![NFLG logo]

2024
SUSTAINABILITY
REPORT

About This Report

This is the 2024 Sustainability Report ("this report") released by Fujian South Highway Machinery Co., Ltd. ("NFLG" or "We"). This report is intended to inform stakeholders of the impact of sustainability risks and transition opportunities on corporate value, as well as the company's environmental and social impacts in 2024. It also outlines the company's initiatives and achievements towards advancing the United Nations Sustainable Development Goals.

Reference Guidelines

This report is prepared in accordance with the Sustainability Disclosure Standards for Enterprise - General Requirements (Trial), jointly formulated by the Ministry of Finance of the People's Republic of China, the Ministry of Foreign Affairs, the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Ecology and Environment, the Ministry of Commerce, the People's Bank of China, the State-owned Assets Supervision and Administration Commission of the State Council (SASAC), the National Financial Regulatory Administration, and the China Securities Regulatory Commission. It also follows the Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies – Sustainability Report (Trial) and the Guide No.4 for Self-Regulatory Supervision on Listed Companies of the SSE - Compilation of Sustainable Development Reports issued by the Shanghai Stock Exchange, the Sustainability Accounting Standards Board (SASB) Standards, the European Sustainability Reporting Standards (ESRS) released by the European Commission, and the two IFRS Sustainability Disclosure Standards(ISDS) issued by the International Sustainability Standards Board (ISSB). Additionally, this report incorporates disclosure requirements aligned with the United Nations Sustainable Development Goals (SDGs).

Reporting Scope

The reporting period is between January 1, 2024, and December 31, 2024, and some parts of the report are beyond the scope mentioned above. Unless otherwise specified, the environmental, economic, and social data disclosed in this report covers all enterprises within the NFLG's scope of consolidation.

Report Availability and Feedback

We released this report in electronic format in both Simplified Chinese and English. In case of any inconsistencies between the Chinese and English versions, the Chinese version shall prevail. The electronic copies are available on our official website（www.nflg.com）and Shanghai Stock Exchange website（www.sse.com.cn）. If you have any comments or suggestions on our sustainability performance, please email us at dong_office@nflg.com.

CONTENTS

Message from the Chairman

As global efforts in climate governance and industrial transformation grow alongside the promotion for building an ecological civilization, green and low-carbon development has become essential for the sustainable future of human society. We have been deeply engaged in the engineering mixing field for nearly three decades, aligning with strategic priorities of digitalization, environmental responsibility, globalization, and integration. Focusing on R&D innovation and lean manufacturing in engineering mixing, material processing, and construction waste treatment, we are committed to providing safer, greener, more efficient, and smarter integrated solutions for building materials, and contributing to the green transformation of industries and the global pursuit of net zero.

Rebuilding the Value Chain to Forge a Green Foundation for the Construction Machinery Industry

We follow global climate action and have committed to achieving carbon peak across our value chain by 2030, net zero by 2050, and net-zero emissions across our entire value chain by 2060. We are actively building a sustainable growth engine that spans from corporate operations to industry ecosystems, and from technological breakthroughs to broader societal transformation.

Through continuous equipment and process upgrades, energy structure optimization, and intelligent transformation, we are advancing a comprehensive green manufacturing system, establishing zero-carbon factories, and enhancing synergy between lean manufacturing and energy efficiency to meet our emissions reduction goals. We examine carbon emissions and resource flows across the industry chain with a forward-looking, systemic perspective, embedding green and low-carbon principles from material selection and product design to end-use application across the entire lifecycle. We accelerate the industry's green transformation by optimizing equipment energy efficiency and driving product iteration. We continue to develop full-cycle green solutions for the building materials sector —from raw material sourcing to construction waste management— fostering a green, virtuous ecosystem and advancing society's transition toward a low-carbon future.

The Chairman of NFLG

Driving Innovation to Unleash the Intelligent Path to Green Construction

We have always regarded technological innovation as the engine driving our growth, integrating green principles into product development and digital transformation, with a focus on leading the industry towards a low-carbon and intelligent future. By building an open and collaborative innovation ecosystem, and integrating cutting-edge global technologies with industry intelligence, we continue to break through key core technologies to create more efficient, smarter, and more sustainable equipment and solutions. From smart mixing to green recycling, from digital twin to intelligent operations and maintenance, we leverage the power of technology to drive the industry's transition from traditional manufacturing to green intelligent manufacturing, contributing innovative solutions towards the global net zero goal.

Fusing Responsibility Across the Chain to Build a More Sustainable Industrial Ecosystem

We consider supply chain responsibility as a cornerstone for building an industrial ecosystem, focusing on creating a secure, stable, and responsible system for supply chain. Together with our upstream and downstream partners, we aim to build a more resilient and sustainable industrial ecosystem. We promote the integration of sustainable development principles into supply chain management, strengthening risk control and prevention capabilities within the supply chain. At the same time, we continuously deepen collaboration with core suppliers, driving the synchronized improvement of responsibility and capabilities among upstream and downstream partners. Through a virtuous cycle driven by responsibility, symbiotic capabilities, and ecological feedback, we work together to build a more inclusive and sustainable industrial future.

Fostering Deep Collaboration to Shape an Integrated Regional Development Landscape

We firmly believe that the growth of a company is rooted in the communities it serves. We are committed to fulfilling our social responsibilities, upholding shared responsibility and mutual value creation, and actively building mechanisms for coordinated development with local communities, fostering synergy between business growth and community well-being. We respect and preserve local customs and cultural traditions, strengthening our connections and engagement with communities while attentively listening to their expectations and needs. We are deeply dedicated to supporting local education and livelihoods, giving back to communities through diverse initiatives such as promoting local employment, supporting educational programs, and engaging in philanthropic activities, thereby contributing to their long-term prosperity and development.

**Co-creating Talent Value to Power Long-term Organizational Growth**

We view talent as the essential driving force behind our long-term growth. We prioritize our employees by safeguarding their rights, offering competitive compensation and a diverse range of benefits, and creating an open, fair, collaborative, inclusive, safe, and healthy working environment. We are dedicated to building a comprehensive, multi-level talent development system, providing clear career advancement pathways and diverse opportunities for growth. By aligning individual aspirations with the company's mission, we foster mutual success and shared achievements between our employees and the organization. With a steadfast vision toward the future, we believe every step will take us closer to our aspirations. Looking to the future, we will continue to uphold the spirit of "Smart · Specialized · Sophisticated · Safe · Sustainable" as our guiding principle, embedding sustainable development into the very foundation. We will redefine industry boundaries through technological innovation and reshape value networks through ecological collaboration, driving the construction machinery sector toward a greener, smarter, and low-carbon future. We will unite with global partners with an open and inclusive approach, shouldering our shared mission on the journey toward global green transformation. Through unwavering determination, we will create a future where ecological excellence and high-quality development advance in tandem, forging a path of sustainable coexistence between humanity and nature.

Preface
Sustainability-Related Governance
Environmental
Social
Governance
Index

About NFLG

NFLG (Stock Code: 603280.SH), established in 1997, has been deeply engaged in the field of engineering mixing. With profound insight into industry development patterns and over two decades of dedicated research and specialization, we have progressively built a comprehensive and multi-tiered product system covering the entire value chain from primary aggregate processing and treatment, engineering mixing, to aggregate resource recycling and processing. We integrate customized design, R&D, manufacturing, and sales, covering sectors such as mining crushing and screening, aggregate processing, construction and road material mixing, and construction waste recycling. We creatively provide the market with integrated green construction material solutions that combine design, manufacturing, and services. At the same time, we are dedicated to pioneering a new operational management model that integrates engineering digital intelligence IoT with property-style services, empowered by synergistic innovation. Through building a full value chain of hardware, software, and services, we offer our clients safer, greener, more efficient, and smarter green building material processing & recycling system.

Green Building Material Processing & Recycling System

We offer a full range of products, including primary aggregate processing equipment, engineering mixing equipment, and recycled aggregate processing equipment, which are widely used across infrastructure projects such as buildings, roads, bridges, tunnels, water conservancy, as well as real estate development. Leveraging our strong R&D capabilities, extensive professional distribution network, solid brand reputation, stable product quality, and comprehensive integrated services, we continuously develop and upgrade green building material processing & recycling system centered on resource regeneration, energy efficiency, and environmental protection. We are committed to helping industry partners improve energy and resource utilization, reduce carbon emissions, and accelerate the green and low-carbon transformation of the entire sector. By promoting a virtuous cycle in building materials production and resource recycling, we strive to achieve a harmonious balance between economic and environmental benefits.

Preface

Sustainability-Related Governance

Environmental

Social

Governance

Index
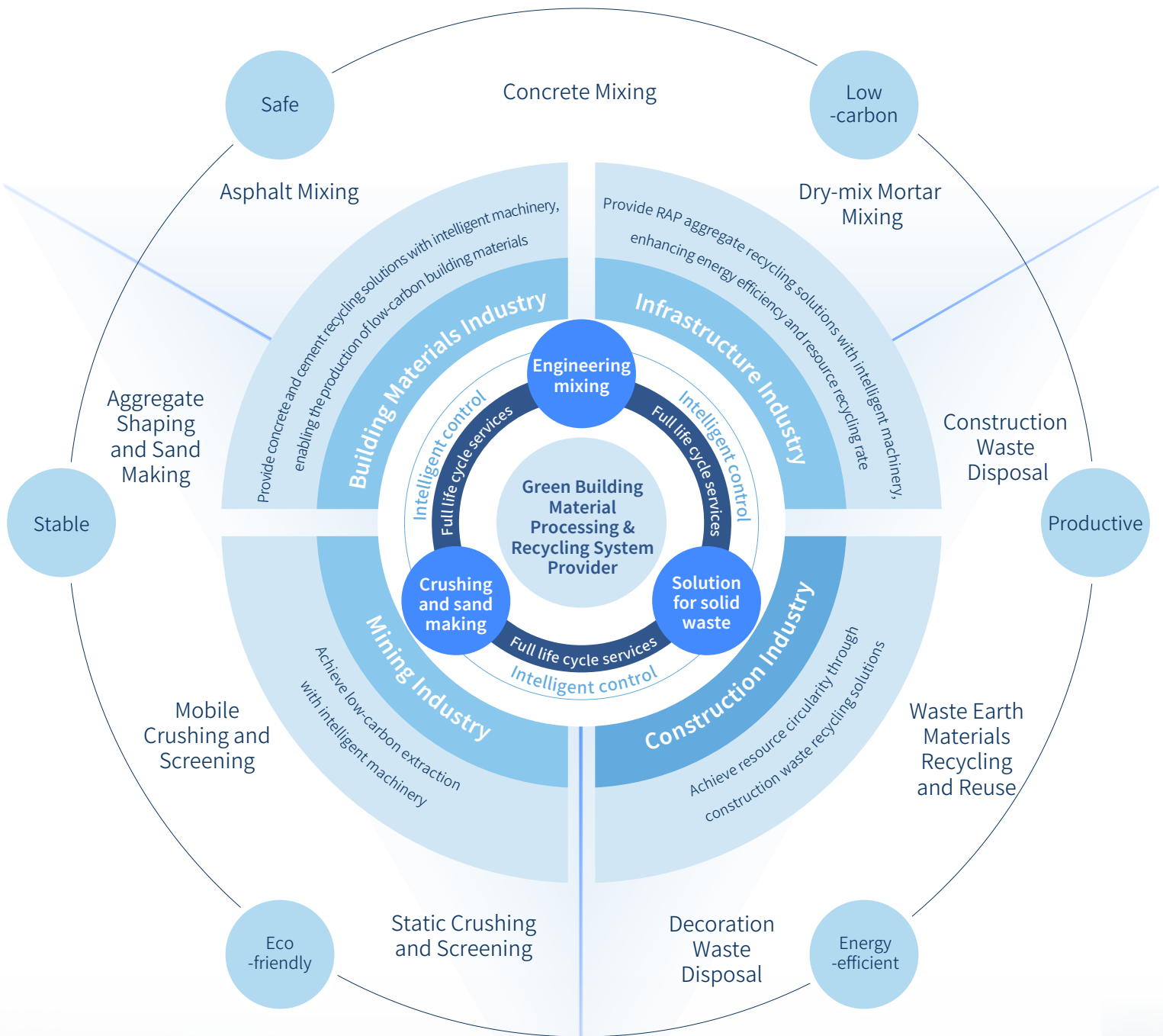
Our International Business Presence

We have established manufacturing bases in Quanzhou, Fujian, and Xiantao, Hubei. Our products and services are aimed at the global market, serving clients including China Railway, CGN, China Communications Construction, Beijing Construction Engineering Group, Poly Changda, Nippon Paint, Davco, Oriental Yuhong, BBMG Corporation, MAPEI, Sievert, Sika, and other well-known enterprises at home and abroad.

Preface

Sustainability-Related Governance

Environmental

Social

Governance

Index

2024 At a Glance

Environmental

Total environmental protection input
11.93
million RMB

GHG emissions
2,001.37
tCO_2e

GHG emission intensity
199.86
tCO_2e/hundred-million RMB of operating revenue

Energy intensity
100.45
tce/ hundred-million RMB of operating revenue

Water use intensity
1,385.58
m^3/ hundred-million RMB of operating revenue

Social

Total social contributions
310.03
million RMB
Including:

Tax payment
84.02
million RMB

Employee compensation
188.90
million RMB

Dividends paid to shareholders
36.86
million RMB

Social donations
0.25
million RMB

Social contribution per share
2.86
RMB

Research and Development investment
82.82
million RMB

Total employee training input
0.41
million RMB

Work safety input
4.45
million RMB

Number of employees
1,260
persons

Total employee training hours
29,150
hours

Total occupational health and safety training hours
18,311
hours

Occupational fatalities
0
persons

Economic

Total asset
2,046.65
million RMB

Operating revenue
1,001.37
million RMB

Net profit attributable to shareholders of the parent company
90.80
million RMB

2024 Honors and Awards

2024 China Top 50 Specialized Construction Machinery Manufacturer

T50 Summit of Word Construction Machinery Industry and China Construction Machinery Magazine

Manufacturing Single Champion Enterprises 2024-2026

The Ministry of Industry and Information Technology

2024 Influential Brands in the Ready-mixed Mortar Industry

China Building Materials Federation Ready-mixed Mortar Branch

2023 Top 100 Environmental Protection Enterprises in Fujian Province

Fujian Environmental Protection Industry

2024 Gold Quality Award – ESG Award

Shanghai Securities News

2024 Top 100 Private Enterprises in Quanzhou

Quanzhou Investment Promotion Office
Quanzhou Federation of Commerce & Industry

2024 ESG Golden Dawn Award – Best Integrity and Compliance Performance

Weekly On Stocks

Preface

Sustainability-Related Governance

Environmental

Social

Governance

Index

Management of Material Matters

We conducted double materiality assessments in alignment with the methodologies outlined in latest domestic and international disclosure standards, including the Sustainability Disclosure Standards for Enterprise - General Requirements (Trial), jointly formulated by the Ministry of Finance of the People's Republic of China, the Ministry of Foreign Affairs, the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Ecology and Environment, the Ministry of Commerce, the People's Bank of China, the State-owned Assets Supervision and Administration Commission of the State Council (SASAC), the National Financial Regulatory Administration, and the China Securities Regulatory Commission. We also referred to the Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies – Sustainability Report (Trial) and the Guide No.4 for Self-Regulatory Supervision on Listed Companies of the SSE - Compilation of Sustainable Development Reports issued by the Shanghai Stock Exchange, the European Sustainability Reporting Standards (ESRS) released by the European Commission, and the two IFRS Sustainability Disclosure Standards(ISDS) issued by the International Sustainability Standards Board (ISSB). Following the double materiality assessment principle (financial materiality and impact materiality), we identified sustainability matters that have a material impact on our enterprise value and the stakeholders.

In the materiality assessment process, we evaluated each matter from two perspectives. From the perspective of financial materiality, we focused on analyzing the potential impacts of various matters on our business operations, risk management, and financial performance. From the perspective of impact materiality, we assessed the external effects of our management and performance in environmental, social, and governance areas. We conducted stakeholder engagement through questionnaires, gathering valuable input from 357 stakeholders. Based on their feedback and the results of our financial materiality assessment, we ultimately identified 9 material matters. In this report, we provide a detailed explanation of our management approach and practices regarding the material matters of concern to our stakeholders.

Double Materiality Assessment Process

2024 Double Materiality Assessment Process

Step1	Understanding the Context and Identifying Sustainability Matters

The company identified 30 potential key matters based on five categories of factors and formed a sustainability matters list.

⬇

Step 2	Impact and Financial Materiality Assessment

The company evaluated the impact materiality and financial materiality of each matter based on two dimensions: severity of impact and likelihood of occurrence.

⬇

Step 3	Consolidating Impact and Financial Materiality Outcomes

Based on the results from Step 2, the company developed the Materiality Matrix for 2024.

⬇

Step 4	Reviewing the outcomes for reporting and practice guidance

The Board of Directors reviewed the analysis results and the company performed targeted disclosure and enhanced practices based on the results.

Step 1

Understanding the Context and Identifying Sustainability Matters

We comprehensively considered the following five classes of factors to identify a list of sustainability matters relevant to our business.

❶ **Sustainability Disclosure Standards and Guidelines**
The Sustainability Disclosure Standards for Enterprise – General Requirements (Trial), jointly formulated by the Ministry of Finance of the People's Republic of China, the Ministry of Foreign Affairs, the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Ecology and Environment, the Ministry of Commerce, the People's Bank of China, the State-owned Assets Supervision and Administration Commission of the State Council (SASAC), the National Financial Regulatory Administration, and the China Securities Regulatory Commission, the Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies – Sustainability Report (Trial) and the Guide No.4 for Self-Regulatory Supervision on Listed Companies of the SSE – Compilation of Sustainable Development Reports issued by the Shanghai Stock Exchange, the European Sustainability Reporting Standards (ESRS) released by the European Commission, and the two IFRS Sustainability Disclosure Standards(ISDS) issued by the International Sustainability Standards Board (ISSB).

❷ **International Initiatives**
The United Nations Sustainable Development Goals (SDGs), the 29th Conference of the Parties of the UNFCCC (COP 29), the Due Diligence Guidance for Responsible Business Conduct of Organization for Economic Co-operation and Development (OECD), etc.

❸ **Global Economic and Macro-Policy Outlook**
The National carbon peaking and net zero goals, global temperature control targets under the Paris Agreement, Science Based Targets initiative (SBTi), the Belt and Road Initiative, trends in digitalization, intelligent transformation, and circular economy, etc.

❹ **Global Market Trends**
Diversified, differentiated, and holistic ecosystem-based solutions are becoming a key source of corporate competitiveness, while international markets are continuously raising threshold requirements for corporate qualifications, product quality, and ESG performance.

❺ **Corporate Strategic Plan and Development Needs**
Strategic development plan focusing on digitalization, environmental responsibility, globalization, and integration, while meeting industry regulations and policy requirements to strengthen the company's resilience in risk management and promote sustainable development.

Sustainability Matters List

| Dimension	Sustainability Matters
Environmental	Climate Response Pollutant Discharge Waste Disposal Ecosystem and Biodiversity Protection Environmental Compliance Management Energy Usage Usage of Water Resources Circular Economy
Social	Rural Revitalization Social Contributions Innovation-Driven Development Ethics of Science and Technology Supply Chain Responsibility Supply Chain Security Equal Treatment to Small and Medium-sized Enterprises Safety and Quality of Products and Services Data Security and Customer Privacy Protection Contributing to Industry Development Equal Employment Human Rights Protection Employee Communication Talent Development and Training Employee Compensation and Benefits Occupational Health and Safety
Governance	Due Diligence Communications with Stakeholders Risk Control and Compliance Anti-Commercial Bribery and Anti-Corruption Anti-unfair Competition Tax Compliance

Step 2-1

Impact Materiality Assessment

We assessed the impact materiality of each matter based on two dimensions: the severity of impact and the likelihood of occurrence.

■ **Criteria 1: Severity of Impact**
We assessed the impact materiality of each matter via stakeholder questionnaires, receiving 357 valid responses. We used statistical methods such as weighted averages and variance analysis to quantify the qualitative scores (1-5 scale) of each matter. The overall severity score was calculated by combining the weight distribution to determine the severity of impact of sustainability matters.

■ **Criteria 2: Likelihood of Occurrence**
We inferred the probability of the impact happening based on the frequency of similar events in the past and classified and quantified the likelihood of occurrence based on experience, to determine the likelihood of occurrence of sustainability impact.

High

Medium

Low
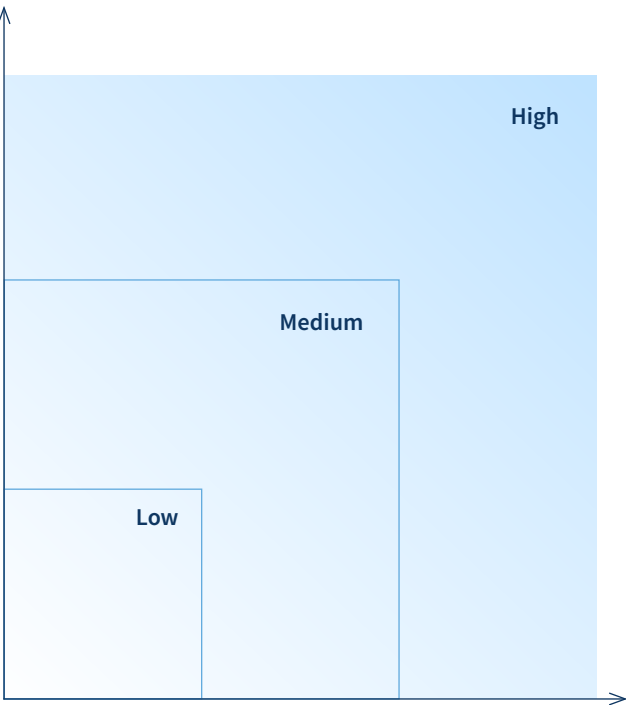
Impact Materiality Assessment Outcomes

Impact Materiality: Low	Impact Materiality: Medium	Impact Materiality: High
Anti-unfair Competition Social Contributions Ecosystem and Biodiversity Protection Tax Compliance Ethics of Science and Technology Rural Revitalization	Environmental Compliance Management Energy Usage Due Diligence Usage of Water Resources Equal Treatment to Small and Medium-sized Enterprises Pollutant Discharge Waste Disposal Data Security and Customer Privacy Protection Communications with Stakeholders Anti-Commercial Bribery and Anti-Corruption	Circular Economy Human Rights Protection Safety and Quality of Products and Services Innovation-Driven Development Supply Chain Responsibility Climate Response Occupational Health and Safety Risk Control and Compliance Employee Compensation and Benefits Equal Employment Supply Chain Security Talent Development and Training Contributing to Industry Development Employee Communication

Sustainability Matters

Step 2-2

Financial Materiality Assessment

We assessed the financial materiality of each matter based on two criteria: the potential magnitude and the likelihood of occurrence.

■ **Criteria 1: Potential Magnitude**
The magnitude of direct and indirect, positive and negative impacts that the opportunities and risks associated with each material sustainability matter may bring to the company's financial performance during the reporting period and in future projections.

■ **Criteria 2: Likelihood of Occurrence**
The likelihood of financial effects on the company from the opportunities and risks associated with each sustainability matter in the short, medium, and long-term.

Reference Indicators	
Costs	Considering factors such as market price of resources, trend forecasts, and the company's historical costs
Profits	Taking into account costs and revenues, and assessing the impact on profits

Financial Materiality Assessment Outcomes

Financial Materiality: Low[1]	Financial Materiality: Medium[2]	Financial Materiality: High[3]
Equal Employment Employee Communication Ecosystem and Biodiversity Protection Rural Revitalization Employee Compensation and Benefits Tax Compliance Ethics of Science and Technology	Occupational Health and Safety Anti-Commercial Bribery and Anti-Corruption Due Diligence Communications with Stakeholders Waste Disposal Human Rights Protection Equal Treatment to Small and Medium-sized Enterprises Contributing to Industry Development Anti-unfair Competition Pollutant Discharge Usage of Water Resources Social Contributions Data Security and Customer Privacy Protection Talent Development and Training	Climate Response Circular Economy Safety and Quality of Products and Services Innovation-Driven Development Supply Chain Security Risk Control and Compliance Environmental Compliance Management Energy Usage Supply Chain Responsibility

Sustainability Matters

1 Low Financial Materiality：Refers to matters that may have a certain financial impact in the short, medium, and long term, but the overall impact is relatively minor.
2 Medium Financial Materiality: Refers to matters that have a financial impact in the short term and may exert further influence in the medium to long term, but the overall impact is relatively minor.
3 High Financial Materiality: Refers to matters that have a considerable financial impact in the short term and are highly likely to cause material financial impacts in the medium to long term.

Step 3

Consolidating Impact and Financial Materiality Outcomes

We conducted a comprehensive analysis and prioritization based on the results of impact materiality and financial materiality assessments, creating a materiality matrix to visually present the priority levels of various sustainability matters. Among them, 9 sustainability matters were identified as having high impact and financial materiality.

NFLG 2024 Materiality Matrix

Environmental ●
Social ●
Governance ●

Impact and Financial Materiality	Sustainability Matters
High	8 Circular Economy
	1 Climate Response
	16 Safety and Quality of Products and Services
	11 Innovation-Driven Development
	13 Supply Chain Responsibility
	20 Human Rights Protection
	14 Supply Chain Security
	27 Risk Control and Compliance
	24 Occupational Health and Safety
Medium	22 Talent Development and Training
	18 Contributing to Industry Development
	19 Equal Employment
	23 Employee Compensation and Benefits
	21 Employee Communication
	5 Environmental Compliance Management
	6 Energy Usage
	25 Due Diligence
	15 Equal Treatment to SMEs
	7 Usage of Water Resources
	3 Waste Disposal
	2 Pollutant Discharge
	26 Communications with Stakeholders
	28 Anti-Commercial Bribery and Anti-Corruption
	17 Data Security and Customer Privacy Protection
	29 Anti-Unfair Competition
	10 Social Contributions
	4 Ecosystem and Biodiversity Protection
Low	9 Rural Revitalization
	30 Tax Compliance
	12 Ethics of Science and Technology

Impact Materiality

Financial Materiality

Preface

Sustainability-Related Governance

Environmental

Social

Governance

Index

Step 4

Reviewing the Outcomes for Reporting and Practice Guidance

The Board of Directors reviewed and approved the final assessment results of the material matters. For the sustainability matters assessed as highly material, we provided detailed disclosures in this report regarding corresponding management measures and specific actions.

Material Matters	Scope of Impact				Affected Stakeholders	Risks	Opportunities	Impact Duration[4]	Corresponding SDGs	Location in the Report
	Value Chain Upstream	Corporate Operations	Value Chain Downstream	Communities						
Circular Economy	✓	✓	✓	✓	Customers Distributors Suppliers Investors Financial Institutions Media Organizations Government and Regulatory Authorities Non-Governmental Organizations Local Communities	**Market Risk:** If the product system fails to meet the expectations of the target market, consumer acceptance will decline. **Policy Risk:** Stricter policy requirements in the field of circular economy in the target market may increase corporate compliance costs. **Financial Risk:** High investment in technology research and equipment, coupled with a long payback period, may put pressure on corporate cash flow.	**Strategic Upgrade Opportunity:** Transforming from a traditional manufacturer to an integrated green recycling solution provider can enhance influence across the industry value chain. **Product Innovation Opportunity:** Developing innovative green recycling products and building a differentiated product portfolio can meet the demands of high-end markets and enhance product competitiveness. **Cost Optimization Opportunity:** Utilizing resource recycling can reduce raw material procurement costs and lower waste disposal expenses. **Policy Incentive Opportunity:** Meeting requirements for resource recycling and green, low-carbon development can enable priority access to green financing, special funds for the circular economy, and government subsidies and tax incentives.	Short-term, Medium-term, and Long-term		Circular Economy
Climate Response	✓	✓	✓	✓	Employees Customers Distributors Suppliers Investors Financial Institutions Media Organizations Government and Regulatory Authorities Non-Governmental Organizations Local Communities	**Market Risk:** If corporate products fail to meet shifting market preferences, it may lead to a revaluation of brand value and a decline in product demand. **Technology Risk:** Missteps in selecting low-carbon technology pathways may result in sunk costs; if existing technologies face substitution risks, traditional technology assets may face accelerated impairment **Policy Risk:** Stricter climate-related regulatory requirements in target markets may increase compliance costs; international trade carbon barriers may create obstacles to market access.	**Market Development Opportunity:** The rapid growth of global green consumption and the continuous expansion of the low-carbon products and services market create new business growth opportunities for enterprises. **Technological Innovation Opportunity:** Enterprises can drive breakthroughs in clean energy, energy-saving technologies, and resource recycling, while accelerating the integration of digital and green technologies to establish low-carbon technology barriers. **Brand Enhancement Opportunity:** Meeting the green and low-carbon preferences of international markets can strengthen ESG branding and attract greater attention from capital markets.	Short-term, Medium-term, and Long-term		Climate Response

4 The impact duration is categorized into short-term, medium-term, and long-term. Short-term refers to within one year (inclusive) after the end of the sustainability information reporting period. Medium-term refers to one to five years (inclusive) after the end of the sustainability information reporting period. Long-term refers to more than five years after the end of the sustainability information reporting period.

Material Matters	Scope of Impact				Affected Stakeholders	Risks	Opportunities	Impact Duration[4]	Corresponding SDGs	Location in the Report
	Value Chain Upstream	Corporate Operations	Value Chain Downstream	Communities						
Safety and Quality of Products and Services	✓	✓	✓		Customers Distributors Suppliers Employees	**Market Risk:** Safety and quality issues in products and services may hinder entry into the high-end green consumer market and weaken competitiveness in international markets. **Compliance Risk:** Non-compliance with current safety standards may result in product delisting; failure to obtain relevant certifications may lead to loss of market access qualifications and could trigger liability clauses under environmental regulations (such as the EU REACH regulation). **Reputational Risk:** Safety and quality incidents may lead to media exposure and a public trust crisis, while instability in product quality will damage the company's brand image. **Financial Risk:** Quality issues may result in significant product recall costs, while customer claims and legal proceedings will impose financial pressure.	**Market Development Opportunity:** Establishing safety and quality standards for products and services that exceed industry benchmarks can create competitive barriers and lead the high-end market. **Brand Value Enhancement Opportunity:** High-standard products and services can strengthen customer trust, reinforce brand credibility, and enhance product premium.	Short-term, Medium-term, and Long-term	12 RESPONSIBLE CONSUMPTION AND PRODUCTION ∞	Safety and Quality of Products and Services
Innovation-Driven Development	✓	✓	✓		Employees Customers Distributors Suppliers Investors Non-Governmental Organizations	**Market Risk:** Advanced technologies may lack market demand support, have inferior economic performance compared to traditional technologies, and face low market acceptance, hindering product promotion. **Technical Risk:** A wrong choice of technical route could lead to misallocation of R&D resources; insufficient patent portfolio may result in intellectual property disputes; the loss of key technical talent could lead to technology leakage. **Policy Risk:** The technical route may diverge from policy directions, and industry standard upgrades could result in compliance risks. **Financial Risk:** Immature production processes may result in low yield rates, and rapid technological iterations may require frequent production line modifications, putting financial pressure on the company.	**Market Development Opportunity:** Breakthroughs in technological R&D innovation could help seize leadership in emerging green technology sectors, establish dominance in industry standards, and secure pricing power for high-value-added products. **Cost Restructuring Opportunity:** Breakthroughs in technological R&D could lead to a significant reduction in production costs; intelligent technologies could improve energy and resource efficiency, and circular technologies could enable waste resource utilization, effectively lowering costs. **Policy Incentive Opportunity:** Investment in R&D innovation may qualify for government subsidies for technology, as well as tax incentives like additional R&D expense deductions.	Short-term, Medium-term, and Long-term	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Innovation-Driven Development
Supply Chain Responsibility **Supply Chain Security**	✓	✓	✓		Customers Distributors Suppliers Investors	**Market Risk:** Supplier violations of environmental, safety, human rights, quality, or business ethics requirements may create a ripple effect, triggering a crisis of trust in the market regarding the company's products. **Policy Risk:** Geopolitical factors could cause regional supply chain disruptions, affecting the production and delivery of the company's products; ESG violations in the supply chain may lead to legal lawsuits and compliance risks. **Financial Risk:** Responsible sourcing of raw materials may involve a price premium, and significant investment in the construction of supply chain traceability systems may put financial pressure on the company.	**Market Development Opportunity:** By advancing responsible sourcing and supply chain security management, the company can gain access to high-end brand procurement, meet regulatory requirements like the EU's Corporate Sustainability Due Diligence Directive (CSDDD), secure access to the European market, and increase the premium on green products. **Industry Upgrade Opportunity:** Providing training to suppliers and distributors to enhance their ESG capabilities can strengthen the company's influence in its industrial ecosystem, creating opportunities for value chain upgrades.	Short-term, Medium-term, and Long-term	12 RESPONSIBLE CONSUMPTION AND PRODUCTION ∞ 17 PARTNERSHIPS FOR THE GOALS	Supply Chain Security

4   The impact duration is categorized into short-term, medium-term, and long-term. Short-term refers to within one year (inclusive) after the end of the sustainability information reporting period. Medium-term refers to one to five years (inclusive) after the end of the sustainability information reporting period. Long-term refers to more than five years after the end of the sustainability information reporting period.

Material Matters	Scope of Impact				Affected Stakeholders	Risks	Opportunities	Impact Duration[4]	Corresponding SDGs	Location in the Report
	Value Chain Upstream	Corporate Operations	Value Chain Downstream	Communities						
Human Rights Protection	✓	✓	✓	✓	Employees Customers Distributors Suppliers Local Communities	**Market Risk:** Failure to meet international market requirements due to human rights issues may result in the loss of market access and opportunities for cross-border cooperation. **Compliance Risk:** Violations of human rights regulations in the country or region may lead to compliance risks. **Reputation Risk:** Human rights incidents may lead to public relations crises, damage to the company's brand image, and difficulties in attracting talent. **Financial Risk:** Human rights violations may result in substantial fines or lawsuit settlements, causing financial losses for the company.	**Market Development Opportunity:** Strengthening human rights protection can create significant strategic value and business opportunities, meet international brand procurement eligibility, comply with regulations such as the EU's Corporate Sustainability Due Diligence Directive (CSDDD), and achieve higher product premiums. **Brand Premium Opportunity:** Strengthening human rights protection can enhance the company's market reputation and customer loyalty, offering opportunities for brand value appreciation. **Talent Strategy Opportunity:** Strengthening human rights protection can improve employee satisfaction, increase the company's appeal to industry talent, and foster a diverse and inclusive culture that drives organizational innovation.	Short-term, Medium-term, and Long-term	5 GENDER EQUALITY / 8 DECENT WORK AND ECONOMIC GROWTH / 10 REDUCED INEQUALITIES	Suppliers and Clients Employees Community Engagement for Collective Growth
Risk Control and Compliance	✓	✓	✓		Employees Customers Distributors Suppliers Investors Financial Institutions Government and Regulatory Authorities	**Market Risk:** If the company neglects risk and compliance management during operations, it may lead to supply chain disruptions, loss of key customers, and other operational risks, diminishing the company's market competitiveness. **Financial Risk:** Risk events may result in sudden large fines and compensation, leading to higher financing costs and reduced credit limits.	**Market Development Opportunity:** A comprehensive risk management and internal control system can enhance customer trust, secure long-term cooperation opportunities, and strengthen market competitiveness. **Operational Optimization Opportunity:** Standardized processes can reduce management costs, improve decision-making efficiency, enhance supply chain stability, and lower the risk of unexpected events. **Strategy Enhancement Opportunity:** Establishing a risk and compliance management system can enhance the company's strategic resilience, support globalization, and reduce cross-border compliance risks.	Short-term, Medium-term, and Long-term	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Risk Management, Internal Control, and Compliance
Occupational Health and Safety	✓	✓	✓		Employees Customers Distributors Suppliers	**Operational Risk:** Poor occupational health and safety (OHS) management may lead to production disruptions and equipment damage, affecting business continuity; it may also lower employee morale and increase talent turnover. **Reputational Risk:** Poor OHS management may trigger negative public opinion, damage the company's brand image, and result in customer and talent loss. **Financial Risk:** Poor OHS management may expose the company to government penalties, litigation compensation, criminal liability, and direct economic losses such as production shutdowns.	**Cost Optimization Opportunity:** A robust OHS management system can reduce direct losses from workplace injuries and equipment damage, lower insurance costs and legal risk expenses, improve production efficiency and operational stability, optimize costs and resources, and enhance the company's competitiveness. **Brand Enhancement Opportunity:** Building a safe workplace environment can boost employee satisfaction and loyalty, strengthen the company's corporate social responsibility image, and enhance employer brand value.	Short-term, Medium-term, and Long-term	3 GOOD HEALTH AND WELL-BEING / 8 DECENT WORK AND ECONOMIC GROWTH	Occupational Health and Safety

4 The impact duration is categorized into short-term, medium-term, and long-term. Short-term refers to within one year (inclusive) after the end of the sustainability information reporting period. Medium-term refers to one to five years (inclusive) after the end of the sustainability information reporting period. Long-term refers to more than five years after the end of the sustainability information reporting period.

Communications with Stakeholders

We maintain close communication and engagement with stakeholders through diverse channels and incorporate their expectations and feedback into the company's sustainable development governance.

Stakeholders	Matters of Concern	Communication Channels
Employees	Occupational Health and Safety Safety and Quality of Products and Services Data Security and Customer Privacy Protection Employee Compensation and Benefits	Employee Forums and One-on-One Interviews Employee Training and Activities Employee Care Initiatives Employee Grievance Channels
Customers	Data Security and Customer Privacy Protection Safety and Quality of Products and Services Pollutant Discharge Tax Compliance	Customer Service and Complaint Handling Customer Satisfaction Surveys Specialized Training Programs Online Communication
Suppliers	Data Security and Customer Privacy Protection Supply Chain Security Occupational Health and Safety Equal Treatment to Small and Medium-sized Enterprises	Online Communication and On-site Visits Quality Management Audits and Training Supplier Training Industry Exhibitions
Distributors	Circular Economy Human Rights Protection Tax Compliance Occupational Health and Safety	Distributors Training Distributors Conference On-site Guidance Online Communication
Investors	Risk Control and Compliance Anti-Commercial Bribery and Anti-Corruption Innovation-driven Development Communications with Stakeholders	Information Disclosure of Public Companies E-interactive Platform and Investor Hotline Earnings Conference Call and Webcast Investor Site Visits and Research

Stakeholders	Matters of Concern	Communication Channels
Financial Institutions	Risk Control and Compliance Anti-Commercial Bribery and Anti-Corruption Anti-unfair Competition Tax Compliance	Information Disclosure of Public Companies On-site Visits
Media Organizations	Circular Economy Talent Development and Training Usage of Water Resources Pollutant Discharge	Information Disclosure of Public Companies Social Media and Press Communication Public Opinion Monitoring
Government and Regulatory Authorities	Tax Compliance Anti-Commercial Bribery and Anti-Corruption Circular Economy Usage of Water Resources	On-site Visits Cooperation on Government Project Conferences and Training Sessions
Non-Governmental Organizations	Social Contributions Rural Revitalization Anti-Commercial Bribery and Anti-Corruption Anti-unfair Competition	On-site Visits Public Welfare Services Public Opinion Monitoring
Local Communities	Rural Revitalization Human Rights Protection Communications with Stakeholders Contributing to Industry Development	Online Communication Co-creation Activities Community Support Programs Volunteer Services

Preface

Sustainability-Related Governance

Environmental

Social

Governance

Index

Sustainability-Related Governance

Sustainability-Related Governance

We are committed to long-term value creation by deeply integrating sustainability into our corporate strategy and operations. We have established a sustainability governance framework led by the Board of Directors, driven by management, and actively participated in by all employees. Through a strategy-oriented decision-making mechanism, we ensure the alignment of our sustainability goals with our business strategies, achieving a balance between economic returns and social value. At the same time, we prioritize stakeholder communication by maintaining a transparent information disclosure mechanism and proactively accepting public supervision. We continuously optimize our governance system and enhance our sustainability management capabilities, laying a solid foundation for the company's long-term and steady development.

Governance Mechanisms

We integrate the concept of sustainability into our business operations by continuously improving our sustainability governance mechanisms and governance capabilities to provide strong support for the realization of our sustainability strategy and goals.

Governance Structure

We have established a top-down, standardized, and effective sustainability governance structure led by the Board of Directors:

At the Board level

> Our Board serves as the highest decision-making body for major sustainability matters. The Strategy Committee, Audit Committee, Nomination Committee, and Remuneration and Assessment Committee leverage their professional expertise to assist the Board in guiding and overseeing the company's sustainability efforts, providing specialized support for scientific decision-making on major sustainability issues.

At the execution level

> The Board Office acts as the coordinating department, responsible for overseeing and coordinating sustainability-related work across teams under the leadership of the Board. We have formed a Sustainability Working Group consisting of three sub-groups—Governance, Environmental, and Social—each made up of relevant functional departments responsible for managing specific sustainability matters.

We implement a weekly and quarterly reporting mechanism, where the management team reports to the Chairman through weekly senior management meetings and quarterly business management meetings, ensuring that all sustainability initiatives are effectively executed.

Sustainability Governance Structure

Board of Directors
- Strategy Committee
- Audit Committee
- Nomination Committee
- Remuneration and Assessment Committee

Board of Directors Office

ESG Working Group

Governance
- Due Diligence
- Communications with Stakeholders
- Risk Control and Compliance
- Anti-Commercial Bribery and Anti-Corruption
- Anti-unfair Competition
- Tax Compliance

Environmental
- Climate Response
- Pollutant Discharge
- Waste Disposal
- Ecosystem and Biodiversity Protection
- Environmental Compliance Management
- Energy Usage
- Usage of Water Resource
- Circular Economy

Social
- Rural Revitalization
- Social Contributions
- Innovation-Driven Development
- Ethics of Science and Technology
- Supply Chain Responsibility
- Supply Chain Security
- Equal Treatment to Small and Medium-sized Enterprises
- Safety and Quality of Products and Services
- Data Security and Customer Privacy Protection
- Contributing to Industry Development
- Equal Employment
- Human Rights Protection
- Employee Communication
- Talent Development and Training
- Employee Compensation and Benefits
- Occupational Health and Safety

Board Office | Audit Department | Finance and Accounting Management Center | Xiantao South Highway Machinery Co., Ltd. | Safety and Environmental Protection Department | General Office | HR Center | NFLG Institute | R&D | Research Institute | Automation Control Division | Product Divisions | Supply Chain Center | Marketing Center | Quality Management Department | Information Center

Preface

Sustainability-Related Governance

Environmental

Social

Governance

Index

Preface

Sustainability-Related Governance

Environmental

Social

Governance

Index

Policy Development

We formulate and continuously refine a series of sustainability-related policies based on our strategic goals and business operations. These policies serve as behavioral guidelines for all employees across our global operations and provide a comprehensive institutional framework for managing various sustainability topics.

Sustainable Development Policy
Business Code of Conduct
Supplier Code of Conduct
Anti-Corruption and Anti-Bribery Policy
Environmental Protection Policy
Human Rights Policy
Community Policy
Taxation Policy
Information Security Policy

Selection and Appointment of Directors and Senior Management

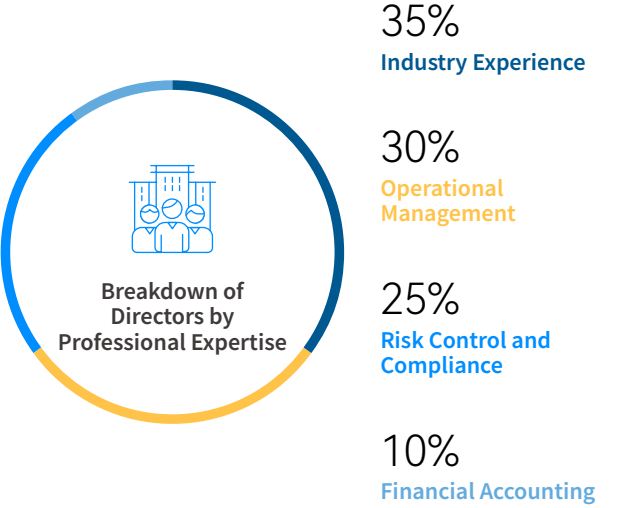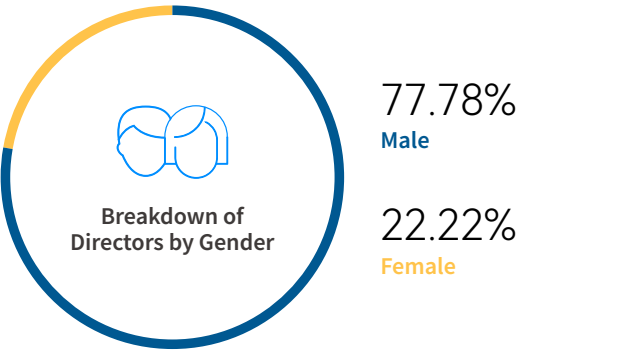Building a diverse and professional Board of Directors and management team is essential for enhancing corporate governance in support of sustainable development and for addressing an increasingly complex and dynamic external environment. The Nomination Committee, in accordance with the "Articles of Association," the "Nomination Committee Charter," and other internal regulations, strictly follows established procedures for the selection and nomination of directors and senior management members. The Nomination Committee, based on the company's operational needs, evaluates candidates across multiple dimensions, including gender, age, professional background, work experience, and external positions. After compiling a preliminary list of candidates, the committee reviews their qualifications and submits recommendations to the Board. Director candidates, once approved by the Board, are submitted to the General Meeting of Shareholders for election. Senior management candidates are appointed following approval by the Board.

■ Board Diversity and Professionalism

Our Board of Directors consists of nine members with diverse gender, age, professional expertise, and background experience. Among them, two are female directors, accounting for 22.22% of the total Board members. There are three independent directors, all holding a master's degree or higher, representing 33.33% of the Board. Our senior management team is composed of four members, with women making up 25% of the team.

Our directors and senior management team members possess extensive industry experience and strong professional backgrounds in areas such as technological innovation, operations management, risk control and compliance, and financial management, providing strong support for sound corporate decision-making.

Breakdown of Directors by Gender

77.78% **Male**

22.22% **Female**

Breakdown of Directors by Professional Expertise

35% **Industry Experience**

30% **Operational Management**

25% **Risk Control and Compliance**

10% **Financial Accounting**

Name	Position	Age	Professional Background				Board Committees				Attendance Rate (Board and Board Committee Meetings)
			Industry Experience	Operational Management	Risk Control and Compliance	Financial Accounting	Audit Committee	Nomination Committee	Remuneration and Assessment Committee	Strategy Committee	
Fang Qingxi (Male)	Chairman of the Board	77	✓	✓	✓		✓	✓		✓	100%
Fang Kai (Male)	Vice Chairman, General Manager	48	✓	✓	✓					✓	100%
Wan Jingwen (Female)	Director, Chief Financial Officer, Board Secretary	64	✓	✓	✓	✓					100%
Peng Siming (Male)	Director, Chief Engineer	57	✓	✓							100%
Huang Wenjing (Male)	Director, Chief Engineer	50	✓	✓							100%
Yi Zhensheng (Male)	Director	57	✓	✓	✓				✓	✓	100%
Zhang Yongkui (Male)	Independent Director	52				✓	✓			✓	100%
Jiao Shengjie (Male)	Independent Director	70	✓						✓		100%
Chen Yang (Female)	Independent Director	46			✓		✓	✓		✓	100%

■ Dedicated Service and Competency Development

We ensure that our Board of Directors and Board Committees, including the Strategy Committee, Audit Committee, Nomination Committee, and Remuneration and Assessment Committee, diligently perform their duties in strict accordance with applicable laws, regulations, and internal rules. During the reporting period, we revised the rules of procedure for each board committee to further enhance their operating mechanisms. We convened a total of 4 board meetings, reviewing 56 proposals; 4 board of supervisor meetings, reviewing 15 proposals; and 7 board committee meetings, reviewing 17 proposals. All directors maintained a 100% attendance rate at board meetings.

We place strong emphasis on continuously enhancing the ability of directors, supervisors, and senior management to perform their duties. We actively organized and encouraged their participation in various training sessions hosted by regulatory authorities such as the China Securities Regulatory Commission, stock exchanges, and industry associations. We also organized internal seminars and discussions on ESG topics to continuously improve our corporate governance practices. During the reporting period, we arranged for our directors, supervisors, and senior management to participate in nine training sessions hosted by the China Association for Public Companies, the Listed Companies Association of Fujian, and the Shanghai Stock Exchange, covering topics such as the new "Company Law", corporate strategy, and market value management.

Compensation of Directors and Senior Management

We have established a Remuneration and Assessment Committee under the Board of Directors, responsible for formulating remuneration plans for directors and senior management. In accordance with the Company's "Articles of Association" and the "Rules of Procedure of the Remuneration and Appraisal Committee," these plans are submitted to the Board for review. Remuneration plans for directors are further submitted to the General Meeting of Shareholders for approval, while remuneration plans for senior management are approved directly by the Board. Directors who do not hold internal positions within the Company do not receive remuneration for their directorship; directors who serve internal roles receive remuneration based on their specific positions. Independent directors are paid a director's allowance. Senior management members are remunerated on an annual salary basis, consisting

of a base salary and a performance-based salary. The base salary is determined based on factors such as the individual's role and tenure, while the performance-based salary is linked to factors including the Company's annual operating results (such as net profit), completion of annual work plans, organizational assessments, and individual performance evaluations.

To align personal growth of directors and senior management with corporate development, we have introduced an employee stock ownership plan to establish a long-term incentive and restraint mechanism, supporting the achievement of our operational goals. As of the end of the reporting period, directors and senior management held 5, 680,000 shares through the employee shareholding platform, representing 5.2395% of the Company's total share capital.

Name	Position	Shareholdings at the End of the Reporting Period
Fang Qingxi	Chairman of the Board	1,500,000
Fang Kai	Vice Chairman, General Manager	1,330,000
Wan Jingwen	Director, Chief Financial Officer, Board Secretary	350,000
Peng Siming	Director, Chief Engineer	1,050,000
Huang Wenjing	Director, Chief Engineer	1,050,000
Yi Zhensheng	Director	400,000
Total		**5,680,000**

Related Party Transaction

We have developed and continuously improved our "Detailed Rules for the Implementation of Related Party Transactions" in accordance with relevant laws, regulations, and regulatory requirements to protect the legitimate rights and interests of all shareholders, especially minority shareholders. We standardize the management of related party transactions by clearly defining the scope of related party transactions and related parties, as well as setting out review and decision-making procedures, recusal mechanisms, and information disclosure requirements. We strictly follow the required approval and decision-making processes, implement recusal mechanisms for related shareholders and directors, and ensure that all related party transactions are conducted fairly, impartially, equitably, and in compliance with regulations.

Prevention of Conflicts of Interest

We clearly stipulate in our "Articles of Association" that directors and senior management must fulfill their fiduciary duties and act in the best interests of the company and all shareholders. To prevent potential conflicts of interest from negatively impacting the company, our directors and senior management are required to proactively report their appointments as directors, senior executives, or other key positions in other organizations. We disclose this information to shareholders and the public in our annual report and implement appropriate measures to monitor and prevent conflicts of interest.

Investor Relations Management

We strictly comply with relevant laws and regulations, listing rules, and our internal policies such as the "Articles of Association" and the "Rules of Procedure for the General Meeting of Shareholders." We duly perform procedures including convening, holding, and voting at shareholders' meetings, and provide online voting channels to fully safeguard shareholders' rights to know, participate, vote, and supervise. We also protect the rights and interests of minority shareholders through mechanisms such as separate vote counting for minority investors. During the reporting period, we held a total of two shareholders' meetings, where 21 proposals were reviewed and approved.

We continue to improve our "Information Disclosure Management Policy" in strict accordance with applicable regulations, establishing a sound information disclosure mechanism and fulfilling our disclosure obligations in a true, accurate, complete, timely, and fair manner. We also proactively report relevant matters to regulatory authorities to enhance

transparency and the quality of our disclosures. Every year, we release a Sustainability Report to systematically disclose our sustainability performance, ensuring transparency and credibility in our sustainability information disclosure.

We have formulated and continuously refined our "Investor Relations Management Policy," clearly defining responsibilities, management methods, communication channels, and supervision mechanisms to guide and standardize our investor relations work. We have established a diversified communication system with investors, engaging through channels such as the Shanghai Stock Exchange's E-Interactive platform, dedicated investor hotlines, earnings call, investor open days, and on-site investor visits. We strive to provide investors and other stakeholders with comprehensive access to company information while actively listening to their feedback and expectations. During the reporting period, we responded to investors 66 times via the E-Interactive platform, held three earnings calls, and hosted two on-site investor visits.

Investor On-site Visit

Environmental

Environmental

Preface

Sustainability-Related Governance

Environmental

Social

Governance

Index

2024 Management Goals for Environmental Matters

1 — Completion of annual inventory of GHG emissions (Scope 1, Scope 2, and Scope 3)

2 — Clean energy accounts for no less than 50% of our total electricity consumption, contributing to our low-carbon transition and the optimization of our energy structure.

3 — Innovative development of more green products and services to help industry clients effectively reduce carbon emissions

4 — Advocacy for water conservation to reduce water resource waste

5 — No major environmental incidents occurred during the year, and no environmental-related penalties were imposed

6 — All wastewater, waste gas, and noise emissions complied with regulatory discharge standards, and 100% of waste was handled through standardized disposal procedures

Climate Response

Climate change has become a major global challenge to sustainable development, and the mining industry, building materials industry, infrastructure industry and construction industry, being a key source of carbon emissions, urgently requires a green transformation. As a green building material processing & recycling system provider, we have deeply embedded climate action into our development strategy and is committed to driving the low-carbon transformation of the above industry through product innovation. We have established a circular economy system that spans raw materials, production, and application. We advance our net zero target through five key initiatives: **advancing green manufacturing, developing low-carbon products, innovating carbon offset mechanisms, fostering a low-carbon culture, and collaborating across the value chain to reduce emissions.** At the same time, we are progressively building and enhancing our climate governance framework. By setting science-based targets, strengthening carbon disclosure, and investing in product R&D and innovation, we continue to improve the effectiveness of our climate actions. We firmly believe that through continuous technological innovation and industry collaboration, green building material processing & recycling system will become a vital pillar in the low-carbon transformation of the mining industry, building materials industry, infrastructure industry and construction industry, contributing to global climate governance with strong industry support.

Climate Strategy

We adhere to the brand philosophy of "Smart · Specialized · Sophisticated · Safe · Sustainable" striving to become a globally renowned green building material processing & recycling system provider, and promoting the overall green and low-carbon development of society.

To achieve the above strategic goals, we have set phased carbon peaking and net zero targets.

Short-term target

Achieve carbon peaking across our value chain by 2030
(Scope 1, Scope 2, and Scope 3)

Medium-term target

Achieve net zero in our corporate operations by 2050
(Scope 1 and Scope 2)

Long-term target

Achieve net zero across our value chain by 2060
(Scope 1, Scope 2, and Scope 3)

NFLG Net Zero Pathway

2023

Baseline Year
2024

Short-term Target
2030

Medium-term Target
2050

Long-term Target
2060

Carbon peaking across the value chain

Net zero in our corporate operations
Zero-carbon Products · Net-zero Operations

Net zero across our value chain
Zero-carbon Ecosystem · Net-zero Chain

Net zero of the society
Zero-carbon Future · Net-zero Society

Issued the first ESG report in 2023

Issued the first Sustainability Report in 2024

Green Manufacturing
• Lean Producion
• Clean Energy
• Recycling & Reuse
• Zero-Carbon Factories

Carbon Offset
• CCUS
• Carbon offset Projects
• Carbon Market

Low-Carbon Design
• Low-Carbon Process Technologies
• Energy Optimization
• Lightweight Equipmemt
• Carbon Certification

Low-Carbon Culture
• Green Office
• Low-Carbon Lifestyle
• Training System

Emissions Reduction in Supply Chain
• Green Sourcing
• Green Logistics
• Carbon Management System
• Supplier Capacity Management

Carbon Avoidance
We are committed to providing green building material processing & recycling system for the development of the industry and society, helping the economy and society beyond the value chain achieve emissions avoidance.
We aim to transform climate challenges into sustainability opportunities, driving the industry and the broader economy towards a low-carbon future

Baseline Emissions

Emission Reduction

Scope 3 Emissions

Scope 1 + Scope 2 Emissions

Carbon Offset

■ Scope 1+Scope 2 Emissions ■ Scope 3 Emissions ■ Scope 1, 2 & 3 Emission Reductions ■ Carbon Offset

Baseline Emissions: The greenhouse gas emissions generated without any emission reduction measures

Climate-Related Risks, Opportunities, and Financial Impacts

We fully recognize the challenges and transformation opportunities brought by climate change to human society and has integrated the management of climate-related impacts, risks, and opportunities into our enterprise-wide risk management system. To comprehensively assess the potential impact of climate change on our assets, operations, and value chain, we draw on our business characteristics and refer to the scenario models proposed by the Intergovernmental Panel on Climate Change (IPCC) to identify and assess physical risks in the short, medium, and long term, while also referring to the scenario models of the International Energy Agency (IEA) to identify and assess potential transition risks and opportunities over similar timeframes. Based on the results of this identification and assessment, we have formulated corresponding risk response and strategic adjustment measures to continuously strengthen our strategic resilience under sustainability-related risks and enhance our long-term capacity for sustainable development.

Scenario Overview

Scenario Description	The Very Low GHG Emissions Scenario (Limit global temperature rise below 1.5° C)
Reference Model	Net Zero Emissions (NZE) by 2050 of the International Energy Agency (IEA)
Scenario Description	The global energy sector to achieve net zero CO_2 emissions by 2050. The average global temperature increase is limited to within 1.5° C above pre-industrial levels.
Key Scenario Assumption	

Climate Policy	Under this scenario, policy and regulatory measures are becoming increasingly stringent, and the regions where we operate have already issued multiple climate-related policies and commitments. **Asia:** China: Issued a series of key policy documents, including the "Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy" and the "Action Plan for Carbon Dioxide Peaking Before 2030." The country aims to peak carbon dioxide emissions before 2030 and achieve carbon neutrality before 2060.	**Europe:** European Union (EU): Committed to reducing net greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels, and achieving climate-neutral by 2050, with the goal of reaching net-negative emissions after 2050. The EU has launched the "Fit for 55" package, the "Eco-design for Sustainable Products Regulation", "European Green Deal", and the "European Climate Law", and is also developing and implementing the Carbon Border Adjustment Mechanism (CBAM). United Kingdom (UK): Committed to achieving net zero by 2050. The UK has enacted the "Climate Change Act 2008" and is implementing a UK Carbon Border Adjustment Mechanism (UK CBAM). France: Committed to achieving climate neutrality by 2050. France has issued key policy and legislative documents including the "National Low-Carbon Strategy (SNBC) ", the "National Climate Change Adaptation Plan" and the "Energy and Climate Law".
Energy Usage	Under this scenario, energy efficiency will significantly improve, and coal and other high-carbon fossil fuels will be gradually phased out: By 2025, the sale of new fossil fuel boilers will be discontinued. By 2030, electric vehicles will account for 60% of global car sales, and annual installation of solar and wind power capacity will increase by 1,020 GW.	By 2035, the sale of new internal combustion engine vehicles will be discontinued. By 2040, global electricity will achieve net-zero emissions, with all coal-fired and oil-fired power plants without emission reduction measures being eliminated. By 2050, nearly 70% of global electricity generation will come from solar photovoltaics and wind power.
Macro Economy	Under this scenario, the rate of population growth is assumed to slow over time, but the global population approaches 9.7 billion by 2050. And the global economy is assumed to increase at an average of 2.6% per year, although there are variations in growth rates across different countries, regions, and periods.	
Scenario Application	

Under this scenario, relevant policies are most stringent and the international community is committed to jointly promoting policy development, reducing the costs of clean energy technologies, diversifying critical minerals and clean energy technologies, and building a resilient global supply chain. The impact of transition risks on enterprises is maximized under this scenario, so transition risks will be analyzed in this scenario accordingly.

Scenario Description	The Very High GHG Emissions Scenario (The global temperature rise exceeds 2° C)
Reference Model	Representative Concentration Pathway (RCP) SSP5-8.5 of the Intergovernmental Panel on Climate Change (IPCC)
Scenario Description	Global greenhouse gas emissions are projected to continue increasing through the end of the 21st century. Compared to 1850-1900, global surface temperatures in 2081-2100 are likely to increase by 3.3° C to 5.7° C.
Key Scenario Assumption	
Surface Temperature	Under this scenario, the number of hot days with maximum temperatures exceeding 35° C is projected to increase significantly in the regions where we operate, while the number of cold days with minimum temperatures below 0° C is also expected to increase obviously.
Sea Level	Under this scenario, the sea level height in the regions where we operate will continue to rise.
Scenario Application	

Under this scenario, relevant policies are the most relaxed. However, with the rise of global temperature, the increase of extreme weather days, the change of precipitation, the rise of sea level and other phenomena, enterprises face the most challenging physical risk. Hence, physical risk will be analyzed under this scenario.

Scenario Analysis

The Very Low GHG Emissions Scenario (Limit global temperature rise below 1.5° C)

Scenario Analysis			The Very Low GHG Emissions Scenario (Limit global temperature rise below 1.5° C)		
Risk Category	Risk Description	Opportunities	Countermeasures	Impact Duration[1]	Financial Impact[2]
Policy and Regulatory	■ Based on the our global business presence, the increasingly stringent climate-related policies and regulations in target markets may raise our carbon emissions compliance costs and increase investment in research and development of green and low-carbon products. ■ International trade carbon barriers, such as carbon taxes and carbon fees, may create entry barriers for us in international markets.	■ The national carbon peaking and net zero strategy and related climate regulations and policies are driving the growth in demand for green and low-carbon products and services from the our downstream market customers, providing us with broader market opportunities.	■ Focusing on the strategic positioning of integrated products and services, digitalization, intelligence, environmental sustainability, and internationalization, we actively expand our overseas market presence, develop a multi-level product system across the entire industry chain, and strengthen our global business framework. ■ We pay close attention to changes in carbon emissions-related policies and regulations, enhance carbon emissions management in our operations, and continue to innovate and develop green and low-carbon products. This enables us to provide more energy-efficient and environmentally friendly machinery to our downstream customers, driving the achievement of net zero targets in both our operations and value chain.	Short-term Medium-term Long-term	Major Impact
Market	■ Connectivity, digital intelligence, environmental sustainability, energy efficiency, and circular regeneration are gradually becoming market demand drivers in the construction machinery industry. Failure to align with market preferences and introduce products and services that meet these demands will lead to a decline in product demand and a reduction in market share.	■ The rapid growth of global green consumer demand, along with the industry's development trends toward integration, greening, digitalization, and intelligence, as well as the increasingly diverse needs of customers, will create new business growth opportunities for us.	■ Based on industry insights and practical experience, we continually optimize and upgrade our products and services in response to market development trends and customer demand for a full range of one-stop green building materials equipment, creating safer, more environmentally friendly, more efficient, and more intelligent green building material solutions. ■ We are proactively positioning ourselves in key future industry development areas, such as integrated construction waste recycling, environmentally smart batching plants, and intelligent dry-mixed mortar production lines, while continuously enhancing our service capabilities and competitive advantage. ■ We continue to advance our product marketing and after-sales service network, improving service levels and capabilities, strengthening market competitiveness, and meeting the ever-evolving demands of the market.	Short-term Medium-term Long-term	Severe Impact
Technology	■ Under the trend of industry green transformation, we need to invest more funds in the research and development of green and low-carbon technologies or products. ■ If there are mistakes in selecting low-carbon technology pathways, or if newly developed products lack competitive advantages in terms of performance, quality, or low-carbon and environmental friendliness, it may lead to corresponding sunk costs. ■ If there is a risk of substitution for existing technologies, traditional technological assets may face the risk of early impairment.	■ The iterative upgrading of green and low-carbon technologies and products will attract more downstream customers, increase customer loyalty, and improve market share. ■ By timely grasping industry technology development trends and proactively positioning core technologies and products, we will create technological barriers, enhance our core competitiveness, and help capture future market share.	■ Building on existing technologies and R&D resources, we will continuously improve our R&D innovation system, increase investment in research and development, strengthen efforts in independent innovation, improve innovation incentive mechanisms, and enhance the ability to convert technological achievements and improve product development efficiency. ■ Actively collaborating with research institutions and upstream and downstream enterprises in the industry chain for collaborative innovation, we will seize market demand and technological development trends, engage in research and development, and proactively position ourselves in emerging fields such as the recycling of construction waste, thereby enhancing new product development capabilities and technological competitiveness.	Short-term Medium-term Long-term	Major Impact
Reputation	■ If our business activities fail to comply with carbon emissions-related policy requirements or we do not achieve our greenhouse gas reduction targets, stakeholders may lose confidence in us, leading to a decrease in our influence and reputation.	■ Our commitments and actions in carbon reduction can enhance our ESG brand image and reputation, strengthen stakeholder trust and positive evaluations, gain market favor, and ultimately improve our competitiveness and influence.	■ With the commitment to net zero, we adopt a series of carbon reduction measures, actively promoting net zero targets for both our operations and value chain, fulfilling our corporate responsibilities, and shaping the image of a responsible corporate citizen. ■ We actively engage in stakeholder communication, addressing the management and practices of issues that are of concern to stakeholders.	Medium-term Long-term	Moderate Impact

1 The impact duration is categorized into short-term, medium-term, and long-term. Short-term generally refers to within one year (inclusive) after the end of the sustainability information reporting period. Medium-term generally refers to one to five years (inclusive) after the end of the sustainability information reporting period. Long-term generally refers to more than five years after the end of the sustainability information reporting period.

2 The financial impact is classified as minimal, minor, moderate, major, or severe. Minimal impact refers to an effect of less than RMB 1 million on monetary value (e.g., revenue) or less than 1% on net profit. Minor impact refers to an effect between RMB 1 million and RMB 5 million on monetary value (e.g., revenue) or between 1% and 5% on net profit. Moderate impact refers to an effect between RMB 5 million and RMB 10 million on monetary value (e.g., revenue) or between 5% and 10% on net profit. Major impact refers to an effect between RMB 10 million and RMB 50 million on monetary value (e.g., revenue) or between 10% and 15% on net profit. Severe impact refers to an effect exceeding RMB 50 million on monetary value (e.g., revenue) or more than 15% on net profit.

The Very High GHG Emissions Scenario (The global temperature rise exceeds 2° C)

Scenario Analysis	The Very High GHG Emissions Scenario (The global temperature rise exceeds 2° C)			
Risk Category	**Risk Description**	**Countermeasures**	**Impact Duration[3]**	**Financial Impact[4]**
Acute Physical Risks	**Floods and Typhoons** ■ The strong winds and heavy rainfall brought by typhoons, as well as the flooding caused by floods, may lead to interruptions in transportation systems, affecting the supply chain of raw materials and products, resulting in transportation delays or interruptions, impacting production and delivery. ■ This could cause interruptions to business operations, with our equipment, buildings, and inventory potentially being damaged by natural disasters such as floods and windstorms, requiring time and resources for recovery and repair. ■ It may also pose a threat to the health and safety of employees.	■ Monitor and promptly issue flood and typhoon warning information, and reasonably arrange the production schedule to ensure the stable operation of production lines. ■ Establish and refine emergency management systems, continuously improve emergency response plans, and strengthen the allocation of flood prevention materials. ■ Conduct regular emergency drills to enhance the ability to respond to floods and typhoons. ■ Implement reinforcement and protection measures for critical equipment and buildings to ensure that our assets can withstand the impact of super typhoons.	Short-term Medium-term Long-term	Minimal Impact
	Extreme Heat ■ Could result in overheating of machinery and equipment in production facilities, potentially causing them to malfunction or cease operation, thereby impacting production efficiency. ■ Extreme heat poses a threat to the health and safety of employees. Elevated temperatures in the work environment can lead to heat exhaustion, fatigue, and other health issues, reducing employees' work efficiency and quality.	■ Reasonably arrange employees' working hours to avoid heavy physical labor during high-temperature periods, reducing the risk of heatstroke among employees. ■ Continuously monitor the temperature conditions in production workshops and storage facilities, use insulating materials to upgrade equipment for better heat resistance, and perform regular maintenance to proactively address the risks of extreme heat.	Short-term Medium-term Long-term	Minor Impact
Chronic Physical Risks	**Biodiversity Loss and Habitat Displacement** ■ May encounter habitat displacement, as well as associated disruptions to freshwater, terrestrial, and marine ecosystems that rely on human systems.	■ Refrain from conducting business activities in nature reserves, ecologically sensitive, and fragile areas. ■ Conduct environmental impact assessments before the construction, renovation, or expansion of factory areas or production lines. ■ Carry out biodiversity conservation initiatives and actively participate in and support ecological and environmental protection efforts in the regions where we operate.	Short-term Medium-term Long-term	Minimal Impact
	Droughts ■ Potential increase of operational costs for businesses, requiring additional investment to acquire water resources to mitigate the impacts of water stress and drought on business operations, such as the construction of water treatment facilities. ■ This may result in inadequate supply of water resources for both production and domestic purposes during business operations.	■ Continuously optimize production processes, promote the use of water-saving equipment, improve water resource utilization efficiency, and reduce water consumption. ■ Conduct water-saving training and awareness campaigns to raise employees' awareness of water conservation.	Short-term Medium-term Long-term	Minor Impact
	Sea Level Rise ■ Our equipment, buildings, and inventory may be at risk of flooding or depreciation. ■ It could lead to interruptions in transportation systems, adversely affecting the procurement of raw materials and the transportation of products, thereby impacting production schedules and delivery capabilities.	■ Monitor meteorological and oceanic changes reported by the government to promptly adjust response strategies. Diversify the supply chain, reduce reliance on a single supplier, and mitigate supply chain risks associated with rising sea levels. ■ Implement protective measures such as reinforcing levees, constructing floodgates, and upgrading drainage systems for existing facilities. Regularly inspect and maintain these facilities to ensure their proper functioning. ■ Prudently evaluate the feasibility of initiating new investment projects in low-lying areas or regions susceptible to the impact of rising sea levels.	Short-term Medium-term Long-term	Minor Impact

3 The impact duration is categorized into short-term, medium-term, and long-term. Short-term generally refers to within one year (inclusive) after the end of the sustainability information reporting period. Medium-term generally refers to one to five years (inclusive) after the end of the sustainability information reporting period. Long-term generally refers to more than five years after the end of the sustainability information reporting period.

4 The financial impact is classified as minimal, minor, moderate, major, or severe. Minimal impact refers to an effect of less than RMB 1 million on monetary value (e.g., revenue) or less than 1% on net profit. Minor impact refers to an effect between RMB 1 million and RMB 5 million on monetary value (e.g., revenue) or between 1% and 5% on net profit. Moderate impact refers to an effect between RMB 5 million and RMB 10 million on monetary value (e.g., revenue) or between 5% and 10% on net profit. Major impact refers to an effect between RMB 10 million and RMB 50 million on monetary value (e.g., revenue) or between 10% and 15% on net profit. Severe impact refers to an effect exceeding RMB 50 million on monetary value (e.g., revenue) or more than 15% on net profit.

GHG Emissions

In accordance with the ISO 14064-1:2018, we adopted the operational control approach to conduct our GHG inventory for the year 2024. Setting 2024 as the baseline year, this inventory serves as a foundational step in understanding our emissions profile, providing robust data to support the formulation of our overall net zero strategy and implementation roadmap.

■ GHG Inventory Organizational Boundary

The organizational boundary for the inventory covers activities and facilities under our operational control, including the Quanzhou base and the Xiantao base.

■ GHG Inventory Notes and Explanation

> **Exclusion Threshold:** If the emissions from a single source account for less than 0.5% of the organization's total emissions and the data collection or quantification is deemed not technically feasible or not cost-effective, that emission source may be excluded. However, the total emissions from all excluded sources must not exceed 5.0% of the total emissions.

> **Materiality Threshold:** Materiality refers to individual or cumulative errors, omissions, or misstatements that could affect the GHG verification statement and potentially influence the decisions of intended users. Considering that GHG emissions are a global concern, and in line with international practices, the materiality threshold is set at 5.0%.

> **Emissions Adjustment:** If there are changes to the organizational boundary, transfers of ownership or control, or changes in quantification methodologies that result in a variation in total emissions greater than 5.0%, the base year inventory and data will be adjusted accordingly to reflect the new circumstances.

■ Assessment Criteria for Significant Indirect GHG Sources

When defining the criteria for significant indirect GHG emissions, the following principles are primarily considered:

Relevance

Select the GHG sources, GHG sinks, GHG reservoirs, data and methodologies appropriate to the needs of the intended user.

Completeness

Include all relevant GHG emissions and removals.

Consistency

Enable meaningful comparisons in GHG-related information.

Accuracy

Reduce bias and uncertainties as far as is practical.

Transparency

Disclose sufficient and appropriate GHG-related information to allow intended users to make decisions with reasonable confidence.

According to the ISO 14064-1:2018, during the GHG emissions quantification process, if certain GHG sources or sinks make an insignificant contribution to GHG emissions or removals, or if their quantification is technically infeasible or not cost-effective, organizations may exclude them from quantification. Based on these guidelines and considering our specific circumstances, we have set exclusion thresholds for certain GHG sources to ensure the scientific, accurate, and cost-effective nature of our emissions quantification process.

List of Exempted GHG Sources

No.	GHG Source	GHG Category	Reasons for Exemption from Accounting
1	Transportation from Other Suppliers	C4: Upstream transportation and distribution	Other suppliers have a small share and contribute minimally to our GHG emissions. Additionally, due to the wide variety and large quantity of these suppliers, the time and labor costs for quantification are significant. Therefore, they are excluded from the inventory boundary for this assessment.
2	Procurement from Other Suppliers	C1: Purchased goods and services	Other suppliers have a small share and contribute minimally to our GHG emissions. Additionally, due to the wide variety and large quantity of these suppliers, the time and labor costs for quantification are significant. Therefore, they are excluded from the inventory boundary for this assessment.

■ GHG Source Inventory

In accordance with the ISO 14064-1:2018 and considering our actual circumstances, we have identified and analyzed the GHG sources within the reporting boundary.

Scope 1&2 GHG Source

Scope	Definition	Primary GHG Emission Activities
Scope 1	Direct GHG emissions refer to the emissions of greenhouse gases generated directly by an organization, including emissions from the combustion of fossil fuels and emissions generated during industrial processes. This includes stationary combustion emissions, mobile combustion emissions, process emissions, and fugitive emissions.	Natural gas stoves Gasoline fleet vehicle Diesel forklifts CO_2 shielding gas Propane Air conditioner Fire extinguisher
Scope 2	Indirect GHG emissions from imported energy refer to the emissions of greenhouse gases generated from the energy consumed by an organization, such as electricity and heat, which includes purchased electricity, purchased steam, etc.	Purchased electricity

Scope 3 GHG Source

Scope	GHG Category		Facility/Activity	GHG Source	GHG Type						Whether is it a significant indirect emission source	Remarks (Explanatory notes for the inventory)
					CO$_2$	CH$_4$	N$_2$O	HFCs &PFCs	NF$_3$	SF$_6$		
Scope 3	Category 3 Indirect GHG Emissions from Transportation	C4：Upstream transportation and distribution	Core Supplier Transportation	Diesel	Y	Y	Y				✓	Suppliers with a purchase amount exceeding 500,000 RMB and more than three purchases within the year 2024.
			Other Supplier Transportation	Diesel	Y	Y	Y				Excluded	Please refer to the reasons for the exemption of GHG quantification.
		C9：Downstream transportation and distribution	Product transportation (company-paid)	Diesel	Y	Y	Y				✓	
			Product transportation (client-paid)	Diesel	Y	Y	Y				✓	
		C7：Employee commuting	Field research	Gasoline	Y	Y	Y				✓	
			Proxy data	Reasoning	Y	Y	Y				✓	
		C6：Business travel	Plane	Aviation gasoline	Y	Y	Y				✓	
			High-speed rail	Electricity	Y	Y	Y				✓	
			Accommodation	Others	Y	Y	Y				✓	
	Category 4 Indirect GHG emissions from products used by organization	C1：Purchased goods and services	Core material procurement	/	Y	Y	Y				✓	Suppliers with a purchase amount exceeding 500,000 RMB and more than three purchases within the year 2024
			Other material procurement	/	Y	Y	Y				Excluded	Please refer to the reasons for the exemption of GHG quantification.
		C2：Capital goods	Office assets	/	Y	Y	Y				✓	
			Production assets	/	Y	Y	Y				✓	
		C3：Fuel- and energy related activities (not included in scope 1 or scope 2)	Natural gas	/	Y	Y	Y				✓	
			Liquefied petroleum gas	/	Y	Y	Y				✓	
			Gasoline	/	Y	Y	Y				✓	
			Diesel	/	Y	Y	Y				✓	
			Grid electricity	/	Y	Y	Y				✓	
		C5：Waste generated in operations	Hazardous waste	/	Y	Y	Y				✓	
			General waste	/	Y	Y	Y				✓	
			Food waste disposal	/	Y	Y	Y				✓	
			Municipal solid waste	/	Y	Y	Y				✓	
		C8：Upstream leased assets	Not applicable									
	Category 5 indirect GHG emissions associated with the use of products from the organization	C10：Processing of sold products	Not applicable									
		C11：Use of sold products	Use of construction machinery	Electricity/Diesel	Y	Y	Y				✓	
		C12：End-of-life treatment of sold products	Hypothetical scenario	/	Y	Y	Y				✓	
		C13：Downstream leased assets	Not applicable									Subsidiaries are included within Scope 1 and Scope 2.
		C14：Franchises	Not applicable									
		C15：Investments	Not applicable									
	Category 6 indirect GHG emissions from other sources	Not applicable	Not applicable									

Preface

Sustainability-Related Governance

Environmental

Social

Governance

Index

GHG Accounting Methodology

According to the ISO 14064-1:2018, the common methods for GHG quantification include calculation-based methods, measurement-based methods, and a combination of both. Given that we currently do not have instruments for direct measurement of GHG emissions, we primarily adopt the calculation-based method. Specifically, we use the emission factor method, with the following formula:

$$E_{GHG}=AD×EF×GWP$$

In this formula, E_{GHG} represents the greenhouse gas emissions. AD(Activity Data)refers to the data on activities or consumption related to facilities that generate greenhouse gases, such as energy consumption, transportation distance, etc. EF(Emission Factor) is the factor corresponding to the activity data, with each greenhouse gas requiring its own factor for calculation. GWP is the Global Warming Potential, which measures the potential impact of a specific greenhouse gas on global warming compared to an equivalent mass of carbon dioxide. Below are the latest GWPs from the IPCC Sixth Assessment Report:

GWPs from the IPCC Sixth Assessment Report（AR6）

GHG Type	GWP
CO_2	1
CH_4	27.9
N_2O	273
R410a	2,255.5
R22	1,960
R290	0.02
R600a	0.006
R32	771
R125	3,740
R404	4,728

GHG Activity Data

The management of GHG activity data includes the following two categories:

> **Self-reported data:** Except for supplier data, all GHG activity data collected by us comes from primary sources such as ledgers, invoices, and bills, ensuring high reliability.
> **Background data:** The background database used by the organization primarily comes from authoritative domestic and international sources, such as the Ministry of Ecology and Environment, Ecoinvent, IEA, CPCD, EPA, etc. The factors used are technically representative of the actual production technologies. In terms of geographical representativeness, the priority ranking is "local data > national data > international data." In terms of temporal representativeness, the selected data are from the past 10 years within the reporting year, ensuring high accuracy.

Emission Factors

For different emission sources under Scope 1, Scope 2, and Scope 3, we calculate greenhouse gas emissions by selecting appropriate emission factors based on the "2006 IPCC Guidelines for National Greenhouse Gas Inventories", the "General Principles for Calculation of Comprehensive Energy Consumption" (GB/T 2589—2020), the China Product Carbon Emission Factor Database (CPCD), Ecoinvent3.11, and the emission factors for electricity published by the Ministry of Ecology and Environment.
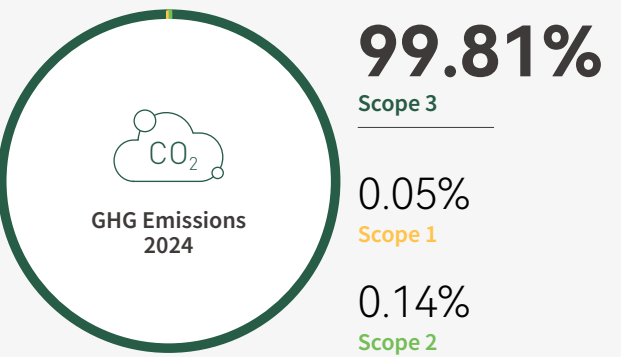
GHG Emissions

In 2024, our total greenhouse gas (GHG) emissions amounted to 1,033,011.77 tCO_2e, including:

> Scope 1: Direct GHG emissions of 556.88 tCO_2e, accounting for 0.05% of total emissions;
> Scope 2: Energy indirect GHG emissions of 1,444.49 tCO_2e, accounting for 0.14% of total emissions;
> Scope 3: Other indirect GHG emissions of 1,031,010.40 tCO_2e, accounting for 99.81% of total emissions.

GHG Emissions 2024 (tCO₂e)

Scope	2024	Proportion
Scope 1	556.88	0.05%
Scope 2	1,444.49	0.14%
Scope 3	1,031,010.40	99.81%
Total GHG Emissions	**1,033,011.77**	**100.00%**

GHG Emissions 2024

GHG Emissions 2024

99.81%
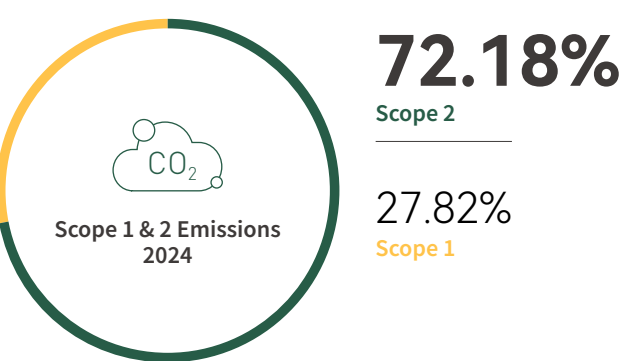Scope 3

0.05%
Scope 1

0.14%
Scope 2

GHG Emissions in Our Corporate Operations

In 2024, greenhouse gas (GHG) emissions generated from our own operations totaled 2,001.37 tCO_2e, with a GHG emissions intensity of 199.86 tCO_2e per hundred-million RMB of operating revenue. Among them, indirect emissions from purchased electricity accounted for the highest proportion at 72.18%, while direct GHG emissions accounted for 27.82% of the total operational emissions.

Scope 1 & 2 Emissions 2024

Scope	2024	Proportion
Scope 1 (tCO_2e)	556.88	27.82%
Scope 2 (tCO_2e)	1,444.49	72.18%
Total GHG Emissions of Our Corporate Operations (tCO_2e)	2,001.37	100.00%
GHG Emissions Intensity of Our Corporate Operations (tCO_2e / hundred-million RMB of operating revenue)	199.86	/

Scope 1 & 2 Emissions 2024

Scope 1 & 2 Emissions 2024

72.18%
Scope 2

27.82%
Scope 1

■ GHG Emissions Across Our Value Chain

Our Scope 3 greenhouse gas (GHG) emissions include indirect emissions generated from activities such as purchased goods and services, capital goods, fuel- and energy-related activities, waste generated in operations, business travel, employee commuting, and the use of sold products. Among these, the use of sold products contributed the largest share, accounting for 90.63% of total Scope 3 emissions, followed by purchased goods and services at 8.52%. These two sources together represented 99.15% of our Scope 3 GHG emissions.

Scope 3 Emissions 2024 (tCO$_2$e)

GHG Category	2024	Proportion
Purchased Goods and Services	87,815.70	8.52%
Capital Goods	1,109.53	0.11%
Fuel- and Energy-Related Activities (Not Included in Scope 1 or Scope 2)	193.71	0.02%
Upstream Transportation and Distribution	3,310.21	0.32%
Waste Generated in Operations	155.45	0.01%
Business Travel	431.03	0.04%
Employee Commuting	121.85	0.01%
Downstream Transportation and Distribution	1,877.98	0.18%
Use of Sold Products	934,391.03	90.63%
End-of-Life Treatment of Sold Products	1,603.91	0.16%
Total Emissions	**1,031,010.40**	**100.00%**

Scope 3 Emissions 2024 by Categories

Scope 3 Emissions 2024 by Categories
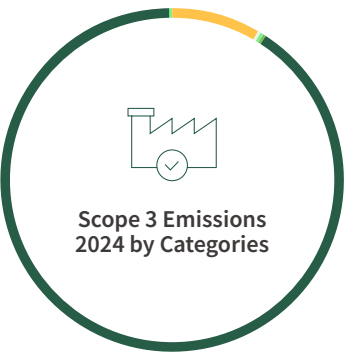
90.63%
Use of Sold Products

8.52%
Purchased Goods and Services

0.16%
End-of-Life Treatment of Sold Products

0.02%
Fuel- and Energy-Related Activities (Not Included in Scope 1 or Scope 2)

0.32%
Upstream Transportation and Distribution

0.11%
Capital Goods

0.01%
Waste Generated in Operations

0.18%
Downstream Transportation and Distribution

0.04%
Business Travel

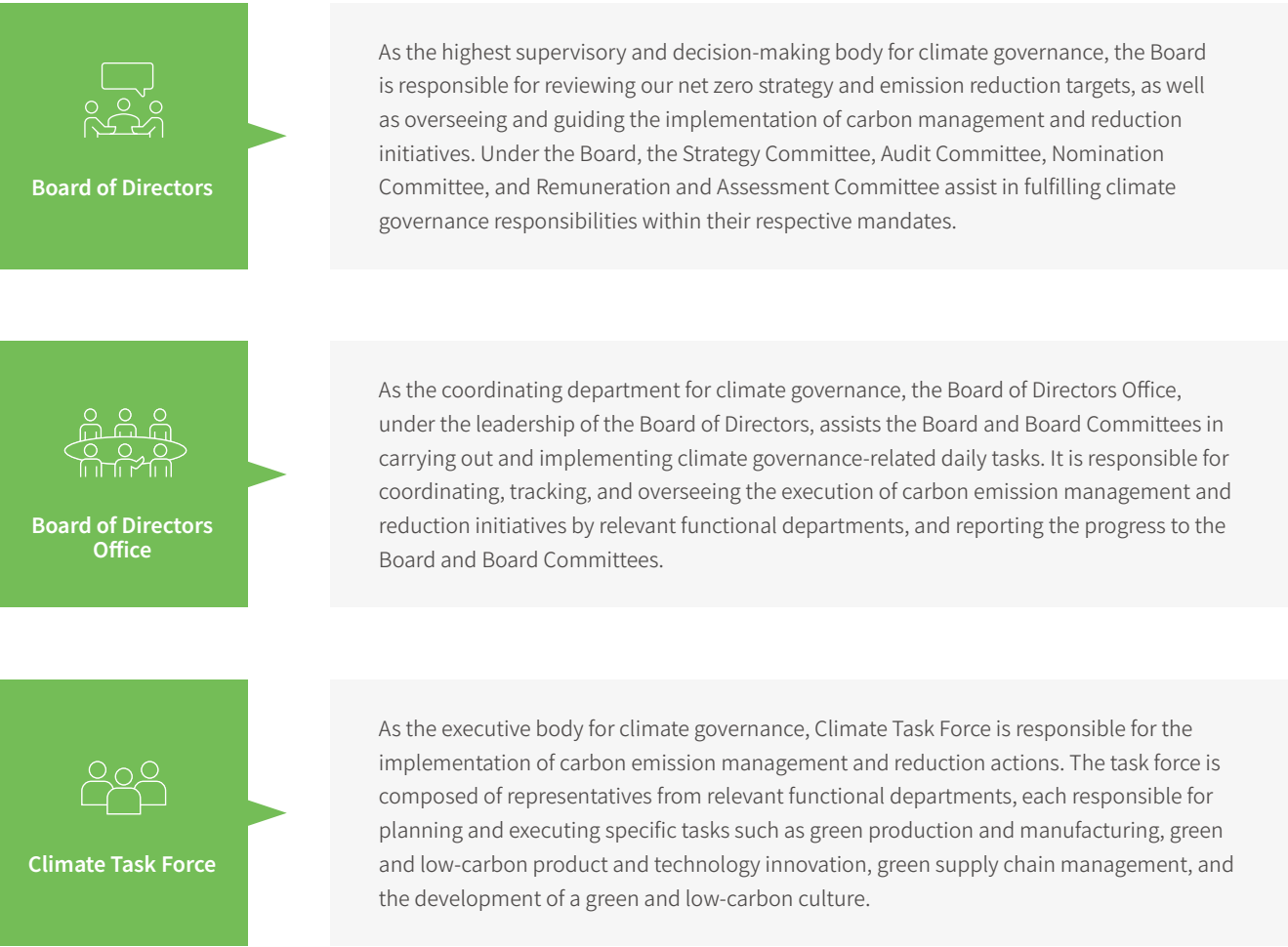**0.01%**
Employee Commuting

GHG Emissions Management

By regularly conducting GHG inventory, we are gradually establishing a scientific carbon accounting system, integrating GHG management requirements into the entire production and operational process. This enables effective monitoring and management of both its own and its value chain's carbon footprint. Meanwhile, we are committed to driving low-carbon transformation across the industry by innovating low-carbon products and services to help customers reduce emissions. We strive to contribute to the industry's sustainable development and support the achievement of China's carbon peaking and carbon neutrality targets.
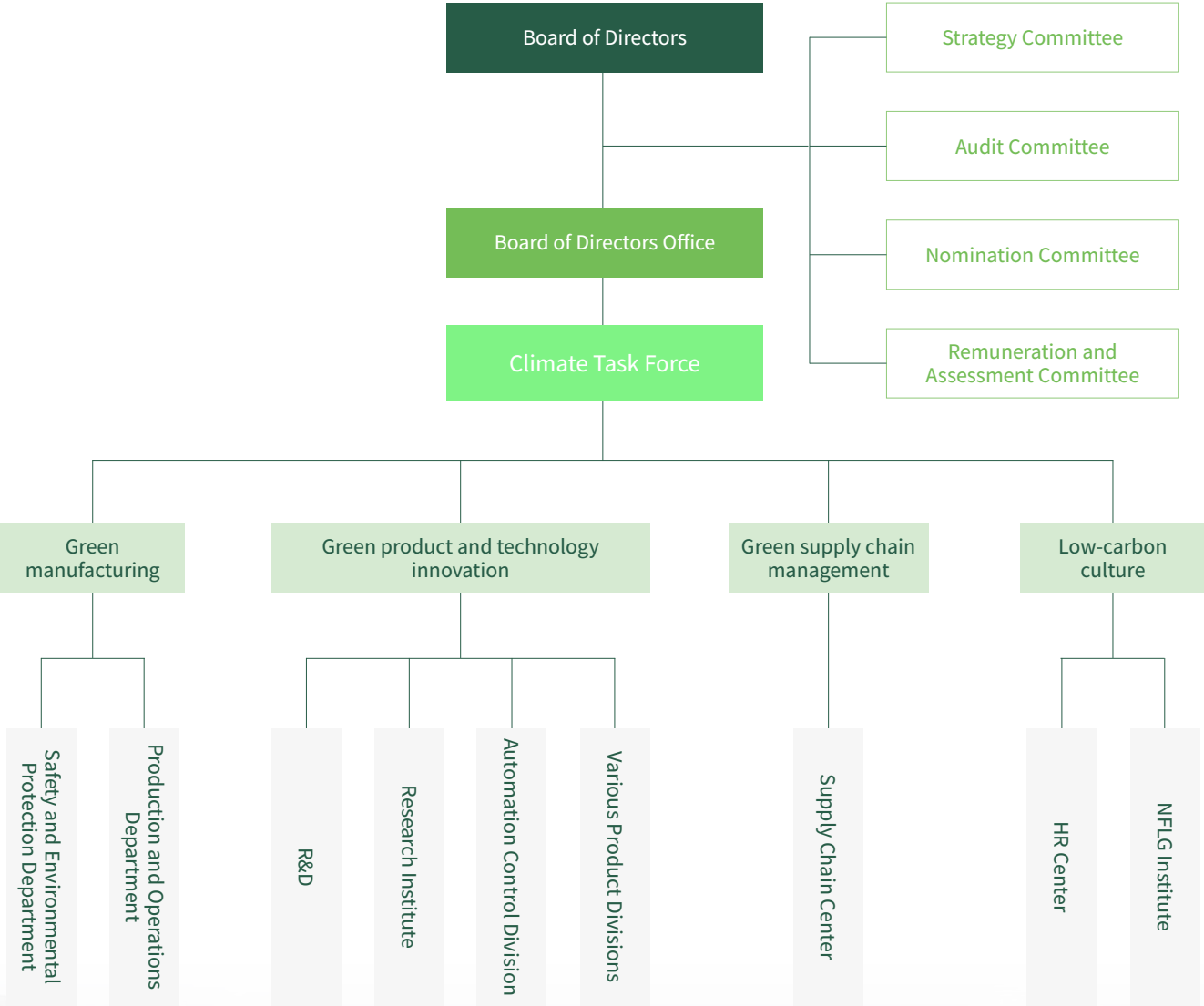
Governance Structure

We integrate climate change into our corporate governance framework under the corporate net zero vision. We continuously improve a scientifically sound and efficient governance system to enhance our capacity to manage climate-related risks and opportunities throughout our operations and business development. By strengthening our organizational resilience, we aim to ensure the sustainable development of our operations while making every effort to minimize the environmental impact of our business activities. In doing so, we contribute to the global response to climate change and the broader goal of sustainable development for human society.

To strengthen oversight and management of climate-related issues and advance our net zero strategy and targets, we have established a climate governance framework led by the Board of Directors. At the executive level, a cross-departmental Climate Task Force has been formed to jointly drive the implementation of our carbon peaking and net zero strategy and emission reduction initiatives. This structure ensures continuous improvement in our climate governance capabilities.

Board of Directors

As the highest supervisory and decision-making body for climate governance, the Board is responsible for reviewing our net zero strategy and emission reduction targets, as well as overseeing and guiding the implementation of carbon management and reduction initiatives. Under the Board, the Strategy Committee, Audit Committee, Nomination Committee, and Remuneration and Assessment Committee assist in fulfilling climate governance responsibilities within their respective mandates.

Board of Directors Office

As the coordinating department for climate governance, the Board of Directors Office, under the leadership of the Board of Directors, assists the Board and Board Committees in carrying out and implementing climate governance-related daily tasks. It is responsible for coordinating, tracking, and overseeing the execution of carbon emission management and reduction initiatives by relevant functional departments, and reporting the progress to the Board and Board Committees.

Climate Task Force

As the executive body for climate governance, Climate Task Force is responsible for the implementation of carbon emission management and reduction actions. The task force is composed of representatives from relevant functional departments, each responsible for planning and executing specific tasks such as green production and manufacturing, green and low-carbon product and technology innovation, green supply chain management, and the development of a green and low-carbon culture.

Climate Governance Structure

Board of Directors
- Strategy Committee
- Audit Committee
- Nomination Committee
- Remuneration and Assessment Committee

Board of Directors Office

Climate Task Force

- **Green manufacturing**
  - Safety and Environmental Protection Department
  - Production and Operations Department
- **Green product and technology innovation**
  - R&D
  - Research Institute
  - Automation Control Division
  - Various Product Divisions
- **Green supply chain management**
  - Supply Chain Center
- **Low-carbon culture**
  - HR Center
  - NFLG Institute

GHG Emission Reduction Measures

As a committed advocate of sustainable development, we actively respond to global climate action initiatives by integrating net zero target into our long-term corporate development strategy. Guided by the Science Based Targets initiative (SBTi), we have formulated a three-stage net-zero emissions roadmap, which includes: achieving net zero in our own operations, reaching net-zero emissions across the entire value chain, and advancing the green and low-carbon transformation of society.

■ Net Zero in Our Corporate Operations

To achieve net zero in our own operations, we have developed a comprehensive emissions reduction roadmap. Through a series of net zero actions—such as advancing green manufacturing, developing low-carbon products, innovating carbon offset mechanisms, and fostering a low-carbon culture—we actively strive to build a green and low-carbon demonstration production base, aiming to become a benchmark for green development in the industry.

Green Manufacturing

In the field of green manufacturing, we embed the concept of sustainable development into the entire product life cycle. Through systematic measures such as strengthening lean production, promoting clean energy, encouraging recycling and reuse, and building zero-carbon factories, we promote the transition of manufacturing toward low-carbon, circular, and intelligent development.

Lean Production
❯ We regard lean production as a key lever for reducing costs and improving efficiency. By embedding lean principles throughout all stages—from raw material procurement to product delivery—we drive the transformation toward intelligent manufacturing and build a more competitive production and operation system.

Clean Energy
❯ We regard the promotion of clean energy as a core initiative in our energy transition. By increasing investment in and application of clean energy sources such as nuclear power and photovoltaics, we are gradually reducing the use of traditional fossil fuels and effectively lowering greenhouse gas emissions.

Recycling & Reuse
❯ We regard resource recycling and reuse as a key practice for green development. From raw material procurement to product manufacturing, we consistently follow the principles of reduce, reuse, and recycle to minimize resource waste to the greatest extent possible.

Zero-Carbon Factories
❯ We view the construction of zero-carbon factories as a key solution for sustainable development. Our efforts focus on establishing a comprehensive carbon emissions monitoring and management system to ensure that all production processes meet low-carbon standards and to set an example for green development across the industry.

Low-Carbon Design

We continuously deepen our strategic deployment of low-carbon products by upgrading low-carbon processes, optimizing the energy structure, designing lightweight equipment, and pursuing low-carbon certifications. By embedding the concept of environmental protection throughout the entire product life cycle, we are committed to developing low-carbon products with strong market competitiveness and providing more green solutions for the industry.

Low-Carbon Process Technologies
❯ By introducing advanced energy-saving equipment and optimizing production technologies and workflows, we promote the integration of intelligent and digital technologies to improve product manufacturing efficiency and resource utilization, while reducing energy consumption and carbon emissions.

Energy Optimization
❯ Through systematic adjustments to our energy supply structure, we have established a hierarchical energy utilization system in the production process. This enables optimization of the energy structure throughout the entire product life cycle and provides a solid foundation for continuous reductions in product carbon footprint.

Lightweight Equipment
❯ We view equipment lightweighting as a key breakthrough in reducing product carbon footprint. Through innovative material applications and structural optimization, we significantly reduce raw material usage and production energy consumption while ensuring product performance.

Carbon Certification
❯ In cooperation with internationally recognized certification bodies, we actively promote carbon labeling for our products to transparently showcase their environmental performance. These certifications, in turn, help drive product design and production optimization while enhancing our green brand image.

Carbon Offset

We actively fulfill our net zero commitments by innovating in diversified carbon offset projects, including developing carbon sequestration technologies, exploring carbon offset projects, and engaging in carbon emissions trading market. By building a complete "reduction–offset–neutralization" closed-loop mechanism, we continue to improve our carbon offset management system, enhance the quality of emission reduction projects, and effectively reduce the carbon emissions associated with our operations.

CCUS

> We regard carbon capture technology development as a crucial technical initiative for achieving low-carbon transformation. Our focus is on permanently capturing CO_2 in construction materials through mineralization reactions, reducing carbon emissions in cement production, while enhancing the strength and durability of the materials. We are actively working towards building carbon-negative technological solutions.

Carbon Offset Projects

> To effectively achieve our net zero target, we actively explore diversified carbon offset ways by investing in and developing projects such as natural carbon sinks and emission reduction technologies, thereby enabling the effective neutralization of our corporate carbon emissions.

Carbon Market

> In response to the global trend of carbon pricing, we are committed to improving our carbon emissions management system and systematically enhancing our ability to participate in carbon emissions trading markets, transforming carbon constraints into a source of competitive advantage.

Low-Carbon Culture

We are committed to building a low-carbon culture that engages all employees. Through initiatives such as advocating green office practices, promoting low-carbon concepts, and improving the training system, we continuously reinforce low-carbon values across the organization. These values are further extended to our supply chain and partners, forming a complete low-carbon value chain—from concept to practice, from individual action to organizational collaboration.

Green Office

> We advocate low-carbon development concepts in daily office operations by promoting paperless work, implementing refined energy consumption management in office spaces, and optimizing office workflows and models. These efforts help translate low-carbon concepts into measurable emission reduction outcomes.

Low-Carbon Lifestyle

> We integrate low-carbon values into our corporate culture by organizing green initiatives and sharing knowledge via digital platforms, driving the transition of low-carbon concepts from awareness to recognition, from shared understanding to collective action.

Training System

> We have established a comprehensive training system for green and low-carbon practices by systematically building a company-specific program that covers all employees and spans the entire process. This system aims to cultivate green and low-carbon awareness and capabilities across the organization, forming a talent development model with distinct corporate characteristics.

■ Net Zero Across Our Value Chain

Driving net zero across the value chain is a critical lever for achieving systemic emissions reductions and enhancing overall green competitiveness. We actively collaborate with upstream and downstream partners to jointly reduce emissions by implementing green procurement, optimizing logistics network, promoting waste material recycling, building carbon management systems, and strengthening partner capabilities. Together with our value chain stakeholders, we aim to foster an efficient, low-carbon, and sustainable industrial ecosystem.

Green Sourcing

Guided by our business philosophy of "specialization, excellence, quality, and longevity," we are committed to building a responsible and sustainable supply chain by integrating ESG principles throughout our procurement, production, sales, and service processes. We have established rigorous supplier onboarding and evaluation mechanisms that incorporate key criteria such as environmental compliance, labor rights, and business ethics. We prioritize the sourcing of raw materials that meet environmental standards and low-carbon requirements, thereby advancing the development of a green supply chain. In terms of product management, we conduct full lifecycle environmental impact assessments, embedding factors such as recyclability and energy efficiency from the design stage onward. This ensures that our products maintain green, low-carbon, and compliant attributes. We are dedicated to providing customers with green building material solutions that support their environmental goals and broader sustainability agendas.

Green Logistics

Optimizing the logistics network to reduce carbon emissions is a vital component of building a green supply chain. By addressing multiple logistics stages—from raw material transportation to product distribution—we can systematically reduce our carbon footprint. Such efforts not only lower logistics costs but also enhance the overall sustainability and competitiveness of the supply chain.

Carbon Management Systems

We are proactively building carbon management systems by investing in industrial internet infrastructure, creating digitalized workshops, enabling supply chain collaboration, and integrating information technologies. These efforts accelerate our digital and intelligent transformation journey. We are also advancing the development of smart products, such as IoT-based intelligent operation and maintenance platforms. By leveraging internet, IoT, and data analytics technologies, we aim to support traditional industries in reducing energy and resource consumption and promote green, low-carbon development across the entire industrial value chain.

Supplier Capacity Management

We actively implement responsible sourcing by prioritizing the selection of suppliers who align with our sustainable development philosophy and establishing long-term partnerships. Distributors are important business partners and brand representatives. Through systematic training covering product knowledge, business management, contract management, service standards, financing and leasing, contracting, and safety management, we help distributors strengthen team development, enhance professional capabilities, and ensure compliance with our standards in areas such as product installation and customer service. Additionally, we leverage the NFLG Institute to provide professional technical training to both customers and distributors.

■ Net Zero of the Society

We are committed to delivering integrated green building material solutions for industry clients by establishing a closed-loop system of "resources–products–recycled resources." This model transforms construction waste and industrial solid waste into renewable raw materials for building products. In doing so, we reduce the pressure on natural resource extraction while minimizing the environmental risks posed by waste, support emission avoidance beyond the value chain while turning climate challenges into opportunities for sustainable development, thereby advancing the green and low-carbon transition of mining industry, building materials industry, infrastructure industry and construction industry, and achieving a harmonious balance between economic and environmental benefits.

For the mining industry
we provide solutions for intelligent crusher and screen, develop mobile crusher and screen, and adopt electric drive systems to reduce energy consumption and improve crushing efficiency. Our solutions address key green development challenges in the mining process, such as severe dust and noise pollution, high energy consumption, and significant greenhouse gas emissions during ore extraction, crushing, screening, and transportation—contributing to the mining industry's low-carbon transition.

For the infrastructure industry
we provide overall green solutions for asphalt mixing and aggregate recycling, developing asphalt mixing plant that combines high-efficiency burners with RAP recycling technology. These solutions tackle major green development challenges such as high energy consumption of machinery and significant greenhouse gas emissions during road construction, paving, maintenance, asphalt heating, material mixing, equipment operation, and transportation—driving the green upgrade of the infrastructure industry.

For the building materials industry
we offer overall solutions for low-carbon concrete that combine premium aggregate preparation, energy-efficient mixing, and intelligent energy management technologies. These solutions reduce cement usage and energy consumption during concrete production, addressing key green development challenges such as high CO_2 emissions from clinker calcination and heavy reliance on fossil fuels—supporting the green transformation of the building materials industry.

For the construction industry
we offer overall solutions for the recycling of construction waste, transforming construction debris into recycled aggregates and other green building materials. These solutions address key green development challenges such as the industry's heavy reliance on high-carbon materials like cement and steel, and significant greenhouse gas emissions from equipment operation, transportation, and waste disposal during construction—promoting sustainable development in the construction industry.

GHG Emission Reduction Actions

■ Driving Emission Reduction Across the Value Chain Through Green and Low-Carbon Product Innovation

E-Series Electric-Driven Mobile Crusher

Our self-developed E-Series electric-driven mobile crusher is widely applied in scenarios such as aggregates processing, construction waste recycling, earthwork projects, tailings and slag treatment, and mine rehabilitation. It is particularly suitable for areas with well-developed power grids and low mobility requirements, providing industry partners with a new green and low-carbon experience while empowering safe, efficient, and eco-friendly production. This equipment adopts an external power supply for driving, a built-in low-power diesel engine, and a spray dust suppression system to achieve energy savings and environmental protection. Its overall transmission efficiency can be improved by 30%, fuel consumption can be reduced by 30% under the same output capacity, and maintenance costs can be reduced by 50%. In power grid-connected areas, zero carbon emissions can be achieved through direct grid access.

RAPR Aggregate Recycling Equipment

Our self-developed RAPR aggregate recycling equipment adopts a mechanical stripping method to effectively separate aged asphalt and old aggregates in RAP, achieving precise grading management and significantly reducing the occurrence and variability of false particle sizes. Through separate heating and efficient regeneration of asphalt and aggregates, the equipment enhances the grading stability of RAP aggregates, enables a high proportion of recycled material usage, and promotes the achievement of energy-saving and environmental goals.

"Asphalt Mixing Plant + Virgin Material Shaping" Equipment

Our self-developed "Asphalt Mixing Plant + Virgin Material Shaping" equipment produces finished aggregates with excellent particle shape and optimal grading. It enables precise control of powder and moisture content, thereby improving the production efficiency of downstream mixing stations, reducing energy consumption, and saving asphalt usage. For example, based on an annual output of 500 thousand tons of asphalt mixtures, using low-moisture reshaped aggregates instead of purchasing wet aggregates for drying can reduce energy consumption by 20%, save 650 tons of heavy oil, and reduce CO_2 emissions by 2,060 tons.

Preface

Sustainability-Related Governance

Environmental

Social

Governance

Index

Establishing a Carbon-Negative Lab and Proposing Multiple Concrete Carbonation Technologies

Recycled Water Carbon Capture

The wastewater from cleaning concrete mixers, tank trucks, and pump trucks contains calcium hydroxide gel, calcium silicate gel, and other by-products from cement hydration, and is alkaline in nature. The wastewater is first reacted with CO_2 and then reused in concrete production. The recycled water, through the reaction with CO_2, produces ultrafine suspended solids that enhance the concrete's strength. This method not only recycles CO_2-stabilized cement fine powder as an adhesive material in the new concrete mixture, reducing the need for new cement, but also prevents instability in the properties of fresh concrete when unprocessed recycled water slurry is used in the production of new concrete.

Carbon Sequestration during Concrete Mixing

During the concrete mixing process, liquefied carbon dioxide is injected into the cement slurry, where carbonate ions react with calcium ions in the cement to form mineral compounds that enhance the strength of the concrete. This method not only improves the fracture strength and physical properties of concrete, but also reduces cement consumption and production costs, while cutting CO_2 emissions during concrete production. According to preliminary estimates, for an annual output of 100 thousand cubic meters of concrete, this technology is expected to sequester approximately 10 thousand tons of carbon dioxide.

Carbon Sequestration via Recycled Aggregates

Carbon dioxide is injected into cement-based materials to enhance the overall performance of recycled aggregate concrete, while chemically converting CO_2 into stable mineral forms for permanent storage. This technology improves the quality of recycled aggregate concrete to match the physical and mechanical properties of concrete made with virgin aggregates, thereby enabling the effective utilization of construction waste and reducing landfill volumes.

Promoting Low-Carbon Development and Green Office Practices

Green Procurement

We encourage the prioritization of office equipment with high energy efficiency ratings to control energy consumption at the source. The purchase of disposable office supplies is reduced, and reuse is actively promoted.

Energy Conservation

A strict management approach is applied to the use of lighting, air conditioning, computers, printers, and copiers in public areas. It is clearly stipulated that area supervisors must carefully check the status of electrical control panels and various switches before leaving work to ensure that all power sources are safely shut off, thereby minimizing energy consumption as much as possible. We require employees to develop good energy-saving habits in their daily work. For example, water taps in pantries and restrooms must be turned off tightly after use to prevent dripping or leakage. If any leaking faucets, pipes, or restroom facilities are found, repair requests must be submitted immediately to avoid continuous water waste. In addition, we advocate for paperless office practices by encouraging employees to use digital tools such as electronic documents and remote meetings to carry out their work, thereby reducing office energy consumption. At the same time, we promote double-sided printing and the reuse of paper to reduce resource waste.

Green Commuting

We actively promote the use of video conferencing and remote collaboration to reduce greenhouse gas emissions from business travel. At the same time, employees are encouraged to commute by bicycle or on foot to support low-carbon and healthy lifestyles.

Organizing Low-Carbon Education Activities to Promote Value Awareness

Dual-Carbon Themed Training

We invited external experts to deliver thematic training sessions for our key business personnel on ISO 14064-1:2018 organizational greenhouse gas inventory and the development of science-based targets (SBTi). The training helped our management teams understand the methodologies, procedures, and requirements of GHG inventories, strengthened cross-departmental collaboration, and enhanced our capabilities in greenhouse gas emissions management. It also laid a solid theoretical foundation for the scientific formulation and implementation of our carbon reduction targets and plans.

Energy Usage

Establishing a scientific and efficient energy management system is a critical foundation for achieving green and low-carbon development. We have formulated systems such as the "Energy Conservation Management Regulations" and the "Energy Measurement Management System," and continue to improve and refine our energy management framework with clearly defined responsibilities. By leveraging both technological innovation and management optimization, we continuously enhance energy utilization efficiency and reduce operating costs. At the same time, we place great emphasis on raising employees' awareness of energy conservation and actively foster a company-wide culture of energy saving, providing strong support for sustainable development.

Management Structure

Our energy management team is fully responsible for overall energy management, and we have clearly defined the energy management responsibilities across all execution levels in operations:

> The System Management Team of the Quality Management Department is responsible for the operation and supervision of energy management. It inspects, monitors, and evaluates the energy-saving implementation of each department, and promptly reports inspection results. Any violations or inadequate supervision will be addressed in accordance with relevant regulations, and the responsible personnel will be required to carry out rectifications.

> Each production workshop is responsible for managing rational energy use within its area. In daily operations, they conduct energy use inspections in conjunction with the company's 6S inspections, supervising and checking the implementation of rational energy use by each production team.

> Each production and auxiliary team is responsible for executing energy-saving measures within its area of responsibility. Any issues identified must be promptly reported to the corresponding workshop or relevant departments for timely resolution.

Energy Structure

During the reporting period, our total comprehensive energy consumption was approximately 1,005.89 tons of standard coal equivalent. In terms of energy consumption structure, electricity accounted for the highest proportion, representing about 79.17% of the total.

To continuously optimize our energy structure, we actively promote the use of clean energy. During the reporting period, our nuclear power consumption reached 3,787,700 kWh, accounting for 58.46% of our total electricity consumption.

■ **Total comprehensive energy consumption**

1,005.89

tons of standard coal equivalent

■ **Nuclear power consumption reached**

3,787,700

kWh

Energy Consumption in 2024

Energy Type	2024	2023	2022	Comprehensive energy consumption in 2024 (tons of coal equivalent)	Comprehensive energy consumption in 2023 (tons of coal equivalent)	Comprehensive energy consumption in 2022 (tons of coal equivalent)	Energy consumption proportion in 2024 (%)
Electricity (kWh)	6,479,622.30	6,623,950.61	6,117,910.00	796.35	814.08	751.89	79.17
Natural Gas (m³)	76,755.00	70,931.00	75,327.00	102.08	94.34	100.18	10.15
Diesel (L)	63,336.00	95,917.62	59,434.00	79.37	120.19	74.48	7.89
Gasoline (L)	26,155.00	26,473.61	20,200.00	28.09	28.44	21.70	2.79
Total				1,005.89	1,057.05	948.25	100.00

79.17%
Electricity

2024 Energy Consumption Structure

10.15%
Natural Gas

7.89%
Diesel

2.79%
Gasoline
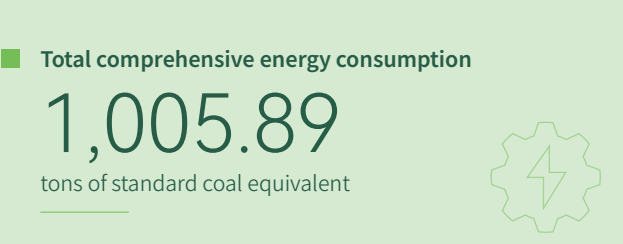
58.46%
Nuclear Power

2024 Electricity Mix

41.54%
Thermal Power

Management Measures

We deepen the integration of lean principles and intelligent manufacturing, striving to build a flexible, low-energy, and high value-added production and operation model. By optimizing process flows and production layouts, we enhance production accuracy and overall equipment efficiency, thereby improving energy utilization and achieving quality and efficiency gains.

During the reporting period, our energy management practices included:

› **Implementing rational energy use:** Each production workshop set electricity-saving targets and adopted a peak-valley electricity usage strategy. During peak electricity periods, the use of high-consumption equipment was reduced; non-electric assembly processes were scheduled, welding operations were arranged during mid-peak periods, and heat treatment, sandblasting, and shot blasting processes were scheduled during off-peak periods. In 2024, our electricity consumption decreased by 2.18% compared with 2023.

› **Optimizing processes:** By reducing oxy-fuel cutting and grinding procedures during the production stage, we effectively reduced the consumption of propane and natural gas. In 2024, the number of propane cylinders used decreased by 73.77% compared with 2023.

› **Upgrading equipment performance:** We conducted regular equipment maintenance to ensure proper operation, improve operational efficiency, and reduce energy waste caused by equipment failures. High energy-consuming machines were phased out and replaced with two laser cutting machines, one CNC boring and milling machine, and one ultrasonic cleaning machine, all of which are energy-efficient.

■ **Compared with 2023, electricity consumption in 2024 decreased by**

2.18%

■ **Compared with 2023, the number of propane cylinders used in 2024 decreased by**

73.77%
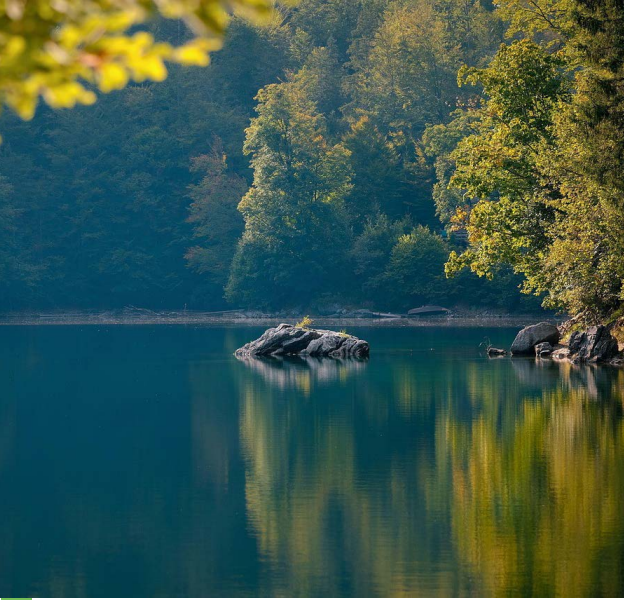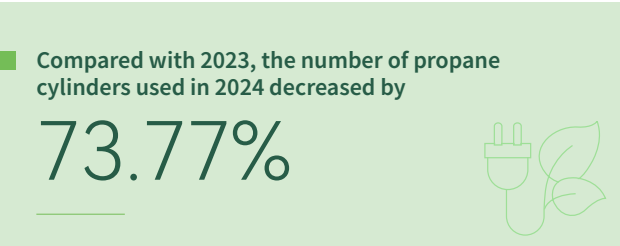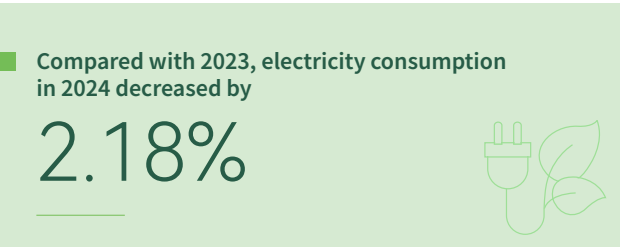
Usage of Water Resources

Water is a fundamental resource essential for human survival. We deeply recognize the importance of water conservation and have formulated a series of internal management systems, including the "Water Conservation Management System," "Water Conservation Quota Management, Rewards and Penalties for Exceeding Quotas," "Regular Maintenance System for Water Equipment and Pipelines," and the "Energy Conservation Management Regulations." Through systematic management measures, we are committed to minimizing the impact of our operations on water resources.

We take the following measures to maximize water conservation and efficient utilization, and to reduce water waste:

› Optimizing process flows to improve the reuse rate of water resources.
› Rationally managing non-production water usage, with strict control over water consumption for surface and equipment cleaning, landscaping irrigation, construction site activities, and summer cooling, ensuring water is used appropriately.
› Conducting regular inspections and maintenance of pipelines and water equipment to eliminate leaks and continuous water flow from pipes, valves, and related facilities.
› Standardizing the management of water usage in production and daily operations to avoid unnecessary water consumption.

Ecosystem and Biodiversity Protection

Human well-being and sustainable business development are closely linked to the health of ecosystems. Protecting ecosystems and biodiversity is a key responsibility that we are committed to fulfilling. In our operations, we attach great importance to ecosystem protection and strictly comply with the Environmental Protection Law of the People's Republic of China, the Regulations on Nature Reserves of the People's Republic of China, the Law on the Protection of Wildlife of the People's Republic of China, the Regulations on the Protection of Wild Plants of the People's Republic of China, and other relevant laws and regulations related to biodiversity conservation. During the planning of production bases, we prioritize avoiding ecologically sensitive areas and build a multi-stakeholder ecological protection network by carrying out employee environmental protection training and community engagement programs, contributing actively to the balance of the Earth's ecosystem.

We adopt the following measures to minimize the potential ecological impact of our operations:

> During the site selection phase of projects, we strictly avoid conducting business activities in nature reserves or other areas with critical ecological functions or sensitive and fragile ecological environments. Currently, all projects we have developed and constructed are not located within such areas.
> Before launching new projects or expanding production lines, we take into consideration the distribution of rare and endangered species, ancient forest communities, and other ecological factors in surrounding areas. We proactively

conduct soil quality monitoring and comprehensively assess the potential impact on ecosystems and natural habitats. Based on assessment results, we formulate and implement targeted ecological protection measures.
> We conduct internal training sessions and utilize our official WeChat public account platform to promote knowledge related to biodiversity conservation, thereby raising awareness among all employees about ecosystem and biodiversity protection.

Environmental Compliance Management

Environmental compliance management is a key safeguard for achieving green and low-carbon development. We have established an environmental compliance management system that covers the entire business process, strictly adhering to national and local environmental laws and regulations to ensure that all operational activities meet environmental standards. By optimizing internal environmental management systems and measures, we actively benchmark against international best practices, and continuously improve the effectiveness of our environmental compliance management. At present, both our Quanzhou base and Xiantao base have passed ISO 14001 Environmental Management System certification. During the reporting period, no major environmental incidents occurred, and we were not subject to any administrative or criminal penalties related to environmental issues.

Management Structure

We have established an environmental management structure led by the Chairman, with clearly defined roles and responsibilities at all levels:

> The Chairman, as the primary person in charge of environmental management, is responsible for setting environmental management objectives, approving major environmental decisions, and supervising and guiding the overall environmental management work.
> The General Manager, as the person responsible for implementing environmental management, is tasked with organizing the implementation of environmental management objectives, coordinating the work of departments and workshops, and ensuring the effective execution of relevant environmental measures.
> All functional departments and production workshops, as executing bodies, are required to strictly comply with environmental management rules and regulations in daily operations, actively implement various environmental protection measures, and ensure the achievement of environmental management goals.
> The Safety and Environmental Protection Department is responsible for supervising the execution of environmental management work, ensuring that all environmental policies and measures are effectively implemented.

Environmental Management Structure

```
Chairman
(Primary Person in Charge of Environmental Protection)
        │
Vice Chairman / General Manager
(Person Responsible for Environmental Protection)
        │
Safety and Environmental Protection Department
        │
   ┌────────────┴────────────┐
Functional              Production
Departments             Workshops
```
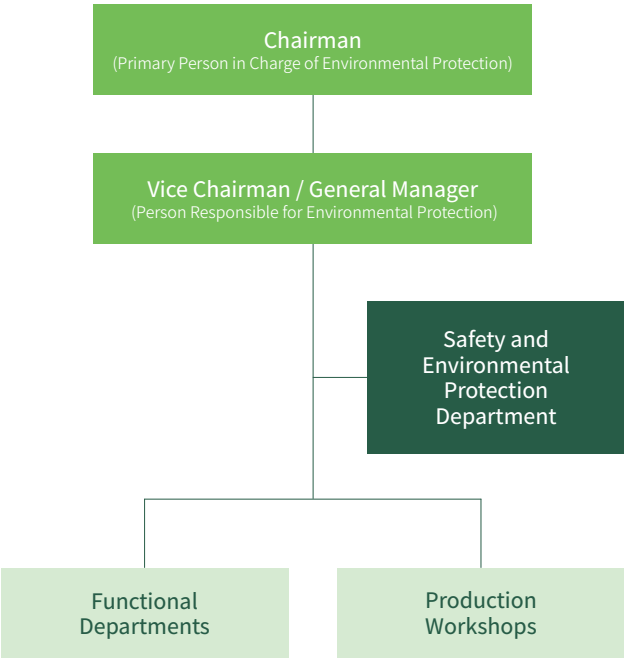
Emergency Management

Establishing an emergency management system is a fundamental guarantee for ensuring the safe and stable operation of production and business activities. We have formulated the Emergency Drill Plan for Sudden Environmental Incidents Caused by Hazardous Waste Leaks and other environmental emergency response plans, established and continuously improved our environmental risk early warning mechanism, and regularly carry out hidden environmental risk inspections and emergency drills to prevent sudden environmental incidents. These efforts aim to enable rapid response and coordinated handling of emergencies.

Highlight

Emergency Drill for Hazardous Waste Spill

In September 2024, our Xiantao base organized an emergency drill for a sudden environmental incident caused by a hazardous waste leak. The drill aimed to strengthen employees' awareness of environmental risk prevention and enhance their emergency response capabilities. It ensured that in the event of hazardous waste spill, leakage, or diffusion, appropriate measures could be taken promptly to minimize potential harm to human health and the environment.

Emergency Drill for Hazardous Waste Spill

Pollutant Discharge

Pollutant management is a key aspect of our environmental responsibility. We strictly adhere to national and regional emission standards and has established a comprehensive pollutant control system that covers the entire production process. By combining source control, process management, and end-of-pipe treatment, we implement an integrated prevention and control strategy to ensure all emissions meet environmental protection requirements. We have formulated a self-monitoring environmental plan that covers wastewater, exhaust gas, and boundary noise, aiming to minimize the negative environmental impact caused by emissions of waste gas, wastewater, noise, and other pollutants.

Air Emissions Management

We strictly comply with the "Air Pollution Prevention and Control Law of the People's Republic of China" and local laws and regulations in the areas where our plants are located. We conduct regular inspections of the operation and management of air emission facilities to ensure compliance with emission standards.

The main sources of air emissions during our production process mainly originate from operations such as painting, shot blasting, and sandblasting. The main air pollutants include toluene, xylene, benzene series compounds, sulfur oxides, non-methane total hydrocarbons (NMTHCs), and particulate matter. To manage these pollutants, we have adopted the following measures:

> Enhancing the airtight management of production workshops, painting rooms, and baking rooms to reduce unorganized emissions of exhaust gases;

> Prohibiting outdoor painting and adopting natural air-drying outdoors after spraying;

> For air pollutants such as toluene, xylene, benzene series compounds, sulfur oxides, and NMHC generated during processes like paint mixing, spraying, polishing, and drying, we adopt treatment processes including "water spray + activated carbon adsorption," "glass fiber cotton filtration + activated carbon adsorption + catalytic combustion desorption," and "glass fiber cotton filtration + spray scrubbing + activated carbon adsorption";

> For particulate matter generated during processes such as machining, shot blasting, and welding, we use bag-type dust collectors and mobile welding fume purifiers for collection and treatment.

Wastewater Management

We comply with the "Law of the People's Republic of China on the Prevention and Control of Water Pollution" as well as local laws and regulations at our plant sites, and we have formulated corresponding wastewater management systems to strengthen wastewater discharge control. During the reporting period, all our key indicators complied with the relevant requirements of the "Integrated Wastewater Discharge Standard"(GB8978-1996) and the "Wastewater quality standards for discharge to municipal sewers"(GB/T31962-2015), achieving compliant wastewater discharge.

Our wastewater mainly comes from two sources: domestic sewage and industrial wastewater, with major pollutants including ammonia nitrogen, COD, total nitrogen, and suspended solids. In response to these pollutants, we have adopted the following management measures:

> In accordance with relevant regulations on urban drainage and wastewater treatment, we have set up standard-compliant discharge outlets and built supporting wastewater treatment facilities;

> We conduct self-monitoring of key indicators such as ammonia nitrogen, COD, and suspended solids in domestic sewage, while also commissioning professional third-party agencies for testing.

Highlight

Zero Discharge of Industrial Wastewater

In 2024, we completed the construction and operation of the Green Island Project[5] at our Xiantao base. The wastewater treated by this project mainly includes plasma cutting cooling water and domestic sewage. Specifically, the cooling water is periodically replenished and reused in a closed loop without external discharge; domestic sewage is treated through a septic tank and then discharged via the municipal sewage pipeline to a wastewater treatment plant. The concentration of pollutants in the wastewater complies with the Class III requirements of the "Integrated Wastewater Discharge Standard"(GB8978-1996). With the commissioning of the Green Island Project, the Xiantao base only generates domestic sewage and no longer produces industrial wastewater, significantly reducing the overall volume of wastewater discharge.

5 The "Green Island Initiative" is a pollution control model centered on the concept of the shared economy. Under this model, centralized environmental protection facilities are invested in and built by the government or multiple stakeholders, and shared by multiple small and micro enterprises. It enables unified collection, centralized treatment, and stable discharge of pollutants in compliance with standards. The initiative aims to reduce pollution control costs for small and micro enterprises, improve the efficiency of environmental governance, and promote the optimization of environmental supervision.

Noise Management

We comply with the "Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution" and carry out noise management according to the requirements of the "Emission standard for industrial enterprises noise at boundary"(GB 12348-2008) and the "Environmental quality standards for noise"(GB3096-2008).

The main sources of noise in our company come from production equipment, fans, pumps, and other auxiliary devices. To address noise, we have implemented the following management measures:

> We have developed a noise monitoring plan for the factory boundary and carry out self-monitoring of noise levels. Additionally, we have commissioned third-party professional institutions to monitor traffic and industrial noise within the factory area to ensure that daytime noise levels comply with the II class standard of the "Emission standard for industrial enterprises noise at boundary"(GB12348-2008), which requires a noise level below 60 dB(A);

> We use low-noise equipment, install noise barriers on high-noise equipment, set up soundproof rooms, and install silencers on fan equipment;

> We strengthen regular maintenance and upkeep of equipment, maintaining good lubrication to reduce noise;

> We arrange work schedules reasonably to avoid activities that may generate noise during the rest period of surrounding residents (from 10:00 p.m. to 6:00 a.m. the next day);

> We enhance the factory's green spaces by planting trees that are effective in noise reduction and dust suppression;

Waste Disposal

We follow the principles of "reduction, recycling, and harmless treatment" and have established various management systems, including the "Hazardous Waste Disposal Management System," "Hazardous Waste Storage Warehouse Management Measures," "Hazardous Waste Plan Storage and Transfer Process Instructions," "Hazardous Waste Packaging and Labeling Standards," "Environmental Pollution Prevention and Control Responsibility System for Hazardous Waste," and "Precautionary Measures and Emergency Plans for Hazardous Waste Accidents." By optimizing production processes and strengthening process control, we implement standardized management of various types of waste, effectively reducing waste generation. At the same time, we actively explore pathways for resource recycling and promote the transformation of waste into renewable resources, providing support for achieving green development.

General Waste Warehouse

General Waste

The general waste generated during our production and operation mainly consists of industrial waste, including scrap iron parts, iron filings, and waste wooden boards. To reduce waste generation and improve resource utilization efficiency, we have implemented the following management measures:

For domestic waste	We require domestic waste disposal service providers to take anti-spillage measures during transportation to prevent secondary pollution to the environment, and we regularly inspect and clean septic tanks to ensure there is no overflow.
For general industrial waste such as scrap iron parts, iron filings, and waste wooden boards	We have set up dedicated storage warehouses for temporary storage and sell them externally.

During the reporting period, we generated a total of 1,824.39 tons of industrial waste, including scrap iron parts, iron filings, and waste wooden boards. All of this waste was properly disposed of through external sales, achieving 100% recycling and utilization of industrial waste.

Industrial waste generated

1,824.39 tons

Scrap iron parts, iron filings, and waste wooden boards

Industrial waste recycling and utilization

100%

achieved

Hazardous Waste

The hazardous waste generated during our production and operation mainly includes waste paint residue, waste engine oil, waste paint buckets, waste activated carbon, waste emulsion, waste filter cotton, and waste cutting fluid. In response to hazardous waste, we have adopted the following management measures:

> **Management Organization:** A hazardous waste pollution prevention leadership group composed of workshop leaders and members of the Safety and Environmental Protection Department is responsible for decision-making, supervision, and coordination of hazardous waste pollution prevention work;

> **Management Process:** Strictly implement procedures such as hazardous waste warehousing, sorting, ledger entry, and platform reporting, and strengthen communication with departments that primarily generate hazardous waste to ensure routine management of hazardous waste;

> **Storage Management:** Require all departments to temporarily store hazardous waste in designated temporary storage areas and post hazardous waste labels in prominent positions to ensure clear classification;

> **Disposal Management:** All hazardous waste is disposed of in a standardized manner by qualified third-party organizations;

> **Reduction Measures:**
—Reuse emulsion to reduce the generation of waste emulsion;
—Adopt the "activated carbon adsorption-desorption-catalytic combustion" process for waste gas treatment to increase the utilization rate of activated carbon and reduce the generation of waste activated carbon;
—Use coatings that are less likely to generate VOCs to extend the service life of activated carbon and reduce the generation of paint residue.

Hazardous Waste Warehouse

During the reporting period, we generated a total of 231.90 tons of hazardous waste, all of which was disposed of by qualified third-party organizations.

Circular Economy

Promoting a circular economy and achieving resource recycling are key paths to alleviating environmental pressures and realizing sustainable development. We regard resource recovery and utilization as an important practice for green development. From raw material procurement to product manufacturing, we consistently follow the principles of "reduction, reuse, and recycling" to minimize resource waste. We are also committed to providing the construction industry with comprehensive green building material solutions. By establishing a "resource-product-recycled resource" circular model, we transform construction waste and industrial solid waste into renewable building material raw materials, reducing the pressure on natural resource extraction while minimizing the environmental pollution risks posed by waste. This approach helps drive the transformation of the mining industry, building materials industry, infrastructure industry and construction industry towards a green, low-carbon direction, achieving a harmonious balance between economic and environmental benefits.

Resource Recycling in Operations

In raw material usage, we have established a "Resources-Products-Recycled Resources" circular model, converting construction waste, industrial solid waste, and other materials into renewable building material raw materials, thereby reducing the exploitation of natural resources and lowering the pollution risk posed by waste to the environment.

In waste recycling, we maximize the recovery and utilization of waste generated in the production process, such as waste iron components, waste iron shavings, and waste wood panels, by setting up dedicated warehouses for storage and unified external sales. In 2024, we generated a total of 1,824.39 tons of industrial waste, and currently 100% of the aforementioned waste is recovered and sold.

In heat reuse, we treat organic waste gas with an "activated carbon adsorption + catalytic combustion desorption" process, converting it into non-toxic and harmless CO_2 and H_2O, and a portion of the heat generated during the combustion process is recycled for the desorption regeneration of activated carbon in the adsorption bed, thereby reducing energy consumption.

Preface

Sustainability-Related Governance

Environmental

Social

Governance

Index

Provision of Green Solutions

Our Green Solutions for Mining Industry Partners Include:

- Providing solutions for intelligent static crusher and screen by upgrading crusher and optimizing production line configurations to reduce energy consumption and dust pollution.
- Offering washing solutions to improve aggregate cleanliness and reduce clay content, while achieving efficient fine sand recycling and delivering greater economic value to customers.
- Developing and upgrading mobile crusher and screen powered by electric drive and hybrid (diesel-electric) systems, enhancing production efficiency and reducing CO_2 emissions.
- Optimizing shaping and sand-making plant for better particle size distribution, with adjustable and stable fineness modulus, high screening efficiency, effective dust removal, and improved energy efficiency and environmental performance.
- Implementing intelligent control systems that enable remote monitoring of equipment conditions, precise load adjustment, and improved operational efficiency— supporting the mining industry's shift toward low-carbon operations.

Our Green Solutions for Building Materials Industry Partners Include:

- Establishing fully eco-friendly concrete mixing plants that integrate technologies such as precision material dosing and intelligent energy efficiency management to minimize energy consumption during the mixing process.
- Advancing intelligent systems that enable full-process smart control—from mix design to online monitoring of moisture content and slump, to intelligent discharge systems— enhancing concrete production quality and efficiency while reducing production costs.
- Providing overall solutions for recycled concrete by processing waste concrete and bricks into recycled aggregates, reducing the need for natural limestone extraction and lowering carbon emissions.
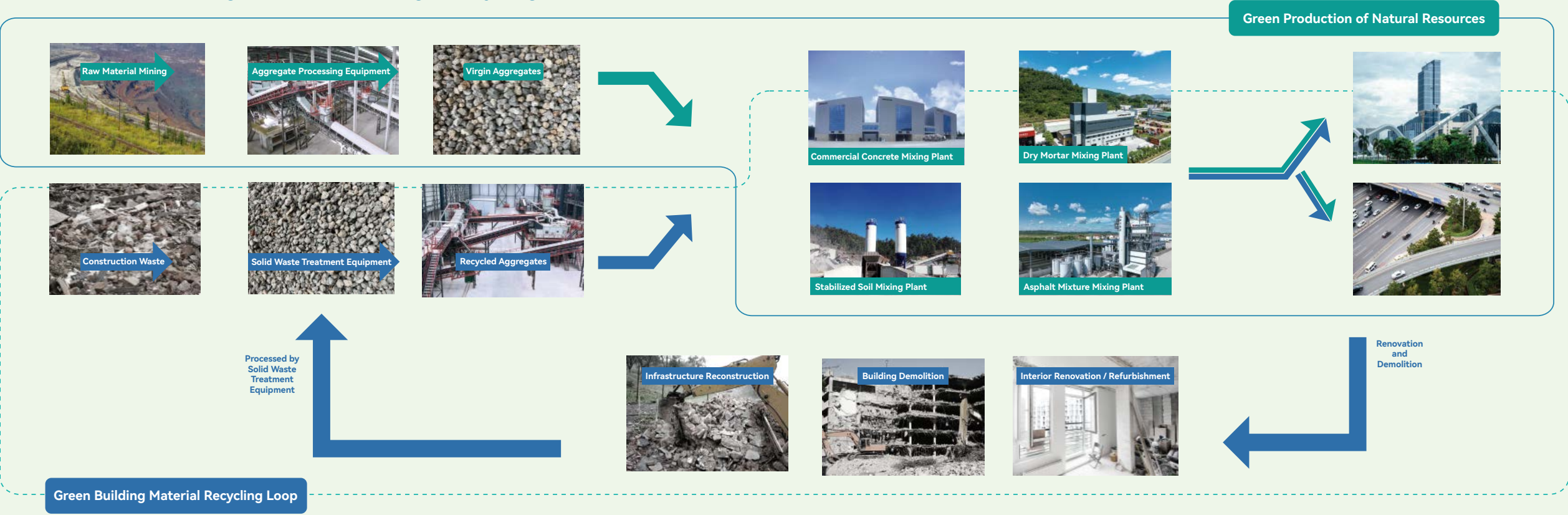
Our Green Solutions for Infrastructure Industry Partners Include:

- Providing overall solutions for highway reconstruction, expansion, and maintenance, centered around asphalt recycling equipment and refined RAP fine stripping and screening aggregate recycling plant. The developed asphalt mixing plant features high-efficiency burners and high-RAP ratio recycling technology, enabling the replacement of a portion of virgin aggregates with reclaimed asphalt materials, thereby reducing resource consumption and carbon emissions.
- Supplying mobile crusher and screen that converts road demolition waste into high-quality, reusable aggregates, enabling closed-loop resource utilization, reducing reliance on natural mineral extraction, and mitigating transport-related carbon emissions.
- Offering residual sludge and mud cake treatment equipment that processes excess sludge and mud generated from road and infrastructure construction into reusable materials for road building, achieving reduction and high-value utilization of construction waste.

Our Green Solutions for Construction Industry Partners Include:

- Upgrading dry mortar mixing plant to enhance mixing efficiency. By optimizing mix proportions and implementing process monitoring during production, product quality is improved while production losses and energy consumption are reduced.
- Utilizing intelligent control systems to optimize equipment operations, enhance production efficiency, and lower carbon emissions.
- Providing integrated solutions for the recycling of construction waste, transforming construction debris into recycled aggregates and other green building materials to enable resource circularity.

The NFLG Green Building Material Processing & Recycling Industrial Park

Green Production of Natural Resources

Raw Material Mining · Aggregate Processing Equipment · Virgin Aggregates

Commercial Concrete Mixing Plant · Dry Mortar Mixing Plant

Construction Waste · Solid Waste Treatment Equipment · Recycled Aggregates

Stabilized Soil Mixing Plant · Asphalt Mixture Mixing Plant

Processed by Solid Waste Treatment Equipment

Renovation and Demolition

Infrastructure Reconstruction · Building Demolition · Interior Renovation / Refurbishment

Green Building Material Recycling Loop

Preface

Sustainability-Related Governance

Environmental

Social

Governance

Index

Huizhou Urban Investment Dayaochi Construction Waste Recycling Industrial Park

The Phase I project of the Huizhou (Dayaochi) Construction Waste Recycling Initiative, located in Huicheng District, Huizhou City, covers an area of 154 mu. It adopts the full industrial chain overall solution for construction waste recycling developed by NFLG. Adhering to the principles of green production, energy conservation, emission reduction, and resource utilization, the project is equipped with nine production lines, including: A 300 t/h construction and demolition waste processing line, a 70 t/h renovation waste processing line, an intelligent material storage system, a bulky waste processing line, a landscaping waste processing line, sand shaping plant, stabilized soil mixing plant, commercial concrete mixing plant (270 twin-line) and a fully automatic brick production line.

Within the industrial park, recycled aggregates from the front-end treatment lines can be directly processed into value-added products such as recycled concrete, recycled bricks, stabilized soil, and backfill materials. This integrated nine-in-one model sets a new benchmark for comprehensive construction waste recycling industrial parks in China, achieving both economic and ecological high-value returns.

Huizhou Urban Investment Dayaochi Construction Waste Recycling Industrial Park

Fine Sand Recycling Project

The Philippines has abundant mineral resources, among which sand and gravel resources are particularly prominent. In recent years, with the rapid development of infrastructure in the Philippines, the demand for high-quality sand and gravel aggregates has been growing. Traditional methods of sand and gravel extraction and processing often suffer from low efficiency and severe environmental pollution. In addition, some sand and gravel manufacturers have unreasonable production processes. Philippine BigBen Company invested in the construction of a bucket-wheel sand washing station, using our self-developed bucket-wheel sand washing and fine sand recovery integrated machine, successfully solving existing pain points, achieving fine sand recovery, and adding value to the product. The bucket-wheel sand washing and fine sand recovery integrated machine is equipped with a hydrocyclone separator, which, while washing the sand, can recover fine sand smaller than 0.15mm from the slurry, achieving resource recycling.

Integrated Machine Equipment for Bucket-Wheel Sand Washing and Recovery

Construction Waste Recycling Solution

The Jiangsu Tianqin project, based on our overall solution for construction waste recycling, has established a circular economy industrial park integrating construction waste sorting, crushing, screening, and the resource utilization of recycled aggregates into green building materials. The park is equipped with a demolition waste processing line, a renovation waste processing line, a ready-mixed concrete production line, and a modular stabilized soil mixing plant. By implementing advanced classification and treatment of construction waste, the project maximizes resource utilization and enhances the production of recycled building materials through deep processing, contributing to the development of a circular economy. Notably, a co-line design enables the integrated treatment of demolition waste, renovation waste, and muck generated from tunnel and foundation pit excavation. This innovative design not only meets user demands for construction waste disposal, but also streamlines equipment, reduces overall power consumption, minimizes the plant's footprint, and conserves valuable land resources.

Overall Solution for Construction Waste Recycling

Social

Social

2024 Management Goals for Social Matters

1 — Drive regional employment through corporate development, with an annual local hiring rate of no less than 60%.

2 — Focus on the welfare of children and teenagers in the local area, continuously promoting educational charity programs.

3 — Increase investment in research and development, with annual R&D spending maintained at no less than 8% of its main business revenue.

4 — No intellectual property litigation occurred throughout the year.

5 — Practice responsible sourcing by gradually integrating CSR/ESG requirements into supplier admission and evaluation processes.

6 — Improve our supply chain risk management system to effectively mitigate risks.

7 — No incidents resulting in penalties due to product and service quality occurred throughout the year.

8 — No incidents resulting in penalties due to violations of information security management regulations occurred throughout the year.

9 — No incidents of violating customer privacy occurred throughout the year.

10 — No incidents resulted in penalties for violating labor laws throughout the year.

11 — The total training hours provided to employees throughout the year were no less than 10,000 hours, with an average of no less than 10 hours per person.

12 — No serious injuries (including acute occupational poisoning) or more severe personal injury incidents occurred throughout the year.

13 — Immediate and qualified rate of safety hazard rectification to reach 100%.

Rural Revitalization and Social Contributions

We firmly believe that corporate value lies not only in business achievements, but also in making positive contributions to social progress. We actively establish open and transparent communication channels with local communities, adopting diversified engagement approaches to listen to community voices and ensure that corporate development resonates with local needs. In the fields of education and public welfare, we continue to invest resources in initiatives such as scholarship programs and campus construction, promoting educational equity and talent development. At the same time, through industrial support and skills training, we foster local employment and talent modernization, empowering the sustainable development of rural economies.

Community Engagement for Collective Growth

We are committed to being a long-term partner to the communities in which it operates, creating sustainable value through two-way engagement. We have formulated a "Community Policy," pledging to respect the customs and culture of the community, by building regular communication mechanisms, we continuously listen to community voices, integrate local concerns into corporate decision-making, and ensure that the benefits of its development are shared with surrounding communities.

In terms of community engagement, we actively participate in various activities organized by local government departments and labor unions. Through channels such as WeChat, phone calls, community forums, and joint initiatives with Party organizations, we maintain long-term communication with local residents and government authorities. This ensures the timely receipt and resolution of community concerns and complaints. During the reporting period, we did not receive any community complaints.

Highlight

Industrial Experiential Learning

In 2024, the fifth session of the "Quanzhou Industrial Experiential Learning" was held, jointly organized by the Quanzhou Industrial Economy Development Promotion Center, the Industry and Information Technology Bureaus of Fengze District, Quangang District, and Hui'an County, together with Quanzhou Evening News. As one of the key stops, we hosted an immersive learning event focused on green circular building materials, intelligent manufacturing, and industrial digitalization, offering participants a close-up experience of engineering machinery applications and supporting early science education. In the main exhibition hall, children explored the lifecycle of building materials and the value of resource recycling through an interactive model of the green building material processing & recycling system. In the smart control hall, they experienced the future of intelligent manufacturing through a digital and visualized system display. At NFLG Institute, participants visited the museum and teaching facilities, and, under the guidance of instructors, took part in a screening experiment to gain hands-on engineering experience and develop teamwork skills. At the conclusion of the event, we were awarded the title of "Outstanding Experiential Learning Site" by the organizers.

The Fifth Session of the "Quanzhou Industrial Experiential Learning" at NFLG

Empowering Employment and Rural Revitalization

Employment is fundamental to people's livelihoods and serves as a key driver for high-quality development, rural revitalization, and common prosperity. We actively fulfill our social responsibilities by exploring sustainable support mechanisms. Through the establishment of localized recruitment systems and vocational training programs, we create more employment opportunities and development platforms for local residents, contributing to the prosperity of rural economies and the improvement of livelihoods. During the reporting period, local employees accounted for 67.86% of the workforce.

Highlight

Professional Training

Xiantao Welding Training Base

In 2024, at our Xiantao Base, we, in collaboration with the Xiantao Municipal Human Resources and Social Security Bureau, organized a welding apprentice training program. The training lasted for 20 days and covered welding fundamentals, classifications, welding equipment and tools, and safety and protection measures. The program combined theoretical lessons with hands-on practice, helping participants acquire welding skills and supplying skilled talent to both the company and the local community. In 2024, two sessions were held, with a total of 15 trainees receiving skills support and employment assistance.

Highlight

Employment Assistance

At our Xiantao base, we established a targeted assistance relationship with He Wan Community in Xiantao, Hubei Province. By offering basic job positions and employment guidance, we help disadvantaged groups in the community enhance their employability. In 2024, a total of two disadvantaged residents were employed by the company through the assistance mechanism.

Promoting Quality Education for All

We actively respond to the United Nations Sustainable Development Goal 4 — "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all." We consider supporting the growth of young people, especially children, as a key part of our corporate social responsibility. Through initiatives such as educational assistance and improvements to educational facilities, we aim to help children realize their dreams and aspirations.

In 2019, we established the "NFLG Education Fund," donating 100 thousand RMB annually to Quanzhou Chengdong Middle School. The fund is used to reward faculty members who have achieved outstanding results in areas such as high school and college entrance exam scores, teaching skill competitions, subject competitions, and educational research. The initiative aims to inspire teachers to be dedicated to their profession and foster the development of students. Through continuous efforts in deepening educational public welfare projects, we support the growth of the education sector and brighten the future of more children with love.

Highlight

Donation of Teaching Equipment

In 2024, we donated a set of multimedia electronic equipment to Quanzhou Fengze District Haibin Experimental Primary School to improve the school's teaching facilities. Additionally, we made a targeted donation of 50 thousand RMB to Huada Experimental Kindergarten for campus repairs and the replacement of safety protection equipment, supporting the construction of a safe campus environment.

Multimedia Electronic Equipment Donated to Haibin Experimental Primary School at Fengze District, Quanzhou

Philanthropic Commitment toward Shared Prosperity

We integrate the spirit of public welfare into our corporate culture, regularly organizing various public welfare activities and volunteer services. Employees participate in volunteer initiatives such as blood donation and assisting the elderly and disadvantaged, giving back to society through concrete actions.

Highlight

Voluntary Blood Donation Initiative

With heartfelt blood, we deliver hope and demonstrate responsibility through action. In 2024, we encouraged all employees to actively participate in voluntary blood donation, offering warmth and light to patients in urgent need of blood transfusions.

Voluntary Blood Donation Initiative

Elderly Care and Poverty Alleviation Public Welfare Initiative

Visit and Support to Disadvantaged Families in the Community

With warm hands, we deliver care and with sincere hearts, we protect the sunset years. We encouraged all employees to actively participate in elderly care and poverty alleviation activities, providing essential goods and emotional support to the elderly and disadvantaged groups. During the 2024 Double Ninth Festival, we organized employees to visit struggling families in the community and distribute gifts to elderly residents. At our Xiantao base, employees visited 10 disadvantaged households in He Wan Community, delivering essential supplies and promoting the traditional virtues of respecting and caring for the elderly while embodying our warmth and responsibility.

Innovation-driven Development

As an innovative leader in the green and recyclable building materials sector, we regard technological innovation as an inexhaustible driving force for sustainable development. We place great emphasis on research and development (R&D), having established a comprehensive R&D organizational structure and a professional team. By continuously increasing R&D investment and improving innovation incentive mechanisms, we consistently enhance our independent innovation capabilities. We actively engage in collaborative innovation with research institutions and upstream and downstream enterprises along the industry chain to jointly build an ecosystem for industrial technology innovation. At the same time, we are committed to intellectual property protection by continuously improving our management systems and protection mechanisms to effectively safeguard innovation outcomes. Through deepening technological innovation and strengthening the creation, protection, and utilization of intellectual property, we provide strong support for our high-quality development.

R&D and Innovation

We have established internal management systems such as the "Research and Development Project Management System" and "Product Design and Development Management Procedures" to promote the implementation of Integrated Product Development (IPD) project management. This system standardizes the entire R&D process—from planning and project approval to development and final acceptance—while closely monitoring key stages such as product development and testing. Through this approach, we have built a tightly integrated, closed-loop, and process-controlled R&D quality assurance system. By improving our R&D management framework, we continuously strengthen our innovation capabilities and are committed to driving industrial upgrades through technological breakthroughs, injecting lasting momentum into sustainable development.

During the reporting period, our total R&D investment amounted to RMB 82.82 million, representing 8.38% of our main business revenue. The investment primarily focused on green building materials equipment technology, circular economy technologies, and intelligent technologies. We are dedicated to delivering comprehensive solutions for closed-loop green ecological building material industrial parks, promoting the green and intelligent transformation of the industry. Our efforts have been recognized with the designation as a "Quanzhou New-Type R&D Institution."

R&D System

We have established a scientific and efficient R&D system, adopting a matrix structure of "Technology R&D Center + Research Institute + Automation Control Division + Product Divisions." This framework enables strategic coordination and specialized functions to work in synergy, forming a dual-engine model of collaborative innovation that deeply integrates R&D, production, and market functions.

R&D Structure

> **Technology R&D Center:** Comprising departments such as the Technology Office, Technology Pre-research and Planning Office, Structural Optimization Office, and Environmental Protection Office, this center responds to the technical needs of each product division and leads the development of new products and technologies;

> **Research Institute:** Includes the Research Center, Postdoctoral Workstation, and Industry-Academia-Research Management Department. It focuses on frontier technology research, resolving key technical challenges, facilitating academic exchange and collaboration, and managing graduate training;

> **Automation Control Division:** Responsible for the development and technical support of intelligent control platforms aligned with our product strategies;

> **Product Divisions:** Conduct product innovation based on market and customer needs analysis. They coordinate closely with other R&D departments on new technology development and participate in foundational research projects to ensure relevance and timeliness of R&D efforts.

As of the end of the reporting period, we had a total of 324 R&D personnel, accounting for 25.71% of our total workforce.

■ A total of
324
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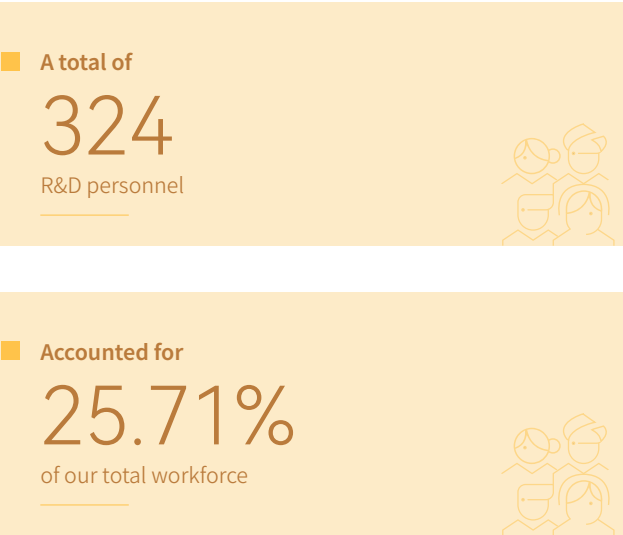
Innovation Incentive Mechanism

To stimulate organizational innovation, we have established a multi-tiered innovation incentive framework that continuously strengthens an innovation-driven corporate culture. we have implemented the "Intellectual Property Rewards and Punishments System", "Patent Reward Measures", and "R&D Project Achievement Reward Management System". Through instituting innovation awards and patent reward programs, a positive feedback loop is created—from individual inventiveness to organizational innovation—substantially enhancing the company's innovation performance and market competitiveness.

Our primary innovation incentive measures include:

> For service inventions that have been filed for patent applications and accepted, or have obtained patent registration, we grant corresponding rewards to employees and use this as an important basis for their technical position appointments, promotions, and performance evaluations;

> We organize the selection of the "Invention and Innovation Award" and the title of "Outstanding Patent Worker". Employees who pass internal evaluations can receive corresponding rewards and honors;

> For new product development, new technology development, product optimization, and technology optimization projects, we conduct comprehensive evaluations based on project initiation status, project process management, and result competitiveness, and grant corresponding rewards to project team members who pass internal reviews.

During the reporting period, we selected four outstanding R&D projects, among which the "RAP Aggregate Regeneration Technology and Equipment Development Project" received key rewards due to its outstanding performance.

Highlight

Craftsman Hall

Embracing the philosophy of "specialization, excellence, quality, and longevity," we established the "Craftsman Hall" to foster a culture of craftsmanship. This initiative is aimed at promoting a spirit of perseverance, pursuit of excellence, meticulous attention to detail, and an uncompromising quest for superior quality among all employees. It encourages continuous improvement of technical skills and the meticulous crafting of professionally engineered, high-performance products, thereby enhancing our technological expertise and product quality.

We include high-performing individuals—whose advanced technical skills underpin the consistent quality of our high-end products and who have been consecutively recognized as excellent management elites or outstanding team leaders for two years—in our craftsmen pool. Moreover, we duly recognize and reward employees who demonstrate a profound commitment to technical research and make significant contributions to advancing our technologies and management practices.

Cooperation in R&D and Innovation

We uphold an open and innovative mindset and have established technological R&D partnerships with research institutions and universities such as the Haixi Institutes of the Chinese Academy of Sciences, the Research Institute of Highway, Ministry of Transport, and Huaqiao University. Together, we have achieved cutting-edge breakthroughs in fundamental research within hotspot and potential application areas such as construction waste resource utilization. In addition, we actively build channels for technical exchanges between our R&D personnel and domestic universities, as well as leading enterprises in both domestic and international industries. We regularly organize overseas visits for our R&D teams or invite experts from home and abroad to conduct technical exchange activities with us. Through collaborative innovation following our public listing, we have not only accelerated the transformation of technological achievements, but also realized complementary strengths in innovation resources, providing strong technical support for our sustainable development.

Highlight

Industry-Academia-Research Collaboration

We have established a long-term industry-academia-research collaboration mechanism with Huaqiao University, under which we recruit post-doctoral researchers to promote technological exchange and cooperation, set up a training base for graduate students, and jointly carry out research projects and internships for graduate students. Together, we conduct research and development on intelligent control technologies such as online detection of aggregate grading. In 2024, we signed a new cooperation agreement with Huaqiao University to launch joint R&D projects in areas such as intelligent aggregate crushing and processing systems.

Preface

Sustainability-Related Governance

Environmental

Social

Governance

Index

Achievements in R&D and Innovation

After years of exploration and accumulation, we have developed several core technologies, including "efficient composite shaft stirring technology," "rotor self-balancing crushing technology for crushers," and "key technology for flexible heating of asphalt reclaimed materials." We have been successively recognized as a national high-tech enterprise, a high-tech enterprise in Fujian Province, a leading little giant of technology enterprises in Fujian Province, and a key research and development demonstration enterprise in Quanzhou. We also operate a certified post-doctoral research workstation.

In the field of digital intelligence innovation and R&D, we continue to invest in building our industrial internet infrastructure, developing digitalized workshops, enabling supply chain collaboration, and achieving information technology integration to steadily advance our digital intelligence transformation. We have established a smart operation and maintenance management cloud platform based on the Internet of Things (IoT), enabling remote monitoring and interconnectivity of equipment. This has driven the transition of product operation and maintenance from traditional offline methods to "Internet+" intelligent transformation. By leveraging the Internet, IoT, and data analytics, we are committed to helping traditional industries enhance the informatization and digital intelligence supervision of equipment, reduce energy and resource consumption, and promote green and low-carbon development across the industrial chain.

During the reporting period, we initiated 6 new R&D projects. As of now, we have a total of 18 ongoing projects. Leveraging a three-tier intelligent R&D system of "fundamental research – scenario development – industrial transformation," we have built a multidimensional technology matrix: at the base level, breakthroughs in intelligent process algorithms and material adaptability technologies; at the platform level, development of cross-product-line modules such as intelligent diagnostic systems and adaptive control technologies; and at the application level, a focus on advanced products such as intelligent construction equipment and AI-assisted systems. By embedding intelligent technologies such as machine vision and digital twins, we have realized a leap forward in intelligent management across the entire product lifecycle.

Honors and Awards in R&D and Innovation in 2024

Awarded the title of **"Manufacturing Single Champion Enterprise (2024–2026)"** by the Ministry of Industry and Information Technology

Recognized as a **"Leading Industrial Enterprise of Quanzhou"** by the Industry and Information Technology of Quanzhou City

Ranked **62nd** among the **"Top 100 Private Enterprises in Quanzhou,"** jointly selected by the Quanzhou Investment Promotion Bureau and the Quanzhou Federation of Industry and Commerce

The project "Development and Industrial Application of High-Quality Recycled Aggregate Preparation Method and Intelligent Integrated Equipment" received **the Second Prize of the Fujian Provincial Science and Technology Progress Award,** presented by the People's Government of Fujian Province

The project "Research and Development of High-Quality Recycled Asphalt Mixture Aggregate Preparation and Complete Intelligent Environmental Protection Equipment" received **the Second Prize of the Anhui Provincial Transportation Science Progress Award,** presented by the Anhui Highway Society

The project "Research and Application of Digital Intelligence in Asphalt Concrete Production" received **the Second Prize of the Anhui Provincial Transportation Science Progress Award,** presented by the Anhui Highway Society

"IoT + Equipment" Remote Intelligent Service Platform

Our "IoT + Equipment" remote intelligent service platform is designed to enable full lifecycle management of equipment through IoT technology. It breaks through time and space limitations, addressing challenges such as scattered subordinate sites and delayed maintenance. The platform provides a secure, efficient, and convenient foundation for information exchange, technical communication, and post-sales service deployment. It also empowers intelligent management across key operational processes including aggregate loading, storage, unloading, remote diagnostics, and integrated management.

The platform's key functional advantages include:

> **Remote Communication:** The platform employs ultra-high-definition wide-angle cameras and precise synchronization with control system interfaces to present real-time, true 1:1 on-site scene, enabling remote communication.

> **Strong Interactivity:** The platform supports real-time remote control, enabling access to images and data. Beyond interaction with on-site control systems, it can also be integrated with cloud platforms, visualized big data, storage monitoring, and other intelligent information systems, allowing for comprehensive statistics, analysis, and multidimensional data visualization.

> **High Expertise:** The platform is supported by domain experts across industries and offers on-site guidance for original factory turnkey services. Users benefit from an all-in-one, customized service experience that ensures "early prevention, early diagnosis, and early treatment" of equipment issues, resolving production risks at their earliest stage.

Smart Management System

We have developed a smart management system tailored to various production scenarios in the building materials industry. The system covers vehicle queuing management, intelligent weighbridge operations, remote smart warehouse monitoring, automated invoice printing and sorting, environmental monitoring, intelligent control systems, and electronic contract and invoice signing. By leveraging data analysis, the system provides decision-making support to various departments, addressing key pain points in production management. It aims to enhance the level of informatized management across the industry and help enterprises reduce costs and improve efficiency.

Online AI Monitoring System for Concrete Slump

Our self-developed online AI monitoring system for concrete slump combines artificial intelligence and machine vision technologies, eliminating the cumbersome traditional sampling and testing process. It enables real-time monitoring of concrete slump during the mixing process, significantly reducing labor costs and improving production efficiency. The system effectively addresses slump fluctuations caused by differences in sand and aggregate materials, thereby preventing potential project losses due to non-compliant slump values. In addition, the system can retrieve production task information in real time, including strength, slump requirements, and pouring methods. It then compares AI-predicted values against task parameters through intelligent analysis, ensuring concrete quality and minimizing unnecessary resource waste. This solution supports the green and low-carbon development of the concrete industry.

AI-Powered Intelligent Aggregate Feeding System

Our self-developed AI-powered intelligent aggregate feeding system adopts artificial intelligence and visual inspection technologies to enable online monitoring of aggregate gradation and morphology. The system consists of a visual recognition module and a PC-based intelligent control unit. During the aggregate conveying process, the system performs AI-based recognition of gradation and shape. If the detected aggregate specification does not match the target silo, an alert is triggered to prompt staff intervention. This system not only enhances operational safety and reduces the risk of feeding errors but also improves customer operational efficiency, quality, and management capabilities. By lowering operating costs and enabling smarter, greener aggregate feeding processes, it supports more sustainable and intelligent material handling.
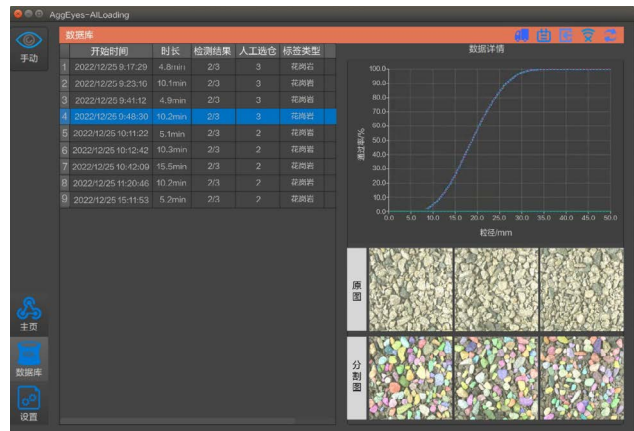
Intellectual Property Protection

We have established an intellectual property management system in accordance with the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China, the Trademark Law of the People's Republic of China, and the national standard GB/T29490-2013 "Enterprise Intellectual Property Management". We have formulated institutional documents such as the Intellectual Property Management Manual, the Intellectual Property Management Measures, and the Patent Management Measures. In strict accordance with these management regulations, we review new technologies and products, apply for intellectual property registration, and establish an intellectual property management ledger. We continuously monitor and manage intellectual property to promptly identify any infringement and take responsive measures. Covering all stages of intellectual property acquisition, maintenance, utilization, and protection, our system deeply integrates intellectual property management into the R&D process, ensuring that technological innovation and legal protection advance in parallel.

To ensure the security and control of technical information, we have formulated the "Confidentiality System for Technical Documents" and established a confidentiality control mechanism. Technical information is classified as top secret, with restricted access and a clearly defined scope of disclosure. We strictly enforce procedures for the transfer, storage, and disposal of technical secrets. In addition, we manage and control sensitive equipment and networks through technical measures, such as implementing double-network isolation for internet access by R&D personnel, physically locking workstations, prohibiting the use of external hard drives or USB devices, encrypting confidential drawings and documents, and limiting email transmission traffic. We sign confidentiality agreements and non-compete agreements with technical personnel, and have clearly defined penalty measures for confidentiality violations in our Intellectual Property Rights (IPR) incentive and penalty system. Any act of information leakage is subject to strict disciplinary action. Moreover, we conduct training related to intellectual property to raise employees' awareness of IPR protection and risk prevention.

During the reporting period, we were granted 87 new patents and registered 17 new trademarks. No lawsuits were filed against us for infringement of others' intellectual property rights. As of the end of the reporting period, we held a total of 764 authorized patents, 33 registered copyrights, and 39 registered trademarks.

Suppliers and Clients

Guided by the corporate philosophy of "specialization, excellence, quality, and longevity," we actively build a responsible and sustainable supply chain system by integrating ESG principles throughout our procurement, production, sales, and service processes. We have established a rigorous supplier admission and evaluation mechanism, incorporating key indicators such as environmental compliance, labor rights, and business ethics into our assessment framework. We prioritize raw materials that meet environmental protection standards and low-carbon requirements, driving the development of a green supply chain. In terms of product management, we conduct full life-cycle environmental impact assessments, embedding considerations such as recyclability and energy efficiency from the design stage. This ensures our products meet green, low-carbon, and safety compliance standards. We are committed to providing our customers with sustainable circular construction material solutions, supporting them in achieving their sustainability goals.

Supply Chain Security

We have established a supply chain security management system that spans the entire process from raw material procurement to production, transportation, and delivery. We continuously strengthen our risk warning and response capabilities to ensure supply chain resilience and business continuity, supporting the company's long-term sustainable development.

Supply Chain Risk Management

We have developed the "Quality Risk Management Procedure" to establish a comprehensive supply chain risk management system that covers all departments and business processes. This system is built around the key stages of risk identification, assessment, prioritization, monitoring, and control. In the course of our operations, each department is responsible for identifying, analyzing, and evaluating potential risks in various supply chain activities, including supplier admission, operations, quality, and business practices. Appropriate control measures are implemented based on the level of assessed risk.

We regularly evaluate the effectiveness of our current risk control processes through internal audits, management reviews, and internal inspections, and determine whether further optimization is necessary. Each year, we supervise and review the implementation of the risk management process in light of changes in internal and external environments to ensure that risk control measures are effectively carried out.

Major Supply Chain Risk Management Measures

Risk Area	Risk Description	Response Measures
Supplier Admission	Non-compliance with our standards in areas such as environmental protection, occupational health, work safety, and business ethics may negatively impact the sustainability and compliance of our supply chain	■ Establish a rigorous supplier admission review mechanism to standardize the selection process ■ Require suppliers to sign commitments and agreements related to social responsibility ■ Conduct on-site audits to verify actual implementation
Raw Material Procurement	Market price fluctuations and other external factors may lead to material shortages or increased costs	■ Increase the number of qualified suppliers to reduce reliance on single sources ■ We establish strategic reserve inventories to ensure the secure supply of key raw materials ■ We sign long-term cooperation agreements with suppliers to mitigate procurement volatility
Product Design	Failure to keep up with the latest product standards or regulatory requirements may result in non-compliance, particularly in areas such as environmental protection and safety	■ Closely monitor updates to product standards and regulatory changes. We update technical documents and inspection procedures in a timely manner and organize related training sessions
Marketing Activities	Major quality or safety incidents involving our equipment may lead to media exposure or administrative penalties	■ For safety-critical components requiring certification, strictly follow certification procedures and conduct regular inspections
Marketing Activities	Exaggerated claims or intellectual property infringement in advertising may result in product recalls or administrative penalties	■ All advertising content must undergo strict internal review to ensure accuracy and compliance, effectively avoiding legal risks

In addition, we actively promote the development of supply chain risk management talent. By building a dedicated supply chain management team, fostering a risk control culture across the supply chain, and regularly organizing professional training in procurement, we continuously enhance the expertise of our supply chain personnel. These efforts help us mitigate sustainability risks transmitted through the supply chain and ensure the achievement of our supply chain security objectives.

Supply Chain Risk Management for Purchased Components

To enhance the scientific rigor of procurement decisions and improve the refinement of supply chain management, we regularly conduct risk assessments on purchased parts suppliers and dynamically adjust procurement quotas based on the results. We adopt a dual-model approach, utilizing the Kraljic Matrix (Key, Leverage, Routine, Bottleneck) and the Supplier Preference Model (Core, Development, Exploitable, Nuisance), and take into account factors such as cooperation quotas and willingness to cooperate. Suppliers are classified accordingly, and differentiated procurement strategies are implemented. For example, in the case of "Key + Core" suppliers, we prioritize establishing long-term partnerships by signing strategic agreements to secure production capacity and price advantages. At the same time, we introduce alternative suppliers to mitigate potential supply chain risks. For "Key + Nuisance" suppliers, we adjust our procurement strategy by terminating cooperation once existing inventory is depleted, thereby reducing the impact of supply uncertainty on business stability.

Responsible Procurement

We are committed to responsible procurement by giving preference to suppliers that align with our sustainability philosophy and by fostering long-term partnerships. We have established a comprehensive set of policy documents, including the "Supplier Code of Conduct," "External Supplier Management Procedure," "Supplier Manual," "Supplier Quality Performance Evaluation Rules," "Monthly Product Quality Evaluation Guidelines for Suppliers," "Supplier Performance Management Regulations," and "Business Guidelines." These documents provide systematic standards for supplier evaluation and admission, performance assessment, and quality auditing. By working closely with our industry partners, we strive to build a secure, stable, transparent, and sustainable supply chain.

■ Supplier Admission

We have established a scientific supplier admission process to ensure that prospective suppliers meet our ESG-related requirements through methods such as on-site communication, field visits, and contractual obligations:

> **On-site communication:** We engage with potential suppliers through industry exchanges, trade fairs, and online platforms to understand their willingness to cooperate. Based on mutual business development needs, we conduct reciprocal site visits and technical discussions to comprehensively assess their overall capabilities.

> **Field visits:** Depending on the supplier's specific circumstances, we conduct tiered on-site audits, sample testing, trial production, and trial use procedures prior to cooperation, ensuring compliance with our partnership standards. For example, for suppliers of core and critical components, we require them to pass an on-site quality management audit as a condition for admission. Suppliers are then managed by category based on the audit results to ensure supply chain stability and product quality reliability.

> **Contractual obligations:** In the "Procurement Contract," we stipulate that compliance with requirements related to human rights and labor, health and safety, environmental protection, and business ethics is a prerequisite for cooperation. In addition, suppliers must sign legal documents such as the "Anti-Commercial Bribery Commitment for Suppliers," the "Integrity Convention for Business Cooperation," and the "Quality Assurance Agreement." These documents clarify the supplier's responsibilities in compliant operations, environmental safety, and quality management, and commit them to oversight to ensure effective implementation of the relevant requirements.

■ Supplier Evaluation

Through a system of regular audits, evaluations, and continuous improvement, we regulate supplier behavior and ensure their ongoing alignment with our standards on ethics, environment, labor, and health and safety:

> **Performance Evaluation and Tiered Management:** We have established a set of institutional documents, including the "Supplier Performance Management Regulations," "Monthly Product Quality Evaluation Guidelines for Suppliers," and the "Supplier Quality Performance Evaluation Rules," to incorporate Quality, Cost, Delivery, and Service (QCDS) into our evaluation framework. Supplier performance evaluations and comprehensive assessments are conducted on a monthly, semi-annual, and annual basis according to different maintenance requirements. These assessments are jointly carried out by the Supply Chain Center, the Quality Management Department, and the Industrial Services Department. Based on the results of the annual evaluations, suppliers are categorized into four tiers: A, B, C, and D. These ratings serve as an important reference for capacity allocation and procurement incentives in the following year. Suppliers rated as Tier A receive recognition and rewards. Those rated as Tier C or D are required to undertake corrective actions with follow-up tracking, and those who repeatedly fail to meet standards will have their cooperation terminated. This rigorous evaluation mechanism reinforces suppliers' sense of responsibility and promotes supply chain stability and sustainable development.

> **Quality Audits and Capability Enhancement:** For all suppliers of critical and safety-related components, the Quality Management Department develops and implements an annual on-site quality management audit plan, ensuring each supplier is audited at least once every three years. The audits are conducted based on ISO 9001 quality management systems, internal supplier audit procedures, and relevant laws and regulations. The assessment also considers factors such as supplier type, plant size, and process complexity, with a focus on their management capabilities in areas such as design and development, raw material procurement, production control, and quality management. After the audit, we promptly provide feedback and monitor the progress of corrective actions for any non-conformities. For suppliers that demonstrate a willingness to improve or have a relatively weak foundation, we support capability enhancement by offering technical documents, guiding the setup of equipment and processes, dispatching technical or inspection personnel for on-site assistance, training specialists, and helping optimize their quality management systems.

During the reporting period, we further expanded the coverage of supplier audits. Led by the Quality Management Department, we conducted quality management system audits for 43 suppliers. In addition, the Procurement Execution Department, Industrial Services Department, Quality Management Department, and various procurement teams jointly carried out performance evaluations for 121 suppliers and provided targeted guidance based on the issues identified.

Supplier Production Meeting

Supplier Communication

Supplier Capability Building

In 2024, we held a Supplier Production and Quality Conference to strengthen communication with our suppliers, promote production coordination and quality improvement, and provide training and guidance. These efforts aimed to enhance suppliers' capabilities in production management and quality control, thereby fostering stable development across the supply chain.

Supplier Quality Meeting

Distributor Management

Distributors are important business partners and brand representatives for our company, and their commercial conduct directly impacts customer relationships and brand image. To enhance management, we have established the "Distributor Management System," which outlines clear requirements regarding service standards, equipment handover and acceptance, station duties, scheduled inspections, customer follow-ups, and warranty services, thereby standardizing distributor service processes. Through comprehensive training programs, we provide distributors with in-depth knowledge on product features, business operations, contract management, service standards, financial leasing, project contracting, and safety management. These programs help strengthen team building and improve professional competencies, ensuring that product installation and customer service meet our corporate standards. In addition, leveraging the NFLG Institute, we offer professional technical training to both customers and distributors. During the reporting period, we conducted 35 specialized training sessions, with a total of 460 participants and over 1,100 training hours.

In terms of distributor evaluation and performance assessment, we have issued a series of institutional documents, including the "Distributor Service Assessment," "Independent Installation Distributor Evaluation," "Service Engineer Grading Plan," "Annual Agency Evaluation Measures," "Independent Installation Agency Evaluation Plan," and "Agency Service and Sales Assessment." These documents define key performance indicators such as service sales completion rate, team development, service quality, customer satisfaction, and equipment acceptance timeliness. We also assess contractor teams on aspects including team capacity, installation performance, installation quality, safety management, and training participation. Regular distributor evaluations are conducted to quantify service standards, clarify improvement targets, and continuously enhance overall service performance.

The 19th Global Asphalt Client Training

Customer Training for Weixin Material, Guangzhou

"Adapt and Respond" NFLG 2024 China Marketing Annual Conference

"Build a Global Brand Together" NFLG 2024 Global Marketing Annual Conference

Equal Treatment to Small and Medium-Sized Enterprises

We uphold the principles of integrity and compliance in our operations and are committed to building an inclusive and equitable supply chain ecosystem. In the process of supplier selection and evaluation, we have established a transparent and impartial admission mechanism to avoid discriminatory thresholds or unreasonable requirements, ensuring that small and medium-sized enterprises (SMEs) enjoy equal business opportunities. By streamlining procurement procedures, optimizing payment cycles, and providing technical training, we effectively lower the barriers to participation and reduce operational costs for SMEs. At the same time, we actively build resource-sharing platforms to foster in-depth collaboration with SMEs in areas such as technology research and development and market expansion, promoting coordinated development across the industrial chain.

During contract execution, we strictly adhere to the principles of fair trade and comply with applicable laws and regulations, including the Anti-Unfair Competition Law of the People's Republic of China, the Regulations on Ensuring Payments to Small and Medium-Sized Enterprises, and the Interim Regulations on Enterprise Information Disclosure. We firmly prohibit practices such as delayed payments or forced price reductions and ensure timely payment in accordance with contractual terms, thereby safeguarding the legitimate rights and interests of SMEs. During the reporting period, there were no instances of overdue payments to SMEs.

Safety and Quality of Products and Services

We have always regarded the safety and quality of our products and services as the foundation of sustainable development. We continuously improve our quality management system and implement inspection protocols and operational standards across all stages of the product life cycle to ensure product quality, safety, and a positive customer experience. We prioritize the development of client-facing service systems such as the CRM platform and our official WeChat accounts, providing customers with more efficient, convenient, and user-friendly channels for communication, feedback, and service requests. We further strengthen customer service and responsible marketing management, focusing on the end-to-end customer journey, safeguarding customer rights and interests, and faithfully fulfilling our responsibilities to customers, the market, and society.

Product Quality Management

We strictly comply with relevant laws and regulations, including the Product Quality Law of the People's Republic of China and the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, and have established a comprehensive quality management system that covers the entire product life cycle. This system is continuously refined to enforce rigorous inspection protocols and ensure that our products meet high-quality standards throughout the design, manufacturing, and delivery processes. We are committed to ensuring product reliability, safety, durability, compliance, and consistent quality. At present, we are certified under the ISO 9001 Quality Management System.

Product Quality Management Objectives and Indicators

Item	Statistical Method	Target/Indicator	2023 Performance	2024 Performance
Customer Satisfaction Rate	Number of satisfied customers / Total number of surveyed customers	≥ 95.00%	95.96%	97.30%
Weighted Product Inspection Pass Rate	Number of items passed at first inspection ÷ Total number of inspected items × 100%	≥ 99.60%	99.98%	99.98%
Ratio of Free-of-Charge Compensation for Quality Issues to Sales Revenue	Free claim amount due to quality issues (including supplier responsibility) / Total sales revenue × 100%	≤ 0.12%	0.01%	0.00%
Material Return Rate in Workshops	Return value due to material quality issues / Total material issuance value	≤ 0.40%	0.03%	0.01%
Number of Installation/After-Sales Feedback Quality Issues per Unit	Total number of feedback issues / Total number of installed units	≤ 1.83	0.00	0.00
Number of Major Non-Conformities in External Audits and Regulatory Inspections	Sum of major non-conformities identified	0	0	0
Calibration Completion Rate of Inspection and Measuring Instruments (internal + external)	Number of instruments calibrated in the month ÷ Total planned number of calibrations in the month × 100%	100.00%	100.00%	100.00%

We have formulated the "Inspection Procedures for Outsourced Parts," which clearly define the inspection methods, items, tools, sampling rules, acceptance criteria, and exemption standards for each type of procured material. A series of measures have been implemented to enhance the quality management of outsourced parts:

> **Standardizing validation of new products or new suppliers:** Products submitted for inspection for the first time by new suppliers or involving new products must go through the sample trial production application process and be verified against the applicable standards or technical specifications approved in the design and technical documentation.

> **Strengthening full-process quality verification:** For products without clearly defined inspection requirements or those that cannot be directly inspected upon receipt, we carry out quality verification at key stages, including pre-shipment, during production, and throughout equipment installation and commissioning.

> **Implementing regular sampling inspections:** An annual sampling inspection plan is developed to carry out testing for relevant products and projects. For inventory items that fail inspection, products must be returned or re-inspected in full. For products already in production or delivered, we trace their distribution and follow up on any quality concerns to ensure that no safety hazards exist in deployed products.

In addition, we have established a defect feedback and reward mechanism to encourage personnel involved in manufacturing, installation, and commissioning to report issues related to quality improvement, product delivery, and safety hazards via our official WeChat accounts. Based on the type of defect, issues are assigned to the responsible departments for analysis and corrective action, with the Quality Management Department tracking the progress to ensure effective implementation. We compile and publish monthly quality reports that include statistics on the types, quantity, and closure rate of feedback issues. Major problems and corresponding improvements are displayed on quality information boards and communicated through both online and offline channels. For feedback that is adopted, contributors receive rewards as an incentive for continuous improvement, driving ongoing optimization of both products and management practices. During the reporting period, the "Defect Management" module under our RDM system collected 333 defect reports with an overall closure rate of 75%. No major safety or quality incidents related to products or services occurred throughout the year.

Customer Service Management

We adhere to a customer-first service philosophy, always placing customers at the center of our operations. By leveraging technological innovation to enhance service capabilities, we focus on addressing key challenges faced by customers in technology application and business development. We continuously improve our R&D, design, manufacturing, and service capabilities to deliver professional, customized solutions tailored to various application scenarios. At the same time, we have established a robust customer feedback mechanism to drive product improvements and quality enhancement through ongoing communication, better meeting customer needs and expectations and creating long-term value. During the reporting period, we conducted a customer satisfaction survey, with satisfaction reaching 97.30%.

We have built an omnichannel, full-lifecycle customer service system through the following measures:

> **24/7 Customer Service:** A professional, round-the-clock marketing and service team is in place to provide one-stop services, including service network information, product and equipment consultation, technical support, product complaints, service complaints, repair requests, and spare parts inquiries.

> **Nationwide Service Network:** We have established 52 sales outlets and 56 spare parts centers across the country, creating a hybrid online-offline consultative sales system.

> **Equipment Training and Operation & Maintenance Services:** Free training is provided on-site during installation to cover operation, troubleshooting, and routine maintenance. We also conduct regular proactive follow-ups to monitor equipment performance and ensure efficient and stable operation.

> **"Experts Online" Service Platform:** The platform brings together technical experts in cement concrete mixing, dry mortar mixing, and asphalt mixture mixing to promptly address technical inquiries related to equipment, production, operations, and management.

> **Smart Cloud Service System:** Powered by automation and IoT technologies, the system collects real-time data on equipment status and component health. Our professional technical team accesses and analyzes the data via cloud

servers to offer remote diagnostics, maintenance advice, and optimization solutions. Additional customized value-added services include energy efficiency optimization, cost control, and quality improvement.

> **Equipment Delivery and Warranty Management:** The "Equipment Delivery Management and Free Warranty Management Regulations for Spare Parts" have been established to safeguard customer service rights during the equipment commissioning and warranty periods. The Quality Management Department regularly compiles and analyzes issue data to identify product defects, promote improvements, and continuously enhance customer experience.

> **Technical Guidance and Training:** We encourage customers to visit our facilities for hands-on learning and provide customized technical training through the NLFG Institute. This helps cultivate practical industry talent and empowers customers in their business development.

> **Equipment Upgrade and Retrofit Services:** We provide specialized retrofit services by deeply understanding and analyzing each customer's unique needs to deliver tailored, efficient, and precise integrated solutions. These services help enterprises reduce production costs, improve efficiency, and significantly enhance their market competitiveness.

Specialized Training for Domestic Customers

In 2024, NFLG Institute conducted a specialized training program for the customer Jiangsu Tianqin. The training focused on equipment operation, product technology, and maintenance, combining theoretical instruction with hands-on practice to enhance the customer's understanding and application capabilities. The curriculum covered topics such as product structure, operating procedures, control systems, and equipment maintenance. The sessions were delivered by Cao Yongjun, a senior instructor at NFLG Institute. Following the theoretical sessions, participants engaged in on-site operational drills to familiarize themselves with equipment operation and reinforce learning through practical exercises. This program provided Jiangsu Tianqin with a systematic technical learning opportunity, helping the customer improve their operational and maintenance capabilities.

Specialized Training for Overseas Customers

In 2024, NFLG Institute launched a training program for global customers, offering a specialized session focused on equipment operation. The training centered on the mechanical structure, intelligent control systems, and operation and maintenance of asphalt mixing equipment. Through a blend of theoretical instruction and hands-on exercises, overseas customers gained a deeper understanding of equipment operating principles and practical usage. The training content was tailored to customer-specific needs and delivered through a progressive teaching approach, combining case studies and live demonstrations to help overseas participants more intuitively grasp key operational points.

Safety Protection Program for Extreme Weather

During the summer of 2024, southern China experienced prolonged heavy rainfall, with water accumulation from torrential rains affecting equipment usage and construction sites to varying degrees. To ensure the safe operation of customer equipment, we launched a specialized customer support service in response to extreme weather conditions. Through 24-hour after-sales support, we provided emergency repair services for equipment malfunctions caused by flooding. Relying on our cloud-based online diagnostic system, we offered remote inspection and fault analysis to help customers quickly identify issues and minimize downtime. For equipment that suffered severe flood damage, we conducted on-site hazard inspections and safety assessments based on customer needs to evaluate the impact and ensure safe future operation. In addition, we provided customers with equipment protection guidelines covering waterproofing, lightning protection, parking management, and operational safety to reduce damage risks and enhance construction site safety.

Quality Across Miles: Customer Follow-up in Malaysia

In December 2024, our overseas sales team and senior service engineers formed an industrial service follow-up team and traveled to Malaysia to conduct a comprehensive equipment inspection and in-depth communication with customers using asphalt mixing equipment. The team provided guidance and training across multiple areas, including equipment operation status, maintenance management, risk prevention, and production procedures. Tailored optimization solutions were also proposed based on the actual usage of the customer's equipment, helping improve production efficiency and product quality.

Responsible Marketing

We strictly comply with the Advertising Law of the People's Republic of China and other relevant laws and regulations, upholding the principles of responsible marketing by prohibiting any form of false or misleading advertising and ensuring that all published product information is truthful, lawful, and compliant. We are committed to providing clear and transparent information on product features, performance parameters, and usage safety to help customers make informed and rational decisions. We continuously promote internal training and case reviews on marketing compliance and responsible communication to ensure that all marketing activities meet both regulatory standards and our corporate responsibility expectations. In addition, we actively advocate for green marketing practices, highlighting the environmental attributes and sustainable value of our products. This approach guides customers toward environmental awareness and encourages the spread of green consumption concepts. During the reporting period, no incidents related to false advertising or improper marketing occurred.

Digital Marketing Campaign

We actively expanded our online channels by leveraging self-media platforms such as official WeChat accounts, Video Channel, Douyin, and Xiaohongshu, as well as overseas social media platforms including LinkedIn, Facebook, and YouTube. These platforms are used to publish real-time industry news, product updates, and technical advancements, while also providing professional consultation and customer support, enabling customers to access information, raise inquiries, and engage in interactive communication.

These platforms make it easier for customers to access information, ask questions, and engage in interactive communication. Leveraging the strengths of digital media, we collect customer feedback and potential needs in a timely manner, enabling us to refine our marketing strategies and product direction to better align with customer requirements and usage scenarios—ultimately enhancing customer experience and satisfaction. At the same time, we strictly review all online content and advertising to ensure compliance with fair competition principles and legal regulations, reinforcing a responsible corporate image.

Multimedia Brand Matrix

Data Security and Customer Privacy Protection

We place great importance on information security and the protection of customer privacy, regarding them as fundamental principles that must be upheld in our business operations. In our daily practices, we strictly comply with relevant laws and regulations, including the Cybersecurity Law of the People's Republic of China and the Personal Information Protection Law of the People's Republic of China. We continuously enhance our information security management mechanisms to ensure that customer data is properly protected. On the technical front, we adopt industry-standard security measures and regularly assess and upgrade our protection systems to address evolving security threats. For employees, we conduct necessary security awareness training to ensure that everyone understands and complies with data protection regulations. We respect our customers' right to privacy and adhere to the principle of data minimization when collecting and using customer information, thereby creating a safer and more trustworthy digital environment for our clients.

Information Security Management Mechanism

We have established a comprehensive set of internal management systems, including the "Information Security Policy," "Information Security Management System," "Encryption System Management Policy," "Data Center Management Policy," "Computer Standard Installation Specifications," and "Network Standards and Specifications." These policies govern our information security practices across various dimensions, including physical security, endpoint security, network security, application system security, data security, and operations and maintenance security.

An Information Security Team has been formed, led by the General Manager of the company, with the Director of the Information Center serving as Deputy Team Leader. Team members include IT operations personnel from the Information Center and designated information security officers from each department. When an information security risk arises within a department, the designated officer must promptly report it to the Information Center. General incidents are escalated to the Director of the Information Center, while major incidents are reported directly to the General Manager.

We have implemented a series of measures to continuously strengthen information security risk control, ensuring the stability and security of our information systems and effectively mitigating potential threats:

- We deploy technical safeguards such as firewalls and antivirus software to monitor and respond to vulnerabilities in real time. We enforce internal and external network access controls, back up business data, and regularly inspect backup systems.
- We strictly enforce file encryption and decryption protocols, with differentiated encryption levels based on the nature of business operations.
- We conduct regular risk assessments and security reviews, including routine risk evaluations for new systems, internal and external security inspections, and IT audits to identify and address risks in a timely manner.
- We perform periodic inventory checks on computers, servers, and network equipment.

During the reporting period, we conducted unscheduled cybersecurity inspections and continuously monitored and addressed security vulnerabilities using current technical safeguards. We also carried out internal control evaluations on the operation and effectiveness of our information systems and engaged third-party institutions to conduct internal control audits. No administrative penalties related to violations of information security regulations occurred during the year.

Information Security Emergency Management

We have established a Cyber and Information Security Emergency Response Leadership Team, led by the Director of the Information Center and composed of department heads and relevant personnel. This team is responsible for overall planning, coordination, and decision-making in response to information security emergencies. Following the principle of "whoever is in charge is responsible; whoever operates is responsible," we implement a clear accountability system for information security, with all departments actively supporting and participating in emergency response efforts.

Through the formulation of the "Emergency Response Plan for Network and Information Security Incidents," we have established monitoring and reporting mechanisms as well as emergency response protocols to enhance our ability to prevent and respond to security incidents. These mechanisms ensure prompt and effective action in the event of an incident, minimizing potential negative impacts on the company:

> We adhere to the principle of "early detection, early reporting, and early resolution" by enhancing the collection, analysis, and continuous monitoring of relevant information across all departments.

> For potential or actual cyber and information security emergencies, departments are required to take immediate control measures and promptly report to the Emergency Response Leadership Team.

> Upon receiving a report, the leadership team evaluates the situation, determines the severity level of the incident, and activates the corresponding emergency response plan.

> For major or particularly significant incidents, a real-time situation reporting and daily reporting system is implemented.

> After the emergency is resolved, an investigation team is assembled to conduct a comprehensive review of the incident and the response process, summarize lessons learned, and refine the emergency response plan accordingly.

In addition, we conduct regular information security emergency drills and perform follow-up reviews to continuously improve our emergency response capabilities. During the reporting period, we conducted quarterly database recovery drills for our ERP system to evaluate response speed and verify the availability of backup data.

Information Security Education and Training

We place great importance on fostering a strong information security culture. New employees receive onboarding training on information security to build foundational awareness and understanding of key concepts. In addition, we communicate our information security policies and guidelines to all employees through platforms such as Tencent IM, the OA system, and email. These communications include regular updates on policies and reminders about information security risks. Through continuous awareness campaigns, we aim to strengthen employees' cybersecurity awareness and improve the information security management capabilities of relevant departments.

Customer Privacy Protection

We are committed to protecting customer privacy. Through our "Code of Business Conduct," we declare that information about stakeholders is collected, used, and retained only under lawful and necessary circumstances. Disclosure to third parties occurs solely under legal obligations, with the explicit consent of the stakeholder, or when required for the provision of services. We fully respect stakeholders' legal rights over their information, including the right to consent or refuse data collection and use, as well as the right to request modifications or deletion of their information. Access to and transmission of customer data is strictly controlled through permission settings in our CRM system. Additionally, employees in sales and other related positions are required to sign confidentiality agreements to reinforce customer privacy protection. During the reporting period, no incidents of customer privacy violations occurred.

Contributing to Industry Development

As a key participant in the industry, we actively play a leading role in driving overall progress and promoting sustainable development across the sector. We are deeply involved in the work of industry associations and participate in the formulation of national and industry standards. In collaboration with peer enterprises, experts, scholars, and policymakers, we conduct joint research on industry development trends and promote technological exchange and the refinement of standards. Leveraging the resources of NFLG Institute, we integrate domestic and international scientific research institutions and universities with engineering practice to provide end customers with theoretical support and technical solutions for product innovation. At the same time, we contribute to the cultivation of high-quality professionals for the industry. Through collaboration with various partners, we are committed to building an innovative, collaborative, and sustainable industrial ecosystem, creating greater value for the industry's long-term prosperity.

Participation In Industry Associations

Association Name	Position
China Construction Machinery Association	Director
China Construction Machinery Association Road Machine Branch	Vice President
China Construction Machinery Association Expert Committee (Road Machine)	Our Chairman Mr. Fang Qingxi serves as a Member of the Committee
China Construction Machinery Association Concrete Machinery Sub-Association	Vice President
China Building Materials Federation Premixed Mortar Sub-Association	Vice Chairman
China Concrete & Cement-based Products Association	Vice President
China Concrete & Cement-based Products Association-Ready-Mixed Concrete Sub-Association	Vice President
China Aggregates Association	Vice President
Gypsum Association of China Building Materials Federation	Member
China Bulk Cement Association of Popularization & Development Ready-Mixed Mortar Professional Committee	Deputy Director
China Bulk Cement Association of Popularization & Development Equipment Technology Committee	Deputy Director
China Bulk Cement Association of Popularization & Development Mechanized Construction Sub-Committee for Ready-Mixed Mortar	Deputy Director
China Bulk Cement Association of Popularization & Development	Vice Chairman
China Bulk Cement Association of Popularization & Development Ready-Mixed Concrete Professional Committee	Vice President
China Recycled Aggregate Association	Vice President
China Aggregates Association - Construction Solid Waste Utilization Sub-Association	Vice President
China Concrete & Cement-based Products Association	Vice President
China Society of Building Materials Industry Economy Special Committee for Solid Waste Disposal and Resource Utilization of New Materials	Our Chairman Mr. Fang Qingxi was elected as the 1st Executive Director
China Society of Building Materials Industry Economy Special Committee for Solid Waste Disposal and Resource Utilization of New Materials	Executive Director
China Association of Urban Environmental Sanitation	Director

National/Industry Standards Primarily Drafted or Co-Drafted

Standards Number	Standards Name	Category	Participation
GB/T44200-2024	Technical requirements for complete equipment for production of the recycled aggregate from construction and demolition waste	National Standard	Principal Drafter
GB/T 31245-2024	Ready-mixed mortar terminology	National Standard	Principal Drafter

Preface

Sustainability-Related Governance

Environmental

Social

Governance

Index

4th National Summit Forum on the Green Development of Bulk Cement Industry

In 2024, we were invited to participate in the 4th National Summit Forum on the Green Development of Bulk Cement Industry, where we introduced our ultra-fine manufactured sand production equipment. This equipment optimizes the crushing and grinding process to improve yield and reduce stone powder content, while eliminating the drying stage to lower carbon emissions. In conjunction with ultra-fine sand production, we launched an integrated solution, "Ultra-Fine Sand and Specialty Mortar Integrated Equipment," which enables self-sufficiency in mortar sand production, reduces intermediate transfer processes, and lowers production costs. Our innovations in precision metering, mixing systems, automated packaging and palletizing, and remote control also drew significant attention from experts at the forum.

11th China International Symposium on Production and Application Technology of Ready-Mixed Mortar

In 2024, we co-hosted the 11th China International Symposium on Production and Application Technology of Ready-Mixed Mortar, held in Chongqing. The conference focused on innovation, technological advancement, and intelligent manufacturing in the mortar industry. During the technical report session, our representative delivered a keynote titled "Reshaping Mortar Equipment with New Productive Forces Driven by Digital Intelligence," presenting our applications in intelligent control, precision batching, efficient mixing, and automatic dust removal. We also shared how our "Dual-Feature Gold Refining" technology improves ultra-fine sand yield, reduces stone powder content, and achieves low-carbon, energy-saving outcomes.

20th Anniversary of Hot In-Plant Asphalt Recycling in China and NFLG Seminar on Integrated Asphalt Recycling Solutions

In 2024, the 20th Anniversary of Hot In-Plant Asphalt Recycling in China and the Seminar on Integrated Asphalt Recycling Solutions by NFLG was held in Hangzhou. At the seminar, we shared our back-end solutions for expressway reconstruction and maintenance projects, covering areas such as virgin asphalt, reclaimed asphalt, aggregate stripping, and solid waste resource recovery. These solutions support the intelligent and green development of projects throughout their full life cycle.

Bauma China 2024

In November 2024, we participated in the 11th Bauma China held in Shanghai. A total of 18 exhibits were showcased, covering three major segments: engineering mixing, material handling, and solid waste treatment. Featured equipment included the LBNZ integrated counterflow asphalt mixing plant, RAP fine aggregate recycling equipment, T4 ultra-fine sand production equipment, vertical-shaft planetary mixer, NFJ960DP, and more. The exhibition attracted over 10,000 visitors, and strategic cooperation agreements were signed with more than 20 corporate clients, drawing significant attention from global customers.

The Construction Indonesia, Mining Indonesia and Concrete SEA

In September 2024, we participated in the Construction Indonesia, Mining Indonesia, and Concrete SEA in Indonesia. At the exhibition, we showcased our LB Series Asphalt Mixing Plants, HZS Modular Concrete Mixing Plants, and NFS350 Mobile Crushing and Screening Station. These products, known for their efficiency, energy savings, environmental friendliness, and intelligent features, meet the infrastructure and mining development needs of the Indonesian market. On-site, our team of engineers engaged in in-depth discussions with visitors, introducing product features and application scenarios. Several customers expressed interest in cooperation, with multiple contracts signed during the event.

Employees

We adhere to a people-oriented development philosophy and continuously build a talent system that balances support for growth with performance-based incentives. We offer competitive compensation and benefits, clear career development pathways, and stable protection of employee rights. By fostering an open, fair, collaborative, and inclusive work environment, we aim to unlock employee potential and promote the joint development of individuals and the organization.

Human Rights Protection

We respect the principles and requirements set forth in the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, and the Convention on the Elimination of All Forms of Discrimination Against Women. We strictly comply with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and all applicable laws and regulations in the regions where we operate. We have established a "Human Rights Policy" and are firmly committed to preventing any form of human rights violations.

Through internal regulations such as the "Employee Handbook" and the "Human Resources Management System," we have clearly defined our human rights protection standards. We provide relevant training to new employees, promoting professional conduct that prohibits discrimination, harassment, and violence, while continuously strengthening our human rights risk management practices. During the reporting period, the company received no administrative penalties for violations of labor laws.

Equal Employment

We uphold the principles of fairness and impartiality in all employment practices, including recruitment, promotion, and performance evaluation. We ensure that no employee is treated differently based on gender, age, nationality, ethnicity, region, race, religion, disability, marital or parental status, sexual orientation, or any other personal characteristic.

We place great importance on the protection of female employees' rights, offering equal pay and employment opportunities. We strictly implement all legally mandated entitlements such as maternity leave and breastfeeding leave, and we are committed to not assigning female employees to roles that are incompatible with their physiological characteristics or excessively demanding. We actively take measures to reduce and address the specific challenges faced by female employees during pregnancy, maternity, and breastfeeding periods, fostering a fair and inclusive workplace environment.

International Women's Day Seminar for Female Employees

In accordance with the "Human Resources Management System," all recruitment activities are conducted in compliance with regulations. Every candidate must go through a standardized and structured process of screening, interviewing, and hiring. Employment decisions are made based on a comprehensive assessment of personal qualifications, professional competencies, and ethical standards. For employee referral recruitment, both the referring employee and the referred candidate must complete an "Internal Referral Form," and the candidate must undergo the standard interview process. If a direct familial relationship exists between the referrer and the candidate, it must be disclosed in advance to ensure transparency and fairness throughout the recruitment process.

Employee Gender Distribution
- 86% Male
- 14% Female

Employee Age Distribution
- 24% Under 30
- 60% 30 to 50
- 16% Over 50

Employee Education Background
- 36% Bachelor
- 4% Master and above
- 14% College
- 46% Others
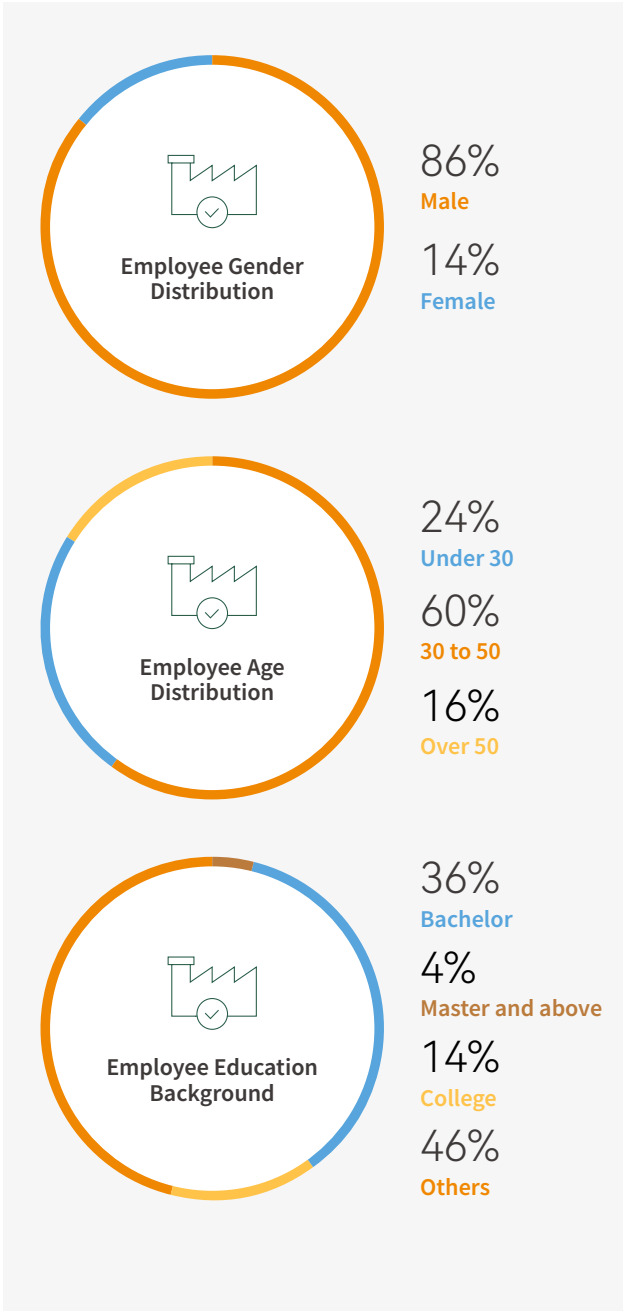
NFLG On-site Recruitment Event

Anti-Discrimination and Anti-Harassment

Through our "Human Rights Policy," we explicitly prohibit all forms of discrimination, harassment, and violence—including but not limited to inappropriate gestures, language, and physical contact. We oppose any group disruption of public order, the abuse of power, or improper interference with employees. Security personnel, whether internal or from third-party providers, must strictly comply with regulations and are prohibited from using violence or conducting illegal or cross-gender body searches. We define discriminatory, harassing, and violent behaviors as follows:

> **Discriminatory behavior** includes, but is not limited to, acts or derogatory remarks based on religion, race, skin color, region, ethnicity, age, gender, disability, privilege, marital status, employment opportunities, or compensation and benefits.
> **Harassing behavior** includes, but is not limited to, making sexual advances, sexual innuendos, suggestive remarks, or engaging in unwelcome physical contact and other actions that hinder an employee's ability to perform their duties.
> **Violent behavior** includes, but is not limited to, fighting, physical assault, threats, intimidation, verbal abuse, corporal punishment, or mistreatment.

We encourage employees who experience or witness any form of unfair treatment to report it proactively to their immediate supervisor or the Human Resources Department. Upon receiving a complaint, the relevant department must assign a responsible party to initiate an immediate investigation, collect evidence, and protect the confidentiality of both the complainant and the victim. The investigation process must be fair and transparent. If the complaint is verified, the company will impose disciplinary actions on the individuals involved, based on the severity of the offense.

Prohibition of Child Labor and Forced Labor

Through our "Human Rights Policy," we firmly oppose all forms of child labor and forced labor. We are committed to not employing minors under the age of 18 in any work that may endanger their personal safety or health. We implement working hour management in accordance with relevant laws and regulations. Specifically, for functional positions, we adopt the standard five-day, eight-hour workweek. For production roles, we have established a dual-feedback mechanism for working hours: The Human Resources Department provides attendance records, while the Production Office or Planning Department provides scheduled working hours. A comparative analysis of the two is conducted to ensure reasonable and well-organized work arrangements for frontline employees. We also guarantee at least one day off per week to safeguard employees' health and lawful rights.

Employee Communication

We respect the constitutional and legal rights of employees, including freedom of speech, freedom of association, and the right to collective bargaining. We fully safeguard employees' rights to be informed, to participate, to express themselves, and to supervise. In accordance with the law, we have established a labor union and provide diverse channels for communication between employees and the company, including one-on-one interviews, team meetings, workshop surveys, telephone and email communication, the internal office system (Tencent RTX), and employee forums. We encourage employees to actively share their opinions, suggestions, and complaints regarding company operations and management. All feedback received is handled promptly and meaningfully, ensuring that employee concerns are addressed effectively and transparently.

Employee Dialogue Session

Dialogue Session with Management Trainees

Employee Development

We continuously build a comprehensive and multi-tiered training and development system to create ongoing learning and growth opportunities for every employee. By regularly assessing industry market trends, we ensure that our compensation structure is both internally equitable and externally competitive. Through a well-established performance evaluation and job promotion mechanism, we provide clear career development pathways and fully stimulate organizational vitality.

Career Development

We have established three major career development tracks: the management track, the technical track, and the skilled worker track. Each track is divided into multiple levels, supported by institutional frameworks such as the "NFLG Engineer Grading Plan" and the "Frontline Skills Level Evaluation System." These structures provide employees with diverse career development paths. By standardizing talent evaluation criteria and encouraging healthy competition, we cultivate an open, fair, and just environment for career progression, while continuously strengthening our talent pipeline.

For career advancement, frontline technical employees undergo monthly performance assessments and are given two promotion opportunities each year. Promotion decisions are based on performance evaluation results and alignment with the experience and skill requirements of each level, with corresponding adjustments in compensation and technical allowances. Employees who fail to participate in re-evaluation or do not meet both theoretical and practical standards are subject to demotion management, encouraging continuous technical improvement. Engineer promotions follow a combination of self-nomination and manager recommendation. The process is conducted annually, during which employees may submit an application to initiate the evaluation process and write a "Promotion Report" outlining their understanding, reflection, and value contributions to completed projects. Candidates must present their report in a live defense before the evaluation committee. The promotion process is jointly managed by the employee's department and the Human Resources Department through evaluation panels and defense sessions. During the reporting period, 88 employees passed the engineer grading evaluation, with a success rate of 84.09%.

Engineer Career Advancement Mechanism

In 2024, we introduced a structured training platform to systematically cultivate engineering talent and continuously optimize the engineer career advancement mechanism:

> **Refined Capability Grading Structure:** Recognizing that the original A, B, and C levels had wide gaps and long promotion cycles, which can potentially discouraging career motivation. We introduced intermediate levels B1, B2, and A1, A2, A3. These additions help shorten promotion waiting periods and boost engineers' enthusiasm.

> **Enhanced Training System:** We adopted the Bright Times Training Platform to standardize onboarding training for new engineers. Tailored course offerings are provided for engineers at different career stages to support their professional development.

> **Strict Promotion Evaluation:** We implemented an upgraded engineer promotion assessment process, refining the evaluation criteria for Level A and Senior Engineers. The focus is placed on "value contribution" and "influence." Promotions are postponed for those lacking required competencies, while exceptional performers are eligible for accelerated evaluations, ensuring fairness and equity throughout the advancement process.

On-site Employee Operation

Technical Team Stability

With years of dedicated experience in the field of engineering mixing machinery and equipment, our engineers play a critical role in product R&D, manufacturing, quality control, and after-sales support. The loss of technical personnel may pose the following operational risks:

> **Project Delays:** Impacting equipment design, manufacturing, or commissioning, potentially leading to delayed deliveries.

> **Reduced Customer Satisfaction:** Particularly for customized products, delayed responses to customer requirements may negatively affect the customer experience.

> **Decline in Production Efficiency:** Replacement staff may lack familiarity with specific equipment or processes, resulting in short-term inefficiencies and slower transitions.

> **Loss of Technical Knowledge:** For products involving high-precision manufacturing and complex assembly procedures, key expertise and experience may be lost, creating technical gaps.

To mitigate these risks, we have formulated targeted management strategies to ensure the stability of our technical team:

> **Implementation of a Management Trainee Program:** Each year, we proactively train engineers with the necessary competencies in advance to reduce the impact of personnel changes in key positions.

> **Enhanced Internal Training and Knowledge Sharing:** We strengthen knowledge inheritance through technical exchange sessions and online learning platforms.

> **Optimized Compensation and Incentive Schemes:** We offer competitive compensation packages and provide core technical personnel with equity incentives and R&D bonuses to increase talent retention and support long-term development.

> **Improved Career Development Pathways:** We refine the engineer capability grading system, establish a clear promotion mechanism, and define growth trajectories to enhance employees' sense of belonging and motivation for advancement.

> **Engagement of External Experts:** For selected roles, we invite national-level technical experts to provide ongoing support and reinforce professional capabilities in complex processes and advanced manufacturing areas.

Employee Training

In line with our development needs, we formulate an annual employee training plan and supervise its implementation. Through diverse training formats that combine online and offline methods, as well as theoretical and practical learning, we offer a wide range of training opportunities, including pre-employment training, skills training, and management development programs. These initiatives help employees explore their potential, enhance job competency, and strengthen their overall professional quality.

We provide employees with a rich variety of learning resources and have established a specialized internal instructor team. Employees are encouraged to share their professional expertise and experiences based on their areas of strength. An internal training case library has been created to facilitate knowledge retention and transfer. In addition, we invite lecturers from universities and external professional training institutions and support employees in participating in external training programs, field visits, industry observations, and knowledge exchange activities, fostering a culture of continuous learning and proactive growth.

Software Application Skills Training

Carbon Peaking and Net Zero Training

Employee Foreign Language Training

In 2024, we introduced the EF English learning platform to encourage engineers and employees involved in future international business to study English. A total of 70 employees participated, with an average improvement of 1.2 EF English levels. Additionally, we organized English Corners, inviting foreign teachers to lead sessions. A total of 41 sessions were held throughout the year, with an average of 8 participants per session, significantly enhancing employees' cross-cultural communication skills.

Online Training Platform

In 2024, we launched "Bright Times" training platform, developed in collaboration with our Information and Process Center. This platform supports systems for talent development, course management, data management, and instructor management. We are rolling it out in phases based on our actual needs, with the initial focus on new and junior employees. As of December 2024, we had uploaded 11 courses, including 3 onboarding courses and 8 product-focused courses. A total of 436 employees had participated in online training, with an average of 24.14 learning hours per person, significantly improving learning efficiency and professional competence.
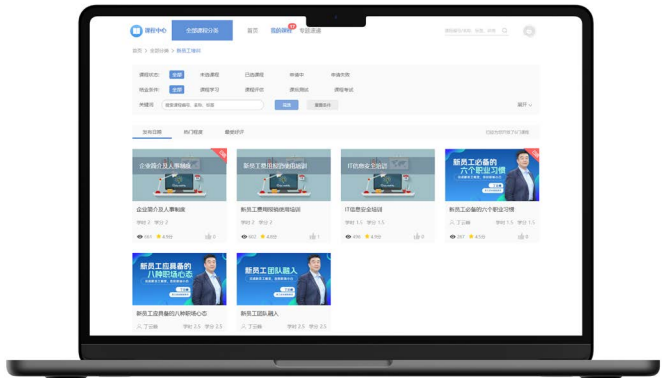
Training Program for Management Trainee

In 2024, 46 management trainees from universities across the country joined us. We organized an onboarding week to help new employees quickly adapt to our corporate environment and integrate into our team culture. The program included corporate culture orientation, ice-breaking activities, and team-building exercises. Our management team attended in person to share development goals and encourage new trainees to embrace challenges and take ownership of their growth.

For this cohort, we optimized the training framework based on past experience by introducing a more coherent curriculum, group-based competition to strengthen teamwork and practical skills, and internal knowledge-sharing combined with staged project assignments to support knowledge transfer and application. After six months of intensive training and three rounds of job rotation, our trainees significantly improved their independent thinking and problem-solving abilities, reaching Engineer Level C, and laying a strong foundation for future career development.

2024 Management Trainee Orientation Week

University-Enterprise Cooperation

We collaborate with universities to promote talent development, internships, and joint research, aligning professional training with industry needs. Through multi-dimensional integration of industry and education, including internships, co-created research, and industrial collaboration, we not only help supply high-quality talent to the industry but also drive technological innovation and application, bringing new momentum to our business development and industrial upgrading.

In 2024, we developed a university-enterprise cooperation plan to deepen the integration of education and industry in areas such as research collaboration, skills training, and faculty development. We also established a dedicated task group for industry-education integration to optimize our management mechanisms and ensure that cooperative projects are properly planned, approved, and implemented.

University-Enterprise Cooperation Development Plan

Technology R&D

We rely on our postdoctoral research stations and graduate workstations to work with universities on research related to intelligent manufacturing of green building materials. We focus on smart processing of high-quality materials, the production of green building materials, and equipment for the recycling of construction and demolition waste.

Skills Training

Through external internship bases, we implement an order-based training model and establish talent pools for intelligent operations technicians and specialized welders. We take the lead in developing vocational training standards for welders and assembly fitters. In collaboration with universities such as Quanzhou Information Engineering College, we are launching specialized technician training programs and offering high-quality courses.

Faculty Development

By leveraging our postdoctoral stations and expert instructor teams, we support the development of dual-role teaching teams. This includes inviting company mentors to teach on campus and encouraging academic faculty to engage in practical experience at our facilities to strengthen industry-education integration.

Cooperation with Fuzhou University - Comprehensive Corporate Practice Presentation

Cooperation with Fuzhou University - Industry-Education Integration Seminar

Employee Compensation

We strictly comply with relevant national laws and regulations and have established the "Human Resources Management System" and other internal policies to ensure that our employees work in legally compliant environments, under appropriate conditions, and within regulated working hours. We are committed to providing reasonable remuneration that meets or exceeds the local minimum wage standards and guarantee equal pay for equal work for female employees.

We follow the principles of fairness, competitiveness, incentive orientation, cost-effectiveness, and confidentiality in building a compensation system centered on base salary and supplemented by bonuses. Based on our business performance and employee evaluations, we have developed various compensation adjustment mechanisms, including annual adjustments to salary standards, ad hoc salary adjustments, and immediate individual salary adjustments. These mechanisms ensure that our compensation system remains motivating and performance-driven. We also implement various incentive and recognition programs such as quarterly team awards, annual individual awards, and annual team awards to stimulate employee potential and enthusiasm. We recognize long-term contributions through service awards granted to employees who have served continuously for ten or twenty years, strengthening their sense of belonging and encouraging joint growth between employees and the company.

To further motivate our people and attract and retain top talent, we have established a long-term incentive mechanism by implementing an employee stock ownership plan. This initiative enhances employees' sense of ownership and responsibility, aligns risk and benefit sharing, and allows employees to share in the company's business success. Our employee stock ownership plan covers 59 core technical personnel, key staff members, and senior executives, who collectively held 7.49% of the company's equity as of the end of the reporting period.

Our employee stock ownership plan covers

59 staff

Held 7.49% of the company's equity as of the end of the reporting period

Employee Benefits

We provide our employees with a comprehensive and diversified benefits system. In addition to ensuring access to all legally mandated leave such as marriage leave, maternity leave, breastfeeding leave, sick leave, bereavement leave, and paid annual leave, we also offer supplementary benefits. These include accidental injury insurance, mutual medical assistance insurance, employer liability insurance, and traffic accident insurance. For employees working in external locations, we provide personal accident insurance. We also offer a wide range of daily and quality-of-life benefits, including access to the staff canteen, dormitory accommodations, work uniforms, holiday gifts, birthday presents, employee trips, a team sunshine sharing program, health check-ups, Friday shuttle buses to return home, and flexible working hours. In addition, we actively communicate and coordinate with local resources to help employees resolve issues such as their children's schooling. We have also established a mutual medical assistance program to support the health and well-being of employees and their family members.

Distributing Holiday Gift Packages to Employees

Organizing Employees to Participate in the Traditional Mid-Autumn Festival Dice Game

Quanzhou Headquarters Canteen   Xiantao Canteen

Occupational Health and Safety

We adhere to the safety production policy of "safety first, prevention as the priority; risk control, comprehensive management; continuous improvement, safe development, and healthy living." We strictly comply with the Work Safety Law of the People's Republic of China and all relevant occupational health and safety laws and regulations in the regions where we operate. We continuously promote the development of our occupational health and safety management system, strengthen safety supervision and inspection, and improve our management capabilities in this area. At the same time, we place great importance on the safety management of our distributors and installation service contractors. We are committed to creating a safe and healthy working environment by conducting safety training, reinforcing the management of safety agreements, and strictly enforcing operational safety standards.

During the reporting period, we obtained certification under the ISO 45001 Occupational Health and Safety Management System. Our headquarters passed the evaluation for Level II enterprise work safety standardization and was recognized as a "Four-Star Enterprise for Work Safety in Quanzhou" by the Quanzhou Emergency Management Bureau. Our Xiantao base passed the evaluation for Level III enterprise work safety standardization. Throughout the reporting period, we recorded no fatalities or major accidents, no serious or above-level personal injury incidents, and maintained an occupational disease incidence rate of 0%.

Recognized by the Quanzhou Emergency Management Bureau as a "Four-Star Enterprise for Work Safety in Quanzhou"

Occupational Health and Safety Management Structure

We have established a Work Safety and Occupational Health Committee (hereinafter referred to as the "Safety Committee"), with our Chairman serving as the Committee Director. The Chairman, Vice Chairman, and General Manager act as the principal persons in charge of work safety. Department heads are designated as safety officers for their respective departments, while workshop managers and safety managers at our subsidiaries serve as workshop-level safety officers. Under the Safety Committee, we have established the Safety and Environmental Protection Department as the executive body responsible for coordinating our work safety and occupational health management efforts. This department regularly reports to senior management on safety and health matters and works to continuously enhance our safety management capabilities, providing strong support for our workplace safety and employee health protection.

Work Safety Management Structure

Work Safety and Occupational Health Committee	Chairman
	Vice Chairman
	General Manager
Safety and Environmental Protection Department	Department Heads
	Workshop Managers and Subsidiary Safety Managers
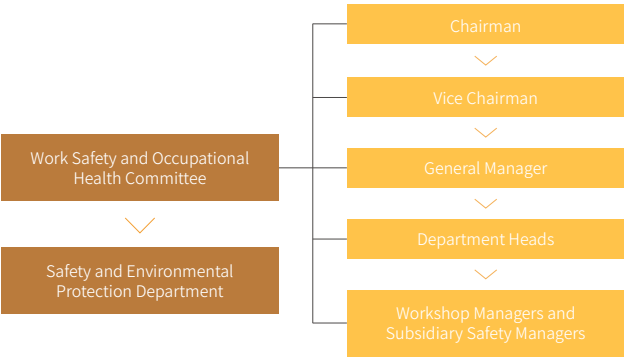
At the beginning of each year, based on the actual performance of the previous year's work safety and occupational health management, our Safety Committee revises and optimizes the current year's safety and health targets. To ensure that all departments effectively implement and meet these targets, the Committee holds quarterly safety meetings to assess each department's progress. The assessment results are directly linked to the performance evaluations and compensation of the responsible personnel and senior management. We fully implement a "comprehensive employee responsibility system for work safety," ensuring that our safety management practices cover all aspects of business operations. This approach enables us to establish a safety system that is both horizontally comprehensive and vertically thorough. During the reporting period, we signed a total of 1,055 copies of the "Work Safety Responsibility Agreement". This ensures that safety responsibilities are clearly assigned to both positions and individuals, continuously reinforcing the foundation of our enterprise safety management.

Occupational Health and Safety Management System

We strictly comply with the "Work Safety Law of the People's Republic of China" and other applicable laws and regulations. We continuously improve our internal management systems related to work safety and occupational health to provide strong institutional support for the ongoing enhancement of our occupational health and safety performance.

Work Safety Management Systems

Work Safety Target Management System
Work Safety Responsibility Management System
Safety Culture Construction Management System
Special Operations Personnel Management System
Equipment and Facilities Safety Management System
Confined Space Management System
Temporary Electricity Usage Management System
Hazardous Chemicals Safety Management System
Work Safety Target Assessment System
Work Safety Commitment System
Work Safety Information Management System
Team Safety Activities Management System
Special Equipment Safety Management System
High-altitude Operations Management Regulations
Lifting Operations Safety Management System
Fire Safety Management System

Occupational Health and Safety Risk Management

We have developed and strictly implement a series of safety risk management systems, including the "Work Safety Risk Classification and Control System," the "Hazard Identification and Risk Assessment Management System," the "Safety Warning Yellow Card Management Measures," the "Incident and Near-Miss Management System," and the "Major Hazard Source Management System." These systems guide us in identifying potential hazards in production and service processes, assessing their risk levels, and adopting practical and effective measures for risk elimination and control. For dynamic operations, we apply the Job Hazard Analysis (JHA) method to identify risk factors. For static equipment 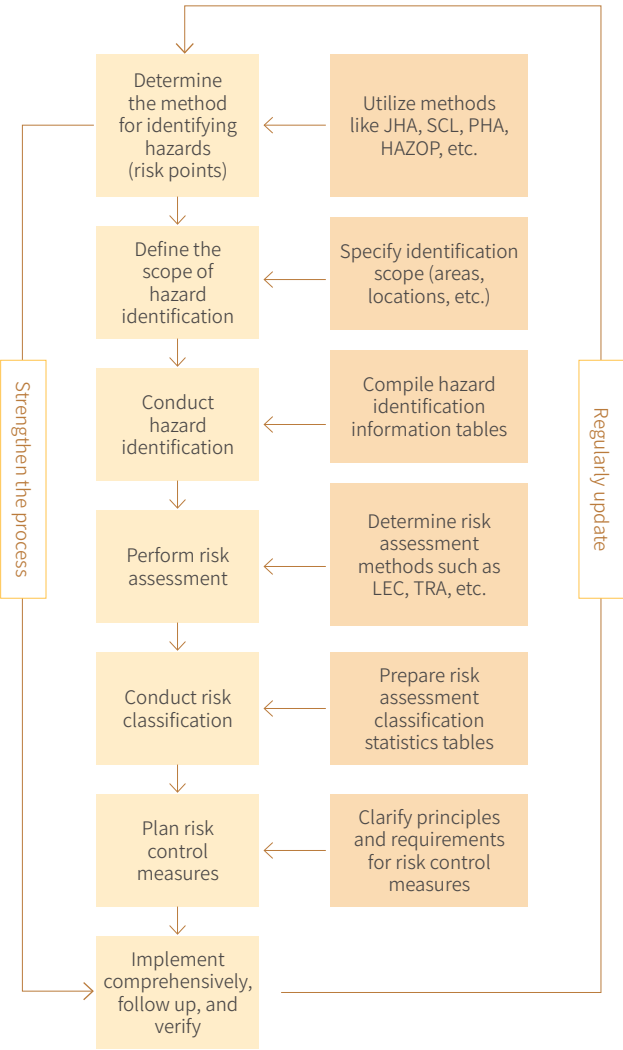and facilities, we use the Safety Checklist (SCL) method to assess safety risks. Once potential safety hazards are identified, we promptly develop and implement targeted preventive and control measures to ensure safe production.

Occupational Health and Safety Risk Control and Management Procedure

■ Safety Hazard Investigation

We strictly enforce the "Safety Hazard Investigation and Rectification Management System" and implement a series of management measures, including safety inspections, hazard identification, hazard reporting, hazard rectification, and accountability and incentive mechanisms. These efforts are aimed at improving our ability to prevent safety incidents and minimizing safety risks to the greatest extent possible. Our safety hazard investigation work includes routine safety inspections, seasonal inspections, comprehensive inspections, holiday inspections, and special-purpose inspections. During the reporting period, we identified a total of 95 safety hazards, all of which have been rectified.

> **Routine safety inspections:** Our Safety and Environmental Protection Department organizes safety officers to carry out routine inspections focused on work sites, targeting key factors such as personnel, equipment, and the working environment that may lead to accidents. This approach shifts our safety management focus from reactive response to proactive prevention.

> **Seasonal safety inspections:** These are organized either by the General Manager or by the Safety and Environmental Protection Department. Spring inspections focus on lightning protection and building leakage prevention. Summer inspections prioritize heatstroke prevention, typhoon preparedness, and flood control. Autumn inspections emphasize fire prevention, explosion protection, dust control, and safety protection equipment. Winter inspections focus on fire prevention, slip resistance, and insulation against cold and freezing conditions.

> **Comprehensive safety inspections:** Led by the General Manager or coordinated by the Safety and Environmental Protection Department, comprehensive inspections are carried out at least once per quarter. Inspection results are reported and communicated during our internal safety meetings to ensure that identified hazards are rectified within specified timeframes.

> **Holiday safety inspections:** Led by the General Manager or the Safety and Environmental Protection Department, these inspections are conducted before and during holidays to review the implementation of safety and security measures. Key areas of focus include fire and explosion prevention, theft prevention, emergency supplies, and spare parts preparedness.

> **Special purpose safety inspections:** Led by the Safety and Environmental Protection Department in collaboration with the Production and Operations Department and other technical staff, these inspections focus on key areas such as electrical equipment, fire protection systems, special equipment, and hazardous chemicals.

Safety Hazard Investigation and Rectification Process
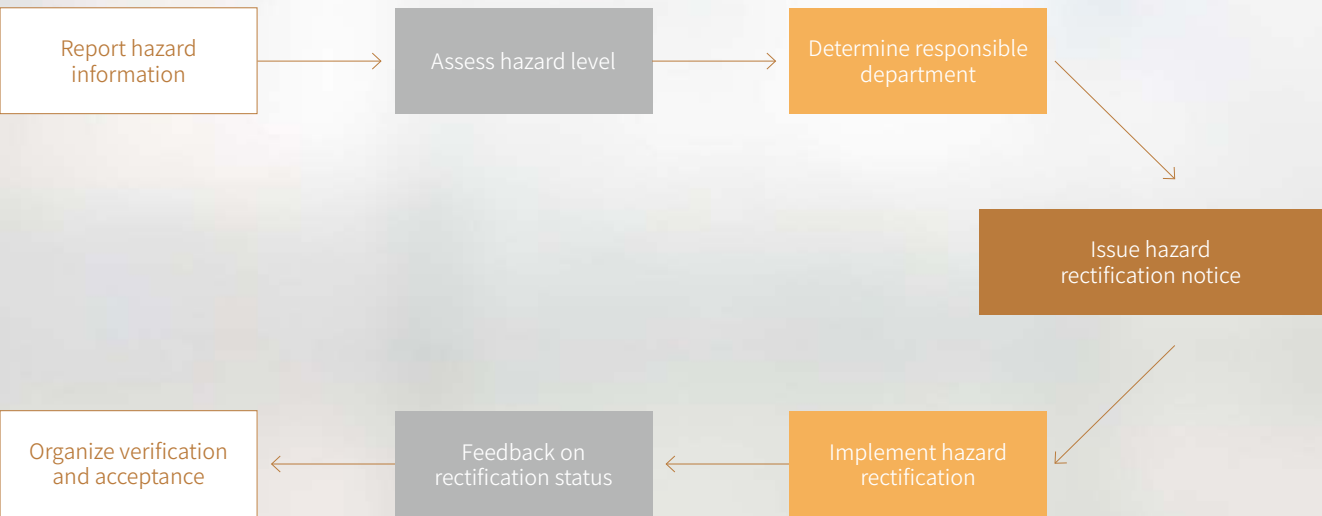
■ Emergency Drills

To effectively respond to emergencies such as fires, safety incidents, and natural disasters, we have developed and strictly implemented the "Emergency Rescue Management System for Accidents." For different types of incidents, we have formulated corresponding emergency response plans and on-site handling procedures, including the "Comprehensive Emergency Response Plan for Production Safety Accidents" and the "On-site Response Plan for Fall-from-Height Accidents." These protocols ensure that we can respond promptly and handle emergencies in a standardized manner to minimize the impact on personal safety, property security, and normal production operations. Our Safety Committee conducts annual reviews of emergency response plans. Based on the review feedback, the Safety and Environmental Protection Department revises, updates, or re-develops the plans to improve their effectiveness, scientific rigor, and practicality, thereby enhancing our overall emergency response capability.

Each year, we organize one comprehensive emergency drill and two specialized emergency drills. All production and operations departments are required to conduct at least one on-site emergency drill every six months. These drills aim to strengthen employee safety awareness and emergency responsiveness. During the reporting period, we conducted a total of 14 emergency drills related to production safety incidents. The drills covered scenarios including lifting injuries, mechanical injuries, fire emergencies and evacuation, confined space rescue, and forklift-related emergencies, with a total of 340 participants involved.

■ Conducted a total of

14
emergency drills

■ With a total of

340
participants involved

Lifting Injury Emergency Drill

Lifting Injury Emergency Drill

In 2024, we organized a specialized emergency drill for lifting injuries to evaluate the feasibility and operability of our emergency response plan for such incidents. The drill aimed to enhance our emergency response capabilities and risk awareness in the event of lifting-related injuries. The simulated scenario involved a sudden change in wind conditions that caused a load to shift during a lifting operation. The load struck nearby facilities and fell, resulting in the "injury" of a worker on-site. Following the "incident," the lifting operation personnel immediately reported the situation to the Safety and Environmental Protection Department and the general commander. The department promptly activated the emergency plan. The rescue, evacuation, medical, communication, and investigation teams responded swiftly, carrying out rescue operations, evacuation, medical assistance, information dissemination, and incident analysis in an orderly and efficient manner.
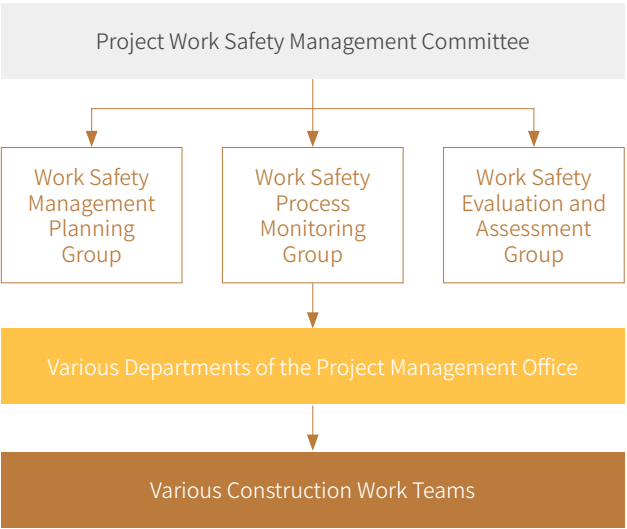

Occupational Health and Safety Management for Suppliers and Contractors

In terms of project installation services, we primarily adopt an outsourced installation model, supplemented by a small proportion of in-house installation. Currently, more than 95% of our project installation services are carried out by our distributors. To ensure the quality and safety of installation services, we strictly implement internal systems such as the "Contractor Safety Management System." We require all distributors, suppliers, and contractors to continuously improve their safety management measures to protect the occupational health and safety of all involved personnel and reduce the risk of safety incidents.

> For suppliers: We have formulated and strictly enforce the "Supplier Safety Management System," which requires that all suppliers providing raw and auxiliary materials, equipment, facilities, and related services must hold the qualifications prescribed by national regulations. Suppliers of hazardous chemicals must possess the appropriate licenses for the production, operation, or transportation of such materials. Suppliers that do not meet the required safety qualifications are not permitted to enter into purchase or sales relationships with us. When delivering goods or equipment, suppliers are required to provide all necessary safety documents, including safety data sheets and safety labels that comply with national safety standards. Before entering our premises, suppliers must undergo safety education and occupational hazard notification provided by our Safety and Environmental Protection Department. For suppliers who need to access the work areas, the relevant departments and workshops are responsible for providing specialized safety training, which includes information on site-specific conditions, major hazards, emergency response measures, and safety precautions. We also strengthen on-site safety supervision for suppliers to ensure that they strictly comply with our safety management requirements, thereby reducing operational risks and ensuring a safe production environment.

> For installation service contractors: In accordance with the "Business Guidelines" and the "Independent Installation Distributor Evaluation Plan," we conduct rigorous reviews of installation service contractors. We require all contractors to be legally registered entities and to hold valid enterprise-level safety qualification certificates and safety certification for legal representatives. Contractors are also required to pay a security deposit for installation services to ensure compliance and safety at the job site. We conduct strict safety qualification reviews for contractor personnel, including construction and maintenance teams. The review scope includes professional credentials for construction and maintenance workers, such as project manager safety certificates and special operations permits (including licenses for electricians, welders, and work at heights). We also require installation personnel to have relevant experience to ensure both safety and quality during installation. We clearly stipulate that safety qualifications are limited to the contractor's own projects and may not be transferred or lent to others. If a major safety incident occurs during the installation process within the qualification authorization period, we will immediately revoke the contractor's qualification to strictly control the quality and safety of installation services.

> For construction contractors: Construction contractors are only allowed to enter the construction site after signing a safety agreement. We conduct regular safety inspections of contracted projects, construction sites, and equipment. If any safety hazard is identified, the contractor is required to carry out immediate rectification and report the corrective action. To ensure that safety measures are effectively implemented, we assign full-time safety management personnel to monitor and inspect the construction sites. We also provide safety training for management personnel and various types of workers and ensure that special operations personnel maintain valid certifications at all times. Furthermore, we clearly state that contractors bear direct responsibility for the safety of their contracted projects, rented construction sites, and the use of any equipment and personnel involved. They must strictly comply with and implement our safety management requirements to ensure construction safety.

In addition, for each project, we establish a dedicated project department and set up a Project Work Safety Management Committee. This committee is responsible for overseeing all safety-related work and making decisions on major technical safety measures at the project site. We also implement a rewards and penalties system, regularly conduct safety inspections and evaluations of each project team, and ensure that all safety management requirements are effectively implemented on the ground.

Project Work Safety Management Committee Structure

Project Work Safety Management Committee

| Work Safety Management Planning Group | Work Safety Process Monitoring Group | Work Safety Evaluation and Assessment Group |

Various Departments of the Project Management Office

Various Construction Work Teams

Occupational Health and Safety Training

We strictly implement the "Safety Education and Training Management System" and are committed to enhancing our employees' awareness of safety-related laws and regulations, improving their safety management capabilities, and strengthening frontline workers' safety consciousness and operational skills. We aim to cultivate a strong sense of accountability across all positions and deeply embed safety culture into our broader corporate culture system. Each year, our Safety and Environmental Protection Department collects safety education and training needs from all departments to develop a scientifically based annual safety training plan. We organize training activities according to this plan, ensuring that the content is closely aligned with actual production practices. This helps enhance employees' safety knowledge and risk prevention capabilities. We provide safety training programs tailored to different categories of personnel, including:

> **For all active employees:** We deliver three-tier safety training covering company-wide, departmental, and team-level education.
> **For new employees including temporary workers, contract workers, outsourced workers, rotating staff, and agreement-based staff:** We conduct mandatory safety training to ensure they acquire the necessary safety knowledge and skills required for their roles.
> **For special operations personnel such as electricians, welders, pressure vessel operators, and lifting equipment operators:** We organize theoretical and hands-on training specific to their job functions and require them to obtain special operations qualification certificates.
> **For special operations personnel returning to their roles after an absence of more than six months:** We require them to retake practical operation exams and pass the evaluation before resuming work.
> **For external personnel:** We provide safety education through in-person instruction and on-site briefings. Training content includes factory entry safety guidelines, production characteristics, job-specific risks, safety and environmental precautions, lessons from past incidents, safety regulations, emergency protection measures, and evacuation routes.

Safety Awareness and Knowledge Lecture

During the reporting period, we carried out a total of 182 safety training sessions in various formats. These included off-site training, safety knowledge lectures, team-based safety learning meetings, pre-job briefings, on-site accident analysis sessions, safety bulletin boards, official WeChat accounts, video screenings, centralized classroom sessions, and discussion forums. Training topics covered safety laws and regulations, company safety management systems, safety fundamentals, technical safety knowledge, and case study analysis of actual accidents. The total training duration amounted to approximately 18,311 hours, with 5,645 total training participants, covering 100% of our employees.

Carried out a total of
182
safety training sessions

The total training duration amounted to approximately
18,311
hours

With
5,645
total training participants

Occupational Health

We have established a scientific and systematic occupational health management system to create a safe and healthy working environment for all employees. We continue to improve a comprehensive "prevention–protection–promotion" health management framework to safeguard the physical and mental well-being of every employee.

■ Occupational Disease Prevention

We have established an Occupational Health Management Leadership Team, led by the General Manager and composed of key personnel from each workshop and relevant departments. The Safety and Environmental Protection Department serves as the daily management unit responsible for occupational health across the company. We have also established a series of management systems, including the "Occupational Disease Prevention Education and Training System," the "Occupational Disease Protection Equipment Maintenance System," the "Occupational Disease Hazard Warning and Notification System," and the "Occupational Disease Hazard Project Reporting System." These systems clearly define management responsibilities and operational standards to safeguard employees' occupational health rights. Our specific measures include the following:

> **Occupational Health Training:** Each workshop conducts occupational disease prevention training through pre- and post-shift meetings, safety bulletin readings, and on-site explanations of job-specific health hazards. We post occupational hazard notification cards in visible areas at the job site, detailing the types of hazards, potential consequences, and emergency response measures to enhance employees' awareness of occupational health risks.
> **Occupational Disease Prevention Management:** Our Safety and Environmental Protection Department assigns full-time or part-time occupational health professionals to oversee occupational disease prevention work. When signing labor contracts, we proactively inform employees of job-related occupational health risks to ensure full understanding. We also organize pre-employment, on-the-job, post-employment, and emergency occupational health examinations. If any abnormalities are detected, we promptly reassign affected employees and arrange appropriate accommodations.
> **Occupational Hazard Monitoring:** We assign dedicated personnel to handle the routine maintenance of occupational health protection facilities to ensure safe operation. The Safety and Environmental Protection Department designates staff to carry out daily monitoring and regularly engages qualified occupational health technical service institutions to test the workplace for occupational hazards. Test results are reported to the health authorities and publicly disclosed to employees. We use this data to continuously improve the working environment. During the reporting period, we completed third-party testing of occupational hazard factors at all job positions, and all results met national standards.
> **Provision of Personal Protective Equipment (PPE):** We provide employees with personal protective equipment that complies with national occupational health standards and strictly supervise the proper use of PPE during production activities. These measures effectively reduce the risks of occupational diseases and workplace injuries.

During the reporting period, we recorded no cases of occupational disease.

■ Cultural and Sports Activities

We care deeply about the physical and mental well-being of our employees and regularly organize a variety of cultural and sports activities such as basketball games, rowing competitions, badminton tournaments, football matches, and yoga sessions. These activities help us foster a vibrant and healthy corporate culture, enrich employees' leisure time, relieve stress, and support physical and mental balance. They also enhance employees' sense of well-being at work and strengthen team cohesion.

Cultural and Sports Activities

Governance

Governance

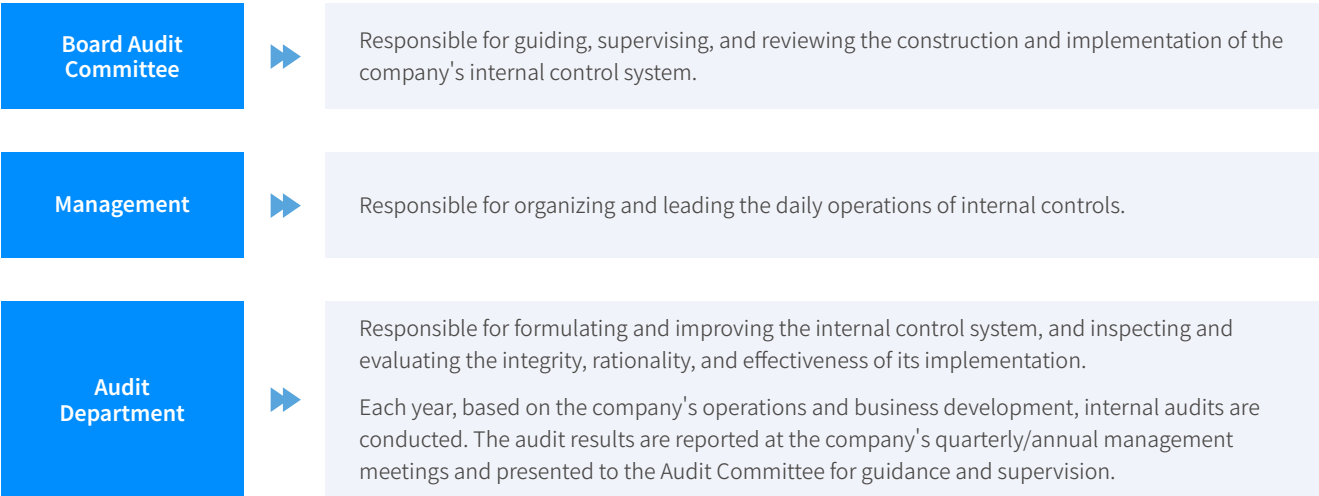| 2024 Management Goals for Governance Matters |
|---|
| 1 — No incidents of commercial bribery or corruption occurred throughout the year |
| 2 — No conflicts of interest incidents occurred throughout the year |
| 3 — No money laundering or insider trading incidents occurred throughout the year |
| 4 — No lawsuits or administrative penalties occurred due to unfair competition practices throughout the year |
| 5 — No incidents of tax violations occurred throughout the year |
| 6 — Regularly compile and disclose sustainability reports to stakeholders, explaining the effectiveness of our sustainable development efforts |

Risk Management, Internal Control, and Compliance

Effective risk management and an internal control system are the foundation for a company's stable operation and long-term value creation. We have established a comprehensive, risk-oriented internal control and compliance management system based on our strategic planning and operational management needs. By building a scientific management structure, improving internal control policies and processes, deepening risk identification and supervision mechanisms, and strengthening risk culture, we aim to enhance the company's ability to withstand risks across the entire value chain, laying a solid foundation for our high-quality development.

Management Structure

We have established a multi-level risk and internal control management structure led by the Board of Directors.

Board Audit Committee	▶▶	Responsible for guiding, supervising, and reviewing the construction and implementation of the company's internal control system.
Management	▶▶	Responsible for organizing and leading the daily operations of internal controls.
Audit Department	▶▶	Responsible for formulating and improving the internal control system, and inspecting and evaluating the integrity, rationality, and effectiveness of its implementation. Each year, based on the company's operations and business development, internal audits are conducted. The audit results are reported at the company's quarterly/annual management meetings and presented to the Audit Committee for guidance and supervision.

Risk Identification and Control

We continuously enhance and refine our internal control system and have established a robust risk identification and control mechanism. Centered around our strategic planning, business model, product line expansion, organizational adjustments, and cost-efficiency initiatives, we proactively identify and update risk control points in key business activities. We have developed an internal control risk matrix and regularly review and optimize internal control policies and procedures to effectively mitigate risks across our operations.

During the reporting period, we conducted a comprehensive review of our business processes and management procedures in accordance with relevant laws, regulations, supervisory requirements, and the needs of our strategic development and operational plans. We identified and assessed potential risks across various business areas, further refining our internal control systems, management workflows, and risk matrix to enhance the overall effectiveness of our enterprise risk management.

Taking the following two categories of risks identified as examples:

Risks and Impacts	Mitigation Measures
Mismatch between human resources and business development needs As market competition intensifies, the demand for professional talent in the industry is increasing. If the company's human resources are inadequately planned or poorly managed, it may result in human resources failing to effectively support business development needs, ultimately affecting the realization of the company's strategy.	Develop and regularly assess human resource planning: Based on the company's strategy and plans, develop long-term and annual human resource plans, and regularly evaluate their implementation. If necessary, make adjustments to ensure alignment with internal and external environments, company strategy, and annual business plans.
Trade secrets leakage In the event of employee turnover without signed confidentiality and non-compete agreements, the company's trade secrets may be disclosed or misused, weakening the company's competitive advantage and potentially impacting its business development.	Sign confidentiality and non-compete agreements: Confidentiality and non-compete agreements are signed with senior management, key technical personnel, and other individuals who are obligated to maintain confidentiality. Establish confidentiality control mechanisms: On one hand, restrict the scope of access and authorization for technical confidential information, strictly implement procedures for the transmission, storage, and destruction of technical secrets. On the other hand, manage and control confidential equipment and networks through technical means.

Risk Monitoring Mechanism

We have established a robust risk monitoring mechanism, conducting regular audits, special audits, and internal control evaluations to supervise and inspect our operations. These efforts help us identify deficiencies and issues in the construction and execution of our internal control system in a timely manner. We then urge the responsible departments or business units to implement corrective actions to ensure the effective functioning of internal controls and achieve efficient risk management. In addition, we encourage a culture of proactive risk awareness by promoting a "rational suggestions" mechanism, which allows employees to report potential risks or provide constructive advice on improving internal control management.

During the reporting period, we conducted the following risk supervision and inspection activities:

> Conducted internal control evaluations across all operating entities within the consolidation scope, focusing on key aspects of business operations and high-risk areas, and engaged external professional institutions to audit the effectiveness of internal control.

> Conducted internal special audit projects across all operating entities within the consolidation scope, focusing on sales, procurement, production and inventory, and capital management, and carried out rectification and optimization based on the audit findings.

Cultural Construction

We regularly organize risk control and compliance training and communication sessions, where we promote relevant laws, policies, and company regulations to employees, raise awareness of risk prevention and compliance management, and enhance the professional knowledge and skills of employees in relevant positions.

Commercial Behaviors

As a responsible entity, we always adhere to the business philosophy of integrity and compliance during our business development. We have formulated a "Business Code of Conduct" that serves as a guideline for all employees to follow in their business activities. This code clearly outlines our commitments and positions on issues such as anti-corruption and anti-bribery, fair and free competition, avoidance of conflicts of interest, anti-money laundering, prohibition of insider trading, protection of company assets, and the protection of whistleblowers. It ensures that all business activities comply with legal regulations and industry standards. At the same time, we encourage our suppliers, contractors, distributors, and other partners to abide by our business conduct standards, actively fulfill their social responsibilities, and integrate business success with social value creation, thus contributing to the creation of a transparent and fair business ecosystem.

Anti-Commercial Bribery and Anti-Corruption

We firmly oppose any form of corruption and bribery, continuously advancing the construction of integrity systems, strengthening the integrity management of all employees and business partners, and improving and implementing supervision and inspection mechanisms to establish a strong integrity risk defense for the company's stable operations.

Integrity Management of Employees

We have established the "Anti-Corruption and Anti-Bribery Policy" and the "Employee Handbook," which set specific behavioral norms for all employees regarding anti-corruption, anti-bribery, and conflict of interest prevention. To further prevent corruption risks in the procurement process, management personnel and relevant department staff responsible for procurement must sign the "Anti-Commercial Bribery and Integrity Self-Discipline Commitment," committing to comply with relevant laws and regulations, as well as our integrity policies, prohibiting any form of corruption or bribery, and preventing potential conflicts of interest. In the event of a breach of the commitment, we will impose penalties and hold the individuals accountable.

We have established a reward and punishment mechanism, listing corruption, commercial bribery, and other misconduct as serious violations. After investigating and verifying instances of corruption and bribery, we will take corrective measures such as claims, demotion, or dismissal based on the investigation results. In severe cases, we will hand the matter over to the judicial authorities for legal action.

Integrity Management of Business Partner

We incorporate integrity management of our business partners into relevant business operations and take a series of management measures. We actively communicate our integrity requirements to our business partners to strengthen the prevention of integrity risks within the value chain.

We implement the following integrity management measures for our suppliers:

> We review and mitigate potential integrity risks from suppliers through qualification checks, on-site visits, and other methods.
> We require suppliers to sign an integrity commitment or agreement, ensuring they will not engage in corruption, bribery, or other misconducts as outlined. In case of breach, we reserve the right to disqualify the supplier, demand the return of improper gains, or pursue legal actions.
> We communicate and promote integrity requirements to suppliers through the "Supplier Code of Conduct," "Supplier Operations Manual," and supplier system announcements.

We implement the following integrity management measures for our distributors:

> We require distributors to sign an integrity commitment or agreement, ensuring they will not engage in corruption, bribery, or other misconducts as outlined, and they must proactively report any conflicts of interest to us. In case of breach, we reserve the right to terminate the partnership, seek penalties for breach of contract, or pursue legal actions.
> We promote integrity requirements to distributors through online and offline meetings, as well as regular communications, to strengthen the prevention of integrity risks among distributors.

Integrity Risk Supervision and Management

We have established and implemented a regular review and supervision mechanism, integrating integrity risk oversight into our internal audits and internal control reviews. This strengthens the daily management of integrity risks, allowing us to promptly identify issues and implement corrective actions to prevent and avoid corruption and bribery risks. During the reporting period, we did not encounter any incidents of commercial bribery or corruption.

Preface

Sustainability-Related Governance

Environmental

Social

Governance

Index

Anti-Unfair Competition

We uphold integrity in business operations and fair competition as fundamental principles in all our commercial activities. We strictly comply with the Unfair Competition Law of the People's Republic of China and industry standards, resolutely preventing unfair competition practices such as commercial bribery, false advertising, and the infringement of trade secrets. Through established regulations, employee training, and internal supervision, we ensure the legality and fairness of our market competition practices.

In procurement activities, we require personnel responsible for procurement and related tasks to organize procurement in accordance with company regulations and work requirements, ensuring that the procurement process adheres to the principles of fairness, justice, and transparency. If any personnel engage in improper competition behavior, we will take appropriate measures in accordance with internal regulations and the penalty mechanism, and hold them accountable.

Prohibited Unfair Competitive Practices

> Not to impose unreasonable conditions that result in differential or discriminatory treatment of suppliers.
> Not to set biased qualification thresholds or technical clauses that exclude or restrict other potential suppliers.
> Not to collude maliciously with suppliers or procurement units.
> Not to abuse authority to forcefully designate suppliers or interfere with normal procurement activities; not to engage in improper economic transactions with purchasers or suppliers to obtain unlawful benefits.

Tax Compliance Management

Paying taxes in accordance with the law is a social responsibility and legal obligation that businesses must fulfill, and it is also an important aspect of compliance operations. We strictly adhere to national tax laws and regulations and have established a "Tax Policy." We commit not to transfer profits to regions with lower tax rates or other tax-avoidance jurisdictions for the purpose of obtaining improper benefits. We also ensure not to adopt tax structures without commercial substance or make arrangements without reasonable commercial purposes for tax avoidance. Additionally, we commit to following the principles of fair trade when conducting transfer pricing arrangements for related-party transactions, ensuring the fairness and reasonableness of these transactions.

We follow the requirements of the "Internal Control Manual" and identify and manage potential tax risks in the company's operations according to internal control processes. We implement effective control measures for key risk points and continuously improve our tax internal control system to enhance our ability to prevent and mitigate tax risks.

We hire external agencies to conduct tax audits annually and maintain good communication with tax authorities to stay updated on policy developments, ensuring that our tax operations are legal and compliant. At the same time, we organize regular tax compliance training for relevant departmental personnel to strengthen awareness of legal tax payment and enhance the professionalism of tax management, supporting the company's high-quality development.

During the reporting period, the total tax we paid amounted to 84.02 million RMB, and no tax violations occurred.

Complaint Mechanism and Whistleblower Protection

We value the protection of stakeholders' rights and interests by establishing diversified complaint channels. We encourage employees, suppliers, distributors, customers, and other stakeholders to supervise our business activities and report any actions that involve violations of business ethics or illegal activities. In the "Anti-Commercial Bribery and Integrity Self-Discipline Commitment" signed by employees and the integrity commitments or agreements signed by suppliers, we clearly provide complaint hotlines and email addresses, ensuring a clear and accessible channel for complaints and reports.

■ Complaint and Reporting Channels

Complainants can lodge complaints and reports anonymously or with identification through the following channels:
Complaint Hotline: 0595-28201085
Complaint Email: audit@nflg.com
Mailing Address: No. 700, Sports Street, High-tech Industrial Park, Fengze District, Quanzhou City

Our audit department is responsible for receiving and handling complaints and reports, as well as maintaining proper documentation to ensure timely receipt and efficient processing of complaints. Additionally, we have established a reward mechanism for whistleblowers who provide valuable clues or improvement suggestions, encouraging stakeholders to actively participate in supervision.

■ Whistleblower Protection Mechanism

We strictly adhere to the principles of fairness, justice, and confidentiality in handling complaints. We take stringent protective measures to safeguard the identity of whistleblowers and ensure no retaliation of any kind. Anonymous complaints are allowed, and we implement strict confidentiality measures for the identity and materials related to the complaint. When providing rewards to whistleblowers, we will not disclose their identity unless we have obtained their consent. If any personnel within the company retaliate against a whistleblower, we will take disciplinary actions such as warnings, dismissal, or other measures, and hold them legally accountable based on the severity of the situation.

Preface

Sustainability-Related Governance

Environmental

Social

Governance

Index

Data Overview

Environmental

Indicator	Unit	2022	2023	2024
Environmental Investment				
Total annual environmental protection investment	Ten-thousand RMB	78.50	144.16	1,193.01
Environmental Management				
Number of environmental violations in the year	Times	0	0	0
The number of environmental emergency drills in the year		4	4	3
Emissions and Discharge				
GHG				
Scope1: Direct GHG emissions	tCO_2e	425.14	579.84	556.88
Scope2: Indirect GHG emissions		3,489.04	3,777.64	1,444.49
Total GHG emissions(Scope1+ Scope2)		3,914.18	4,357.48	2,001.37
Scope 3: Other Indirect GHG Emissions[1]		/	/	1,031,010.40
Total GHG emissions intensity[2]	tCO_2e/ hundred-million RMB of operating revenue	321.56	381.92	199.86
Air Pollutants				
NOx emissions	Ton	0.10	0.00	0.00
PM emissions		0.87	0.13	0.67
Non-methane hydrocarbons emissions		28.10	17.14	20.88
Benzene		/	0.09	0.00
Toluene		0.14	0.08	0.01
Xylene		0.51	0.20	0.32
Aromatic compounds		0.77	0.42	0.09
Ethyl acetate, Butyl acetate		/	0.03	0.00

1   The company conducted a comprehensive GHG inventory in 2024, setting it as the base year and including Scope 3 emissions. Data for 2022 and 2023 were not tracked. Scope 3 emissions were calculated based on widely recognized methodologies including the GHG Protocol and ISO 14064, and encompass indirect emissions from upstream and downstream activities across the value chain. Owing to limited disclosure from third parties outside the value chain, certain data were estimated through industry benchmarks, modeling, or well-founded assumptions.

2   To ensure consistency and comparability with historical data, the 2024 figures were calculated using the same methodology as in 2022 and 2023, which includes only Scope 1 and Scope 2 emissions intensity.

Indicator	Unit	2022	2023	2024
Wastewater and Wastewater Pollutants Discharges				
Wastewater discharges		/	81,004.00	83,479.00
COD		24.08	17.98	31.63
BOD5		8.97	6.93	11.27
Ammonia Nitrogen discharge	Ton	1.21	1.95	5.79
Total Nitrogen discharge		/	2.77	2.47
Suspended solids		/	4.37	4.58
Waste				
Hazardous Waste[3]				
Hazardous waste generation	Ton	61.16	71.21	231.90
Transfer and disposal volume of hazardous waste		61.16	71.21	231.90
General Waste				
Industrial waste produced volume	Ton	1,761.00	2,024.00	1,824.39
Industrial waste recycled volume		1,761.00	2,024.00	1,824.39
Water Resources				
The number of operational sites in water-scarce regions	Count	0	0	0
Water withdrawal in water-scarce regions		0	0	0
Water withdrawal	m^3	95,846.00	95,242.18	97,454.00
Water consumption		/	14,238.18	13,975.00
Water consumption density	m^3/ hundred-million RMB of operating revenue	/	1,247.93	1,385.58
Energy Consumption				
Electricity consumption	kWh	6,117,910.00	6,623,950.61	6,479,622.30
Including: Nuclear power consumption		0	0	3,787,700.00
Proportion of green electricity	%	0.00	0.00	58.46
Natural gas consumption	m^3	75,327.00	70,931.00	76,755.00
Gasoline consumption	Litre	20,200.00	26,473.61	26,155.00
Diesel consumption		59,434.00	95,917.62	63,336.00

3   The increase in hazardous waste generation and disposal in 2024 compared to 2023 was primarily due to renovation activities in the painting workshop at the Xiantao site.

Market

Indicator	Unit	2022	2023	2024
Product Qualification				
Product qualification rate	%	100.00	100.00	100.00
Incidents of non-compliance concerning the health and safety impacts of products and services				
Total number of non-compliant incidents related to health and safety impacts of products and services	Case	0	0	0
Incidents of non-compliance concerning product and service information and labeling				
Total number of non-compliant incidents related to product and service information and labeling	Case	0	0	0
Incidents of non-compliance concerning marketing communications				
Total number of non-compliant incidents related to marketing communication	Case	0	0	0
Information security and customer privacy breach incidents				
Total number of incidents subject to administrative penalties due to violations of information security management regulations	Case	/	/	0
Total number of customer privacy infringement incidents		/	/	0
Incidents of Customer Complaints				
Total number of customer complaint incidents	Case	0	11	10
Resolved customer complaints		/	11	10
Customer complaint resolution rate	%	/	100.00	100.00
R&D Investment and Research Personnel				
Total R&D investment in science and technology	Ten-thousand RMB	6,424.02	7,345.87	8,281.83
Ratio of R&D investment to revenue from core businesses	%	/	/	8.38
Number of R&D personnel	Person	/	/	324
Proportion of R&D personnel	%	/	/	25.71
Intellectual Property				
Number of new patent applications	Item	64	83	44
Number of new patent grants		46	55	87

Indicator	Unit	2022	2023	2024
Number of new trademark applications[4]		/	/	19
Number of new trademark registrations[5]	Item	/	/	17
Number of new intellectual property rights		/	/	153
Total number of litigation resulting from infringement of intellectual property rights	Case	/	0	0
Suppliers Management				
Annual Distribution of Suppliers by Region				
Number of suppliers in mainland China		533	656	727
Including: Number of suppliers in the province where the company is located		291	242	233
Number of suppliers in other regions	Count	5	8	15
Total		538	664	742
Number of significant suppliers		/	76	62
Supplier Audit				
Number of newly admitted suppliers in the year		40	51	46
Number of suppliers on hand assessed through desk evaluation		/	146	121
Number of suppliers on hand assessed through on-site inspection	Count	/	43	40
Total number of suppliers participating in coaching programs		/	26	36
Total number of suppliers participating in coaching programs with significant real potential negative impacts		/	0	0
Distributor Management				
Regional Distribution of Distributors				
Number of distributors in mainland China		22	23	24
Including: Number of distributors in the province where the company is located		2	3	3
Number of distributors in other regions	Count	8	8	12
Total		30	31	36
Distributor Audit				
Number of distributors reviewed in the current year		30	31	36
Number of new distributors admitted in the current year	Count	4	1	5
Proportion of newly admitted distributors reviewed to the total number of reviewed distributors in the current year	%	13.33	6.45	13.89

4   New trademark application data was not collected for 2022 and 2023.

5   New trademark registration data was not collected for 2022 and 2023.

Employment

Indicator	Unit	2022	2023	2024
Employee Composition				
Total employees	Person	1,215	1,234	1,260
Including: Employees with signed employment contracts		1,215	1,217	1,238
Employees who signed reemployment agreements		/	17	22
Other workers[6]		26	46	13
Employee Composition by Gender				
Male	Person	1,044	1,064	1,079
Female		171	170	181
Employee Composition by Age				
Under 30	Person	270	283	308
30 to 50		781	767	751
Over 50		164	184	201
Employee Composition by Education				
Masters and above	Person	33	35	58
Bachelors		385	413	450
Colleges		355	182	177
Others		442	604	575
Employee Composition by Nationality				
China	Person	1,213	1,233	1,257
Others		2	1	3
Employee Composition by Profession				
Production employees	Person	578	582	569
Sales employees		112	114	114
Technical employees		287	382	433
Finance employees		20	16	15

[6] Other workers include external consultants, interns, and labor dispatch personnel.

Indicator	Unit	2022	2023	2024
Administrative employees		218	140	129
Female production employees		28	20	25
Female sales employees		34	42	37
Female technical employees	Person	28	37	82
Female finance employees		17	12	10
Female administrative employees		64	59	27
Female employees in Science, Technology, Engineering, and Mathematics (STEM) positions		/	22	35
Employment in the Local Province				
Number of local employees	Person	820	825	855
Proportion of local employees	%	67.49	66.86	67.86
Number of female local employees	Person	134	131	137
Proportion of female local employees	%	78.36	77.76	75.69
Number of local senior management[7]	Person	/	4	4
Percentage of local senior management	%	/	100.00	100.00
Number of female local senior management	Person	/	1	1
Percentage of female local senior management	%	/	100.00	100.00
Management Gender Distribution				
Male management	Person	98	101	103
Female management		24	24	26
Including: Female senior management		1	1	1
Female middle management		23	23	25
Proportion of female senior management	%	/	25.00	25.00
Proportion of female management		19.67	19.20	20.16
Proportion of female managers in revenue-generating departments		/	12.90	50.00
Labor Contracts				
Employment contract signing rate	%	100.00	100.00	100.00
Employment of People with Disabilities				
Number of employees with disabilities	Person	2	2	2

[7] The company's senior management includes the general manager, chief engineer, financial director, and board secretary.

Indicator	Unit	2022	2023	2024
Ratio of employees with disabilities	%	0.16	0.16	0.16
Employee Turnover				
The Overall Situation of Employee Turnover				
Total employees at the beginning of the year		1,211	1,215	1,234
Total new recruiters in the year		177	249	165
The total number of resignations for the year	Person	173	230	139
The total number of voluntary resignations		/	179	93
The total number of resignations from the management team		/	14	8
Annual turnover rate	%	12.46	15.71	9.94
Employee Turnover by Age				
The number of employees under 30 years old who resigned		/	103	50
The number of employees between 30 and 50 years old who resigned	Person	/	116	85
The number of employees above 50 years old who resigned		/	11	4
Employee Turnover by Nationality				
The number of Chinese national employees who resigned	Person	/	229	138
The number of non-Chinese national employees who resigned		/	1	1
Employee Training				
The Overall Situation of Employee Training[8]				
Total annual investment in employee training	Ten-thousand RMB	91.56	50.68	41.02
Total number of employees trained	Person	1,215	1,234	1,260
Average amount of training	Ten-thousand RMB	0.08	0.04	0.03
Total number of female employees trained	Person	171	170	181
Total number of male employees trained		1,044	1,064	1,079
Proportion of female employees trained	%	100.00	100.00	100.00
Employee training coverage rate		100.00	100.00	100.00
Total number of training sessions for employees	Times	102	256	298
Total number of training hours for employees	Hour	11,541.00	30,235.50	29,150.00
Average training hours for employees		9.50	24.50	23.13

Indicator	Unit	2022	2023	2024
Total participants in training	Participant	3,685	12,259	16,313
Employee Training by Type				
Total online training hours		/	531	9,461
Total number of hours spent on coaching and training sessions.	Hour	/	15,784	1,200
Total hours of leadership training		/	675	173
Total number of hours spent on IT training sessions		/	6	5
Employee Performance				
Number of employees undergoing regularperformance and career development assessments	Person	/	551	564
Proportion of employees undergoing regularperformance and career development assessments	%	/	44.65	44.76
Employee Compensation				
The entry level salary for male employees		2,000	2,000	2,000
The entr level salary for female employees		2,100	2,100	2,100
The government-mandated minimum wage for males in the local area	RMB	1,650	1,650	1,800
The government-mandated minimum wage for females in the local area		1,650	1,650	1,800
The ratio of the entry level salary for males to the government-mandated minimum wage for males in the local area		121.21	121.21	111.11
The ratio of the entry level salary for females to the government-mandated minimum wage for females in the local area	%	127.27	127.27	116.67
Freedom of Association				
Number of employees participating in the labor union	Person	/	1,234	1,260
Proportion of employees participating in the labor union	%	/	100.00	100.00
Employee Care and Welfare				
The defined benefit plans and other retirement plans	Ten-thousand RMB	/	2	2
Security Practices				
Security personnel received communication and training on human rights policies or procedures		14	14	22
The number of security personnel employed by company	Person	8	8	22
Total number of third-party security personnel		6	6	6
The proportion of security personnel received communication and training on human rights policies or procedures	%	100.00	100.00	100.00

8   In addition to the total annual investment in employee training, the overall situation of employee training data only includes training organized by the Human Resources Department and the Safety and Environmental Protection Department. The data on training by type only includes training organized by the Human Resources Department and the Safety and Environment Department. The data on training by type only counts the training conducted by the Human Resources Department.

Preface

Sustainability-Related Governance

Environmental

Social

Governance

Index

Occupational Health and Safety

Indicator	Unit	2022	2023	2024
Work Safety Input				
Total annual investment in work safety	Ten-thousand RMB	303.50	421.57	445.24
Occupational Health and Safety Training Performance				
Total participants in occupational health and safety training	Participant	2,161	8,733	5,645
Total participant time in occupational health and safety training	Hour	4,035	13,420	18,311
Total number of people receiving occupational health and safety training	Person	1,215	1,234	1,260
Proportion of personnel receiving occupational health and safety training	%	100.00	100.00	100.00
Number of females receiving occupational health and safety training	Person	171	170	181
Proportion of females receiving occupational health and safety training	%	100.00	100.00	100.00
Number of safety emergency drills	Times	7	9	14
Number of attendees for safety emergency drills	Participant	/	500	340
Number of occupational health and safety offline training session	Times	38	206	182
Work Safety Accident				
Extra-major accidents	Case	0	0	0
Major accidents	Case	0	0	0
Serious accidents	Case	0	0	0
General accidents	Case	0	0	0
Number of shutdowns	Times	0	0	0
Hours of shutdowns	Day	0	0	0
Occupational Health and Safety Performance				
The number of workers covered by the occupational health and safety management system	Person	1,215	1,234	1,260
Occupational injuries	Person	10	6	6
Occupational fatalities	Person	0	0	0
Occupational fatality rate	%	0.00	0.00	0.00
Total lost time due to work-related injuries	Day	/	61	212
Total number of work-related injury incidents	Case	10	6	6
The total number of near-miss incidents	Case	/	45	43

Indicator	Unit	2022	2023	2024
Total Recordable Injury Rate (TRIR) per 200,000 hours worked - Employees		/	0.55	0.47
Total Recordable Injury Frequency Rate (TRIFR) per 1,000,000 hours worked - Employees		3.89	2.76	2.34
Lost Time Injury Rate (LTIR) per 200,000 hours worked - Employees	/	/	45.01	132.04
Lost Time Injury Frequency Rate (LTIFR) per 1,000,000 hours worked - Employees		/	225.06	660.21
Million Hours Near-Miss Incident Rate		/	20.75	16.74

Community

Indicator	Unit	2022	2023	2024
Outward Donations				
Total outward donations	Ten-thousand RMB	71.94	33.97	25.44

Governance

Indicator	Unit	2022	2023	2024
Business Ethics				
Anti-corruption Advocacy and Training				
Percentage of employees who received anti-corruption training		/	100.00	100.00
Percentage of suppliers who received anti-corruption training	%	/	100.00	100.00
Percentage of distributors who received anti-corruption training		/	100.00	100.00
Violations of Business Ethics				
Total number of commercial bribery and corruption incidents		/	0	0
Total number of conflicts of interest incidents		/	0	0
Total number of money laundering or insider trading incidents	Case	/	0	0
Total number of lawsuits or major administrative penalties due to unfair competition practices		/	0	0

Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial) Index

Topic	Article	Location
Chapter III Environmental Disclosure		
Climate Change Tackling	Article 21-28	Climate Response
Pollutant Discharge	Article 30	Pollutant Discharge
Waste Disposal	Article 31	Waste Disposal
Ecosystem and Biodiversity Protection	Article 32	Ecosystem and Biodiversity Protection
Environmental Compliance Management	Article 33	Environmental Compliance Management
Energy Usage	Article 35	Energy Usage
Usage of Water Resources	Article 36	Usage of Water Resources
Circular Economy	Article 37	Circular Economy
Chapter IV Social Disclosure		
Rural Revitalization	Article 39	Empowering Employment and Rural Revitalization
Contributions to the Society	Article 40	Community Engagement for Collective Growth Promoting Quality Education for All Philanthropic Commitment toward Shared Prosperity
Innovation-driven	Article 42	Innovation-driven Development
Ethics of Science and Technology	Article 43	Not Applicable
Supply Chain Security	Article 45	Supply Chain Security
Equal Treatment to Small and Medium-sized Enterprises	Article 46	Equal Treatment to Small and Medium-Sized Enterprises
Safety and Quality of Products and Services	Article 47	Safety and Quality of Products and Services
Data Security and Customer Privacy Protection	Article 48	Data Security and Customer Privacy Protection
Employees	Article 50	Employees

Topic	Article	Location
Chapter V Corporate Governance Information Related to Sustainable Development Disclosure		
Due Diligence	Article 52	Management of Material Matters
Communications with Stakeholders	Article 53	Communications with Stakeholders Climate-Related Risks, Opportunities, and Financial Impacts Investor Relations Management Supply Chain Security
Anti-Commercial Bribery and Anti-Corruption	Article 55	Anti-Commercial Bribery and Anti-Corruption
Anti-unfair Competition	Article 56	Anti-Unfair Competition

SASB Index

SASB Topics	Accounting Metrics	Location
Energy Management	RT-IG-130a.1: (1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable	Energy Usage Data Overview
Employee Health & Safety	RT-IG-320a.1: (1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	Occupational Health and Safety Data Overview
Fuel Economy & Emissions in Use-phase	RT-IG-410a.1: Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	Not available in this report
	RT-IG-410a.2: Sales-weighted fuel efficiency for non-road equipment	Not available in this report
	RT-IG-410a.3: Sales-weighted fuel efficiency for stationary generators	Not available in this report
	RT-IG-410a.4: Sales-weighted emissions of (1)nitrogen oxides (NOx) and (2)particulate matter (PM) for: (a)marine diesel engines, (b)locomotive diesel engines, (c)on-road medium- and heavy-duty engines and (d) other non-road diesel engines	Not available in this report
Materials Sourcing	RT-IG-440a.1: Description of the management of risks associated with the use of critical materials	Not Applicable
Remanufacturing Design & Services	RT-IG-440b.1: Revenue from remanufactured products and remanufacturing services	Not Applicable

Preface

Sustainability-Related Governance

Environmental

Social

Governance

Index

ESRS Index

European sustainability reporting standards (ESRS)		Location/omission
ESRS 2 General Disclosures		
BP-1	General basis for the preparation of sustainability statements	About This Report
BP-2	Disclosures in relation to specific circumstances	Not Applicable
GOV-1	The role of the administrative, management and supervisory bodies	Governance Mechanisms
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Governance Mechanisms Risk Management, Internal Control, and Compliance
GOV-3	Integration of sustainability-related performance in incentive schemes	Governance Mechanisms Occupational Health and Safety
GOV-4	Statement on due diligence	Management of Material Matters Climate-Related Risks, Opportunities, and Financial Impacts Supply Chain Security
GOV-5	Risk management and internal controls over sustainability reporting	Risk Management, Internal Control, and Compliance Climate-Related Risks, Opportunities, and Financial Impacts
SBM-1	Strategy, business model and value chain	About NFLG Climate Strategy Supply Chain Security Safety and Quality of Products and Services
SBM-2	Interests and views of stakeholders	Communications with Stakeholders
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Management of Material Matters Climate-Related Risks, Opportunities, and Financial Impacts Risk Management, Internal Control, and Compliance
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Management of Material Matters Risk Management, Internal Control, and Compliance
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	About This Report Management of Material Matters Index
ESRS E1 Climate Change		
E1-1	Transition plan for climate change mitigation	Climate Strategy
E1-2	Policies related to climate change mitigation and adaptation	Climate Strategy
E1-3	Actions and resources in relation to climate change policies	Climate Strategy
E1-4	Targets related to climate change mitigation and adaptation	Climate Strategy
E1-5	Energy consumption and mix	Energy Usage Data Overview
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	GHG Emissions Data Overview

European sustainability reporting standards (ESRS)		Location/omission
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	Not Applicable
E1-8	Internal carbon pricing	Not Applicable
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Climate-Related Risks, Opportunities, and Financial Impacts Management of Material Matters
ESRS E2 Pollution		
E2-1	Policies related to pollution	Pollutant Discharge Waste Disposal
E2-2	Actions and resources related to pollution	Pollutant Discharge Waste Disposal
E2-3	Targets related to pollution	Environmental
E2-4	Pollution of air, water and soil	Pollutant Discharge Waste Disposal Ecosystem and Biodiversity Protection
E2-5	Substances of concern and substances of very high concern	Pollutant Discharge Waste Disposal
E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	Climate-Related Risks, Opportunities, and Financial Impacts Management of Material Matters
ESRS E3 Water and Marine Resources		
E3-1	Policies related to water and marine resources	Usage of Water Resources
E3-2	Actions and resources related to water and marine resources	Usage of Water Resources
E3-3	Targets related to water and marine resources	Environmental
E3-4	Water consumption	Usage of Water Resources Data Overview
E3-5	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	Climate-Related Risks, Opportunities, and Financial Impacts Management of Material Matters
ESRS E4 Biodiversity and Ecosystems		
E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	Ecosystem and Biodiversity Protection
E4-2	Policies related to biodiversity and ecosystems	Ecosystem and Biodiversity Protection
E4-3	Actions and resources related to biodiversity and ecosystems	Ecosystem and Biodiversity Protection
E4-4	Targets related to biodiversity and ecosystems	Ecosystem and Biodiversity Protection
E4-5	Impact metrics related to biodiversity and ecosystems change	Ecosystem and Biodiversity Protection
E4-6	Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	Climate-Related Risks, Opportunities, and Financial Impacts Management of Material Matters
ESRS E5 Resource Use and Circular Economy		
E5-1	Policies related to resource use and circular economy	Circular Economy
E5-2	Actions and resources related to resource use and circular economy	Circular Economy
E5-3	Targets related to resource use and circular economy	Circular Economy

European sustainability reporting standards (ESRS)		Location/omission
E5-4	Resource inflows	Energy Usage Usage of Water Resources Circular Economy
E5-5	Resource outflows	Pollutant Discharge Waste Disposal Circular Economy
E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	Climate-Related Risks, Opportunities, and Financial Impacts Management of Material Matters
ESRS S1 Own Workforce		
S1-1	Policies related to own workforce	Employees
S1-2	Processes for engaging with own workforce and workers' representatives about impacts	Human Rights Protection Employee Communication
S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	Human Rights Protection Employee Communication
S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Employees
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Social
S1-6	Characteristics of the undertaking's employees	Human Rights Protection Data Overview
S1-7	Characteristics of non-employees in the undertaking's own workforce	Data Overview
S1-8	Collective bargaining coverage and social dialogue	Employee Communication Data Overview
S1-9	Diversity metrics	Human Rights Protection Data Overview
S1-10	Adequate Wages	Employee Development Data Overview
S1-11	Social protection	Employee Development
S1-12	Persons with disabilities	Data Overview
S1-13	Training and skills development metrics	Employee Development Data Overview
S1-14	Health and safety metrics	Occupational Health and Safety Data Overview
S1-15	Work-life balance metrics	Employee Development
S1-16	Remuneration metrics (pay gap and total remuneration)	Not available in this report
S1-17	Incidents, complaints and severe human rights impacts	Human Rights Protection
ESRS S2 Workers in the Value Chain		
S2-1	Policies related to value chain workers	Supply Chain Security
S2-2	Processes for engaging with value chain workers about impacts	Supply Chain Security
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	Supply Chain Security

European sustainability reporting standards (ESRS)		Location/omission
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	Supply Chain Security
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Social
ESRS S3 Affected Communities		
S3-1	Policies related to affected communities	Community Engagement for Collective Growth
S3-2	Processes for engaging with affected communities about impacts	Community Engagement for Collective Growth
S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	Community Engagement for Collective Growth
S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	Community Engagement for Collective Growth
S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunitie	Social
ESRS S4 Consumers and End-users		
S4-1	Policies related to consumers and end-users	Safety and Quality of Products and Services Data Security and Customer Privacy Protection
S4-2	Processes for engaging with consumers and end-users about impacts	Safety and Quality of Products and Services Data Security and Customer Privacy Protection Contributing to Industry Development
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	Safety and Quality of Products and Services Data Security and Customer Privacy Protection
S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	Safety and Quality of Products and Services Data Security and Customer Privacy Protection Contributing to Industry Development
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Social
ESRS G1 Business Conduct		
G1-1	Business conduct policies and corporate culture	Commercial Behaviors
G1-2	Management of relationships with suppliers	Supply Chain Security Equal Treatment to Small and Medium-Sized Enterprises
G1-3	Prevention and detection of corruption and bribery	Anti-Commercial Bribery and Anti-Corruption Complaint Mechanism and Whistleblower Protection
G1-4	Incidents of corruption or bribery	Anti-Commercial Bribery and Anti-Corruption Data Overview
G1-5	Political influence and lobbying activities	Not Applicable
G1-6	Payment practices	Equal Treatment to Small and Medium-Sized Enterprises

ISDS Index

IFRS S1

Core Elements	Disclosure Recommendations	Disclosure Placement
Governance	a) The governance body(s) (which can include aboard, committee or equivalent body charged with governance) or individual(s) responsible for oversight of sustainability-related risks and opportunities.	Governance Mechanisms Risk Management, Internal Control, and Compliance
	b) Management's role in the governance processes, controls and procedures used to monitor, manage and oversee sustainability-related risks and opportunities.	Governance Mechanisms Risk Management, Internal Control, and Compliance
Strategy	a) The sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects within the time horizons—short, medium or long term.	Management of Material Matters Climate-Related Risks, Opportunities, and Financial Impacts
	b) The current and anticipated effects of sustainability-related risks and opportunities on the entity's business model and value chain, and where in the entity's business model and value chain sustainability-related risks and opportunities are concentrated	Management of Material Matters Climate-Related Risks, Opportunities, and Financial Impacts
	c) How the entity has responded to, and plans to respond to, sustainability-related risks and opportunities in its strategy and decision-making, and the progress against plans the entity has disclosed in previous reporting periods, including quantitative and qualitative information, and trade-offs between sustainability-related risks and opportunities that the entity considered.	Management of Material Matters Climate-Related Risks, Opportunities, and Financial Impacts
	d) The quantitative and qualitative effects of sustainability-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period, and the sustainability-related risks and opportunities identified for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements, and how the entity expects its financial position, financial performance and cash flows to change over the short, medium and long term, given its strategy to manage sustainability-related risks and opportunities.	Management of Material Matters Climate-Related Risks, Opportunities, and Financial Impacts
	e) The resilience of the entity's strategy and its business model to those sustainability-related risks	Management of Material Matters Climate-Related Risks, Opportunities, and Financial Impacts
Risk Management	a) The processes and related policies the entity uses to identify, assess, prioritize and monitor sustainability-related risks, including information about: the inputs and parameters the entity uses,whether and how the entity uses scenario analysis to inform its identification of sustainability-related risks, whether and how the entity prioritizes sustainability-related risks, how the entity assesses the nature, likelihood and magnitude of the effects of those risks.	Management of Material Matters Climate-Related Risks, Opportunities, and Financial Impacts Risk Management, Internal Control, and Compliance
	b) The processes the entity uses to identify, assess, prioritize and monitor sustainability-related opportunities, including: whether and how the entity uses scenario analysis to inform its identification of sustainability-related opportunities.	Management of Material Matters Climate-Related Risks, Opportunities, and Financial Impacts
	c) The extent to which, and how, the processes the entity uses to identify, assess, prioritize and monitor sustainability-related risks and opportunities are integrated into and inform the entity's overall risk management process.	Climate-Related Risks, Opportunities, and Financial Impacts
Metrics and Targets	a) Metrics required by an applicable IFRS Sustainability Disclosure Standard.	GHG Emissions Data Overview
	b) Metrics the entity uses to measure and monitor sustainability-related risks or opportunities and its performance in relation to that sustainability-related risk or opportunity.	GHG Emissions Data Overview
	c) Any targets the entity has set it is required to meet by law or regulation.	Environmental Social Governance

IFRS S2

Core Elements	Disclosure Recommendations	Disclosure Placement
Governance	a) The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities.	Governance Mechanisms Risk Management, Internal Control, and Compliance
	b) Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities	Governance Mechanisms Risk Management, Internal Control, and Compliance
Strategy	a) The climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects within time horizons—short, medium or long term, whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk	Management of Material Matters Climate-Related Risks, Opportunities, and Financial Impacts
	b) The current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain, and where in the entity's business model and value chain climate-related risks and opportunities are concentrated	Management of Material Matters Climate-Related Risks, Opportunities, and Financial Impacts
	c) Information about how the entity has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the entity sets targets, how the entity is resourcing and quantitative and qualitative information about the disclosed progress of plans.	Management of Material Matters Climate-Related Risks, Opportunities, and Financial Impacts
	d) The quantitative and qualitative effects of those climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period, the climate-related risks and opportunities identified in paragraph 16(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements, and how the entity expects its financial position, financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	Management of Material Matters Climate-Related Risks, Opportunities, and Financial Impacts
	e) The entity's assessment of its climate resilience, including the entity's assessment for its strategy and business model, the significant areas of uncertainty considered in the entity's assessment of its climate resilience and the entity's capacity to adjust or adapt its strategy and business model to climate change over the short, medium and long term. The entity shall use climate-related scenario analysis to assess its climate resilience and disclose how and when the climate-related scenario analysis was carried out, including information about the inputs the entity used, the key assumptions the entity made in the analysis and the reporting period in which the climate-related scenario analysis was carried out.	Management of Material Matters Climate-Related Risks, Opportunities, and Financial Impacts
Risk Management	a) The processes and related policies the entity uses to identify, assess, prioritize and monitor climate-related risks, including information about: the inputs and parameters the entity uses, whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related risks, whether and how the entity prioritizes climate-related risks, how the entity assesses the nature, likelihood and magnitude of the effects of those risks	Management of Material Matters Climate-Related Risks, Opportunities, and Financial Impacts Risk Management, Internal Control, and Compliance
	b) The processes the entity uses to identify, assess, prioritize and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities.	Management of Material Matters Climate-Related Risks, Opportunities, and Financial Impacts
	c) The extent to which, and how, the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.	Climate-Related Risks, Opportunities, and Financial Impacts
Metrics and Targets	a) The cross-industry metric categories of greenhouse gas emissions, internal carbon prices, the percentage of executive management remuneration recognized in the current period that is linked to climate-related considerations, capital deployment towards climate-related risks and opportunities, the amount and percentage of assets or business activities vulnerable to climate-related risks and opportunities.	GHG Emissions Data Overview
	b) Industry-based metrics that are associated with one or more particular business models, activities or other common features that characterize participation in an industry	GHG Emissions Data Overview
	c) The quantitative and qualitative climate-related targets the entity has set or it is required to meet by law or regulation, progress towards reaching the target, information about its performance, and each greenhouse gas emissions target.	Environmental Social Governance