste water, waste gas and noise, and commissioned third-party organizations to conduct professional monitoring. The results are faithfully reported to "Shandong Provincial Pollution Source Monitoring Information Sharing System" in accordance with the regulations, and we have been making efforts to reduce the negative impact of waste emissions on the environment.



Waste	Unit	2023	2022
Total waste discharge	Tons	2,201.64	1,262.12
General waste	Tons	1,922.68	1,099.52
Hazardous waste	Tons	278.96	162.60

Response to Climate Change

As extreme climate events become more frequent and severe around the world, we are aware of the potential impacts of climate change on human health, global trade, and green development. Addressing this global threat requires joint efforts from all sectors. Taihe Technologies always pays attention to the trend of climate change and continuously improves the ability to deal with climate change. Besides, we actively explore new models of low-carbon development and reduce greenhouse gas emissions, so as to reduce negative impacts on the environment.

Indicator	Unit	2023	2022
Total GHG emissions	tCO ₂ e	253,660.50	259,120.39
Direct GHG emissions (Scope 1) ¹	tCO ₂ e	4,208.85	4,514.72
Indirect GHG emissions (Scope 2) ²	tCO ₂ e	249,451.65	254,605.67

Notes:

1. Scope 1 GHG emissions refer to the GHG emissions generated by the consumption of natural gas, diesel and gasoline by Taihe Technologies and our subsidiaries. Emission factors are determined based on the *Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions of Chemical Production Enterprises in China (Trial)*.

2. Scope 2 GHG emissions refer to the GHG emissions generated by the consumption of purchased electricity and steam by Taihe Technologies and our subsidiaries. Emission factors are determined based on the *Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions of Chemical Production Enterprises in China (Trial)*. Specifically, GHG emissions of purchased electricity is calculated using the national grid emission factor (0.5703 tCO₂/MWh in 2022), which is updated by the Ministry of Ecology and Environment.



Afforestation



Factory Greening

We have complied the *Risk Assessment Report for Environmental Emergencies* to prevent the occurrence of environmental emergencies by carrying out risk assessments, strictly monitoring environmental risks, and formulating environmental risk prevention and control measures. To cope with the impact of extreme weather such as heavy rain and flood on business operations, we have formulated the *Special Emergency Plan for Natural Disasters* and the *Typhoon Prevention and Flood Prevention Work Plan*. According to the plans, the Emergency Committee shall direct and coordinate on-site emergency response, and the On-site Command Department and functional teams are responsible for carrying out all on-site emergency response work. Besides, we organise training and drills to improve our staffs emergency response capability to deal with emergencies in severe weather, so as to effectively reduce and control the occurrence of natural disaster accidents caused by climate change.

Taihe Technologies always keeps in mind that "Lucid waters and lush mountains are invaluable assets" and attaches great importance to ecological environmental protection. We spontaneously carry out afforestation activities in the mountains near the factory area every year to improve the local natural landscape and increase biodiversity. In 2023, we invested RMB 0.4245 million to buy saplings, grass seeds, etc. In addition, we regularly green the bare ground in the factory and assign specialised personnel for maintenance, to enhance the plant greening of factory and protect the stability of the ecosystem.

Deepen Win-win Cooperation

Taihe Technologies always adheres to the professional concept and is strives to promote the vigorous development of the industry. We continue to optimise and improve supplier management to develop a sustainable supply chain. Besides, we actively work with upstream and downstream companies, participate in industry exchanges, and integrate industry resources, and share industrial development results to promote the green transformation and sustainable development of the industry.

Key Performance



Membership of RSPO
(Roundtable on Sustainable Palm Oil)



Presided over or participated in the formulation/revision of **18** national standards and **28** industry standards



Recruit **5** doctors to carry out research and technical research



Supplier Management

Taihe Technologies is committed to establishing long-term and stable strategic cooperative relations with suppliers. The Company has established systems such as the *Raw Material Supplier Management Procedure*, the *Equipment Supplier Management Procedure* to classify suppliers, ensuring that the raw materials and equipment provided by suppliers meet the Company's requirements of quality, safety, environmental protection and cost. This helps establish safe and stable relationships with suppliers. Besides, we constantly strengthen the environmental and social responsibility requirements for suppliers in aspects of supplier approval, audit and evaluation, so as to promote the sustainable development of the supply chain.

Supplier Approval

In the supplier approval stage, we have developed a comprehensive process, including seeking for potential suppliers, qualification review, on-site review, departmental review, and formal supplier approval, to ensure that the raw materials provided by suppliers meet the production requirements. At the same time, we have enhanced the stability of our supply chain by conducting environmental and social responsibility inspections on potential suppliers.



Supplier Evaluation

We regularly conduct annual performance evaluations of our suppliers. The Procurement Department is responsible for developing an annual supplier review plan and ensuring that suppliers are reviewed once a year. The evaluation team, led by the Procurement Department, consists of personnel from relevant departments such as the Quality Control Department. The evaluation team conducts a comprehensive evaluation and scoring of suppliers based on the *Qualified Supplier Renewal Evaluation Form*, which includes criteria such as quality of materials and services, performance, ability to sustain supply, ability to deliver on time, and ability to handle exceptions. Suppliers scoring over 90 are classified as preferred suppliers, which will be given priority and larger share of procurement, while those scoring below 70 will be on the unqualified list. We will terminate cooperation with suppliers if their qualifications are expired or missing.

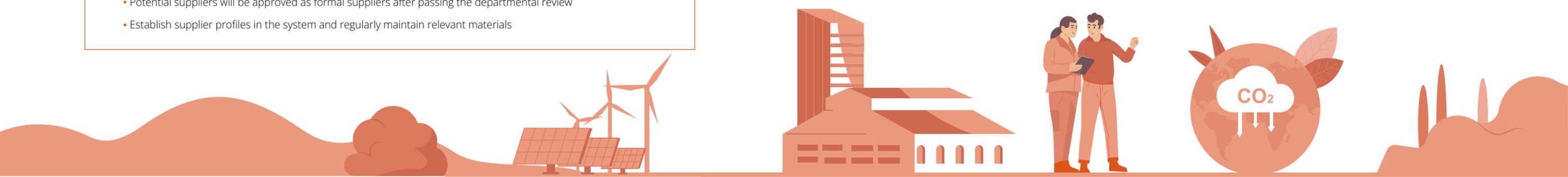
To secure the supply of raw materials and enhance the efficiency of our supply chain, we continue to strengthen strategic cooperation with qualified suppliers and conduct strategic procurement. Besides, we continuously improve our production and operation planning management and improve our supplier management system to reduce the impact of fluctuations in raw material prices.

Sustainable Supply Chain

As a responsible enterprise, Taihe Technologies not only focuses on our own sustainable development, but also actively promotes the sustainable development of the supply chain. During the on-site review for suppliers, in addition to their operational compliance, supply capability and product quality, we also focus on examining the environmental and social responsibility practices of suppliers, such as focusing on rainwater and sewage diversion collection and treatment, environmental monitoring, child labor, forced labor, equal pay for equal work, anti discrimination, and first aid kit configuration, committed to promoting the healthy development of the supply chain.

In 2023, we joined the RSP0 (Roundtable on Sustainable Palm Oil), committing to rigorously implementing responsible sourcing along the value chain and working together to promote sustainable supply chain development.

RSP0 (Roundtable on Sustainable Palm Oil) Membership Certificate



Strengthen Industry Exchanges

Taihe Technologies actively strengthens communication and cooperation with universities, industry associations and other stakeholders, so as to deepen technology exchanges and sharing for a new development pattern of the industry.

Cultivate Industry Talents

We actively engage in school-enterprise cooperation and have established close partnerships with multiple institutions, including Shandong University, Hebei University of Technology, Guilin University of Electronic Technology, Shandong Agricultural University, Shandong Jianzhu University, Zaozhuang University, Shandong Chemical Industry Vocational College, and Zaozhuang Vocational College. Together, we have built teaching, scientific research, and talent cultivation practice bases, as well as internship bases for college students, to jointly cultivate industry talents with professional skills and innovative spirits. As a major member of the Zaozhuang High-End Chemical Vocational Education Group, we actively communicate with our partner units based on the new technologies, new products, and new processes emerging from the upgrading of the high-end chemical industry chain, jointly creating a series of new core curriculum systems. Meanwhile, we undertake an active role in establishing the development platform for chemical engineering students. Through internship and teaching programs in enterprises for teachers and students, we work with partner units to jointly build training platforms and bases that incubate innovative projects and carry out real corporate projects. Among them, part-time teachers from enterprises actively undertake professional teaching tasks. During the Reporting Period, a total of 64 students performed internship in Taihe Technologies.

case

Taihe Technologies held a seminar with Zaozhuang Vocational College



To deepen the integration of vocational education and industry development, foster higher-skilled talents, and relieve the shortage of expert technicians, Taihe Technologies and Zaozhuang Vocational College held an exchange symposium in November 2023. During the symposium, both sides reached a preliminary consensus on areas such as student employment, internship and practical training, cooperation of scientific research, arrangement of majors and curriculum, and talent development model. The symposium is of vital significance to optimise the new model of nurturing vocational talents, to facilitate students' internship and employment, and to further implement the new approaches to the industry-education integration and school-enterprise cooperation.



Taihe Technologies and Zaozhuang Vocational College Held an Exchange Symposium

Taihe Technologies is orderly promoting the integration of industry, academia, and research with higher education institutions, promoting the integration of talents with projects and industries. Relying on the national postdoctoral research workstation, we have jointly carried out postdoctoral training with 4 universities, including Zhejiang University, Shandong Jianzhu University, Jiangsu University of Science and Technology, Guilin University of Electronic Science and Technology. Meanwhile, we established industry-university-research cooperation with China University of Mining and Technology and other universities to implement technological research and development cooperation in the field of new energy materials. By the end of 2023, we have recruited 5 doctors to carry out research and technical research, and serve the new business layout of enterprises. At the same time, we have jointly built an environmental technology research and development center with Shandong University, and have attracted a group of university experts to carry out technical development cooperation in the fields of water treatment agents and biological chemicals.

Industry Development

Taihe Technologies organises and participates in extensive industry activities and joins multiple associations to promote industrial development and innovation. We have the honour to become the member of Industrial Water Treatment Specialised Committee of the Chemical Industry and Engineering Society of China (with Chairman Cheng Zhongfa as the deputy director of the committee), the council

member of the National Functional Polymer Industry Committee and the member of China Surfactant and China Cleaning Industry Association. Besides, we have sponsored or co-sponsored the annual conference of China Water Treatment Association for many times. In addition, we have become a member of the American Water Technology Association (AWT) and actively participate in international academic exchange activities such as the AWT and the International Water Conference (IWC), keeping up with the forefront development trends of the industry, promoting high-quality development of the industry, and achieving a win-win market for a new future.

By virtue of our industrial influence and leadership, Taihe Technologies strives to enhance the quality management across the sector by sharing research experience and outcomes accumulated for years and by engaging in the formulation of industry standards. As of 31 December 2023, Taihe Technologies had hosted or participated in the formulation/revision of 18 national standards and 28 industry standards.



Hosted or participated in the formulation/revision of the following national standards and industry standards (partial)

No.	Standard name	Standard No.	Standard type
1	Analysis of water used in boiler and cooling system - Sampling method of water	GB/T 6907-2022	National standard
2	Determination of dissolved oxygen in water for industrial circulating cooling system and boiler	GB/T 12157-2022	National standard
3	Analysis of water used in boiler and cooling system - Determination of trace copper, iron, sodium, calcium and magnesium - Inductively coupled plasma mass spectrometry (ICP-MS)	GB/T 41330-2022	National standard
4	Determination of detergency and cycle of washing property for laundry detergents	GB/T 13174-2021	National standard
5	Operation effect evaluation of circulating cooling water treatment - Method of monitoring heat exchanger	GB/T 39296-2020	National standard
6	Determination of chromium, cadmium, lead and arsenic in water treatment agents - Inductively coupled plasma atomic emission spectrometry (ICP-OES)	GB/T 37883-2019	National standard
7	Determination of scale inhibition performance of water treatment agents - Calcium carbonate precipitation method	GB/T 16632-2019	National standard
8	General principles for green product assessment	GB/T 33761-2017	National standard
9	Water treatment agents - Determination of the molecular weight and molecular weight distribution of polymers - Gel chromatography	GB/T 31816-2015	National standard
10	Determination of corrosion inhibition performance of water treatment agents - Rotation specimen method	GB/T 18175-2014	National standard
11	Alkaline cleaners for food tools and industrial equipment	QB/T 4314-2023	Industry standard
12	Washing machine tank cleaner - Peroxide type	QB/T 5782-2023	Industry standard
13	Evaluation method of antibacterial and antimicrobial effects of daily chemical products	QB/T 2738-2023	Industry standard
14	Washing machine tank cleaner - Peroxide type	QB/T 5782-2023	Industry standard
15	Determination of water-soluble primary and secondary amines in surfactants	QB/T 5783-2022	Industry standard
16	Water treatment agent - 2-Hydroxyphosphonocarboxylic acid (HPAA)	HG/T 3926-2021	Industry standard
17	Tetrasodium iminodisuccinate	HG/T 5749-2020	Industry standard
18	Water treatment agent - Polyaspartic acid (salt)	HG/T 3822-2020	Industry standard
19	Determination of carbonate content in detergents	QB/T 2115-2020	Industry standard
20	Classification and naming of water treatment agents	HG/T 2762-2019	Industry standard

Build a Harmonious Society

Following the “people-oriented” concept, Taihe Technologies pursues the sustainable development and undertake social responsibility. The Company grows together with its employees by building an equal, diversified, inclusive and harmonious workplace. Meanwhile, we keep in our mind the mission to benefit the society. To this end, we focus on key issues of community development and engage in public welfare activities, thus envisioning a brighter and harmonious future.

Key Performance

 **69** new employees

 Proportion of female employees: **31.57%**

 Employee training coverage: **100%**



Achieve Employee' Dreams

We profoundly understand that people are the core engine for company growth. Therefore, we consistently protect employee's basic rights and interests and value their well-being by providing competitive salaries and benefits. Strengthen staff training, and work together with employees and the company to develop together.

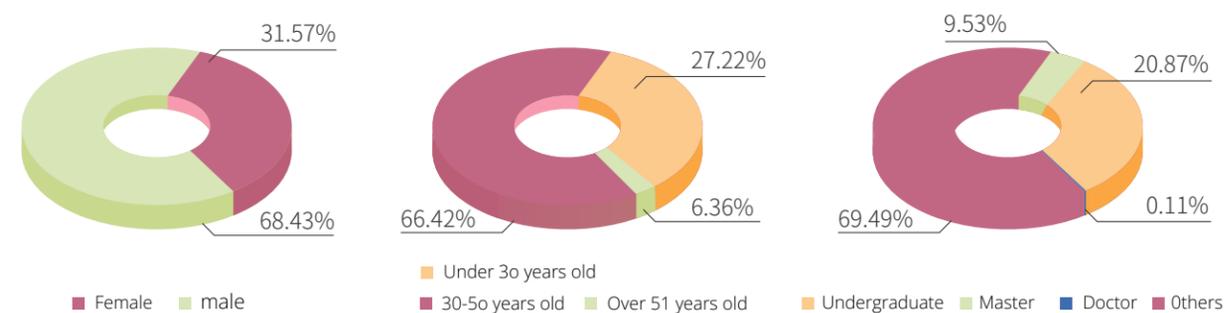
Protect Employees' Rights and Interests

Taihe Technologies strictly abides by 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 relevant laws and regulations. The Company has formulated such regulations as the *Labour Rights Management Policy*, the *Management Procedures for the Prohibition of Child Labour and the Recruitment Procedures*. In doing so, Taihe Technologies protects employees' legitimate rights and interests in an all-round manner by standardising its labour management and preventing the use of compulsory labour and child labour. Adhering to the concept of equality and diversity in employment, we have formulated the *Employment Anti-Discrimination Management Procedure*, which promises equal recruitment, equal pay for equal work, no discrimination in recruitment and work on the grounds of ethnicity, religion, country, gender and marital status, so as to continuously improve the inclusiveness of the workplace.



Employee Recruitment

In 2023, we extensively broadened our recruitment channels by participating in eight campus recruitment activities of Jinan University, Shandong University of Technology and Qingdao University of Science and Technology, etc., thus fulfilling the Company's demand for various talents. By means of external recruitment and internal promotion, the Company witnessed an improvement of employees' educational background. The number of employees with bachelor's degree or above totalled 288, up 29.73% over the previous year, among which 91 people have attained master's degree or above, up 117% over the previous year.



Remuneration and Welfare

Taihe Technologies strictly abides by the provisions of the Labour Law, signs labour contracts with employees, establishes a perfect employee welfare protection system, and has formulated and updated the *Salary Payment Management Policy*, *Attendance Management Policy*, *Employee Cash Gift Management Policy* and other policies. We also provide competitive salary and welfare benefits to attract talents. In addition to the foundational benefits that include five insurances and one housing fund, talent allowances, and paid annual leave, we provide all employees with an annual health check-up and distribute festival bonuses, as well as wedding, bereavement, and other ceremonial subsidies. In 2023, we cumulatively issued marriage and funeral subsidies to a total of 50 employees, amounting to 49,780 yuan. In addition, we strive to improve employees' working and living environment by offering services like dormitories and shuttle buses for those in need.



We care for female employees and pay attention to their rights and interests. As stipulated in the Labour Protection Policy for Female Workers, female employees enjoy a half-day holiday and special physical examinations on the International Women's Day. For female employees in lactation period, we added the parental leave in 2023 to existing leave types such as paid maternity leave, paid prenatal check-up leave, breastfeeding leave, and equipped with mother and baby room in the company. In 2023, we added parental leave to provide parents of children under the age of three with a cumulative parental leave of not less than 10 days per year, which has benefited 66 male employees and 29 female employees.

Dormitory for Employees



Reading Room

• Employees Communication

Taihe Technologies has established a variety of employee communication channels, aiming to create a transparent and fair working environment. We hold regular employee congresses to strengthen communication between enterprises and employees. We have established the Employee Complaint Management Procedure. Employees can lodge complaints to management through various means, such as wechat, enterprise wechat, direct dialogue, suggestion box, telephone or written form, to ensure that problems can be effectively and fairly handled. For complaints sent through the suggestion box, we will keep the complaint information and the identity of the complainant strictly confidential as requested by the complainant, and no one is allowed to retaliate against the complainant. At the same time, we regularly hold employee congresses to strengthen communication between enterprises and employees and timely understand the demands of employees.

In 2023, we continue to carry out employee satisfaction survey work, covering compensation and benefits, job growth, sense of accomplishment, work team atmosphere, logistics support and other aspects. Meanwhile, we formulate and implement rectification measures in accordance with employees' feedback and suggestions, to better satisfy their demands of production and life.



Workers' congress

Development and Training

Recognising talents as an invaluable resource, the Company strives to provide employees with intensive opportunities for development and promotion. We advocate the diversified growth of talents and have designed clear career paths for various positions in management, marketing, technology and skills, aiming to help employees realise their career goals and dreams.

We encourage employees to pursue lifelong learning and to improve their professional skills with the formulation of the *Training and Assessment Management Policy*. The Company develops rich and diverse internal and external training programmes every year, covering topics such as laws and regulations, EHS, institutional processes, and technical skills and so on, which enhance employees' professional skills and knowledge. After the training, employees should be evaluated for their learning outcome through online closed-book exams, on-site practical exercises, oral questioning and so on. We implement targeted training for employees in special positions, thus preparing them for the Company's development. During the Reporting Period, we have completed the vocational skill level identification of 231 employees, including 2 senior technicians, 6 technicians, 131 senior workers, 60 intermediate workers and 32 junior workers. As of 2023, we has a total of 40 registered professional certificates and 49 professional and technical titles.

We encourage our employees to improve their academic competence by organising them to take the Adult University Entrance Exam and bearing the costs associated with educational improvement. During the Reporting Period, we organised 28 employees to sit for the Adult University Entrance Exam and 26 of them were admitted.

To enhance employee's enthusiasm for continuous learning, the Company has established policies such as the *Registration/Professional Title Certificate Reward Management Measures* to encourage them to improve their professional skills and obtain relevant title certificate. Employees obtaining qualifications as required in the above policies will be rewarded. During the Reporting Period, a total of 38 employees were rewarded according to the policy.



Registered professional certificate award

Case

New Apprenticeship Programme



Since 2021, we have cooperated with Shandong Institute of Chemical Technology and Zaozhuang Municipal Human Resources and Social Security Bureau to launch a new apprenticeship program. Guided by the government, led by the company and participated by educational institutions, this programme adopted the model of "employees being recruited to receive joint training from the school and the company". During the Reporting Period, a total of 49 employees participated in the New Apprenticeship Programme, where we provided training on skills required in real-life scenarios and promoted employees' personal career development. After 2 years of training, the employees have reached the intermediate level of the general control worker in the chemical industry in terms of professional knowledge and professional skills, which has promoted the personal career growth.



Training of the new apprenticeship programme

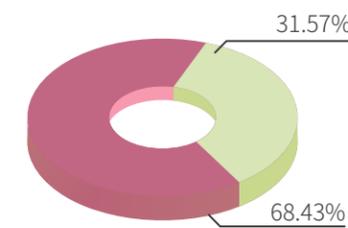


Production training

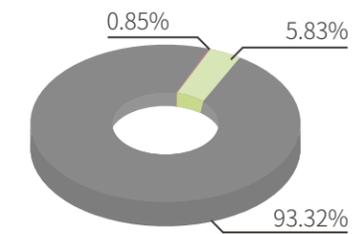


Attend the Peking University seminar

During the Reporting Period, 100% of employees trained by the Human Resources Department, and the average training time of employees is 109.79 hours. Details are as follows:



■ male ■ Female



■ Senior management ■ Middle management ■ Grass-roots employees

Employee Care

Taihe Technologies pursues a harmonious, caring and friendly working environment, strengthening team spirit and cohesion, and enhancing employees' sense of belonging and satisfaction. In the spare time, we hold staff activities from time to time, distribute holiday packages, and organize volunteers to visit veteran party members, appease hospitalized employees, and send them the company's care and blessing.



Condolences to veteran Party members in difficulty



Distribute Mid-Autumn Festival gifts

Build Social Value Together

Taihe Technologies never forgets its original intention of integrating itself into community construction and assuming social responsibility to promote the mutual progress of the Company and the society as a whole. We encourage our employees to undertake public welfare practices and to show their care and sense of responsibility to the society. Over the past decade, we have continued to contribute to social charity by donating blood, supporting people in need, donating money to school, providing employment for disabled people, visiting veterans in need, and donating money to protect ancient trees.

During the Reporting Period, we donated RMB 30,000, RMB 100,000 and RMB 80,000 respectively to villagers from the Dongwangzhuang Village for drought relief, to the Education Development Foundation of the Shizhong District in Zaozhuang, and to the Fosun Foundation in Shanghai to continue to give back to the community. Thanks to these charitable practices, we were awarded Zaozhuang Charity Outstanding Contribution Enterprise Award.



Zaozhuang Charity Outstanding Contribution Enterprise Award

Case

Donation for drought relief



In 2023, we were concerned about the effect of disasters on the neighbouring residents and donated RMB 30,000 to villagers from the Dongwangzhuang Village to help local villagers fight against drought and tide over the difficulties together. The donated funds for crop irrigation were planned to minimise the villagers' financial losses.

Case

The self-owned fire station stands by for community firefighting



With a sense of social responsibility, we take on fire-fighting missions in our neighbouring communities without compensation. In 2023, our self-owned fire station responded to 8 call-outs from local residents, mobilising a total of 50 people to handle 6 mountain fires and 2 civil building fires. We took concrete actions to safeguard the lives and properties of surrounding residents, thus receiving their warm praise and sincere gratitude.



Banners from neighbouring residents

Future Prospects

A journey of a thousand miles begins with a single step, and a river or sea comes from small streams. Taihe Technologies has always devoted to its original intention by digging in the key fields of water treatment agents, chlor-alkali and new energy series products. We will actively expand our business scope, explore green technologies and improve ESG management, thereby ushering in a new chapter of high-quality development. Specific to ESG management, our priorities are as follows:

Improve Corporate Governance

We will keep abreast with the modern enterprise management and ESG governance requirements, and further the construction of our governance structure and management systems. We persistently pursue efficient and transparent mechanisms of decision-making, internal control and risk management by optimising business processes and utilising resources in a reasonable manner. We will drive the Company's shift to greener and more effective operations.

Adhere to Value Co-creation

We will continue the business philosophy of "positioning ourselves as a pharmaceutical manufacturer rather than an end customer in the field of water treatment agents". At the same time, we will deepen the cooperation with industry partners, explore sustainable business models and technological innovations, and provide high-quality products and services to customers.

Realise Safety Production

We place work safety and employees' occupational health at the forefront of our operations. To this end, we integrate the awareness of safety into every aspect of our production and operations by improving our production and management capabilities and enhancing production safety and efficiency. Also, we endeavour to minimise safety risks by delivering training to raise employees' safety awareness.



Promote Green Development

Focusing on the national "carbon peaking and carbon neutrality" goals, we will explore and implement more measures of environmental protection and energy conservation. We will enhance energy efficiency, promote energy conservation and emission reduction, and strengthen investment in renewable energy and pro-environmental technologies. Meanwhile, we will earnestly lay out green technologies and industries, so as to protect the ecology and achieve green and high-quality development for a beautiful China.

Strengthen Strategic Cooperation

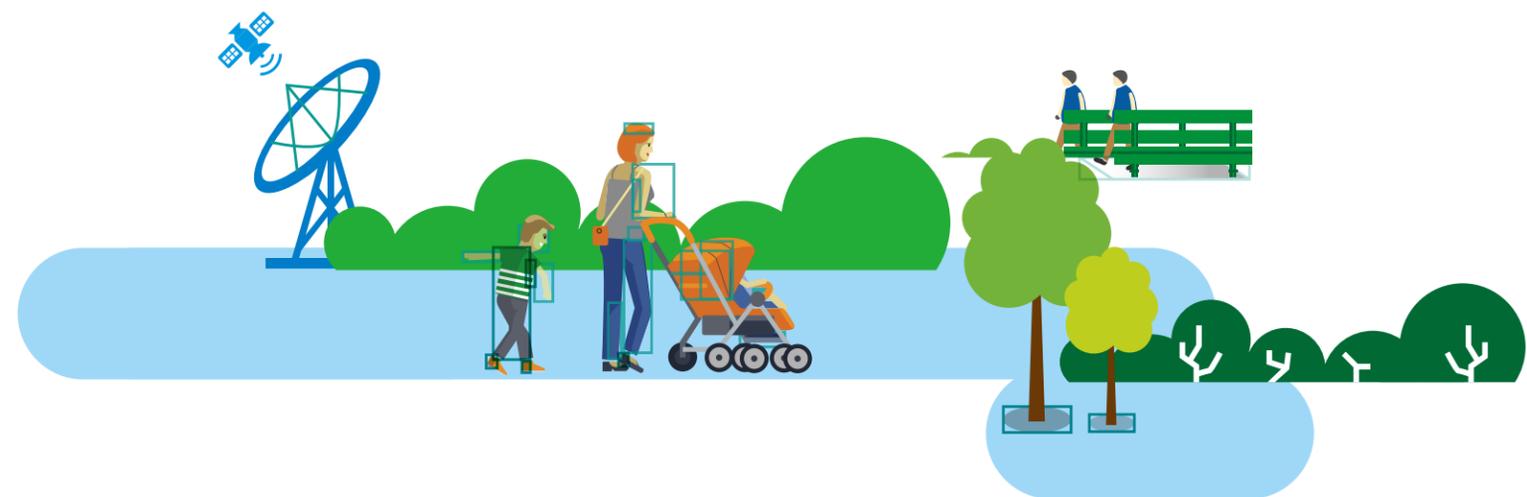
We will deepen the strategic cooperation with the upstream and downstream of the industry chain, academic institutions and government departments. Working hand in hand with our partners, we will explore new market opportunities and technological breakthroughs. Moreover, we will take an active part in industry exchanges and standard formulation and accelerate industrial innovation and development with our professional strengths and influence.

Assist Employees Development

Following the "people-oriented" concept, we continue to build a talent team of excellence, improve the talent training system, stimulate their vitality, improve employees' initiative and enthusiasm of learning, thus laying a solid foundation for them to climb the career ladder and achieve personal value.

Build a Harmonious Society

As a responsible enterprise, we will continue to support community development and public welfare. We contribute to building a harmonious society by means of charitable donations, care for the underprivileged and community services.



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Feedback

Dear readers:

Thank you very much for reading this report. We value and look forward to hearing your valuable comments and suggestions in order to effectively promote the management and practice of Taihe Technologies' environmental, social and governance.

- What is your overall assessment of the company's ESG report?
 Very good Good Normal Poor
- What do you think about the authenticity, accuracy and effectiveness of information and data disclosure in this report?
 Very good Good Normal Poor
- How do you think this report reflects the Company's significant environmental, social and governance impacts?
 Very good Good Normal Poor
- What do you think of Taihe Technologies' performance in stakeholder communication?
 Very good Good Normal Poor
- Do you think the language description, content layout and layout of this report are easy to read?
 Yes No
- What are your comments and suggestions on Taihe Technologies' implementation of the Environmental, Social and Governance Report?

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

Name: _____ Work units: _____
 Contact phone: _____ Email: _____

You can email or other ways to return to the following contact:

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