



# 2025

## Environmental, Social and Governance Report

Craft quality with ingenuity,  
Pioneer extraordinary through innovation



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# About The Report

## Report Description

This is the second Environmental, Social, and Governance report (hereinafter ‘this Report’) published by Sinoseal Holding Co., Ltd. (Stock Code: 300470.SZ) (hereinafter ‘SNS,’ ‘the Company,’ or ‘we’), which aims to objectively present SNS’s management, practices, and performance in economic, environmental, social, and corporate governance areas.

## Reporting Period

This Report is an annual report, consistent with the reporting period of the financial annual report, covering the time period from 1 January to 31 December 2025. For any content exceeding the above scope, this Report will provide explanations in the relevant sections.

## Reporting Scope

Unless otherwise specified, this Report covers SNS and its holding subsidiaries (including second-tier subsidiaries), consistent with the scope of the Company’s annual report. The main entities disclosed are as follows:

Company Name	Abbreviation
Sinoseal Holding Co., Ltd.	SNS, the Company, We
Dalian Sun Seals Ltd.	Sun Seals
UTECH (Suzhou) Sealing Solutions Co., Ltd.	UTECH
Sichuan Sunny Seal Co., Ltd.	Sunny Seal
Zigong New Dipper Valve Co., Ltd.	NDIV
ZM Investment GmbH	ZM GmbH
Krüger & Sohn GmbH	KS GmbH

## Basis of Compilation

This Report has been prepared with reference to documents including the *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation)*, the *Self-Regulatory Guidance No. 3 for Companies Listed on the ChiNext Market of Shenzhen Stock Exchange—Preparation of Sustainability Report*, and the *Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) (2021 Edition)*.

## Data Sources

The data and information used in this Report are derived from sources including SNS’s internal statistics, public reports, and public disclosures. In case of any discrepancy between the financial data cited in this Report and the annual report, the annual report shall prevail. Unless otherwise specified, the monetary unit is RMB.

## Reliability Statement

This Report was reviewed and approved for publication by the Board of Directors. The Company affirms that the content disclosed herein is free from any false records, misleading statements, or material omissions.

## Access to This Report

This Report is published in both Chinese and English. In case of any discrepancy in interpretation, the Chinese version shall prevail.

Electronic versions of this Report in both Chinese and English can be read or downloaded from the Company’s official website and CNINFO, the information disclosure platform for the ChiNext market designated by the China Securities Regulatory Commission:

<https://www.sns-china.com/>

<https://www.cninfo.com.cn>

## Contact Information

If you have any comments or suggestions on this Report, please contact the Company via phone or in writing through the following information:

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# Management Message

Dear Friends,

We are pleased to present the SNS 2025 ESG Report. On behalf of the Board of Directors and executive management, I would like to extend our sincere gratitude to our long-term supporters, including investors, customers, partners, employees, and all sectors of society!

In 2025, as the global green and low-carbon transition accelerated, we remained committed to our mission of 'Ensure safety and protect the environment'. We have deeply integrated ESG principles into our strategy and operations, practicing responsibility through steady growth and pursuing excellence through innovation and breakthroughs.

## Deepening ESG Governance and Enhancing Execution

We have established ESG liaisons in each department based on our four-tier governance structure to ensure the efficient implementation of ESG initiatives. During the reporting period, there were zero incidents of business ethics violations, all employees signed the *Integrity Commitment Letter*, and for the sixth consecutive year, we received an 'A' rating for information disclosure from the Shenzhen Stock Exchange, while our ESG ratings reached new heights with an 'A' from Wind ESG and 'AAA' from Sino-Securities ESG.

## Green Manufacturing Implemented, Low-Carbon Transition Yields Tangible Results

Sunny Seal's 2 MW rooftop distributed photovoltaic system is fully connected to the grid, with annual renewable electricity consumption reaching 1,274,700 kWh. Environmental protection investment totalled RMB2.16 million, a significant increase from the previous year. A total of five of our subsidiary companies have obtained ISO 14001 certification. We systematically identify climate risks, implement special contingency plans for flood and heat prevention,

and control our carbon emission intensity through measures such as energy-saving technological upgrades, green electricity procurement, and waste reduction.

## Innovation-Driven, Technology-Empowered Safety and Green Development

As one of the first national-level specialised, refined, unique, and innovative 'Little Giant' enterprises, we are committed to implementing intelligent and green initiatives. Our product applications have expanded into green sectors such as compressed air energy storage, CCUS, and natural gas pressure differential power generation, as we actively promote the achievement of the 'dual carbon' goals through technological innovation. The intelligent seal monitoring and health management system has been upgraded to version 2.0, assisting clients with predictive maintenance and ensuring the safe operation of on-site equipment.

## Employee-Centric, Building a Safe and Nurturing Home

The Company places a high value on employee rights, including career development, occupational health, and safety. We have been honoured with the 'Sichuan Extraordinary Employer' award for two consecutive years, with an average employee satisfaction score of 85. In 2025, employee benefit coverage reached 100%, and Sunny Seal added new facilities such as a 'staff home'. We conducted 339 training sessions of various types to support employees in advancing their education and qualifications. Throughout the year, there were zero major safety incidents and zero cases of occupational disease.

## Giving Back to Society, Fulfilling Our Responsibilities

The Company has always balanced corporate growth with giving back to the community. In 2025, we continued our targeted assistance to Ganluo County in Sichuan, investing over RMB400,000 in consumption-driven aid programmes and industrial cooperation. Over the past three years, our

cumulative external donations have reached RMB450,000. We consistently support talent development through university-enterprise partnerships, scholarships, and grants, as well as other community welfare initiatives. Additionally, KS GmbH has donated to local social welfare associations to aid the needy and the elderly.

Looking ahead to 2026, we will further respond to the national 'dual carbon' goals and global sustainability initiatives by promoting the use of clean energy, accelerating our layout in smart manufacturing and green technology, and continuously strengthening technology's role in empowering the low-carbon transition. While working with all stakeholders to build a safe, green, and win-win industrial ecosystem, we will steadily advance toward our corporate vision of 'To be the world-class fluid control equipment provider'. We value every piece of your feedback and look forward to working with you to contribute SNS's strength to a beautiful and sustainable future.

**Hong Chen**

General Manager, Sinoseal Holding Co., Ltd.

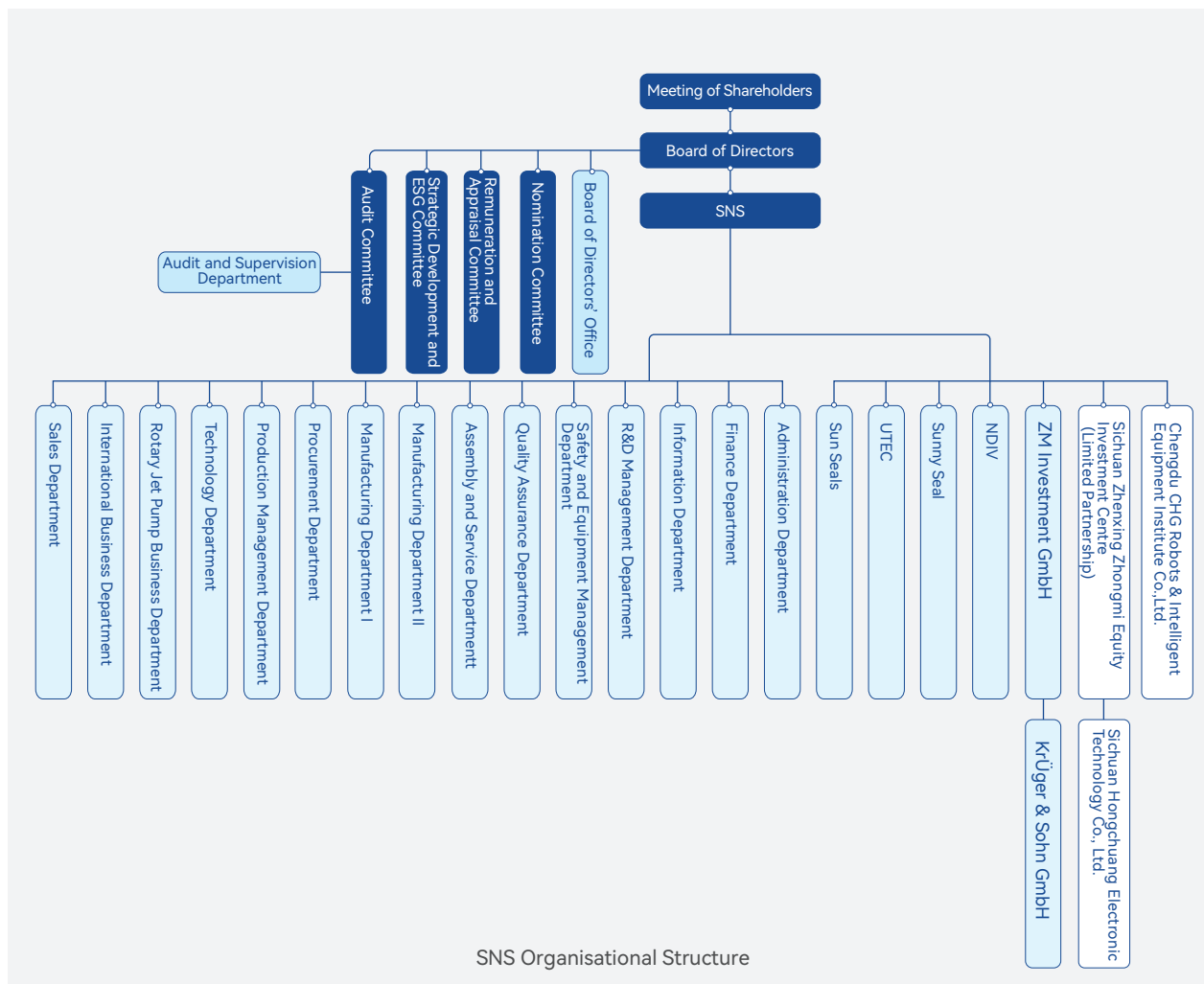
April 2026



# About SNS

## Company Profile >>>

Sinoseal Holding Co., Ltd. (Stock Code: 300470.SZ), formerly the Sealing Technology Research Department of Sichuan Provincial Machinery Research & Design Institute established in 1978, was one of the first organisations in China to conduct research on sealing technology and has since become the only A-share listed company in the domestic mechanical seals industry. The Company's main products include mechanical seals, dry gas seals, sealing auxiliary (control) systems, rotary jet pumps, rubber and plastic seals, special valves, and guide rings. The Company is dedicated to providing customers with customized total solutions for various equipment and operating conditions, with wide applications in fields such as petrochemical, coal chemical, oil and gas transportation, electric power, mining machinery, and water conveyance. It operates nearly 40 offices and over 10 domestic and international service centres, with several more under construction, creating a product and service network that covers all of China and extends to regions including Southeast Asia, Central Asia, North Africa, and Central Africa. As of the end of 2025, the Company had six controlled subsidiaries (including second-tier subsidiaries): UTEC (Suzhou) Sealing Solutions Co., Ltd., Dalian Sun Seals Ltd., Sichuan Sunny Seal Co., Ltd., Zigong New Dipper Valve Co., Ltd., ZM Investment GmbH, and Krüger & Sohn GmbH. It has also invested in two other enterprises and the Sichuan Zhenxing Zhongmi Equity Investment Centre (Limited Partnership).



SNS Organisational Structure

### Start-up

In 1978, the Company's predecessor, the Sealing Technology Research Department of Sichuan Provincial Machinery Research & Design Institute, was formally established.



### Keep up with the times

In September 1993, following the national policy of reform and opening up, it jointly invested with Japan's Nikki Industries Co., Ltd. in Hiroshima Prefecture to form 'Sichuan Nikki Seal Co., Ltd.', becoming the first Sino-foreign joint venture science and technology enterprise in Sichuan Province.



### Reform and listing

On 12 June 2015, the Company was listed on the Growth Enterprise Market of the Shenzhen Stock Exchange, becoming the only A-share listed company in China's mechanical seal industry.



### Structural reform

In 2009, the Company acquired the shares held by Japanese partner, was converted from a limited company into a joint-stock company, and was renamed 'Sichuan Sunny Seal Co., Ltd.'

In 2010, the Company was restructured into a diversified joint-stock enterprise controlled by a state-owned company.



### Capital investment

In 2016, the Company completed the acquisition of UTEC (Suzhou) Sealing Solutions Co., Ltd.

In 2018, the Company completed the acquisition of Dalian Sun Seals Ltd.



### Strategic renaming

In December 2019, the Company was officially renamed 'Sinoseal Holding Co., Ltd.'

In January 2021, the subsidiary 'Sichuan Sangni Machinery Co., Ltd.' was officially renamed 'Sichuan Sunny Seal Co., Ltd.'



### Globalisation strategy

In July 2024, the Company gained actual control of KS GmbH, and in February 2025, it acquired all of the Company's equity. In April 2026, the Board of Directors approved the establishment of an international company to accelerate the Company's international development.



### Strategic integration

In February 2021, the Company completed the acquisition of Zigong New Dipper Valve Co., Ltd., officially entering the high-end special valves sector.



## Corporate Culture



### Corporate Mission

Ensure safety and protect the environment



### Corporate Vision

To be the world-class fluid control equipment provider



### Corporate Slogan

Craft quality with ingenuity, Pioneer extraordinary through innovation



### Strategic Goal

Establish a comprehensive sealing industry ecosystem



### Core Values

Create value and pursue excellence



### Corporate Spirit

Responsibility, Innovation, Openness, and Vision



### Quality Policy

Integrity, High quality, Service excellence, Continuous improvement



### HSE Policy

Environmental Stewardship, Occupational Health, Operational Safety, Regulatory Compliance



### Business Philosophy

Technology-Driven Market Leadership, Service-Backed Customer Loyalty, Quality-Defined Brand Excellence

## Business Overview >>>

SNS is deeply rooted in the mechanical seal industry, integrating R&D, design, production, and manufacturing. It has established a core product system centred around various mechanical seals and their auxiliary (control) systems, rotary jet pumps, special valves, and rubber and plastic seals. The Company can customize the development of products with reliable performance and stable quality according to customer needs, including various mechanical seals, dry gas seals, sealing auxiliary (control) systems, rubber and plastic seals, rotary jet pumps, special valves, and guide rings. It also provides comprehensive support, from technical consulting and on-site problem solving to technical training, continuously creating value for customers.

### SNS, Sunny Seal, Sun Seals

Providing integrated solutions for mechanical seals, with core products covering mechanical seals, dry gas seals, and sealing auxiliary (control) systems, the Company serves sectors such as the petrochemical, coal chemical, oil and gas transportation, and nuclear power industries; SNS is also engaged in the development and sale of rotary jet pumps.

### UTEC

Deeply engaged in the R&D and manufacturing of rubber and plastic seals and specialised mould-free turning equipment for rubber and plastic seals, the company holds significant advantages in the performance of rubber and plastic sealing materials and mould-free processing technology for large-scale rubber and plastic seals, serving industries such as mining machinery, shield tunnelling, and petrochemicals.

### NDIV

Focusing on the R&D and manufacturing of special valves for special operating conditions and applications, its core products include axial flow check valves, forced sealing ball valves, compressor anti-surge valves, and water strike pressure relief valves, primarily serving the oil and gas transportation, petrochemical, and water conveyance sectors.

### KS GmbH

Manufactures resin-based laminated materials (including pipes, profiles, rods, and plates) and guide rings, with products widely used in the engineering machinery and electrical fields.

## Highlights of 2025 >>>

### SNS and Subsidiaries' Honours and Awards in 2025

Award	Issuer
<b>Compliance and Governance</b>	
Outstanding Enterprise for Contribution to High-Quality Development of the Manufacturing Industry in Meishan Tianfu New Area 2024 – Top 10 Tax-paying Manufacturing Enterprise	Sichuan Tianfu New Area Meishan Management Committee
Five-Star Party Organisation for New Economic and Social Organisations	Working Committee for Non-Public Economic Organisations and Social Organisations of Meishan Tianfu New Area of the CPC
Best Practice for Investor Relations Management of Listed Companies 2024	China Association for Public Companies
A-Rating for Information Disclosure Work on the ChiNext Board For 2024-2025	Shenzhen Stock Exchange
<b>Partnering for Mutual Success</b>	
'Excellent Supplier' 2024	Sinochem Energy Technology Co., Ltd.
'High-Quality Service Provider' 2024	Wengfu Dazhou Chemical Co., Ltd.
'Excellent Supplier' 2024	LG Chem (Huizhou) Chemical Co., Ltd.
'Second Prize' for Excellent Quality Partner 2024	Shaanxi Blower (Group) Co., Ltd.
'Excellent Supplier' 2025	Leo Group Pump Co., Ltd.
Best Cooperative Enterprise of 2024	College of Polymer Science and Engineering, Qingdao University of Science and Technology

Award	Issuer
<b>People-Centric Development</b>	
Sichuan Extraordinary Employer of 2025	Liepin.com
Outstanding Innovation Achievement in the 2025 Sichuan Provincial Staff 'Five Smalls' Activity	Sichuan Provincial Federation of Trade Unions
AAAA-Level Labour Security Credit Unit of Suzhou Industrial Park For 2024	Suzhou Industrial Park Human Resources and Social Security Bureau
Advanced Collective in Internal Public Security	Suzhou Industrial Park Branch of the Suzhou Public Security Bureau
Excellent Organisation Unit in the Fourth Labour Competition 'Forging Ahead on a New Journey, Achieving Success in a New Era' of Meishan Tianfu New Area	Meishan Federation of Trade Unions, Sichuan Tianfu New Area
First Prize in the 'Five Smalls' Innovation Category of the 2025 'Contributing to the 14th Five-Year Plan and Forging Ahead on a New Journey' Labour Competition	Meishan Municipal Federation of Trade Unions
Second Prize in the 'Four Techniques' Case Category of the 2025 'Contributing to the 14th Five-Year Plan and Forging Ahead on a New Journey' Labour Competition	Meishan Municipal Federation of Trade Unions
Advanced Collective in Park Public Security	Suzhou Industrial Park Administrative Committee

Award	Issuer
<b>R&amp;D and Intelligent Manufacturing</b>	
Specialised, Refined, Unique, and Innovative 'Little Giant' Enterprise	Ministry of Industry and Information Technology
'Tianfu Famous Products' Brand Logo Authorisation Certificate	Sichuan Society for Market Supervision and Administration
'Industrial Excellence' — Intelligent Seal Monitoring and Health Management System (SIMS V1.0)	Chengdu Municipal Bureau of Economy and Information Technology, Chengdu New Economic Development Commission
2025 Key Enterprise for Customized Production in Sichuan Province	Sichuan Provincial Department of Economy and Information Technology
Key Technology and Application of Split Dry Gas Seal Systems for Large-Scale Ethylene Plant Extrusion Pelletizers — Second Prize of the Sichuan Provincial Machinery Industry Science and Technology Award	China Hydraulics Pneumatics & Seals Association
Key Technology and Engineering Application of High-Parameter Mechanical Seals for Petrochemical Equipment — Second Prize of the China Machinery Industry Science and Technology Progress Award	China Machinery Industry Federation / Chinese Mechanical Engineering Society
List of Typical Application Cases of AI-Powered New Industrialisation — 'Intelligent Seal Monitoring and Health Management System'	Ministry of Industry and Information Technology
First Batch of 'Advanced-Level Smart Factories' in Sichuan — Flexible Smart Factory for High-End Mechanical Seal Devices	Sichuan Provincial Department of Economy and Information Technology
Jiangsu Provincial Private Science and Technology Enterprise	Jiangsu Provincial Private Science and Technology Enterprise Association

### 2025 SNS Product and Service Honours and Recognition

 <p><b>'Excellent Supplier' for 2023-2024</b></p> <p>Beijing Aerospace Petrochemical Technology &amp; Equipment Engineering Co., Ltd.</p>	 <p><b>Strategic Supplier</b></p> <p>Binhua Group Co., Ltd.</p>	 <p><b>'Best Quality Award' for 2024</b></p> <p>Sulzer Pumps (Suzhou) Co., Ltd.</p>
 <p><b>Best Supplier of the National Network of Pumps and Compressors for Petroleum and Chemical Engineering Construction for 2024-2025</b></p> <p>National Chemical Equipment Design Technology Centre / Sinopec Machinery Technology Centre</p>	 <p><b>Gold Supplier</b></p> <p>Shengyu Group Co., Ltd.</p>	 <p><b>'Excellent Supplier' for 2024 and 2025 Maintenance and Renovation from Yanshan Petrochemical Company</b></p> <p>Sinopec Beijing Yanshan Company Materials and Equipment Centre</p>
 <p><b>'Quality Service Provider' for 2025</b></p> <p>PetroChina Fushun Petrochemical Company</p>	 <p><b>Strategic Supplier</b></p> <p>CCCC Tianhe Machinery &amp; Equipment Manufacturing Co., Ltd.</p>	 <p><b>Excellent Supplier for 2025</b></p> <p>Sinopec Qilu Company Materials and Equipment Centre</p>

## 2025 SNS ESG Ratings and Honours



Sino-Securities Index Information Service (Shanghai) Co., Ltd.  
Environmental, Social, and Corporate Governance (ESG) Comprehensive Rating: AAA



Sino-Securities Index Information Service (Shanghai) Co., Ltd.  
Top 100 A-Share Listed Companies for ESG Excellence in 2025



Sino-Securities Index Information Service (Shanghai) Co., Ltd.  
Top 20 A-Share Listed Companies in the Industrial Sector for ESG Performance in 2025



Sino-Securities Index Information Service (Shanghai) Co., Ltd.  
Top 50 A-Share Listed Companies for Best Practices in the Corporate Governance (G) Dimension in 2025



Sino-Securities Index Information Service (Shanghai) Co., Ltd.  
Top 100 Sino-Securities A-Share Listed Companies for Outstanding Inaugural ESG Reports in 2025



Securities Times  
19th China Listed Companies ESG Top 100



Wind  
Wind ESG Rating Result: A Rating for 2025



Securities Star  
ESG New Benchmark Enterprise Award



Guancha.cn  
ESG Potential Award



Sichuan News Network, West China Net  
Pioneering Case in Corporate Social Responsibility

## 2025 SNS ESG Performance Highlights

### Environment

By the end of 2025,

- SNS, Sun Seals, UTEC, NDIV, and KS GmbH have obtained ISO 14001 environmental management system certification.

In 2025,

- Sunny Seal completed the grid connection and power generation of 2 MW rooftop distributed photovoltaic power project.
- Total environmental investment for the year was RMB**2.16** million.
- Renewable electricity consumption was **1,274,746.70** kWh.



### Social

By the end of 2025,

- SNS, Sun Seals, UTEC, and NDIV have obtained ISO 45001 occupational health and safety management system certification.
- SNS, Sun Seals, UTEC, NDIV, and KS GmbH have obtained ISO 9001 quality management system certification.
- A cumulative total of **362** national patents have been granted, including **65** invention patents.

In 2025,

- A total of **339** training sessions were conducted for all employees, with a total investment of RMB**445,900**.
- **0** major safety incidents
- **0** cases of occupational diseases



### Corporate Governance

In 2025,

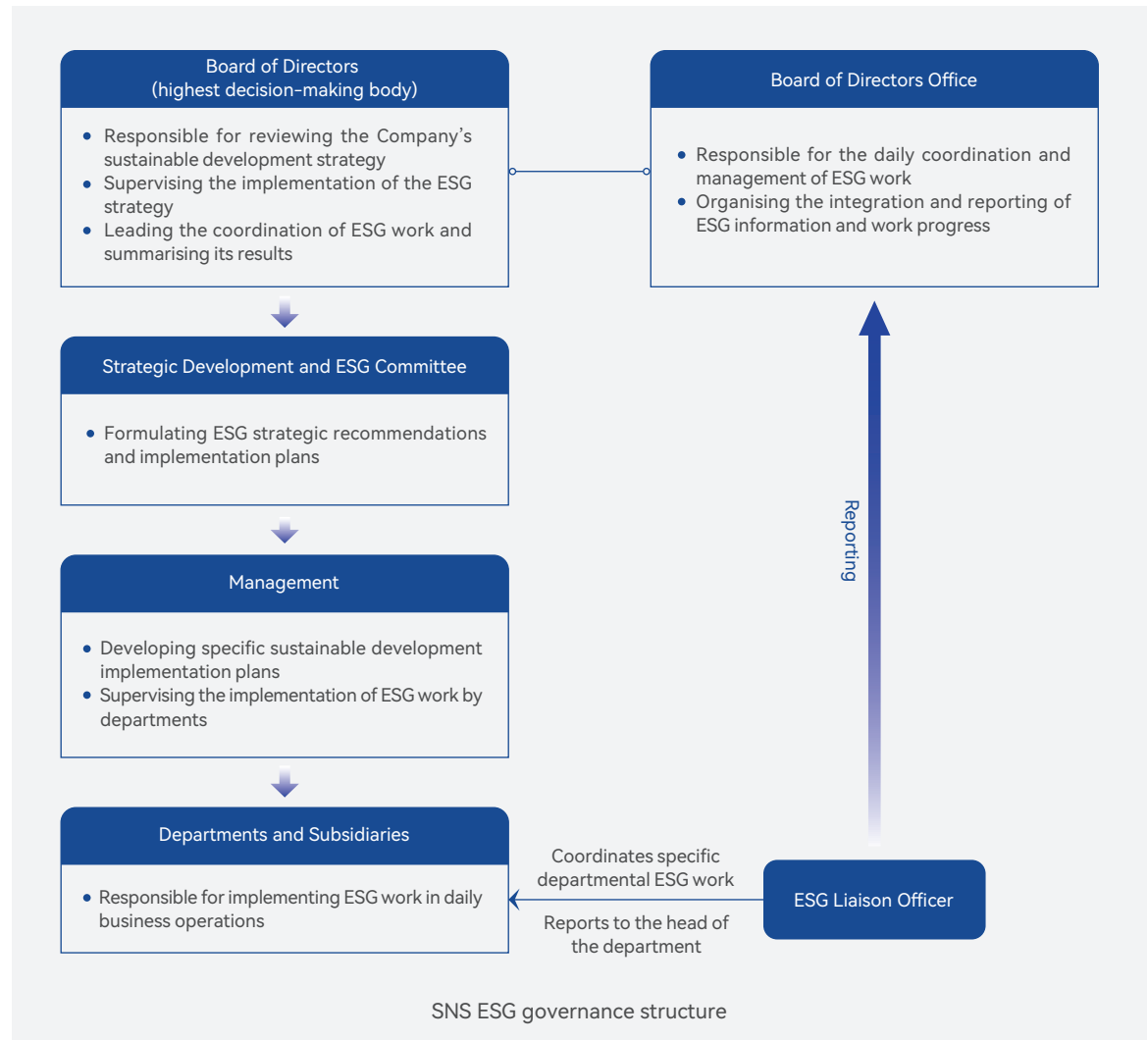
- **100%** of employees signed the *Integrity Commitment Letter*.
- **0** incidents of business ethics violations



# ESG Management








## ESG Governance Structure >>>

SNS continuously optimises its ESG governance system. During the year, building upon its existing four-tier governance structure, the Company appointed ESG liaisons in each department and subsidiary to implement and coordinate specific ESG tasks. These ESG liaisons operate under a 'dual-reporting' mechanism, reporting directly to their respective department heads and also to the ESG coordination personnel in the Board of Directors Office. This framework allows the Company's headquarters to stay informed of the latest ESG management developments, monitor the progress of various ESG initiatives, and further promote the efficient implementation of ESG work across all departments and subsidiaries. This provides a solid guarantee for the Company's sustainable development and the execution of its ESG strategy.



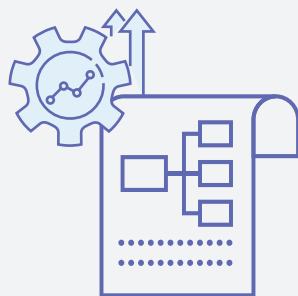
## Stakeholder Communication >>>

SNS values communication and engagement with its various Stakeholders, identifying key Stakeholders and their areas of focus, considering their feedback and opinions in the Company's decision-making and management processes, and responding to their concerns.

Stakeholders	 Government and Regulatory Authorities	 Shareholders and Investors	 Customers	 Employees	 Partners (Suppliers, etc.)	 Industry Associations/Chambers of Commerce	 Media
Topics of Concern	<ul style="list-style-type: none"> <li>• Responding to Climate Change</li> <li>• Environmental Compliance Management</li> <li>• Energy Management</li> <li>• Information Disclosure</li> <li>• Compliant Operations</li> </ul>	<ul style="list-style-type: none"> <li>• Compliant Operations</li> <li>• Market Value Management and Capital Operations</li> </ul>	<ul style="list-style-type: none"> <li>• Product Quality and Safety</li> <li>• Technological Innovation</li> <li>• Customer Service and Communication</li> </ul>	<ul style="list-style-type: none"> <li>• Occupational Health and Safety</li> <li>• Employee Employment and Rights</li> <li>• Employee Training and Development</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier Management</li> <li>• Business Ethics</li> </ul>	<ul style="list-style-type: none"> <li>• Technological Innovation</li> <li>• Circular Economy</li> <li>• Community Welfare</li> </ul>	<ul style="list-style-type: none"> <li>• Community Welfare</li> <li>• Compliant Operations</li> <li>• Information Disclosure</li> </ul>
Communication Methods	<ul style="list-style-type: none"> <li>• News Reports</li> <li>• Company Website</li> <li>• Supervision and Inspection</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholders' Meetings</li> <li>• Results Briefings</li> <li>• Information Disclosure</li> <li>• Conference Calls</li> <li>• Email</li> <li>• Online Communication Platforms</li> <li>• Investor Surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Customer Visits</li> <li>• Conference Calls</li> <li>• Email</li> <li>• Customer Satisfaction Surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Employee Representative Congress</li> <li>• Employee Satisfaction Surveys</li> <li>• Employee Forums</li> <li>• Executive Reception Days</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier Conferences</li> <li>• Company Website</li> <li>• Routine Visits</li> </ul>	<ul style="list-style-type: none"> <li>• Industry Exhibitions</li> <li>• Technology Sharing Sessions</li> </ul>	<ul style="list-style-type: none"> <li>• Company Website</li> <li>• Press Conferences</li> </ul>

## Double Materiality Assessment >>>

In 2025, SNS conducted a double materiality analysis to systematically identify and assess its key sustainable development issues by considering industry policy trends, market changes, and its own development stage; soliciting extensive feedback from internal and external stakeholders on ‘impact materiality’ and ‘financial materiality’ through online questionnaires; conducting a comprehensive analysis and prioritisation of these issues to clarify its ESG management priorities; and thus responding more effectively to stakeholder concerns and expectations.



### Step 1: Issue Identification

The Company comprehensively considered disclosure standards, macroeconomic policies, industry development trends, and its own operational characteristics to systematically review and screen potential sustainable development issues, ultimately identifying 20 ESG materiality issues closely related to its operations. The main standards and frameworks referenced include:

- Global Reporting Initiative (GRI) Standards
- Sustainable Development Goals of the United Nations (UN SDGs)
- *Shenzhen Stock Exchange Self-Regulatory Guidance No. 17 For Listed Companies—Sustainable Development Reports (Trial)*

### Step 2: Stakeholder Engagement

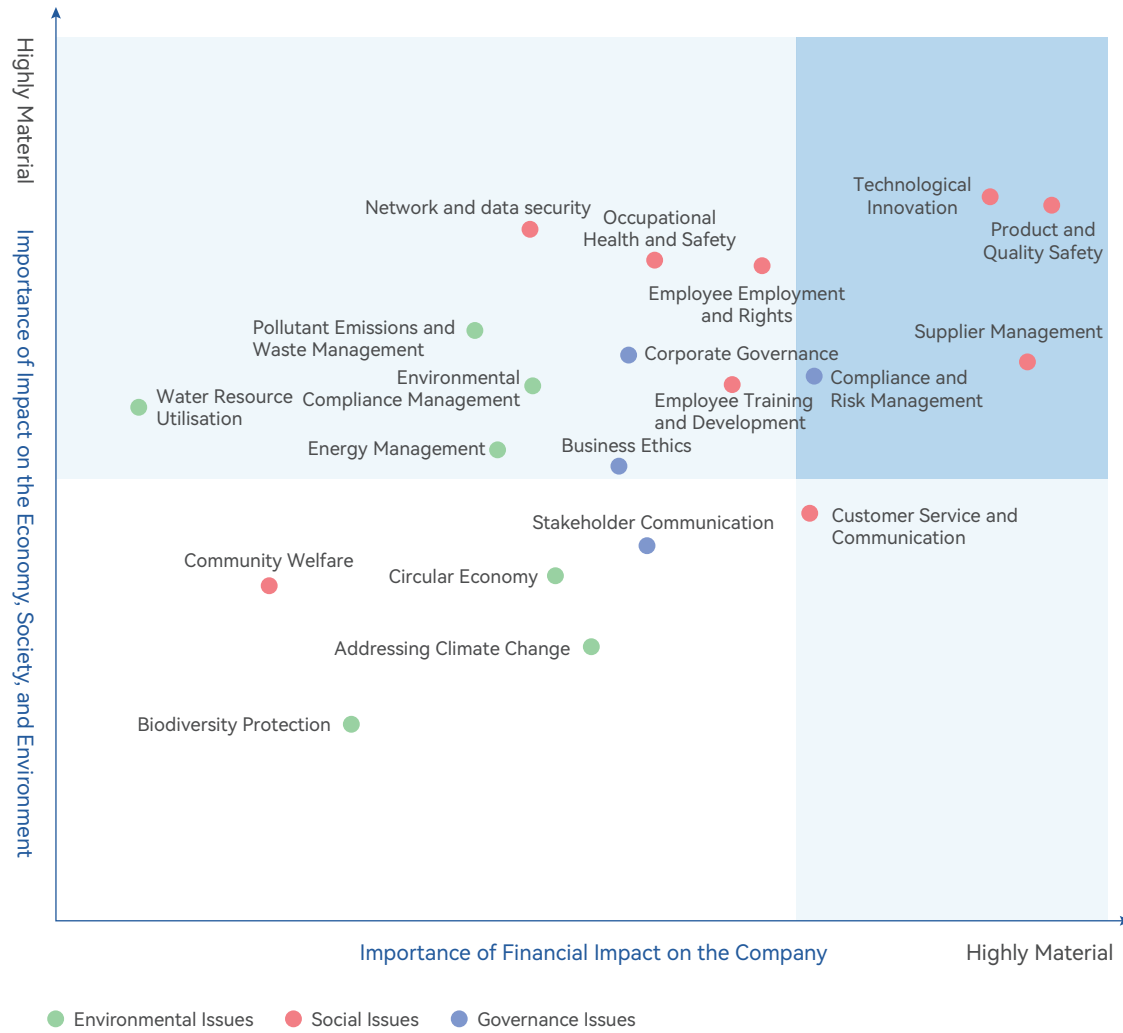
Through online questionnaires, numerous stakeholders—including government and regulatory agencies, customers, employees, partners, industry associations/chambers of commerce, and the media—were invited to participate in the assessment:

**Impact materiality:** Based on the potential positive or negative impacts of relevant issues on the economic, social, and environmental aspects of SNS, a comprehensive evaluation of issue importance was conducted using a quantitative scoring method.

**Financial materiality:** The Company’s management team provided decision-making support for subsequent issue screening and prioritisation by scoring issues from the two dimensions of their degree of financial impact on the Company and their likelihood of occurrence, based on actual operating conditions and professional judgment.

### Step 3: Double Materiality Assessment

The Company conducted a statistical and comprehensive analysis of the assessment results for impact and financial materiality, calculating the scores for each issue in both dimensions to construct the double materiality matrix.



Based on an analysis of the survey results, the materiality of each sustainable development issue has been identified as follows:

Financially Material Issues	Impact Materiality Issues	Double Materiality Issues
Product Quality and Safety	Product Quality and Safety	Product Quality and Safety
Supplier Management	Supplier Management	Supplier Management
Technological Innovation	Technological Innovation	Technological Innovation
Customer Service and Communication	Compliance and Risk Management	Compliance and Risk Management
Compliance and Risk Management	Pollutant and Waste Management	
	Environmental Compliance Management	
	Energy Management	
	Water Resource Utilisation	
	Cybersecurity and Data Security	
	Employee Recruitment and Rights	
	Occupational Health and Safety	
	Employee Training and Development	
	Corporate Governance	
	Business Ethics	

Double materiality issue matrix

For financially material issues, the Company conducts a detailed analysis of the related impacts, risks, and opportunities. Please see the table below for details:

Financially Material Issues	Main Impacts	Risks and Opportunities	Impact Period	Affected Value Chain Segment
Product Quality and Safety	<ul style="list-style-type: none"> <li>The Company's Brand Reputation</li> <li>Customer Trust</li> <li>Market Competitiveness</li> </ul>	<p><b>Risk:</b> Inadequate controls in product design, testing, or production may lead to safety incidents, product recalls, and legal litigation, thereby increasing operating costs and damaging customer trust.</p> <p><b>Opportunity:</b> Enhancing product reliability and consistency by improving the quality management system helps to retain core customers and increase pricing power.</p>	Short, Medium, and Long Term	Own Operations
Supplier Management	<ul style="list-style-type: none"> <li>Production Continuity</li> <li>Cost Control</li> <li>Delivery Capability</li> </ul>	<p><b>Risk:</b> Unstable Supplier Quality or Compliance Risks Could Lead to Production Disruptions or Delivery Delays, Driving Up Operating Costs.</p> <p><b>Opportunity:</b> Establishing stable partnerships with high-quality suppliers helps to improve Supply Chain collaboration, reduce procurement risks, and enhance overall operational efficiency.</p>	Short, Medium, and Long Term	Upstream
Technological Innovation	<ul style="list-style-type: none"> <li>Product Competitiveness</li> <li>The Company's Long-Term Development</li> </ul>	<p><b>Risk:</b> Inefficient commercialisation of R&amp;D results or inadequate protection of intellectual property (IP) may make it difficult to convert technological advantages into commercial returns.</p> <p><b>Opportunity:</b> Continuously increasing R&amp;D investment promotes the upgrading of products and processes toward high-end, intelligent, and green solutions, expands new markets and application areas, and may lead to policy or financial support by responding to national and industry innovation policies.</p>	Medium and Long Term	Own Operations, Downstream
Customer Service and Communication	<ul style="list-style-type: none"> <li>Customer Satisfaction</li> <li>Order Stability</li> </ul>	<p><b>Risk:</b> A poor customer service experience or untimely complaint handling may lead to customer attrition, affecting sales volume and long-term partnerships.</p> <p><b>Opportunity:</b> Systematically using customer feedback to optimise products and services helps to uncover potential needs, enhance customer loyalty, and expand market share.</p>	Short, Medium, and Long Term	Downstream
Compliance and Risk Management	<ul style="list-style-type: none"> <li>The Company's Operational Stability</li> <li>External Trust</li> <li>The Company's Brand Reputation</li> </ul>	<p><b>Risk:</b> Failure to promptly identify potential risks in policy and regulation, the industry environment, and business management could lead to compliance violations or unforeseen incidents, causing financial losses and reputational damage.</p> <p><b>Opportunity:</b> A robust internal control and risk management system helps to improve operational efficiency, reduce non-financial risks, and enhance investor confidence.</p>	Short, Medium, and Long Term	Upstream, Own Operations, Downstream

# Environment 01

SNS integrates the concept of green sustainability into development strategy, continuously advancing energy conservation, carbon reduction, and the intensive use of resources, while strengthening the emissions and waste management. As the Company pursues steady growth, it also fulfils environmental responsibilities, promoting the synergistic advancement of high-quality development and ecological environmental protection.

## SDGs Addressed in This Chapter



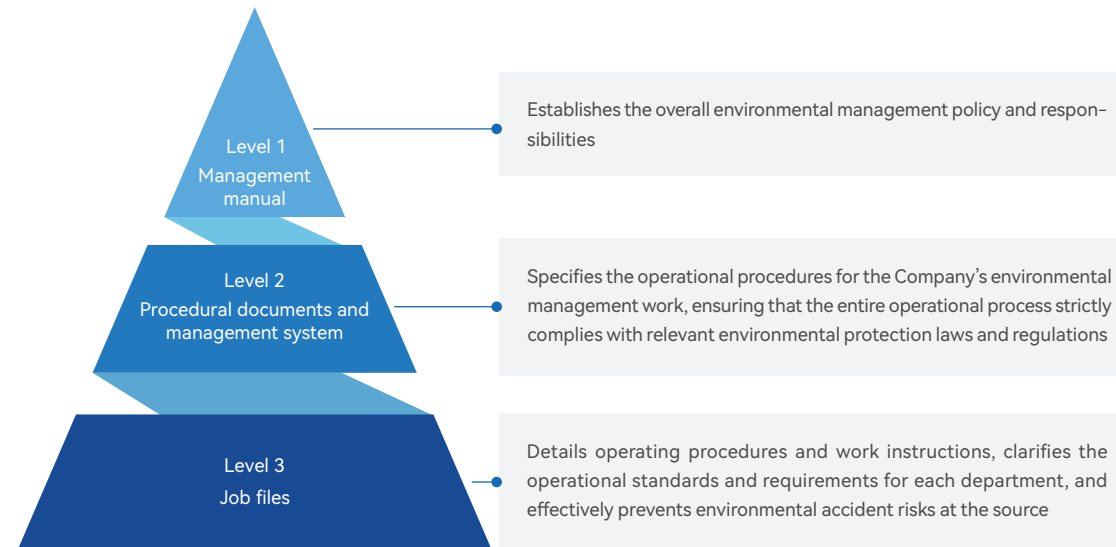
## Material issues covered in this chapter

- Environmental Compliance Management
- Pollutant Emissions and Waste Management
- Energy Management
- Water Resource Utilisation
- Circular Economy
- Addressing Climate Change
- Biodiversity Protection

# Environmental Compliance Management

## Environmental Management System >>>

SNS has established a standardised environmental management system based on the ISO 14001 standard and operational realities. The Company has formulated internal regulations such as the *Environmental Management System*, *Environmental Pollution Emergency Response Plan*, and *Environmental and Occupational Health and Safety Operational Control Procedures*, establishing a three-tiered institutional framework for EHS assurance. This framework ensures strict implementation of environmental compliance requirements throughout the entire process from production to operation. During the reporting period, the Company introduced the 'Four New' HSE Management System to further strengthen standardised control measures for various environmental risks across the full life cycle of new equipment, processes, materials, and technologies. Additionally, SNS updated multiple work instructions for waste gas treatment facilities—including those for casting, particulate matter, and rubber—thereby enhancing environmental management system.



Environmental Management Document System of SNS

Each holding subsidiary has established an environmental management organisational structure led by general manager. This structure operates under a management model where a dedicated department leads implementation and supervision, with all departments collaborating to fulfil their respective responsibilities, thereby ensuring system implementation. The effectiveness of the system is verified through internal and external audits. During the reporting period, SNS and each of its holding subsidiaries conducted at least one environmental management system audit, formulating and implementing corrective actions for any non-conformities found, resulting in a 100% rectification rate.

**Key Performance**

By the end of 2025, SNS, Sun Seals, UTEC, NDIV, and KS GmbH have obtained ISO 14001 environmental management system certification.

## Environmental Risk Management >>>

In accordance with the *Environmental Factor Identification, Hazard Assessment, and Risk Control Procedures*, the Company assesses the environmental risks in all business processes of production and operations. It formulates and implements special environmental control measures, standardises environmental testing and monitoring, and continuously improves emergency plans and drill mechanisms to ensure that environmental risks are effectively prevented and controlled.

### Environmental Factor Identification and Management

- Based on an analytical framework of '3 timelines, 3 operational states, 12 sources, and 5 impact categories', environmental impact factors are identified and evaluated annually to form an 'Environmental Factors List', which specifies significant environmental factors, pollution targets, relevant operational activities, and locations.
- For the identified risk points, control measures and management plans are developed, including emergency preparedness plans and drills, and control responsibilities are assigned by department.

### Environmental Testing and Monitoring

- The Company organises and conducts environmental monitoring, implementing standardised testing of major pollution sources and relevant environmental elements. This covers key areas such as waste gas, wastewater, and noise, providing data support for environmental management and risk prevention and control.
- Monitoring frequency, methods, and results are strictly aligned with environmental impact assessment approvals and pollutant discharge permit requirements to ensure compliance with relevant national regulations.



### Environmental Emergency Response Plan

- The Company formulates and updates the *Environmental Pollution Incident Emergency Plan*. For potential environmental risks such as chemical spills and hazardous waste accidents, the plan specifies emergency response procedures, division of responsibilities, and material supply requirements. Regular environmental risk assessments and emergency supply inventories are conducted to ensure that sudden environmental incidents are handled promptly and effectively.

### Environmental Emergency Drills

- Focusing on key environmental risk scenarios such as chemical and hazardous waste spills, the Company organises emergency drills and training in conjunction with filed environmental emergency plan. This continuously improves employees' emergency response capabilities and their ability to handle sudden environmental incidents.



Sunny Seal conducts emergency drills and training for chemical and hazardous waste spills



NDIV conducts an emergency drill for a chemical spill

### Key Performance

In 2025, SNS

Invested RMB **2.16** million in environmental protection

No major sudden environmental incidents, violations of environmental protection regulations, or administrative penalties occurred.

# Energy and Carbon Management

## Energy Management System >>>

The Company strictly adheres to laws and regulations such as the *Energy Conservation Law of the People's Republic of China* and improves energy management system with reference to standards like ISO 50001. During the reporting period, the Company successfully completed annual external audit for the ISO 50001 energy management system and has integrated the standard into comprehensive management system. This integration forms the Company's overall framework and mechanism for energy management. Leveraging the comprehensive system, the Company provides overarching guidance for managing environmental, energy, quality, occupational health and safety, and other issues throughout the manufacturing process. The Company revised and updated the *Energy Conservation and Emission Reduction Management System*, clarifying each department's responsibilities in energy management and establishing supervision, management, and incentive/penalty mechanisms for water, electricity, and gas consumption in production, daily life, and office activities.

The Company conducts supervision and inspections for energy conservation and emission reduction. Each department carries out monthly supervision and self-inspections of energy-saving efforts. Led by the Safety and Equipment Management Department, periodic and ad-hoc joint inspections are organised with various departments, and records are maintained. For any issues identified, the responsible department is required to promptly formulate a rectification plan, defining the responsible person and a completion deadline. Beyond assessments, the Company actively encourages innovative technologies and initiatives. Departments and individuals making significant contributions to energy conservation and emission reduction are recognised or rewarded accordingly to enhance the engagement of all employees in energy-saving activities.

### Key Performance

By the end of 2025, SNS has obtained ISO 50001 energy management system certification.



## Addressing Climate Change >>>

The Company continuously advances work on climate change mitigation and adaptation. It systematically identifies and assesses climate-related risks, and formulates and implements response measures to reduce the potential impact of climate risks on production and business activities.

### SNS Climate Risk and Opportunity Analysis - Physical Risks

Risk Type	Time Horizon	Risk Description and Impact	Response Measures
Extreme Heat, Extreme Low Temperatures	Short-term	May affect the physical and mental health and working conditions of employees, leading to reduced production efficiency	<ul style="list-style-type: none"> <li>Formulate the <i>Heat Emergency Response Plan</i>, clarify operating procedures for extreme weather conditions, and distribute heatstroke prevention and cold protection supplies.</li> </ul>
	Medium-term Long-term	Increased maintenance costs for temperature-sensitive equipment, cooling and heating systems, and other facilities, leading to higher energy costs.	<ul style="list-style-type: none"> <li>Strengthen routine maintenance and overhaul of equipment before weather conditions such as ice, snow, frost, and high temperatures.</li> <li>Equip with generators or add photovoltaic power generation facilities to ensure electricity supply.</li> </ul>
Extreme Precipitation	Short-term Medium-term Long-term	May cause flooding in the plant area and damage to factory facilities, leading to asset damage and production interruptions.	<ul style="list-style-type: none"> <li>Formulate a <i>Flood Prevention Emergency Plan</i>, conduct flood control inspections before the flood season, and organise emergency drills to enhance the emergency response speed of all personnel.</li> <li>Equip with emergency supplies and equipment such as sandbags, flood control barriers, flood control pumps, and water pumps.</li> </ul>
Wet Trends	Medium-term Long-term	A sustained increase in air humidity may accelerate the corrosion of metal parts of equipment, affecting production efficiency, product precision, and quality.	<ul style="list-style-type: none"> <li>Install dehumidification equipment or use moisture-absorbing materials to control the temperature and humidity in production workshops and storage spaces.</li> <li>Perform regular maintenance and overhauls of production equipment and apply anti-rust treatments to ensure they continuously meet process requirements.</li> </ul>



## SNS Climate Risk and Opportunity Analysis - Transition Risks

Risk Type	Time Horizon	Risk Description and Impact	Response Measures
Policies and Regulations	Short-term Medium-term Long-term	As national policies related to carbon emissions and energy use become stricter, the Company may face higher compliance costs for energy conservation and emissions reduction.	<ul style="list-style-type: none"> <li>Monitor changes in climate-related laws, regulations, and policies, and make advance preparations for tasks such as carbon inventories and carbon accounting.</li> <li>Promote measures such as equipment replacement and technological upgrades to reduce emissions from high-energy-consumption equipment like sintering furnaces.</li> </ul>
Technologies	Medium-term Long-term	The Company may need to increase R&D investment in energy-saving and low-carbon technologies to maintain a strong competitive position in the industry. Lagging or failed R&D could lead to consequences such as increased R&D expenses, higher production costs, and reduced product sales.	<ul style="list-style-type: none"> <li>Strengthen the development of innovative R&amp;D talent teams and project management to promote the application and transformation of R&amp;D achievements.</li> </ul>
Market	Medium-term Long-term	Climate change may increase the costs of upstream raw materials, warehousing, and logistics, impacting sales revenue or profits.	<ul style="list-style-type: none"> <li>Incorporate considerations for climate change factors into supplier management, develop scientific supplier backup and material inventory plans, and enhance supply chain resilience.</li> </ul>
Reputation	Short-term Medium-term Long-term	Stakeholders such as regulatory bodies, investors, and potential customers have increasing expectations for the Company's engagement in climate issues and information disclosure; failure to respond promptly and proactively could adversely affect the Company's reputation.	<ul style="list-style-type: none"> <li>Publicly disclose information on energy consumption and carbon emissions through formats such as ESG Reports and Annual Reports to ensure the transparency of information disclosure.</li> </ul>

## SNS Climate Risk and Opportunity Analysis - Transition Opportunities

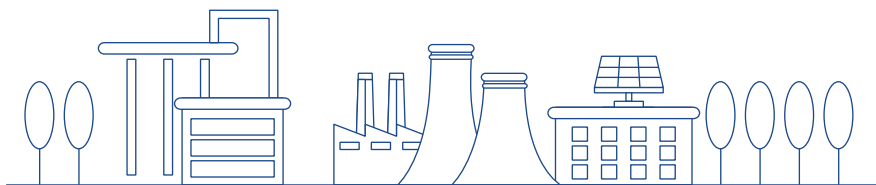
Opportunity Type	Time Horizon	Opportunity Description and Impact	Response Measures
Resource Efficiency	Short-term Medium-term Long-term	Improving energy efficiency in the Company's production and operational processes helps reduce costs while expanding production capacity.	<ul style="list-style-type: none"> <li>The Company is actively advancing the development of green factory and utilizes digital systems to enhance production and transportation efficiency.</li> </ul>
Products and Services	Short-term Medium-term Long-term	Key downstream customers are undergoing a green transformation, leading to growing demand for products with low-carbon attributes and an increase in revenue from green products and services.	<ul style="list-style-type: none"> <li>Intensify R&amp;D and innovation for green products and services, conduct product carbon footprint certifications, and enhance the competitive advantages of the Company's products in areas such as energy efficiency and recycling to win more customer orders.</li> </ul>
Energy Source	Short-term Medium-term	Increasing the proportion of renewable energy usage reduces reliance on fossil fuels and lowers related energy costs.	<ul style="list-style-type: none"> <li>Rationally plan the layout of renewable energy and increase proportion in the Company's energy mix by installing rooftop photovoltaics, procuring green electricity, and other methods.</li> </ul>
Market	Short-term Medium-term Long-term	Low-carbon products align with the global trend of green transformation in the chemical industry, which facilitates market access in overseas regions and increases sales revenue.	<ul style="list-style-type: none"> <li>Carry out product carbon footprint certification, reduce the carbon footprint per unit of product, and expand the Company's presence in overseas markets.</li> </ul>

## Energy Conservation and Consumption Reduction Initiatives >>>

The Company’s energy consumption in production and operations is primarily electricity, supplemented by natural gas and liquefied gas. We are also actively promoting self-generated photovoltaic power and green electricity procurement to increase the proportion of green energy usage. By focusing on both technology and management, we implement energy-saving technical modifications, control energy use in production and offices, improve energy efficiency, and reduce greenhouse gas emissions.



UTEC’s newly purchased oven



### Green Energy Use

- Installing photovoltaic panels on factory rooftops and replacing traditional streetlights with solar-powered ones to enhance solar energy utilisation.
- Procuring renewable energy (e.g., UTEC purchases photovoltaic green electricity, and KS GmbH purchases 100% carbon-neutral natural gas).



### Equipment Operation Management

- Formulated and implemented air conditioning temperature control standards (set no lower than 26°C in summer and no higher than 20°C in winter; not turned on if the room temperature is below 26°C in summer or above 16°C in winter). In office areas, air conditioners must be turned off if no one is present for more than 30 minutes.
- In office areas, ensure that all electrical equipment, including computers, water dispensers, air conditioners, and printers, is turned off before leaving work. We also enforce a ‘lights-off when leaving’ policy to eliminate the phenomenon of lights being left on.
- On the production site, if equipment and lighting are to be inactive for an extended period due to breaks or other reasons, their power switches should be turned off promptly.



### Energy-Saving Technological Upgrades

- Sunny Seal: Retrofitted compressed air pipelines and replaced valves to reduce the frequency of gas leaks.
- UTEC: Customised a new 4-meter vertical lathe to replace old equipment, improving work efficiency and reducing safety hazards; purchased a new 4.5-meter oven, enabling multiple large-sized products to be baked in the same furnace and boosting production efficiency.

SNS’s Energy Conservation and Emission Reduction Measures

Sunny Seal—Rooftop Distributed Photovoltaic Project

Case

In 2025, Sunny Seal constructed a new 2-megawatt rooftop distributed photovoltaic project. As of 31 December 2025, the project had generated a cumulative total of 1,158,531 kWh of electricity, equivalent to 142.38 tonnes of standard coal.



Panoramic view of Sunny Seal's rooftop distributed photovoltaic installation



Key Performance

In 2025,

SNS and all holding subsidiaries set a target for 'electricity consumption per RMB10,000 of output value not to exceed the 2024 level'. With the exception of UTEC, which slightly exceeded the target, all other companies achieved this goal.

SNS invested RMB **3,713,761.84** in energy conservation and emission reduction measures<sup>1</sup>.

Energy Consumption

In 2025,

Direct energy consumption totaled **84.52** tonnes of standard coal.

Purchased electricity amounted to **8,785,700.70** kWh, while self-generated and self-consumed photovoltaic electricity was **787,931** kWh.

Carbon Emissions

In 2025,

Scope 1 carbon emissions were **157.26** tonnes of CO<sub>2</sub> equivalent.

Scope 2 carbon emissions were **4,403.22** tonnes of CO<sub>2</sub> equivalent.

<sup>1</sup>The amount for energy conservation and emission reduction primarily covers investments in photovoltaic projects and does not include all related inputs, representing incomplete statistics.

# Emissions and Waste Management

## Pollutant Emissions >>>

SNS strictly complies with laws, regulations, and emission standards such as the *Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People’s Republic of China on the Prevention and Control of Water Pollution*, the *Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, and the *Law of the People’s Republic of China on Prevention and Control of Environmental Noise Pollution*. Through process innovation and technological upgrades, we reduce the impact of our production and operations on the natural environment. During the reporting period, UTEC revised and updated the operating procedures for treatment facilities for four types of waste gas—casting exhaust, particulate matter exhaust, rubber exhaust, and CNC machining exhaust—based on actual on-site production conditions. These updates provide detailed operational step-by-step guidance and diagrams, and clarify inspection and maintenance requirements to ensure the effective operation of the disposal facilities.

We commission professional third-party organisations annually to conduct environmental monitoring, testing emissions such as waste gas (VOCs, particulate matter, cooking fumes) and wastewater to ensure all indicators meet standard requirements. We are also subject to unscheduled supervisory inspections by regulatory authorities to strictly control our environmental emission levels. In 2025, all environmental monitoring results for SNS and holding subsidiaries complied with regulatory requirements, and all had achieved the HSE goal of ‘compliant wastewater, waste gas, and noise emissions’.



Sound-absorbing cotton on the test bench in Sun Seals’ production department



Oven in UTEC’s casting workshop connected to the waste gas disposal facility

### Waste Gas

- Sunny Seal: Replaced the secondary activated carbon in the waste gas treatment system to ensure adsorption efficiency and compliant emissions.
- UTEC: Connected the new oven in the casting workshop to the waste gas disposal facility to ensure compliant emissions.
- Sun Seals, NDIV: Added and updated dust collection equipment to centrally collect and treat welding fumes and grinding dust generated during production.
- SNS: Collects and disposes of dust and particulate matter emitted during production using equipment such as bag filters, pulse dust collectors, and cartridge dust collectors.

### Wastewater

- Strictly implements the *Integrated Wastewater Discharge Standard (GB 8978-1996)* and the stipulations of pollutant discharge permit to ensure full compliance in wastewater treatment and discharge.

### Noise

- Sun Seals: Added sound-absorbing cotton to the test bench in the production department to reduce workshop noise.
- UTEC: Built a soundproof wall in the grinding workshop to improve the working environment.

#### SNS’s Pollutant Treatment Measures

## Waste Management >>>





The Company categorises, collects, stores, and disposes of all types of solid waste in accordance with relevant national laws and regulations. It complies with the *Standard for Pollution Control on Hazardous Waste Storage*, and has formulated and continues to update the *Hazardous Waste Management System*. This system regulates the entire process of hazardous waste management, from generation and collection to storage and transfer, clarifying the responsibilities of departments that generate hazardous waste and refining the management requirements for hazardous waste entering and leaving storage. At the same time, we reduce waste generation at the source and entrust qualified third parties for collection and transport to ensure the compliant disposal of hazardous waste. During the reporting period, SNS and holding subsidiaries all achieved the management goal of ‘lawful disposal of hazardous waste as required’.

<b>UTEC</b>	Processing casting start-up discharge materials into buffer pads, reducing the amount of hazardous waste outsourced for disposal.
<b>NDIV</b>	Improving the utilisation efficiency of activated carbon in the exhaust gas disposal process to reduce the generation of waste activated carbon.
<b>Sun Seals</b>	Equipping CNC machines with oil-water separators to recycle cutting fluid by separating floating oil, thereby reducing the generation of liquid hazardous waste.
<b>KS GmbH</b>	Implementing the recovery and reuse of various components based on the principle of minimising the environmental footprint.

SNS’s Waste Reduction Measures

## Resource Utilisation

SNS adheres to the concept of sustainable development, emphasising resource conservation and recycling. The Company focuses on material reduction and circulation by promoting the conservation and recycling of raw materials, packaging materials, and office and process consumables across procurement, production, packaging, and after-sales processes. It implements measures such as process optimisation, material substitution, and reuse of consumables to continuously enhance resource utilisation efficiency.

Paperless Production	Material Substitution	Consumables Recycling	Recycling of Transport Equipment and Packaging Materials
<ul style="list-style-type: none"> <li>Strengthen employees’ awareness of resource conservation, promote paperless office and digital management measures, reduce paper usage, and streamline work processes.</li> </ul>	<ul style="list-style-type: none"> <li>Improve process routes for high-cost raw materials and optimise the structure and formula design of low-cost materials to reduce raw material consumption.</li> <li>Use flushing and cotton cloths instead of disposable paper towels to wipe polished products, reducing paper consumption.</li> </ul>	<ul style="list-style-type: none"> <li>Recycle and reuse protective consumables such as workshop safety nets, rubber mats, and foam pads.</li> <li>Recycle the outer packaging boxes of purchased parts for secondary use in the transport of outsourced and special products.</li> </ul>	<ul style="list-style-type: none"> <li>Implement centralized packaging of goods according to customer requirements to reduce the amount of packaging material used per unit of product.</li> <li>Adopt customized, reusable transport pallets in place of disposable packaging materials to reduce packaging material consumption.</li> </ul>
			

SNS Material Conservation Measures

Sun Seals—Auxiliary Material Conservation and Reuse Measures



Sun Seals actively explores the potential for resource conservation and utilisation. By equipping CNC machines with oil-water separators, it separates oil from the surface of cutting fluid, enabling the fluid to be reused and doubling the service life of the coolant.



CNC equipment fitted with an oil-water separator

Key Performance

In 2025, SNS

Consumed **106,096.58** square meters of wooden packaging materials and **15** metric tonnes of plastic packaging materials.

Additionally, we actively promote water resource management at our headquarters and subsidiaries, encouraging water conservation. Given that we are not in a high-water-consumption industry, the Company primarily focuses on water control in processes such as testing and cleaning, identifying and implementing recycling measures. At the same time, we conduct routine inspections of our entire production and operational environment to prevent leakage and waste, and we promote a culture of water conservation.

NDIV—Oil Separation Treatment and Recycling of Pressure Testing Water



During the valve pressure testing process, oil enters the test water reservoir along with the pressure testing water, which can easily lead to the accumulation and emulsification of floating oil, affecting the continuous use of the test water. By configuring a float ball device, a water pump, and a three-stage oil separation and filtration tank, NDIV implements periodic pumping and oil separation treatment of the test water. This effectively reduces the amount of floating oil in the reservoir and improves the reuse level of pressure testing water.



Oil separation treatment unit



### Sun Seals—Recycling of Maintenance and Cleaning Wastewater

Case

Sun Seals has built a wastewater treatment system in maintenance area to perform harmless treatment of the cleaning wastewater generated during maintenance processes. The entire operation is standardised to ensure the wastewater meets standards for recycling and reuse, achieving both environmental and energy-saving benefits.



Wastewater treatment facility in the maintenance area

## Ecological Protection

We place a high value on operational compliance and biodiversity protection. In accordance with regulations such as the *Environmental Impact Assessment Law of the People's Republic of China*, we conduct ecological impact assessments to avoid or mitigate impacts on the ecological environment and biodiversity, control the ecological footprint from production and construction activities to the greatest extent possible, and maintain the ecological balance of project sites. The Company's production and operational sites are mostly located in industrial parks and do not involve statutory ecological protection areas, important habitats, or other ecologically sensitive areas.

During the planning, development, and construction of the new SNS office building, the Company followed basic principles of adapting to local conditions, prioritising ecology, and ensuring landscape harmony, in accordance with requirements such as the *Evaluation Standard for Green Building* and the *Technical Guide for Sponge City Construction—Low-Impact Development of Stormwater Systems (for Trial Implementation)*.

During the design phase of the new SNS office building, we aimed to reduce, purify, and utilise rainwater at source. We integrated sponge city concepts and ecological protection requirements into the construction plan, prioritising the use of green rainwater facilities and reducing the use of gray infrastructure. The Company selected technical measures and materials that were reasonable in construction cost, convenient for operation and maintenance, and conducive to water conservation. We also optimised the structure, function, and layout of facilities based on local climate and hydrogeological conditions to reduce construction and subsequent operational difficulties, thereby earnestly fulfilling our ecological protection responsibilities.

# Social

# 02

SNS integrates the concept of social responsibility into its corporate operations and business development, and is committed to creating a fair, mutually trusting, and healthy development environment for its employees, partners, and all social stakeholders. Through systematic management and measures, the Company continuously deepens its social responsibility practices, contributing long-term value to high-quality corporate development and social progress.

### SDGs Addressed in This Chapter:



### Material topics covered in this chapter:

- Product Quality and Safety
- Technological Innovation
- Employee Employment and Rights
- Employee Training and Development
- Occupational Health and Safety
- Customer Service and Communication
- Supplier Management
- Network and Data Security
- Community Welfare



# Product Quality and Safety

SNS has established a product quality management system based on high standards, integrating quality risk control throughout the entire product lifecycle. This ensures consistency from product R&D and manufacturing to after-sales service, fully embeds quality control requirements into operational practices, and continuously promotes dual improvements in product quality and customer service.

## Governance >>>

SNS has built a scientific and standardised quality management system in accordance with authoritative domestic and international quality management standards, clarifying uniform basic requirements for quality management. It has established a quantifiable quality objective system centred on core indicators such as product qualification rate, test qualification rate, on-time order delivery rate, failure rate, and quality cost loss rate. Each subsidiary, based on its specific business and production processes, has formulated and continuously revised procedural documents such as the *Integrated Management Manual*, the *Management System for Product Certificates of Conformity*, and the *Control Procedure for Product Identification and Traceability*. This creates a systematic and implementable system of management documents, ensuring that quality requirements are integrated into all stages, including R&D, procurement, production, inspection, and service.

At the holding subsidiary level, the Company has clearly defined the division of responsibilities for quality management. The general manager of each holding subsidiary is responsible for quality management and appoints a deputy general manager as the management representative to ensure the effective operation of the management system. A dedicated quality assurance department has been established to promote and implement the Company's quality objectives and to supervise relevant departments or personnel in technical, procurement, inspection, and assembly to carry out their daily work in accordance with quality standards.

As of the end of 2025, SNS has obtained ISO 9001 Quality Management System Certification, API Spec Q1 Certification, and ASME (American Society of Mechanical Engineers) Certification. It also holds the National Special Equipment Production License. The Company ensures the effective operation and continuous improvement of its quality management system through internal audits, management reviews, and third-party certifications.

## Strategy >>>

The Company's quality policy is 'Integrity, high quality, service, and improvement', emphasising both proactive prevention and post-event management of quality risks. The Company compiles and analyses core quality indicators monthly to identify actual or potential quality issues. It prepares a risk assessment table annually, quantitatively scoring the frequency and severity of risks, and dynamically updates and optimises it quarterly to achieve systematic screening. Through internal self-inspection mechanisms, as well as quality-themed meetings at subsidiaries, customer feedback analysis, and pre-process discussions, we research and determine targeted measures for quality risk control to ensure product quality.



Type of Quality Risk	Specific Risk Description	Main Response Measures
Supply Quality Risk	Products supplied by vendors have appearance quality issues such as burrs and scratches, which affect overall product quality and customer perception.	<ul style="list-style-type: none"> <li>Organise special meetings to formulate and unify clear cosmetic quality standards and inspection requirements;</li> <li>Strengthen appearance quality audits, training, and on-site guidance for suppliers;</li> <li>Conduct monthly special inspections of product appearance and labelling.</li> </ul>
Special Process Risks	Improper operation during special processes, such as the hoisting of stainless steel, may cause internal damage or hidden defects, affecting product reliability.	<ul style="list-style-type: none"> <li>Develop specialised operating procedures for special processes and conduct special skills training for employees in relevant positions (e.g., welders, assemblers);</li> <li>Strengthen quality supervision to enhance employee awareness of special process quality.</li> </ul>
Standards and Compliance Risks	Customers for international and high-end projects have extremely stringent requirements; any inconsistency in standards or deviation in understanding can easily lead to non-conforming products.	<ul style="list-style-type: none"> <li>Formulate new and more stringent inspection procedures and processes for new and international projects;</li> <li>Assign dedicated personnel to be responsible for products in key projects and standardise the operating requirements for specialised equipment.</li> </ul>

Product quality risks and countermeasures

## Impact, Risk, and Opportunity Management >>>

SNS focuses on quality risk control throughout the entire product lifecycle by revising institutional documents, unifying product standards, and embedding quality requirements into information systems like ERP and OA to prevent quality issues through standardised management; simultaneously, departments such as quality, technology, and manufacturing collaborate to develop improvement measures, enhancing the efficiency of quality risk response. The Company continuously improves its quality management level through internal special training, introducing external experts, and learning from advanced manufacturers, and it strictly implements closed-loop management for any quality issue—from analysis and correction to prevention—to promote the continuous improvement of its quality management system.

## Quality Management Process

The Company has formulated detailed internal operating specifications and procedural documents for each stage, including design and development, production and manufacturing, testing and inspection, and assembly and delivery, clarifying the key points of quality control at each step. For example, to ensure accuracy in the product inspection stage, the Company strictly implements the *Inspection and Test Control Procedure*, equipping itself with numerous precision instruments, measuring tools, and testing equipment to monitor and control key parameters in real-time. The Company has established a daily management and periodic calibration mechanism for inspection, which is handled by company-level and department-level metrologists, supplemented by outsourced testing, unified quarterly inspections, and regular monthly physical and chemical tests, to ensure all instruments and equipment are in good working condition.

During the design stage, the Company organises special meetings to unify key quality standards and establishes special management groups to track the entire process, ensuring the precise implementation of customer requirements. The respective responsible departments control quality in the subsequent stages of manufacturing, testing and inspection, and assembly and delivery, which includes optimising supplier management, product identification, order tracking, and the handling of non-conforming products, thereby providing end-to-end product quality assurance through quality training and the application of information technology.

Quality management process

**Design Planning:** The technical department is responsible for design and development planning, determining design stages and control measures, including design review, verification, and validation activities.

**Design Input:** Clearly define design requirements, including customer needs, legal and regulatory requirements, and applicable standards.

**Design Output:** Ensure design outputs meet input requirements, including product specifications, drawings, and process documents.

**Design Review and Verification:** Ensure the design meets specified requirements through internal reviews and verification.

**In-Process Inspection:** Conduct inspections and tests during the production process to ensure products conform to design and process requirements.

**Final Inspection:** After production is complete, conduct final inspections and tests to confirm that the product meets acceptance criteria.

**Non-Conforming Product Control:** Identify, segregate, and review non-conforming products, and take corrective actions.

**Production Planning:** Plan the production process, including resource requirements, process documents, and inspection and testing requirements.

**Production Control:** Strictly follow process documents and work instructions during production to ensure the process is under control.

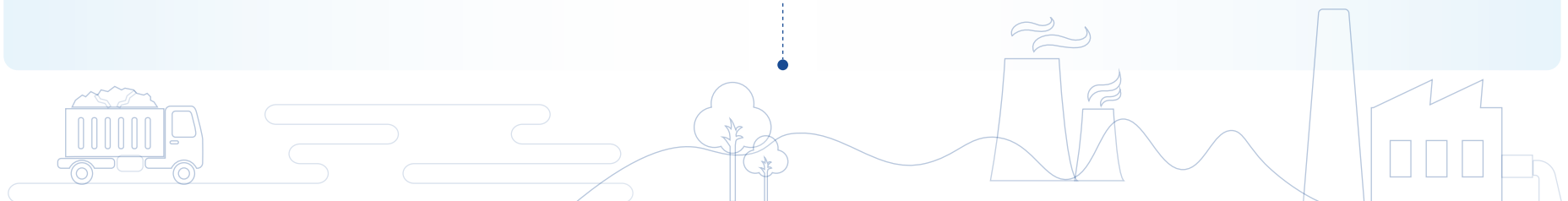
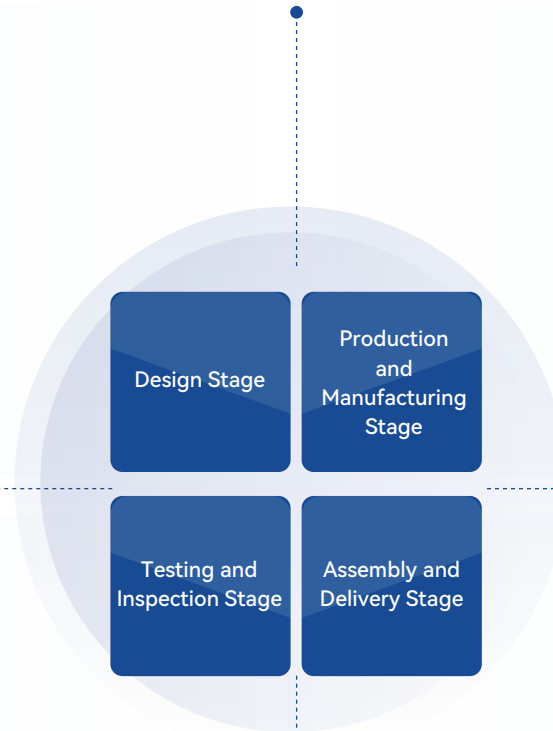
**Identification and Traceability:** Establish a product identification and traceability system to ensure product uniqueness and traceability throughout the production process.

**Preventive Maintenance:** Perform preventive maintenance on production equipment to ensure its normal operation.

**Assembly Control:** Control the assembly process to ensure assembly quality meets requirements.

**Product Protection:** Protect products before delivery, including packaging, handling, and storage, to ensure they are not damaged.

**Post-Delivery Activities:** Provide necessary after-sales services, including product installation, commissioning, and repairs.



## Building a Quality Culture

The Company builds an all-employee quality culture through regular quality training and awareness-raising activities. In 2025, we continued to organise special training sessions to enhance quality management capabilities, covering topics such as zero-defect quality management, changes to the API Q1 10th edition standard and key audit points, and quality leadership. Concurrently, the Company conducted professional training activities, including annual inspector training, a company-wide quality knowledge competition, quality inspection skills competition, and CMM inspection skills training, to strengthen employees' understanding of specific quality processes and skill levels, transforming product quality requirements into vivid, scenario-based experiences and effectively raising employee quality awareness.

The Company also extends its quality training to supply chain partners. By organising special supplier training events, it provides guidance on suppliers' product dimensional control, appearance standards, and on-site management to ensure quality requirements are unified. Through regular quality-themed meetings and sharing sessions on international project experiences, the Company not only continuously enhances the reliability of its products but also effectively promotes the deepening of its all-employee quality culture.



Quality knowledge competition



Quality inspection skills competition

SNS 'Quality Month' campaign drives an upgrade in the all-employee quality culture

Case

To deepen the concept of product quality, SNS successfully held a 45-day 'Quality Month' campaign from September to October 2025. This campaign, themed 'Promoting Improvement Through Full Participation, Focusing on Pain Points for Radical Cures, and Co-creating an Ecosystem of Excellence,' was guided by the core principles of 'setting goals, setting plans, and assigning personnel' and followed an implementation path of 'training, competing, inspecting, and summarising,' featuring a variety of activities such as an online quality knowledge quiz, special training sessions, improvement seminars, 'Lateral Thinking' case simulations, quality-themed micro-video creation, and keynote speeches to foster a strong quality culture atmosphere.



SNS 'Quality Month' campaign awards ceremony

SNS organised a quality communication meeting to jointly build a supply chain of excellence

Case

To solidify the quality foundation of the supply chain, SNS and Sunny Seal held a quality communication meeting for machined parts in September 2025, attended by representatives from over ten core suppliers. This meeting, centred on being data-driven and unifying standards, aimed to deeply integrate the Company's quality requirements into the upstream supply chain.

The communication meeting analysed the specific quality data and typical defect cases of each supplier over the past two years, shifting the focus of quality from post-inspection to pre-prevention. It also facilitated face-to-face discussions on details such as product drawings, technical standards, process flows, and quality control points, thereby clarifying the direction and goals for quality improvement.



On-site discussion at the machined parts quality communication meeting

## Product Recall Management

The Company has formulated management systems such as the *Non-Conforming Product Control Procedure* and the *Defective Product Traceability and Recall System* to build a closed-loop management system that covers defect identification, recall initiation, defective product handling, and recall prevention, thereby maximising the protection of customer safety and rights, controlling product quality risks, and continuously improving its recall contingency plans to strengthen response capabilities.

### Identification

- The Sales/After-Sales Department is responsible for receiving and promptly reporting customer feedback on defective products.
- The Quality Assurance Department organises relevant departments to analyse the cause of the feedback, assess the issue, implement improvement measures, and determine whether a recall is necessary.

### Initiation and Implementation

- For products confirmed to have defects and requiring a recall, the Quality Assurance Department is responsible for formulating a defective product recall plan, which is then implemented by the relevant departments upon approval.

### Handling of Defective Products

- The responsible department formulates a handling plan for the recalled products, which is implemented after approval. The Quality Assurance Department supervises the handling process of the defective products.

### Recording and Prevention

- Records of the recall and handling process will be fully retained, including the reason for the recall, the measures taken, and the results.
- Preventive measures are taken to avoid the recurrence of similar issues, ensuring customer satisfaction and product safety.

Product recall process

## Indicators and Targets >>>

The Company sets multi-level, quantifiable annual quality and safety targets to drive continuous improvement in product quality and safety. Among these, SNS has established 11 company-level targets related to product quality and service, which the Company then breaks down and assigns to various departments, forming the quality targets for which each department is responsible. Each holding subsidiary formulates its own relevant quality targets based on its functions and business characteristics, referencing the requirements of SNS. These quality targets include key performance indicators such as customer satisfaction, first-pass yield, and on-time order completion rate. The setting of product quality targets follows the principle of annual signing and monthly tracking to ensure continuity in target management. In 2025, SNS and Sun Seals achieved their company-level quality targets for the year, while other holding subsidiaries substantially met their respective annual company-level quality targets.

Relying on its outstanding product quality, reliable services, and leading manufacturing capabilities, the Company has earned high recognition from customers, the industry, and the government. In 2025, it was honoured with the Sichuan Province ‘Tianfu Famous Brand’ certification, showcasing the Company’s strength in digital and intelligent manufacturing.



SNS obtains Sichuan Province’s ‘Tianfu Famous Brand’ certification

## R&D and Innovation

SNS systematically plans its R&D and innovation path—from basic materials research to cutting-edge application scenarios and from single products to smart services—based on four dimensions: vertical technological deepening, horizontal system integration, intelligent digital empowerment, and a green ecosystem layout. The Company has established an R&D and innovation management system covering the entire project lifecycle. Through systematic technological breakthroughs and an intellectual property strategy, it continuously promotes industrial technological progress and enhances its innovation capabilities.

### Governance >>>

SNS has established an enterprise technology centre within the Company, with a Technology Centre Committee composed of technical experts from its headquarters and various holding subsidiaries. This committee implements full lifecycle management for R&D projects, from feasibility assessments for project initiation to key technological breakthroughs and final acceptance reviews. Leveraging multiple specialised R&D teams, the Company’s scientific research activities broadly cover basic theoretical research and cutting-edge product applications, constantly seeking industry breakthroughs.

The Company has established an R&D assessment and incentive system to enhance R&D efficiency, protect innovative achievements, and stimulate the long-term potential of technical talent. We conduct performance evaluations for internal R&D projects, providing rewards to project teams with outstanding results, and have set up special achievement awards for projects and teams that obtain nationally authorised patents. In 2025, the Company formulated the *Administrative Measures for Talent Project and Scientific and Technological Progress Award Incentive Funds* to further clarify the incentive conditions and standards for scientific research achievements. This move aims to motivate employees to participate in talent project applications and science and technology innovation activities, thereby promoting talent development and technological innovation.

The Company places great importance on protecting innovative achievements and managing intellectual property. It employs full-time IP management personnel to monitor the latest developments in policies, regulations, industry trends, and peer enterprises to prevent internal and external infringement risks. During the reporting period, we optimised policy documents such as the *Intellectual Property Management Policy* and the *Administrative Measures for Patents and Software Copyrights* to enhance the refinement of approval and management processes.

## Strategy >>>

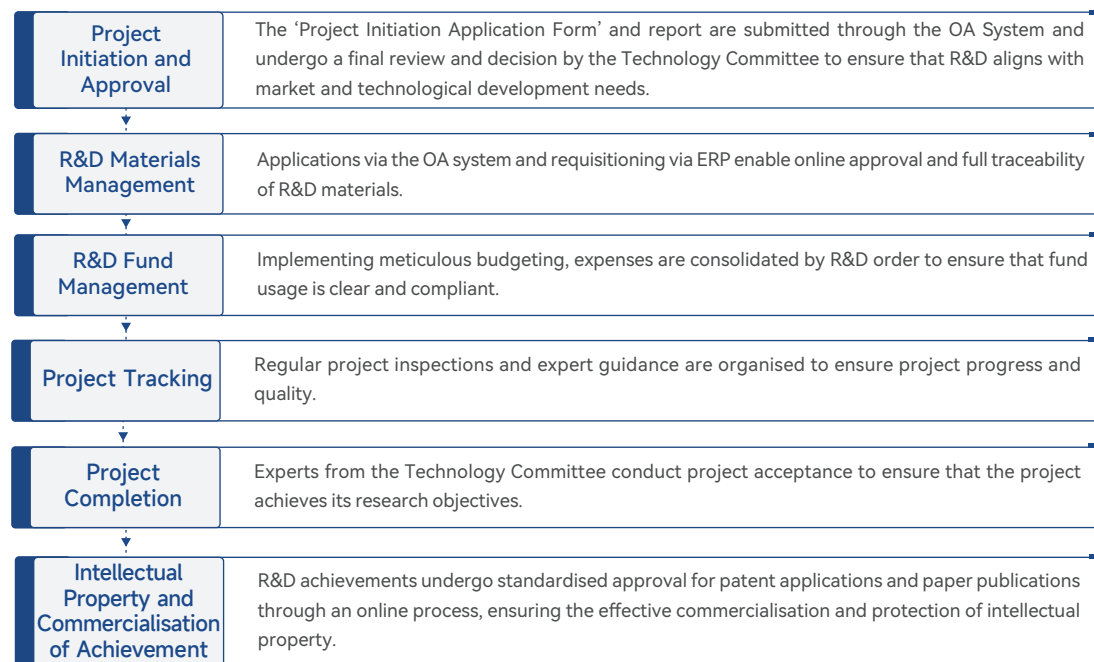
SNS adheres to a core product value of ‘Reliable + Advanced’. Through lean research on common technical details, interdisciplinary integration, and AI-powered intelligent empowerment, the Company drives product upgrades with technological innovation and collaboratively leads industry technology.



## Impact, Risk, and Opportunity Management >>>

### R&D Management Process

SNS has formulated the *Scientific Research Project Management System* to manage the quality of the entire R&D process through project initiation reviews, project execution progress tracking, and project completion acceptance reviews. During the initiation and acceptance phases, all members of the Technology Committee participate in the review to ensure that feasibility is fully demonstrated at the project’s outset and that research outcomes are substantively verified upon completion, thereby controlling the quality standards and compliance boundaries of R&D activities. In 2025, the Company successfully implemented the online management of its R&D process, incorporating key stages—from project initiation, mid-term inspections, and record evaluation to final acceptance—into a digital management platform. This enables real-time monitoring and traceability management of R&D progress, resource allocation, and key decision-making points.



R&D management process

### Green Technology R&D

The Company actively responds to the national ‘dual carbon’ strategy and integrates sustainable development concepts into its core technology and product innovation practices. It focuses on two aspects: developing products and service solutions, and expanding applications in green, low-carbon industries to support the green transformation of the chemical and energy sectors.

#### Green Products and Service Solutions

**Design Optimisation:** Independently researching and preparing diamond seal coatings to enhance product anti-friction performance through material innovation; applying precision design technology to sealing faces to finely control the performance of friction pairs and reduce frictional heat; applying advanced groove design technology to mechanical seal faces to significantly reduce operational energy consumption.

**Technological Breakthroughs:** Successfully developed high-parameter dry gas seals capable of withstanding pressures of up to 40MPa, speeds of up to 40,000rpm, and diameters of up to 400mm; upgraded mechanical seal solutions for 12MPa pipeline oil pumps and high-temperature, high-pressure boiler feed water pumps in ultra-supercritical power plants; and continued research on high-pressure, low-power consumption sealing technology to reduce equipment energy consumption and media leakage.

**Intelligent Technology:** Completed the upgraded development of the SIMS intelligent monitoring system and launched the SIMS 2.0 product solution to enable predictive maintenance, ensuring safety and environmental protection requirements are met during the product use phase.

#### Low-Carbon Industry Application Scenarios

Applying sealing technology to emerging green and low-carbon fields such as nuclear power, energy storage, and natural gas pressure differential power generation.

**SIMS 2.0 intelligent monitoring system: Empowering industrial energy conservation and emission reduction with digital and AI technologies**



The seal intelligent monitoring system (SIMS) 2.0, independently developed by SNS, is a prime example of the Company's green innovation, driven by digital and artificial intelligence technologies to promote industrial energy conservation and source emission reduction. This system aims to address the industry pain point in process industries where the status of rotating equipment seals is unknown, and sudden failures lead to media leakage and energy waste. It achieves full lifecycle health management and smart operation and maintenance for seals. The system's core technical indicators have reached a leading level in the industry, and it is currently supplied to enterprises such as PetroChina, Sinopec, CNOOC, and PipeChina.

The successful application of SIMS 2.0 marks a key transformation for SNS from a parts supplier to an intelligent and green integrated service provider, offering a practical technological path for the industrial sector to achieve the 'dual carbon' goals.



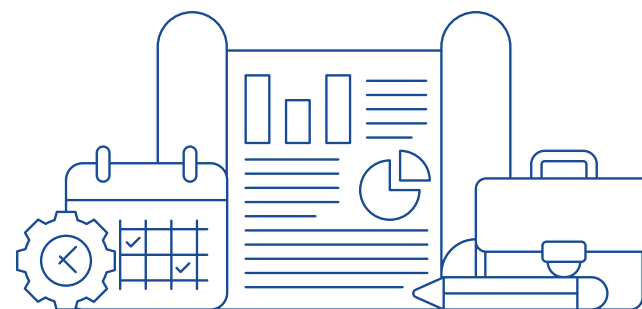
SIMS 2.0 intelligent monitoring system

**Natural gas pressure differential power generation technology supports cascaded energy utilisation and low-carbon transformation**



In active response to the national 'dual carbon' strategy and to promote comprehensive energy utilisation, SNS has successfully developed and applied a high-speed, high-parameter dry gas seal solution for expansion turbines since 2023, targeting the energy-saving technology of pressure differential power generation in natural gas transmission and distribution.

Leveraging its technological expertise in the field of dry gas seals, SNS has developed sealing products that meet extreme operating conditions. To date, the Company has provided core sealing solutions for several key national pressure differential power generation projects, including the Naxi Station of PetroChina Southwest Oil & Gasfield Company, Jiangsu Rudong Haimen Station, Chongqing Tongluxia Station, and the CNOOC Fujian LNG project. The successful application of this solution directly supports the safe commissioning and stable power generation of these projects, converting previously wasted pressure energy into clean electricity. This effectively enhances comprehensive energy utilisation efficiency and provides solid technical support for achieving significant 'low-carbon benefits', serving as a model of the Company's commitment to the national green energy strategy.



## Intellectual Property Protection

The Company values intellectual property protection and patent lifecycle management. During the early stages of R&D project initiation or new product development, it conducts thorough market research and patent searches to avoid infringing on the intellectual property of others. In the patent application and maintenance phases, professional external agencies are engaged to provide guidance and protect the Company’s intangible assets. During the reporting period, the Company conducted multiple specialised training sessions on domestic and international invention patent applications to improve the quality of filings, protect core technological achievements, and enhance awareness and capabilities in intellectual property protection.

### Exploratory Research on Forward-Looking Technologies

Signing non-disclosure agreements with R&D personnel to strictly protect technical information and prevent the premature leakage or misuse of technological achievements.

### Undisclosed Reserve Technological Achievements

We adopt a dual protection method of ‘patents + technical isolation’ to ensure the uniqueness and competitiveness of our technologies in future applications.

### Applied Innovative Achievements

We actively apply for patents, using legal means to ensure the exclusivity and market advantage of our innovative technologies and to prevent imitation or infringement by others.

Intellectual property protection strategy

SNS conducts training on invention patent applications to strengthen its global IP layout



In September 2025, SNS conducted the ‘Specialised Training on Domestic and International Invention Patent Applications’. This training focused on core topics such as domestic and international invention patent application procedures, PCT international layout, and claims drafting. It combined these with the technical characteristics of the mechanical seals industry to effectively enhance the capabilities of R&D personnel in patent mining and layout, supporting the global protection of the Company’s core technologies.

## Industry Technical Exchange

SNS is deeply involved in and actively leads the development of the industry ecosystem, engaging in exchanges and sharing with partners such as academic institutions, upstream and downstream enterprises, and industry organisations to jointly promote industry innovation and development. The Company has established industry–university–research partnerships with universities including Tsinghua University, Xi’an Jiaotong University, and Xihua University. Leveraging research platforms like the national postdoctoral research workstation and the Chengdu Academician (Expert) Innovation Workstation, it achieves high-level resource sharing and co-creation of technology. The Company is also active in authoritative domestic and international industry exhibitions and academic conferences, conducting extensive dialogues with industry experts, peers, and upstream/downstream partners to grasp the frontiers of R&D and application trends and share its innovative practices with an open attitude.



## SNS's Exhibition Attendance in 2025

Attending Unit	Date	Exhibition Name
NDIV	April 2025	The 8th China International Pipeline Conference (CIPC)
Utec	September 2025	Indonesia International Construction Machinery Exhibition
Utec	September 2025	Australia International Mining Exhibition
Utec	October 2025	China Coal & Mining Expo 2025
Utec	October 2025	2025 Asia International Power Transmission and Control Technology Exhibition
SNS	June 2025	2025 Blue Bee Exhibition
SNS	September 2025	The 4th EPEC Exhibition

## SNS's Attendance at Academic Conferences/Technical Exchange Meetings in 2025 (Selected)

Attending Unit	Date	Conference Name
SNS	April 2025	Group Standard Review and Project Establishment Seminar of the China Petroleum and Chemical Industry Survey and Design Association
SNS	May 2025	The 16th Petro-chemical Equipment Maintenance Technology Symposium (Jinniu District, Chengdu)
SNS	July 2025	The 4th Annual Conference on Refining and Chemical Equipment Management Technology and 2025 Rotating Equipment Management Technology Exchange Conference
SNS	August 2025	Seminar on the Revision of 2 Industry Standards, including <i>Agitator Transmission Devices—Mechanical Seals</i>
SNS	September 2025	Annual Meeting and Academic Symposium of the Fluid Engineering Division of the Chinese Mechanical Engineering Society
SNS	October 2025	The 3rd Session of the 1st Council of Mechanical Seals Branch of China Hydraulics Pneumatics and Seals Association & The 6th Working Meeting of the 3rd National Technical Committee on Mechanical Seals
SNS	October 2025	The 5th Session of the 8th Council (Expanded) of China Hydraulics Pneumatics and Seals Association & HPS Expert Presentation Conference
SNS	November 2025	The 15th National Academic Conference on Gas Lubrication and Dry Gas Seals

### UTEC's technical exchange with Qingdao University of Science and Technology

Case

To overcome technical bottlenecks in high-end rubber and plastic sealing materials, UTEC formally established a industry-academia-research partnership with the College of Polymer Science and Engineering at Qingdao University of Science and Technology in 2024 to jointly conduct project R&D and promote the cultivation of outstanding engineering talent.

On September 5 and November 22, an expert team from the university conducted specialised training for UTEC's technical personnel on rubber bonding and mixing processes, closely integrating theoretical principles with practical solutions to directly help resolve production pain points. Through this deep integration of industry, academia, and research, UTEC achieved a win-win outcome of key technological breakthroughs and innovative talent cultivation, effectively enhancing the enterprise's core competitiveness in the high-end sealing materials sector.



Technical exchange meeting between UTEC and Qingdao University of Science and Technology

### SNS and Yangnong Group sign a strategic cooperation agreement to set a new benchmark for safety and technological innovation

Case

In April 2025, SNS and Yangnong Group formally signed a *Strategic Cooperation Agreement*, marking the upgrade of their relationship from a traditional supply-demand dynamic to a deep strategic alliance centred on tackling key technologies and co-creating an ecosystem. Based on the principles of 'equality and mutual trust, mutual benefit, and common development', this cooperation involves in-depth collaboration in core areas such as supply chain synergy, localisation initiatives, and integrity building, aiming to create a new model for the integrated development of high-end equipment manufacturing and the chemical industry and provide innovative solutions for the long-term, stable operation of facilities.

Both parties are committed to the intelligent and green, low-carbon transformation of the industrial chain, contributing innovative strength to sustainable development in the industrial sector. This collaboration not only provides a new paradigm for building healthy, transparent, and sustainable supply chain relationships in the industry but also, through deep integration of the industrial chain, injects innovative impetus for China's high-end equipment to break through international barriers and for global industrial sustainable development.



Signing ceremony for the strategic cooperation agreement between SNS and Yangnong Group

Key Performance

In 2025, participated in drafting **1** national standard and **3** industry standards

Key Performance

In 2025, SNS

R&D investment: RMB **89,791,800** R&D investment ratio: **5.08%**

Number of R&D personnel: **262** R&D personnel ratio: **15.01%**

Patent applications: **31** Patents granted: **38**

Valid patents: **201** Invention patent applications: **14**

Invention patents granted: **17** Valid invention patents: **64**

Indicators and Targets >>>

As one of the first batch of specialised, refined, unique, and innovative ‘Little Giant’ enterprises recognised by the Ministry of Industry and Information Technology, the Company continuously invests in independent technological innovation, leveraging platforms such as the national enterprise technology centre and the national postdoctoral research workstation to tackle challenges in major national equipment and constantly consolidate its technological advantages. During the Reporting Period, two major technical achievements in which the Company participated—the Split Dry Gas Seal System for Large-Scale Ethylene Plant Extruder-Pelletizers and the High-Parameter Mechanical Seals for Petrochemical Equipment—received the ‘Second Prize for Science and Technology Progress of the Sichuan Provincial Machinery Industry’ and the ‘Second Prize for Science and Technology Progress of the China Machinery Industry,’ respectively.



Second Prize for Science and Technology Progress of the Sichuan Provincial Machinery Industry



Second Prize for Science and Technology Progress of the China Machinery Industry

# Customer Service

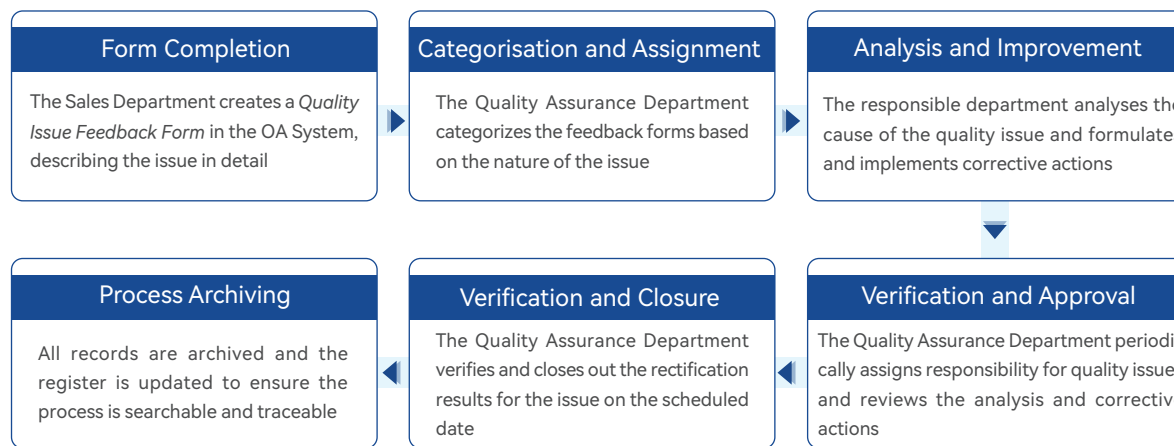
SNS adheres to the philosophy of ‘technology-driven market leadership, service-backed customer loyalty, quality-defined brand excellence’. The Company has established standardised service criteria and processes, and is dedicated to providing customers with satisfactory product delivery and experiences, thereby continuously strengthening its competitiveness.

## Governance >>>

SNS has built a customer service management system that spans the entire chain of pre-sales, in-sales, and after-sales services. The Company has established clear cross-departmental collaboration mechanisms, led by the quality department with the joint participation of sales, technical, manufacturing, and other departments, to ensure customer feedback is efficiently identified and resolved in a closed loop. The Company has formulated customer service management policies such as the *Quality Feedback Handling System* and *Service Activity Control Procedures* to comprehensively standardise and proceduralize customer service requirements, clarify the feedback and handling processes for quality issues, and regulate the work procedures for service personnel.

## Strategy >>>

Adhering to the customer service philosophy of ‘technology-driven market leadership, service-backed customer loyalty, quality-defined brand excellence’, SNS deeply integrates its service strategy into the entire process from product R&D to after-sales support. The Company has established a comprehensive customer service system, proactively identifies and responds to customer needs, provides technical support ranging from individual products to system solutions, and leverages standardised service processes and digital platforms to continuously optimise the customer service experience, ensuring customer value creation through meticulous management and quality improvement.



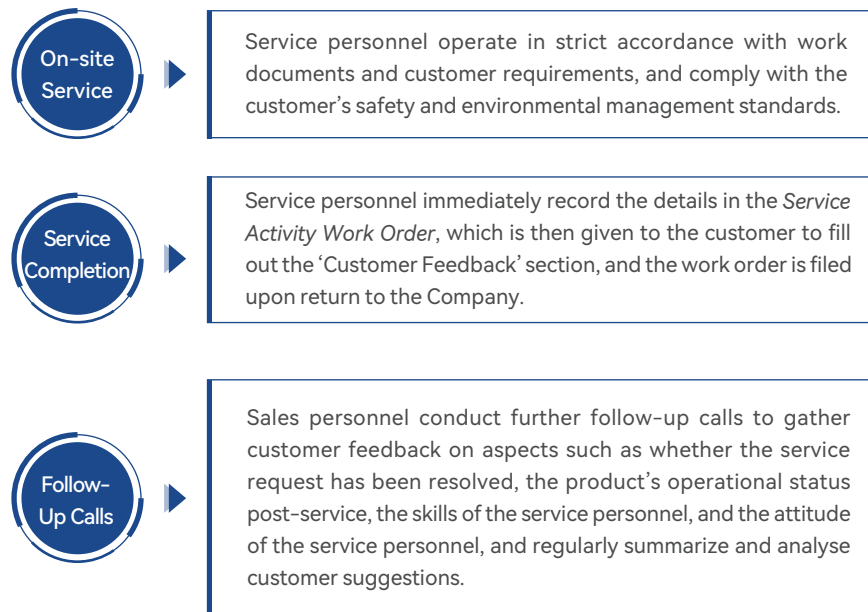
Customer feedback handling process



## Impact, Risk, and Opportunity Management >>>

### Customer Follow-Up

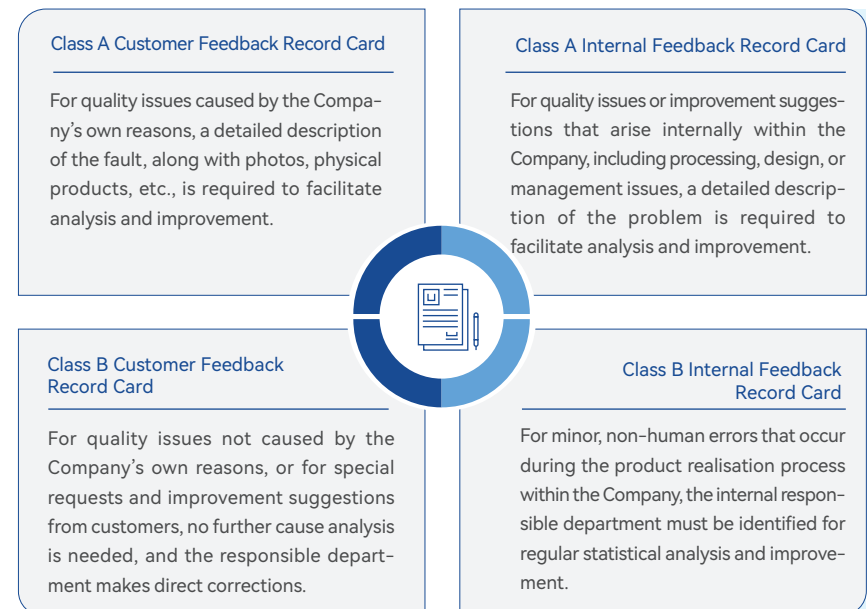
For on-site services such as product installation, commissioning, and maintenance, the Company collects customer feedback through two methods: the service activity work order and follow-up calls from sales personnel, covering different stages of service delivery and experience tracking to ensure a transparent and controllable service process and provide an institutional guarantee for the continuous optimisation of its service levels.



Customer service and follow-up process

### Feedback Classification

The Company uses the quality feedback card as a core tool to classify and manage issues based on two dimensions: the nature of the issue (suggestions for improvement or product quality problems) and the source of the feedback (customer or internal). This allows for cause analysis and tracking of subsequent improvement measures, enhancing the efficiency of problem response and resolution.



Quality feedback card classification management

## Service Capability Training

For customer service personnel, the Company has established a systematic training and qualification certification system and continuously conducts specialised technical training, such as on mechanical seals knowledge, to ensure service personnel master product characteristics and professional problem-solving skills.

SNS held an after-sales experience sharing session to deepen service capability building



In August 2025, SNS held a dedicated experience sharing session on after-sales on-site issues. The Company's service personnel actively shared their on-site service experiences based on their work practices. At the same time, for the technical difficulties encountered by some service personnel, the session organised analyses and centralized discussions to jointly explore solutions, effectively enhancing the professional capabilities and problem-solving skills of the after-sales service team.



SNS held a dedicated experience sharing session on after-sales on-site issues

## Indicators and Targets >>>

The Company systematically evaluates service quality through the annual *Customer Satisfaction Survey Form*, collecting customer feedback across seven core dimensions: product quality, packaging, label content, timeliness and effectiveness of service, service personnel attitude, delivery timeliness, and completeness of documentation. The Company combines this with daily follow-up records to conduct in-depth analysis of survey data, forming a specialised *Customer Satisfaction Analysis Report* to inform the development of improvement strategies. In 2025, the Company and its subsidiaries continued to win high recognition from customers and industry partners for their professional, reliable, and timely technical services.

Customer Satisfaction Score	
SNS, Sunny Seal, Sun Seals	98.71%
NDIV	97.47%
UTEC	97.58%

2025 customer satisfaction score results

### Key Performance

In 2025, the customer complaint handling rate was **100%**.

# Employee Rights and Development

SNS considers respecting and protecting employee rights as the foundation of its sustainable development. The Company continuously improves its employment management, employee benefits, and career development systems to effectively safeguard the legitimate rights and interests of its employees, stimulate their professional capabilities and innovative vitality, and create a caring, respectful, fair, and enterprising work environment.

## Employee Employment and Rights >>>

### Protecting Employee Rights

SNS abides by national labour laws and regulations such as the *Labour Law of the People's Republic of China* and the *Labour Contract Law of the People's Republic of China*, standardising institutional documents related to recruitment and dismissal, working hours, and leave, and adhering to legal employment practices. The Company strictly implements all human rights management systems, prohibiting child labour and any form of forced labour, discrimination, harassment, or abuse to protect the basic rights and dignity of every employee. At the same time, it conducts annual compliance assessments of laws and regulations on equal pay for equal work and special protections for female employees, and reviews and updates its list of labour and human rights risks to effectively control such risks.

In 2025, the Company revised the *Employee Recruitment Management System*, improving the approval processes for employee hiring, pre-employment physical examinations, and probation-to-permanent conversion. It also actively promoted digitalisation by moving the recruitment process online and continuously refining it to enhance the efficiency and transparency of probation-to-permanent conversion approvals. Furthermore, the Company amended the *Leave and Attendance Management System* in accordance with national and Sichuan provincial regulations, adding elder care leave and pure breastfeeding leave, extending the duration of maternity, marriage, and paternity leave, and optimising the calculation period for parental leave to protect the legitimate rights and interests of employees. We maintain a zero-tolerance attitude toward workplace harassment and any form of discrimination, and all departments strictly implement preventive mechanisms to build and maintain a work environment that is respectful of rights, diverse and inclusive, and equal and friendly.

International Women's Day themed activities convey respect and care for women

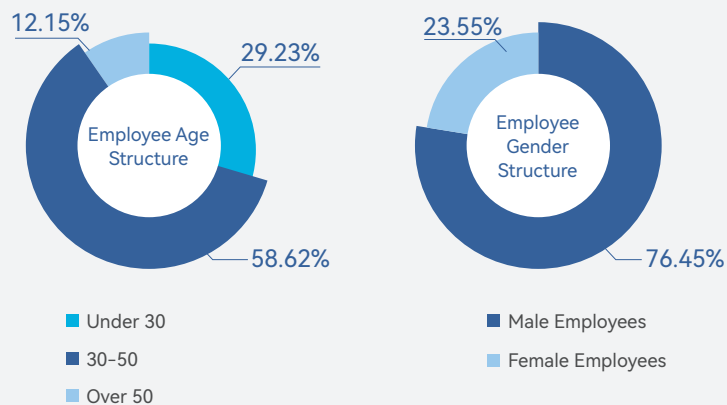
Case

During International Women's Day on March 8, SNS and its holding subsidiaries organised diverse and enriching themed activities, including themed movie screenings, floral art experiences, and makeup classes, to convey care and respect to female employees. The Company's management delivered on-site speeches, acknowledging the positive contributions of female employees in R&D, production, management, and other positions. These activities provided a space for female employees to relax and interact, and also enabled the concepts of respecting women's value and supporting their growth to be more directly communicated and implemented within the Company.



SNS and its holding subsidiaries' experience activities for International Women's Day

Employee Composition



The Company has established diverse communication channels for employees, using their opinions as a key reference for improving rights protection. Through regular employee representative congresses, executive reception days, and departmental forums, the Company encourages employees to offer suggestions on the work environment, management systems, and welfare benefits, thereby participating in corporate governance and operational optimisation. This year, one employee representative director was added to the Board of Directors, creating a clear channel between the Company’s decision-makers and its employees and improving the efficiency of information communication and feedback.

During the reporting period, to systematically assess employees’ overall feelings about rights protection and the workplace environment, the Company organised the 2025 annual employee satisfaction survey for all employees of the Company and its domestic controlled subsidiaries, achieving an average satisfaction score of 85. In addition, UTEC concurrently conducted a special survey on canteen satisfaction and promptly optimised its services based on the feedback to further enhance the employee experience.

## Employee Welfare and Care

SNS is committed to building a comprehensive, multi-level employee care system. In 2025, on the foundation of fully implementing statutory benefits such as the six social insurances and one housing fund and paid leave, the Company expanded the dimensions of its care initiatives and continued to provide special support in areas including maternal and infant care, health protection, and labour protection, comprehensively covering employees’ work, health, and family needs to help them achieve a better work-life balance.



### Statutory Benefits

#### Six social insurances and one housing fund

- medical insurance
- supplementary medical insurance
- endowment insurance
- unemployment insurance
- work-related injury insurance
- maternity insurance
- housing provident fund

#### Paid leave

- statutory holidays
- annual leave
- marriage leave
- maternity leave
- breastfeeding leave
- parental leave
- nursing leave, etc.



### Supplementary Benefits

#### Comprehensive benefits

- holiday benefits
- birthday benefits
- home visit leave
- parent-teacher conference leave
- cooling and heating subsidies
- funeral subsidies
- nursing rooms
- fitness centres, etc.

#### Health protection

- general health check-ups
- commercial insurance<sup>2</sup>
- mutual aid medical insurance from the trade union

Free work meals in the cafeteria

Employee dormitories

### SNS employee benefits system

<sup>2</sup>The Company and its holding subsidiaries provide different categories of commercial insurance based on their specific circumstances, such as group accident insurance, employer liability insurance, and traffic accident insurance.

The Company regularly organises various themed activities, such as Women’s Day, Youth Day, Children’s Day, New Year’s garden party, and the annual sports day, to enhance employees’ sense of belonging, cohesion, and happiness, fostering a warm and vibrant corporate atmosphere.

**Key Performance**

In 2025,

Employee benefit coverage rate:

**100%**<sup>3</sup>

Investment in employee benefits<sup>4</sup>:

RMB **62.53** million.

**SNS’s trade union event themed ‘Decade of Glory, Journey Renewed’**

**Case**

In July 2025, SNS held a series of trade union activities to celebrate its tenth anniversary of listing, under the theme ‘A Decade of Glory, Charting the Future’. Through diverse formats including sports competitions, fun challenges, and employee story sharing, the events allowed employees to reflect on their journey of hard work and share stories of personal and corporate growth. More than 1,000 employees actively participated, which further strengthened team identity and cohesion, inspiring confidence and motivation to face new stages of development together.



On-site at the SNS trade union event

<sup>3</sup>During the reporting period, SNS and its holding subsidiaries all provided employee benefits, including statutory and supplementary benefits. Specific benefit items vary among different subsidiaries.

<sup>4</sup>The statistical scope includes statutory benefits, commercial insurance, and supplementary benefits such as cooling and heating allowances.

**Sunny Seal’s ‘Employee Home’ officially opens, establishing a new foundation for a happy workplace**

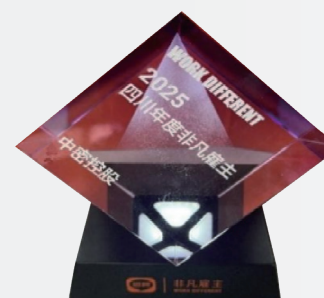
**Case**

On 25 December 2025, the ‘Employee Home’ at Sunny Seal, which took three months to build, successfully passed provincial inspection and was awarded an honorary plaque for the ‘Sichuan Province Grassroots Trade Union Employee Home Construction Project’. The space, with a total area of approximately 764 square meters, integrates nine major functions, including Party-building activities, a staff library, fitness and sports, skills training, maternal and infant care, and areas for rest and relaxation. It is equipped with various fitness, reading, and training facilities to comprehensively meet the learning, leisure, and health needs of employees, providing a warm and secure space for their growth and relaxation.



Interior environment of the ‘Employee Home’

The inauguration of the ‘Employee Home’



**2025 Sichuan extraordinary employer award**

In recognition of its continuous efforts in building a diverse and inclusive workplace culture and employee care system, the Company has been honoured as a ‘Sichuan Extraordinary Employer’ for two consecutive years.

## Employee Training and Development >>>

### Talent Attraction and Cultivation

In line with industrial development needs, SNS broadens its channels for talent acquisition and promotes the two-way flow and precise matching of university-enterprise resources, continuously deepening its interaction with universities and local communities. In 2025, the Company hosted visits from teachers and students from several universities, including the College of Chemical Engineering of Sichuan University, the School of Mechanical Engineering of Chengdu University of Technology, and the School of Mechanical and Electrical Engineering of Lanzhou University of Technology, engaging in in-depth discussions on professional practice, technological applications, and career development. UTEC also advanced its joint programme for training outstanding engineers with Qingdao University of Science and Technology, holding detailed discussions on customized training plans that align with industry trends and corporate needs.

Furthermore, the Company actively responds to local employment and talent attraction policies by participating in various recruitment events and setting up career guidance zones to provide job seekers with resume optimisation and interview advice. These efforts help improve the quality of employment and demonstrate the Company's sense of responsibility in fostering talent and stabilising employment.

Teachers and students from the College of Chemical Engineering of Sichuan University visit the Company for an industry-academia-research exchange event

Case

In December 2025, a delegation of teachers and students from the College of Chemical Engineering of Sichuan University visited SNS for an industry-academia-research exchange event. The Company's management accompanied the visitors on a tour of the Sunny Seal production base, providing a detailed introduction to the Company's achievements in domestic substitution, high-end product R&D, and intelligent manufacturing. During the subsequent symposium, both parties discussed topics such as talent cultivation, research collaboration, and internship employment. They agreed to leverage their respective regional and resource advantages to deepen industry-education integration by co-building internship platforms and advancing cooperation on research projects, thereby promoting the effective alignment of university research resources with industrial needs and continuously supplying high-quality engineering and technical talent to the industry.

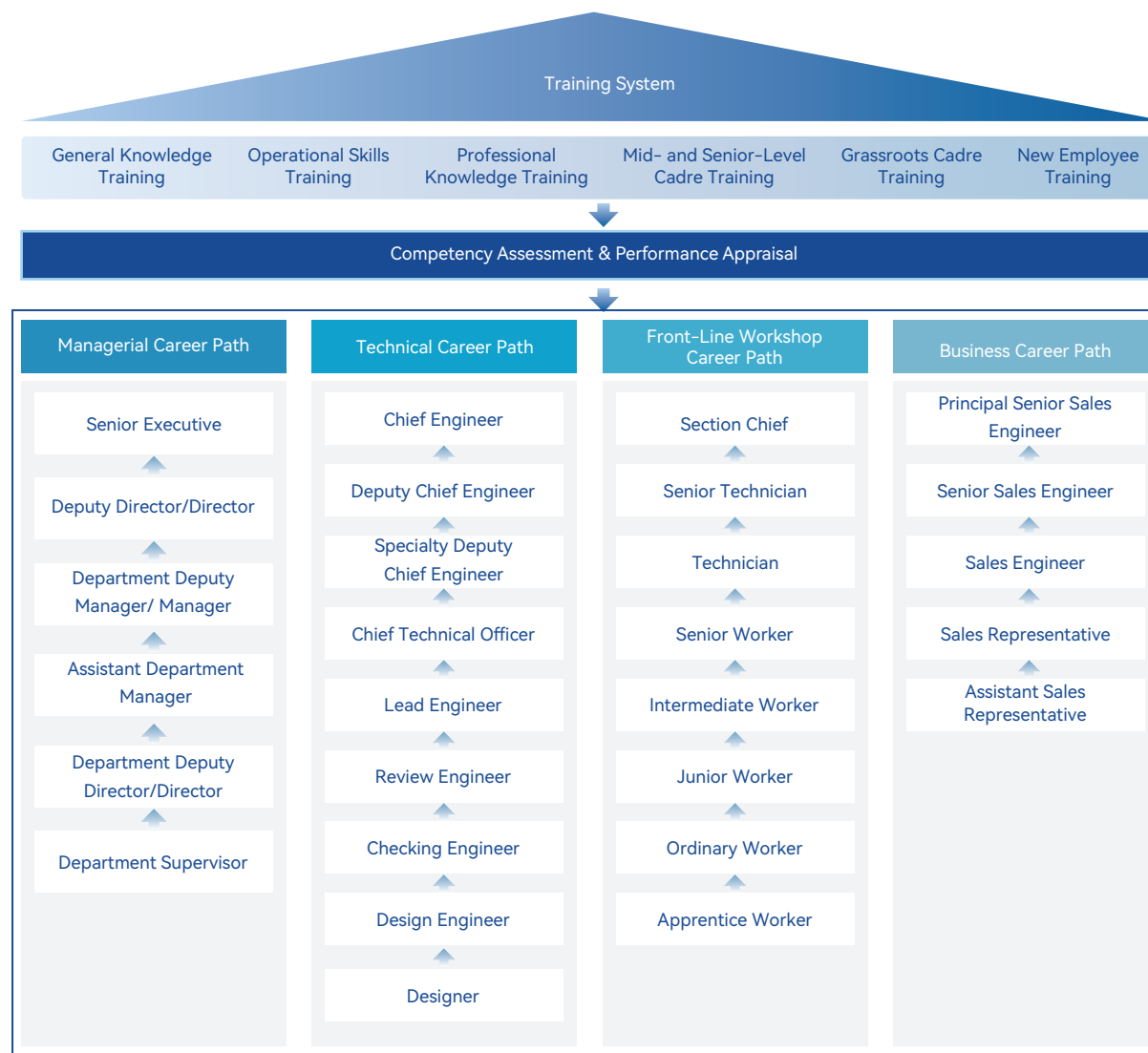


On-site at the university-enterprise exchange event

## Talent Development and Promotion

SNS continuously improves its career development paths to enhance the competitiveness of its talent teams. The Company has formulated policies such as the *Employee Training Management System* to establish a multi-level training system that includes new employee training, cadre training, professional skills enhancement, and general knowledge training, ensuring that employees receive comprehensive competency development. In 2025, the Company optimised the professional knowledge courses for new employee training, offering more detailed instruction on core products and business areas. For technical positions, it conducted specialised training in operational skills, management capabilities, and safe production, and verified the effectiveness of the training through exams, practical exercises, and interactive assessments, providing a guarantee for employees' job competency and professional growth.

In terms of career development, the Company implements the *Compensation Management System* and *Position and Level Evaluation Guidelines*. It assesses employee performance through regular evaluations and makes salary adjustments and promotions based on the results, offering clear growth pathways and comprehensive development support for employees in different positions.



The Company's training and assessment system

'Embark on growth, achieve excellence through craftsmanship' special training for new employees



In July 2025, UTEC conducted a special training programme for 20 new employees. Through systematic courses and hands-on workshop practice, the training covered sealing product processing technologies, production procedures, and quality control. This approach promoted the integration of theory and practice, helping new employees rapidly acquire professional skills, develop professional qualities, and enhance their teamwork abilities, laying a solid foundation for their career advancement.



New employee induction training

SNS 'Enhancing management, empowering leadership, and promoting development' mid-to-senior level leadership training



To enhance the team empowerment and inspirational leadership capabilities of its mid-to-senior level management, SNS held a special training session in December 2025 on coaching and inspirational leadership for mid- and senior-level managers. Through case study analysis, group discussions, and scenario-based exercises, the training focused on core topics such as transitioning to a coaching-style of management, team empowerment, and communication skills, helping the Company's mid-to-senior level managers master key methods for empowering teams and cultivating talent, thereby facilitating their transformation from 'controllers' to 'enablers' and providing leadership support for the Company's high-quality development.



SNS mid-to-senior level leadership training

Key Performance

In 2025, offered **339** training sessions for all employees

with a total investment of RMB **445,465.29**

## Employee Support and Incentives

The Company values the improvement of employee capabilities and career growth, encouraging employees to participate in various skill competitions by providing support such as paid leave for competitions and subsidies for transportation, food, and accommodation, while also rewarding employees who achieve outstanding results with honours and salary adjustments. At the same time, the Company has established a diversified incentive mechanism that supports employees in achieving professional development through further education and enhancing professional skills, assists employees in applying for subsidies for master’s degree studies, and provides support for examination fees for those obtaining professional qualification certificates, aiming to stimulate employees’ motivation for self-improvement and promote their professional growth and work enthusiasm.

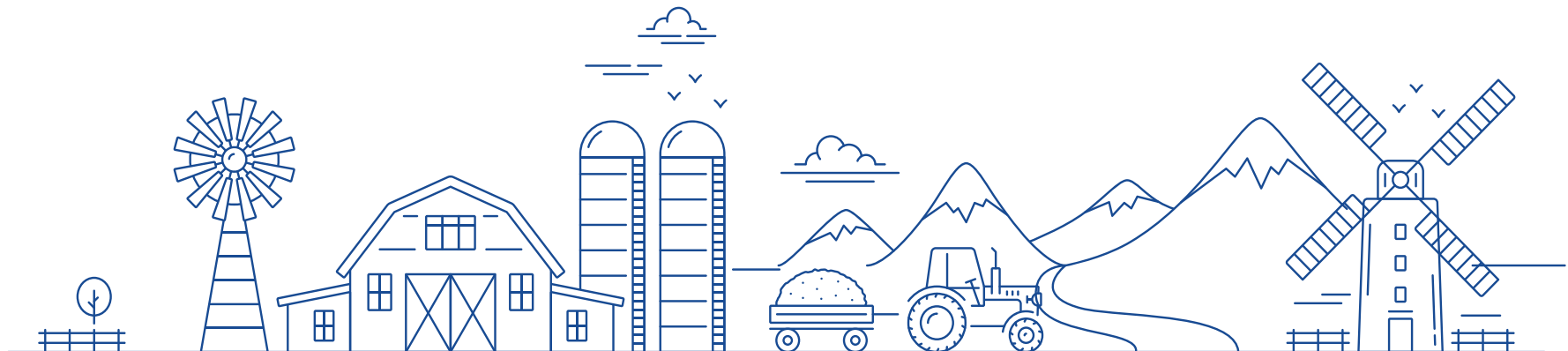
### Key Performance

In 2025, support for educational and qualification enhancement was provided to **97** employees, with a total investment of RMB **220,903.50**.

### Eight SNS employees honoured as ‘Wuhou District outstanding professional and technical talents’

Case 

In February 2025, eight employees of SNS were awarded the title of ‘2024 Outstanding Professional and Technical Talent’ of Wuhou District, Chengdu, in recognition of their exceptional professional capabilities and solid work performance. This selection aims to implement the talent-first development strategy and foster a talent development environment that respects professionalism and encourages innovation. The award-winning employees have long been dedicated to front-line work and have demonstrated outstanding performance in technical research and development and practical application, fully reflecting the Company’s achievements in cultivating professional and technical talent and building their capabilities. The Company will further deepen its ‘strengthening the enterprise with talent’ philosophy, enhance the cultivation of and support for professional and technical personnel, and continue to expand growth opportunities and development platforms for its employees.



# Occupational Health and Safety

SNS values the health and safety of its employees and relevant stakeholders, complies with national laws and regulations such as the *Law of the People's Republic of China on Work Safety* and the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, consolidates and enhances its occupational health and safety management system, and is committed to preventing risks at their source to solidify long-term safety mechanisms.

## Occupational Health and Safety Management System

SNS continuously improves its occupational health and safety management system, which covers the Company and its controlled subsidiaries. It has established a multi-level work safety management structure to promote the effective top-down implementation of safety responsibilities within the organisation and continually enhances the occupational health and safety management standards for key operational processes and front-line positions.

As of the end of the reporting period, the Company has obtained ISO 45001 Occupational Health and Safety Management System Certification and ensures its continued compliance with standard requirements and effective operation through a regular audit mechanism. Each subsidiary conducts annual internal audits and regularly commissions external professional institutions for third-party audits to promptly identify and rectify non-conformities, thereby promoting the continuous optimisation of safety management.

### Company level (Work Safety Management Committee)

- Coordinates the establishment of safety systems, oversees system operation, and promotes continuous improvement

### Subsidiary Level (Work Safety Management Committees of Holding Subsidiaries)

- Implements the Company's safety policies in line with business-specific characteristics
- Optimises management processes focusing on high-risk operations and occupational health protection
- Refines requirements for incident management, fire safety management, safety training, and labour protection

### Department Level (Departmental Safety Officers)

- Organises and implements specific safety management measures
- Conducts daily supervision, inspections, and hazard identification
- Defines and supervises the fulfilment of safety responsibilities by personnel at all levels

### Front-Line Employee Level

- Participates in safety management and supervision
- Proposes safety improvement suggestions based on on-the-job experience
- Implements on-the-job safety operation requirements

Work safety management structure

## Safety Risk Management and Hazard Identification

In 2025, the Company continued to advance its dual prevention mechanism of hierarchical safety risk control and hazard identification and governance. In response to business needs arising from the increased application of new equipment, new processes, new materials, and new technologies (the ‘Four News’), the Company formulated the *HSE Management System for the Four News*. This system focuses on identifying the potential impacts of the ‘Four News’ on employee health, safety, and the work environment, and establishes corresponding protective measures and safe operating requirements to prevent potential new risks and hazards.

In daily management, the Company combines regular production with ‘Four News’ application scenarios to conduct various forms of safety supervision, including comprehensive inspections, special inspections, daily patrols, and employee self-checks. It also organises all employees to participate in hazard source identification and hazard investigation activities, covering key aspects such as production activities, products, and equipment, to establish a dynamic risk inventory and implement specific control measures. Simultaneously, through regular inspections and a ‘look back’ mechanism, the Company continuously reviews the status of identified occupational hazards and risks, and promptly supplements or reinforces safety training, personal protective equipment, and engineering control measures to systematically manage risks at every stage.

### Control Dimension

### Key Measures



Hazard Source Identification/Risk Classification

- Uses the LEC method to evaluate and classify risks of identified hazards
- Updates the hazard identification and evaluation form; develops and implements targeted control measures for major hazards
- Regularly organises hazard identification tests to strengthen employees’ risk awareness



Hazard Identification

- Conducts multi-tiered hazard inspections at company, department, and team levels
- The Company has implemented an incentive system for employee self-inspection, encouraging and rewarding frontline staff for proactively identifying and reporting hazards

### Safety upgrades to the vertical lathe operating platform

Case

In 2025, to address the safety risks of working at heights during vertical lathe operations, NDIV implemented systematic safety upgrades to the lathe platform’s access facilities, adding protective railings, guards, and other safety installations, and posting prominent safety warning signs in the work area, which effectively reduced the risk of falls from height and operational errors while enhancing on-site operational safety.



The upgraded vertical lathe operating platform

## Occupational Health Assurance

In 2025, SNS focused on improving the working environment and preventing occupational hazards, strengthening employee occupational health and safety through multiple measures. The Company implements the *Labour Protection Equipment Safety Management System*, allocates and updates labour protection equipment based on the risk characteristics of different positions, and regularly inspects and replaces equipment such as safety helmets, protective footwear, and face shields to ensure their protective performance is reliable and matches job requirements. Concurrently, the Company strictly enforces pre-employment, in-service, and pre-departure occupational health examinations for employees in hazardous positions to monitor and manage health risks in a timely manner. During the reporting period, the Company had a zero incidence rate of occupational diseases.

For key scenarios such as manufacturing workshops, high-temperature work, and operations at heights, the Company has added or optimised safety protections, cooling devices, and protective facilities in certain production areas, effectively improving working conditions and reducing occupational health risks. The Company is also actively exploring the application of digital tools in safety management. Its subsidiary, NDIV, has achieved online monitoring and real-time viewing of confined space operations and oxygen concentrations, providing data support for on-site management and further improving the timeliness and visualisation of safety controls.

In addition to occupational disease hazards, the Company responds to public health and safety concerns by installing Automatic External Defibrillators (AEDs) and implementing tobacco control measures to safeguard employee health and well-being, continuously improving the safety and comfort of the work environment.

### Strengthening tobacco control to safeguard workplace health

#### Case

In November 2025, upholding the philosophy of ‘people-oriented, safety first’, Sunny Seal installed smoke detectors in workshop restrooms and other areas where tobacco control was weak. This move strengthened governance over smoking in public areas, reduced the risk of respiratory and cardiovascular diseases for non-smoking employees, and effectively controlled fire hazards. Following implementation, violations of smoking regulations decreased by over 90%, the air quality significantly improved, and employees were encouraged to adopt healthy workplace habits, fostering a positive atmosphere where ‘everyone abides by smoking rules and jointly safeguards health and safety’.

## Building a Safety Culture

SNS actively builds its safety culture by enhancing employee safety awareness and emergency response capabilities through safety training and emergency drills. The Company strengthens its team-level safety management mechanisms, organising department managers and safety officers to regularly participate in pre-shift and post-shift meetings, where they conduct safety briefings tailored to specific operational scenarios to guide employees in preventing safety risks during actual operations. At the same time, the Company continuously diversifies its methods of safety culture communication, conveying safety concepts to employees in more intuitive and engaging ways by filming short safety awareness films, conducting specialised safety training, and organising study sessions on work safety laws and regulations.

In emergency management, the Company organises multiple practical emergency drills centred on typical scenarios such as fires, heatstroke, and personal injuries. These drills translate training outcomes into on-site response capabilities, strengthening employees’ abilities for coordinated response and self-protection during unforeseen events.



Emergency drill for a lifting injury incident



Fire emergency drill

Sun Seals management personnel safety capability enhancement training

Case

In 2025, Sun Seals conducted a four-phase systematic safety training programme for management personnel at all levels, from team leaders to department managers, focusing on risk prevention and control, laws and regulations, and technical safety standards. The training used real accident cases as a starting point to analyse key technical safety points and management measures. Each phase included in-class quizzes, and a closed-book examination with a randomized question bank was administered at the end of the training. This series of training sessions encouraged managers to proactively identify risks, implement safety responsibilities, and strengthen on-site control capabilities, fostering a learning atmosphere where 'leaders take the lead in learning, key staff learn in depth, and learning is connected to practice'. This effectively improved the Company's overall safety management level and its capacity to ensure occupational health and safety.



Management personnel safety capability enhancement training

Key Performance

In 2025,

A total of **5,605** participants attended occupational health and safety training

accumulating **11,607.50** training hours

A total of **28** emergency safety drills were conducted

with a cumulative participation of **938** person-times.



## Relevant Party Safety Management

The Company continuously improves its occupational health and safety management mechanism for related parties. Building on the *Relevant Party HSE Management System*, it has refined management processes and tools, implementing strict site-entry safety training for external and outsourced personnel. Through measures such as safety technical briefings, distribution of protective equipment, and operational process inspections, the Company ensures the effective implementation of safety management requirements for related parties, optimising the standardisation and controllability of collaborative work.



Site-entry safety training for outsourced personnel

## Health and Safety Targets

SNS and its subsidiaries set annual health and safety management targets based on their actual production and operational conditions. They systematically advance related work to ensure the stable operation of the health and safety management system. All established targets for the year were achieved.

2025 Targets	SNS	Sunny Seal	UTEC	Sun Seals	NDIV	Achievement Status
Incidence Rates of Serious Injury and Above Accidents, Fire Accidents, and Occupational Diseases	0	0	0	0	0	Achieved
Rate of Minor and Slight Injury Accidents per 1,000 People	≤2.5	≤6.5	≤5.2	≤5.5	≤5.8	Achieved
Rate of Slight Injury Accidents per 1,000 People	≤1.2	≤3.2	/	/	≤5.2	Achieved
Near-Miss Accidents	≤2	≤2	≤1	≤1	≤2	Achieved
Major Near-Miss Accidents	0	0	0	0	0	Achieved

# Supply Chain Management

Supply chain management is a key pillar supporting SNS's steady operations and long-term value creation. We establish sound management systems and collaborative mechanisms, continuously optimise the full lifecycle management of our suppliers, persistently enhance the overall resilience of our supply chain, and promote a collective transition toward green and sustainable development across the upstream and downstream industry chain.

## Governance >>>

SNS places great importance on the stability and reliability of its supply chain, continuously building and improving its supplier management system and optimising full lifecycle management. The Company has established a Procurement Department, which determines the overall requirements for supplier management for the Company and its holding subsidiaries. It also formulated a series of documents, including the *Procurement Control Procedure* and the *Supplier Management System*. Each holding subsidiary revises and adjusts these documents based on their actual business conditions and in accordance with the Company's system requirements.

## Strategy >>>

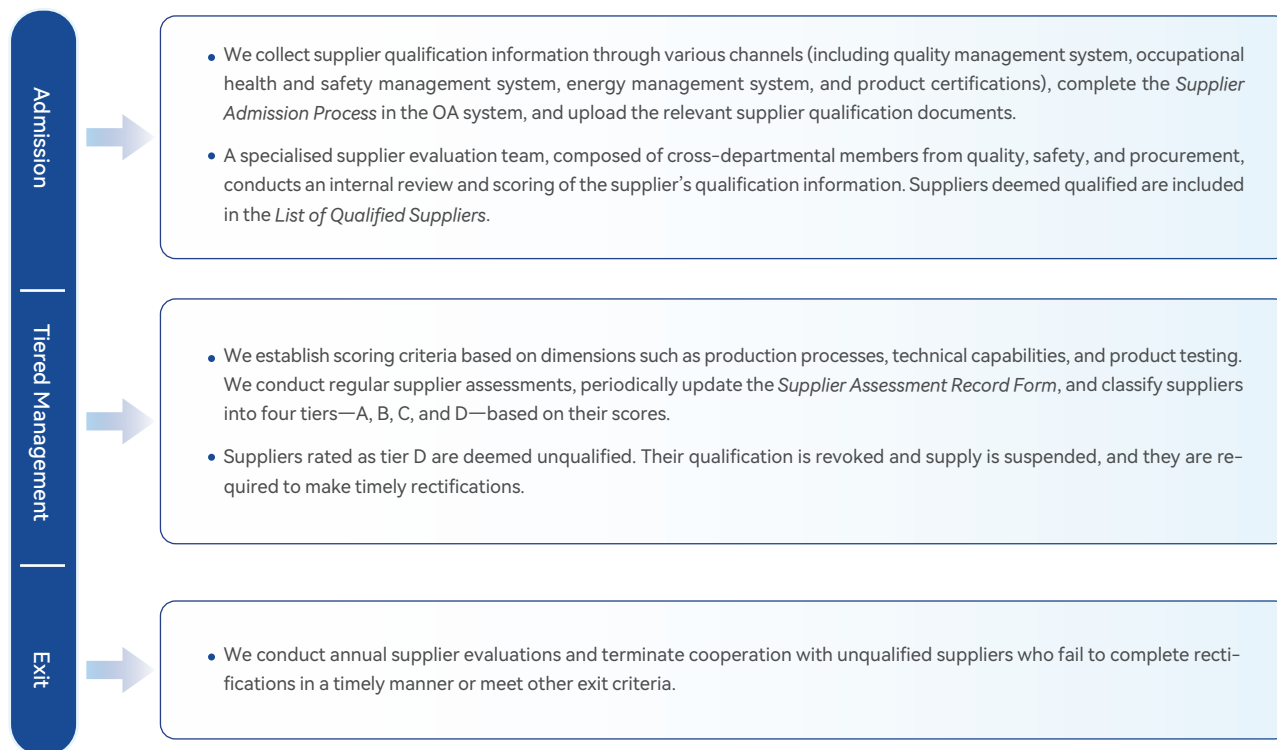
The Company closely monitors domestic and international market changes, promptly assesses potential supply chain risks, and updates its procurement strategies accordingly. By promoting domestic substitution, developing local suppliers, and implementing a 'dual-supplier' strategy for key materials, we ensure the controllability and resilience of our supply chain. We conduct systematic reviews and in-depth analyses of risk nodes throughout the entire chain, from procurement to delivery, and have built a 'risk-impact-response' risk management framework covering dimensions such as laws and regulations, market fluctuations, quality defects, and environment, health, and safety.

Risk Factors	Risk or Opportunity	Impact/Consequences	Response Measures
Updates or Changes in Laws and Regulations	To meet compliance requirements, procurement costs may increase or decrease, and procurement channels may contract or expand.	Changes in order delivery times	Monitor the latest legal and regulatory requirements, establish channels for cost inquiries, conduct timely monitoring, and adopt corresponding countermeasures.
Global Market Changes	The Company may face difficulties in procuring imported products, while domestic suppliers encounter obstacles in obtaining certifications.	Impacts on order delivery	Stay updated with the latest market information to reduce decision-making risks.
Substandard Supplier Quality	Non-conforming quality of raw materials or supplies leads to processed products failing to meet quality standards and affects product delivery times.	Impacts on the Company's product quality and reputation	Strengthen communication with suppliers; involve technical and quality departments in the review, management, and on-site operational guidance of suppliers; and supervise supplier compliance.
Occupational Health and Safety	Relevant parties fail to comply with standard operating procedures for vehicle entry/exit and on-site work.	Occurrence of traffic accidents and personal injuries	Sign <i>HSE Management Agreements</i> with contractors and other relevant parties; provide on-site operational guidance through procurement personnel.

## Impact, Risk, and Opportunity Management >>>

### Supplier Lifecycle Management

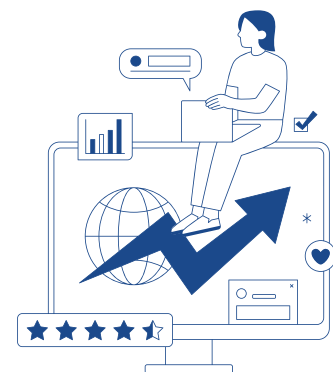
The Company implements strict controls over all stages of the supplier lifecycle, from admission and evaluation to exit, to standardise supplier conduct and effectively prevent potential supply chain risks. In 2025, we revised management systems such as the *Supplier Management System* and the *Procurement Control Procedure*, refining the supplier management processes and procedures based on actual conditions and clarifying aspects like supplier review stages and scoring criteria.



Supplier full lifecycle management process

### Supplier Capacity Building

The Company is committed to building an open, collaborative, and trust-based supplier cooperation mechanism, upgrading the unidirectional procurement relationship to a mutually empowering value partnership to enhance the supply chain’s comprehensive capabilities in technological innovation, quality standards, and risk prevention and control. Through specialised exchange and training sessions covering key areas like cutting-edge product technology, quality improvement initiatives, and production processes, the Company provides analyses of quality issues and interpretations of documents and policies, significantly strengthening suppliers’ overall capacity for technological innovation response, quality assurance, and compliance collaboration. During the Reporting Period, the Company conducted approximately 20 supplier exchange and training activities, working closely with suppliers to advance improvements in production and management.




## Responsible Sourcing

The Company incorporates ESG factors into its supplier management. During the screening, evaluation, and cooperation processes, we focus on basic compliance in areas such as quality, business ethics, environment, health, and safety. We give priority to suppliers that have obtained third-party certifications in environmental management, occupational health and safety management, or green products, and explicitly require suppliers to use environmentally friendly packaging materials.

We stipulate suppliers' environmental and social responsibilities through contracts, agreements, clauses, and letters of commitment. In 2025, the Company refined the breach of contract clauses in the *Supplier Integrity Agreement* to reinforce the baseline for business ethics and compliance. We also conducted special anti-bribery interviews with 40 key suppliers to deepen our joint efforts in building a clean supply chain.

In 2025, SNS and its subsidiaries signed environmental and safety responsibility documents, such as the *HSE Management Agreement*, with all on-site contractors. Concurrently, we provide safety and environmental training for suppliers working on the Company's premises and maintain records of the *HSE Training for On-site Relevant Parties*.

## Indicators and Targets >>>

Supply Chain Management Targets	Target Setting	2025 Progress
Supplier Integrity Management	To conduct special interviews with 40 key suppliers in 2025 to deepen joint efforts in building a responsible supply chain.	 <b>Achieved</b>

### Key Performance

In 2025, SNS reported  
**1,111** domestic suppliers

**20**  
 overseas suppliers

**240**  
 suppliers underwent on-site assessments

**555**  
 suppliers underwent off-site assessments

# Information Security and Privacy

## Information Security Management System

SNS adheres to the information security and privacy protection management philosophy of 'safe, controllable, compliant, and efficient,' strictly complies with relevant laws and regulations such as the *Cybersecurity Law of the People's Republic of China*, and continuously improves its data protection and information security system across all business areas to ensure the security of information and data privacy for employees, customers, suppliers, and other stakeholders. The Information Department is uniformly responsible for the permission management of application systems and network infrastructure throughout the Company, regularly reviews and confirms authorised personnel, and strictly controls access to critical data and information.

The Company has formulated and implemented documents such as the *Information System Security Management Policy*, the *Network Infrastructure Security Standards*, and the *Software Management System*, building a defence line against information security risks at the institutional level. During the reporting period, the Company added the *Emergency Response Plan for Network Equipment Failures* and the *Emergency Response Plan for Server Failures* to enhance the stability of its business operations.

## Information Security Management Measures

The *SNS Network Security Technical Document* specifies basic security policy requirements, including prohibiting cross-departmental computer access, forbidding the installation of non-work-related software, separating office and personal network environments, and establishing a critical data backup mechanism; it standardises the execution of business processes in all departments, provides robust and reliable information security infrastructure, and audits and supervises the effectiveness of security measures through daily inspections, cybersecurity training, and emergency drills.



### Disaster Recovery Mechanism

- A 'Two Locations, Three Centres' disaster recovery architecture has been established to effectively respond to emergencies such as natural disasters, hardware failures, and cyberattacks, providing support for data integrity and business continuity.



### Internal and External Monitoring

- Internal inspections and quarterly reviews are conducted on system performance, security vulnerabilities, and data backup integrity to ensure that equipment and systems are in good operating condition and to assess the effectiveness of management processes and regulations.
- The Company continuously commissions third-party professional security agencies to conduct external threat monitoring and penetration testing, establishes standardised response procedures for identified risks, and ensures that all identified vulnerabilities are promptly remediated within the stipulated time frame.



### Emergency Drills

- Quarterly specialised and annual comprehensive emergency drill plans are formulated based on the criticality of each system.
- Attack and defence drills are organised annually to identify potential security vulnerabilities and propose targeted improvement recommendations.



### Cybersecurity Training

- Cybersecurity training is organised annually to enhance the cybersecurity awareness of all employees.

## Information Security Culture

In 2025, the Company conducted several training activities focused on information security and privacy protection to enhance employees' cognitive abilities and awareness of network and data security, covering aspects from cutting-edge technical knowledge to daily operational applications. The 'Huawei Cloud Certification' training covered technical content including servers, storage, networking, operating systems, and visualisation, improving employees' technical and security operation and maintenance capabilities. The 'Email Security' themed cybersecurity training reinforced employee security awareness through case studies.

### Key Performance

In 2025, SNS had **no incidents** of data security incidents or customer privacy breaches.



### SNS data backup and recovery drill

Case

To continuously strengthen its data security protection system and business continuity capabilities, the Company organised two comprehensive data backup and recovery drills covering all business systems in June and December 2025. The drills simulated various risk scenarios, including external malicious attacks and sudden system failures, to thoroughly test the integrity and availability of backup data and the effectiveness of recovery procedures.

Through these practical drills, the Company not only verified the feasibility of its existing backup strategies and emergency plans but also simultaneously optimised recovery processes and enhanced the emergency response and collaborative handling capabilities of its technical team, thereby systematically strengthening its data recovery resilience and business continuity in real-world emergencies.

## Digital Transformation

SNS actively responds to the digital transformation trend, proposing the 'Smart SNS 123' and '155 Plan' as core strategies for its digital transformation and development, focusing on intelligent manufacturing, system integration, data governance, and AI empowerment to promote digital upgrades in all aspects of production, management, and services. The Company has introduced multiple electronic information systems in key areas such as collaborative management, R&D innovation, and intelligent manufacturing, and through the implementation of key projects like the SNS iSeal knowledge base and after-sales service system and the Sunny Seal FMS flexible manufacturing system, it continues to enhance production automation, knowledge management, and service intelligence, steadily advancing the construction of a data middle platform and key system integration to comprehensively boost operational efficiency and market competitiveness.

# Community Contribution

While pursuing corporate development, SNS has always been committed to fulfilling its social responsibilities and giving back to the community. The Company engages with the community through various means, including supporting rural revitalisation, participating in charitable activities, and promoting educational development, contributing to coordinated regional development and social harmony.

## SNS supports rural industrial development

Case

In 2025, the Company provided targeted assistance to Ganluo County, Sichuan Province, with a total investment of over RMB 400,000, which included:

### Consumption-driven aid programmes

Invested RMB **178,100** in purchasing agricultural products such as rice and oil from the Ganluo area to support farmers' income and agricultural development;

### Promoting local industry

Collaborated with a garment manufacturing enterprise in Liangshan Prefecture to custom-purchase **1,200** sets of protective workwear, investing RMB **222,000** to boost the local manufacturing industry and support local employment.

## SNS establishes university scholarships

Case

The Company strengthens its industry-academia integration by jointly training postgraduate students with universities, opening up corporate internship opportunities to partner universities, and establishing scholarships.

The Company and UTEC have separately donated scholarships to the College of New Energy at China University of Petroleum (East China) and the College of Polymer Science and Engineering at Qingdao University of Science and Technology, with a cumulative donation of RMB 450,000 over the past three years.



# Governance 03

SNS has built a corporate governance system with clear responsibilities and effective checks and balances, adhering to the bottom line of compliant operations and practicing ethical business conduct. The Company has established robust reporting and protection mechanisms, diligently fulfils its information disclosure obligations, communicates with all stakeholders with integrity, fairness, and transparency, protects investor rights, and shares the value of its sustainable development.

## SDGs Addressed in This Chapter



## Material topics covered in this chapter

- Corporate Governance
- Business Ethics
- Compliance and Risk Management
- Stakeholder Communication

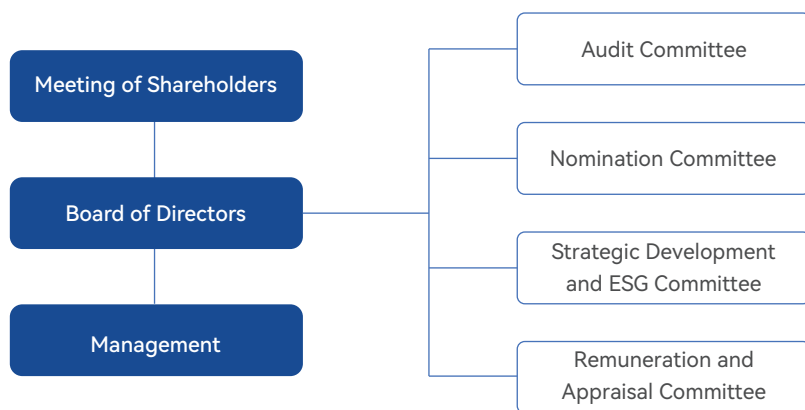


# Corporate Governance

## Governance Structure >>>

SNS has established a governance structure comprising the Meeting of Shareholders, the Board of Directors and its specialised committees, and management, ensuring that responsibilities are clearly defined and functions are distinct among the organs of power, decision-making, supervision, and management. In 2025, in accordance with the requirements of laws and regulations such as the *Company Law* and the *Guidelines for the Articles of Association of Listed Companies*, the Company transitioned away from the Board of Supervisors, with the Audit Committee assuming its statutory duties, and correspondingly updated corporate governance documents to improve internal management mechanisms.

The Company's Board of Directors has four specialised committees: the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, and the Strategic Development and ESG Committee, which provide professional support for scientific decision-making. Each committee strictly adheres to the *Articles of Association* and its own working rules, effectively fulfilling its duties and ensuring the soundness of corporate governance and the stability of operations.



The Company's organisational structure

SNS values the diverse backgrounds and independence of its Board of Directors members. In the director selection process, the Company comprehensively considers candidates' educational backgrounds, professional fields, capabilities, and practical experience to ensure the Nomination Committee provides fair review opinions and that the governance level makes comprehensive, scientific, and effective decisions. In 2025, the Company's Board of Directors converted a non-independent director seat into a seat for an employee representative director, who will be elected by the employee representative congress, thereby optimising the composition of the Board of Directors.

### Key Performance

As of the end of this reporting period, the Board of Directors of SNS comprised a total of **9** members, including **1** female director, **3** independent directors, and 1 employee representative director.

During the reporting period, the Company held **4** meetings of the Board of Directors, **4** meetings of the Board of Supervisors, and **11** special committee meetings.

## Director Remuneration >>>

The Board of Directors' Remuneration and Appraisal Committee is responsible for drafting remuneration plans and incentive programmes for the Company's directors and senior management, and for supervising the implementation of these plans. During the reporting period, the Company formulated the *Director and Senior Management Compensation Management System*, which sets out the remuneration for directors and senior management and establishes a scientific and effective incentive and restraint mechanism.

The Company has established a performance-oriented remuneration and incentive system, formulating senior management's remuneration plans based on their primary responsibilities, job competency, past annual compensation, and the Company's operating performance to incentivise management to create long-term, stable value for shareholders.

## Shareholder Rights Protection >>>

SNS places great importance on the protection of shareholder rights. The Company has formulated and continuously improves policies such as the *Investor Relations Management Policy* and the *Information Disclosure Policy* to provide fundamental institutional support for safeguarding investors' rights to know and participate in decision-making, while consistently conducting transparent and efficient investor communication and information disclosure. During the reporting period, the Company formulated the *Public Opinion Management Policy* to specify response measures for various potential instances of false or negative public opinion, preventing inaccurate information from interfering with investor judgment and decision-making and ensuring timely, professional, and accurate communication with investors.

The Company maintains smooth and timely information exchange with small and medium-sized shareholders and institutional investors; in 2025, we held 3 Meetings of Shareholders, convened 2 performance briefings, organised multiple research activities, and responded to 235 questions on the 'Easy Interaction' investor relations platform, achieving a 100% response rate. Concurrently, the Company participated in 15 training sessions organised by entities such as the Sichuan Securities Regulatory Bureau, the Shenzhen Stock Exchange, the China Association for Public Companies, and the Sichuan Association for Public Companies to enhance its investor relations management capabilities.

### Diverse communication platforms

The Company communicates with various types of investors through multiple channels, including Meetings of Shareholders, institutional research, the 'Easy Interaction' platform, and an investor hotline. Dedicated personnel are responsible for the investor hotline and email to ensure that questions from investors, including small and medium-sized shareholders, receive professional and timely responses.

### Standardised information disclosure

All publicly disclosed information is strictly governed by internal policies to ensure it is detailed, truthful, complete, and accurate.

Investor rights protection

### Key Performance

In 2025,

SNS received an **A** rating in the information disclosure evaluation among ChiNext-listed Companies of the Shenzhen Stock Exchange for the sixth consecutive year.



# Business Ethics

## Business Ethics Management System >>>

SNS adheres to operating with integrity and fair competition. Through a combination of institutional regulations, process controls, cultural promotion, and company-wide oversight, it ensures that ethical principles are integrated into all business activities and employee conduct, prohibiting any form of corruption, bribery, monopolistic behaviour, or improper transfer of benefits.

The Company has formulated the *Employee Integrity System*, which clarifies the basic requirements and code of conduct for employees to work with integrity, and requires all employees to sign an *Integrity Commitment Letter*, pledging to conduct fair and transparent business activities based on four principles: ‘complying with laws and regulations, fulfilling duties responsibly, maintaining integrity and self-discipline, and cultivating personal virtue’, and to prohibit and resolutely oppose any form of corruption, such as bribery and fraud. In key business areas such as procurement, sales, and partnerships, the Company deeply embeds the requirements of honesty and integrity throughout the entire business chain by signing policy documents like the *Procurement Integrity Agreement* and the *Procurement Integrity Commitment Letter*, continuously strengthening the Company’s ethical and compliance defences.

## Integrity Risk Prevention and Control >>>

The Company conducts an annual, company-wide special assessment of integrity risks. By examining multiple dimensions — including job responsibilities, business processes, institutional mechanisms, the external environment, and historical cases — through methods such as departmental self-inspections, interviews, and data analysis, it systematically identifies potential risk points and corresponding control responsibilities for each position and business segment, resulting in a dynamic *Integrity Risk Prevention and Control List*. The Company requires personnel in important, critical, and sensitive positions to sign and acknowledge the *Integrity Risk Prevention and Control List*, understand potential risks and key control measures, and thereby enhance their risk awareness and self-discipline.

In 2025, focusing on key areas such as procurement, sales, and project cooperation, the Company identified two Level-1 integrity risk positions, seven Level-2 integrity risk positions, and twenty-six Level-3 integrity risk positions, and implemented control measures including refining institutional constraints, strengthening process reviews, signing special commitments, and conducting targeted interviews and training, placing personnel in these positions under key supervision and education.

To prevent integrity risks in the procurement process, the Company has established a dual-constraint mechanism with internal and external coordination. On one hand, the Company signs a *Procurement Integrity Agreement* with key suppliers, which explicitly prohibits improper practices such as commercial bribery. The Supervision and Audit Department also organises annual integrity-themed meetings for new major suppliers to emphasize the Company’s procurement code of conduct. On the other hand, the Company requires all procurement personnel to sign a *Procurement Integrity Commitment Letter* to regulate and supervise procurement activities and promote fair and honest business transactions. In 2025, the Company conducted separate integrity interviews with procurement staff and suppliers to strengthen its integrity promotion efforts.

## Business Ethics Training >>>

Through a combination of regular publicity and education, case studies, and institutional constraints, the Company works to internalize the ethical principle of integrity and self-discipline from an external regulation into a conscious value shared by all employees, ensuring it is genuinely followed in daily decision-making and business operations.

### SNS deepens warning education to fortify its integrity culture


In October 2025, in accordance with its annual learning plan, SNS organised a special educational session for its managers and employees to watch warning education films, integrating integrity education into routine learning management to advance the construction of a corporate integrity culture. This session used typical cases as warnings, analysing typical problems of disciplinary and regulatory violations, to help managers and employees deeply understand the importance and necessity of strictly observing discipline and rules, and to guide them in establishing a fine work style of being pragmatic, realistic, and working with integrity, thereby solidifying the ideological foundation of integrity for the Company's high-quality development.




Warning educational video session

### Case

----- Whistleblowing Email -----

 Supervision and Audit Department:  
ics@sns-China.com

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 Disciplinary inspection:  
liuxiaoqiang@sns-China.com

## Whistleblower Protection Mechanism >>>

The Company has established accessible reporting channels and a supervisory mechanism with internal and external coordination, encouraging employees, suppliers, and other partners to report improper business conduct, either by name or anonymously, through various channels such as the OA system, a dedicated reporting email, and executive reception days. All reports are handled centrally by the Supervision and Audit Department, which completes its investigation, verification, and feedback within 5 working days of receiving a report. The Company adheres to the principles of objectivity, fairness, and sufficient evidence, and handles verified reports in accordance with laws and regulations.

The Company places high importance on protecting the rights of whistleblowers and strictly enforces a confidentiality policy regarding their identities and the content of their reports. For reports verified to be true, the Company will provide corresponding rewards based on the circumstances and impact, effectively protecting the legal rights of whistleblowers and encouraging all personnel to participate in integrity oversight. As of the end of the reporting period, the Company had not received any reports or complaints regarding business ethics, nor had any negative incidents related to business ethics occurred.

### Key Performance

In 2025, SNS

Organised **12** integrity warning education activities, special anti-commercial bribery training sessions, and compliance culture presentations

Achieved a **100%** signing rate for the employee *Integrity Commitment Letter*

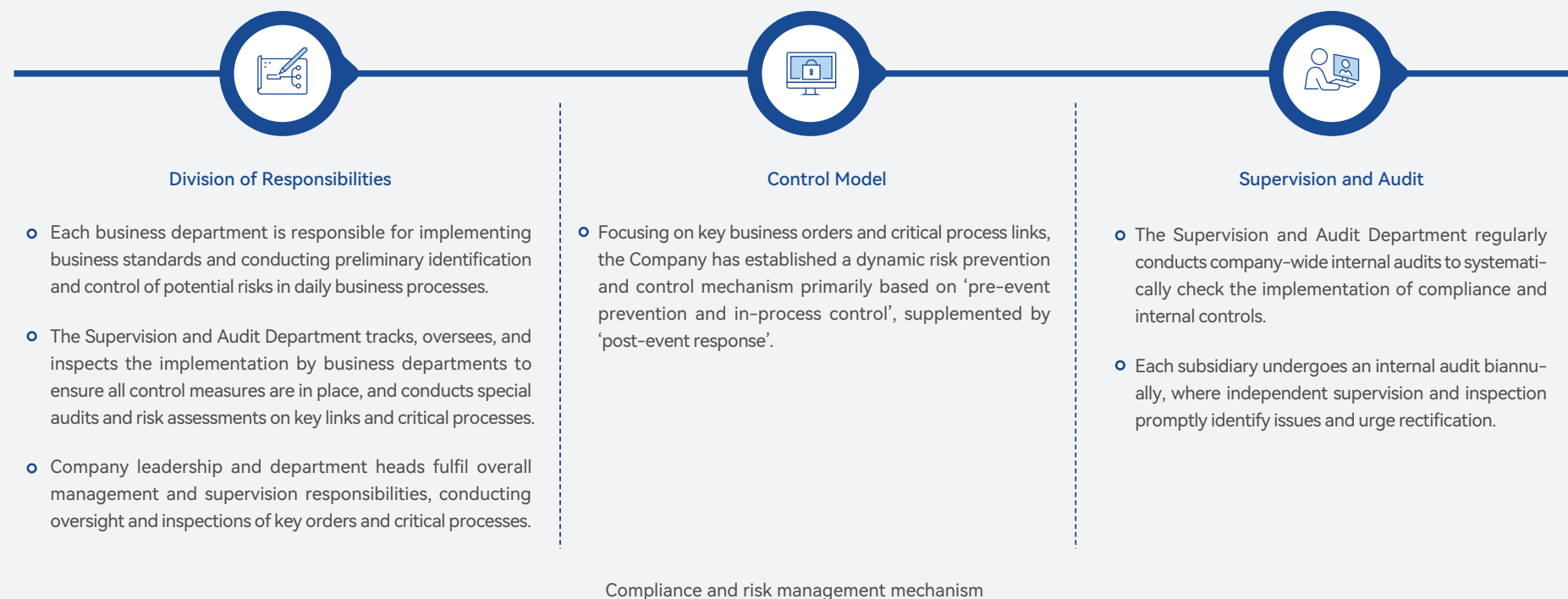


# Compliance and Risk Control

SNS is committed to lawful and compliant operations. It continuously builds and improves a comprehensive risk management system to systematically identify, assess, and respond to various potential risks. By strengthening internal controls, the Company solidifies its foundation for development, safeguarding its sustainable and high-quality development.

## Governance >>>

The Company adheres to the core principles of 'business-led, supervised and balanced, and full participation' to build a compliance management mechanism with clear responsibilities and efficient operation, deeply embedding compliance requirements and risk control into all operational segments, including research and development, procurement, production, and sales, and implementing effective oversight and checks and balances on key processes and decisions through independent audit, supervision, and risk management functions, thereby effectively enhancing its level of compliant operation and risk resilience.



## Strategy >>>

The Company is committed to continuously improving its compliance and risk management system, promoting the concept of compliant operations and building a culture of compliance across the entire organisation. Compliance requirements are treated as a necessary agenda item for regular work meetings, and employee compliance awareness is strengthened through consistent emphasis and communication. The Company's Supervision and Audit Department regularly conducts internal audits to review the Company's overall compliance status, driving the integration of a compliance culture into daily management and providing a solid guarantee for sustainable operations.

## Impact, Risk, and Opportunity Management >>>

In accordance with departmental systems and procedural documents such as the *Integrated Management Manual*, the Company's various functional departments regularly conduct risk identification, measure assessment, and execution monitoring in key areas including environment, quality, health, and safety, ensuring that risks are controlled and processes are optimised at every stage.

The Company has established a dedicated internal audit team, with team members and department heads jointly participating in audits. They use methods such as face-to-face interviews, record sampling, and document reviews to monitor the implementation of risk response measures, evaluate their effectiveness, and enhance the efficacy and responsiveness of the internal control system. In 2025, the Company conducted special internal audits for functional departments such as safety, R&D, procurement, and information management, as well as for each subsidiary. The audits covered aspects including system implementation, process compliance, and risk management, aiming to promptly identify risk points and propose suggestions for improvement. During the reporting period, the Company did not identify any material risks or compliance violations.

### SNS internal audit empowers and enhances UTEC's compliance management

Case

In November 2025, the SNS internal audit team visited UTEC to conduct a special supervisory audit and compliance exchange. This audit closely followed the main theme of 'identifying problems, clarifying direction, and promoting rectification', proceeding systematically through three key stages: report issuance, rectification recommendations, and management discussions. It also innovatively adopted an integrated 'supervision & audit + training' model to strategically guide UTEC's operational management.



UTEC special supervisory audit and compliance exchange

Through this supervisory audit and exchange, UTEC strictly implemented all rectification recommendations, upgrading its internal management to be more refined and standardised. This initiative not only helped UTEC take a solid step forward in standardised management and compliant operations but also provided strong support for the development of SNS's overall risk prevention and control system.

## Indicators and Targets

### Key Performance

In 2025, SNS held

**12** internal audit communication meetings and compliance culture training sessions.

# ESG Performance Indicators<sup>5</sup>

## Economic Performance

Indicator	Unit	2025	2024	2023	
Operating Performance	Total revenue	RMB 10,000	176,883.94	156,652.37	136,935.98
	Net profit attributable to shareholders of the listed company	RMB 10,000	38,539.87	39,245.44	34,667.55

## Governance Performance<sup>6</sup>

Indicator	Unit	2025	2024	2023	
Business Ethics	Number of business ethics and anti-corruption training	Times	12	6	5
	Employee signing rate of the <i>Integrity Commitment Letter</i>	%	100	100	100
	Coverage rate of business ethics training (suppliers) <sup>7</sup>	%	100	100	100

## Environmental Performance<sup>8</sup>

Indicator	Unit	2025	2024	2023	
Environmental Management	Environmental investment	RMB10,000	216.00	130.68	97.66
	Number of environmental penalties	Times	0	0	0
	Total amount of environmental penalties	RMB 10,000	0	0	0
Water Withdrawal and Consumption <sup>9</sup>	Total water withdrawal	Tonnes	85,391	76,673	72,489
	Total water consumption	Tonnes	85,391	76,673	72,489
	Water consumption intensity	Tonnes/RMB million in revenue	48.28	48.95	52.94
	Recycled water consumption	Tonnes	1,308.69	1,305.59	584.35
	Percentage of recycled water consumption	%	1.53	1.70	0.81
<b>Air Pollutant Emissions</b>					
Exhaust Gas Management	Nitrogen oxide (NOx)	Tonnes	0	0	0
	Non-methane hydrocarbon (NMHC)	Tonnes	0.636	0.157	0.083
	Particulate matter (PM)	Tonnes	0.008	0	0.014
<b>Wastewater Discharge</b>					
Wastewater Management	Industrial wastewater discharge <sup>10</sup>	Cubic meters	26,551.48	17,774.24	18,914.76
	Domestic sewage discharge	Cubic meters	39,977.71	35,143.99	34,845.55

<sup>5</sup>For data not otherwise specified, the statistical scope is the Company's consolidated financial statement scope.

<sup>6</sup>The statistical scope covers SNS and its domestic controlled subsidiaries, excluding KS GmbH.

<sup>7</sup>The statistical scope includes the number of suppliers with whom the Company conducted awareness campaigns through supplier integrity agreements.

<sup>8</sup>The statistical scope for 2023 and 2024 data covers SNS and its domestic controlled subsidiaries, excluding KS GmbH.

<sup>9</sup>Due to a change in the statistical scope of Sunny Seal, the data for recycled water consumption and the recycled water consumption ratio for 2023 and 2024 have been adjusted accordingly.

<sup>10</sup>Due to a change in the statistical scope of Sunny Seal, the industrial wastewater discharge data for 2023 and 2024 have been adjusted accordingly.

Indicator	Unit	2025	2024	2023	
<b>Wastewater Pollutant Emissions</b>					
Wastewater Management	Ammonia nitrogen (NH <sub>3</sub> -N)	Tonnes	1.006	0.984	0.149
	Chemical oxygen demand (COD)	Tonnes	3.637	4.689	0.551
	Total phosphorus	Tonnes	0.080	0.006	0.002
	Suspended solids	Tonnes	0.401	0.030	0.040
<b>Waste Generation and Disposal</b>					
Waste Management and Circular Economy	Total hazardous waste emissions	Tonnes	91.22	82.94	76.07
	Hazardous waste emission intensity	Tonnes/RMB million in revenue	0.05	0.05	0.06
	Total non-hazardous waste emissions	Tonnes	81385	539.75	459.73
	Non-hazardous waste emission intensity	Tonnes/RMB million in revenue	0.46	0.35	0.34
	Total waste emissions	Tonnes	905.07	622.69	535.80
	Total waste emission intensity	Tonnes/RMB million in revenue	0.51	0.40	0.39
	Volume of non-hazardous waste recycled/reused <sup>11</sup>	Tonnes	496.43	108	60
<b>Direct Energy Consumption</b>					
Energy and Emissions <sup>12</sup>	Total direct energy consumption	Tonnes of standard coal equivalent	84.52	88.33	92.15
	Gasoline	Liters	35,381.15	38,546.80	39,967.18
	Diesel	Liters	2,940	3,172	2,057

Indicator	Unit	2025	2024	2023	
Energy and Emissions	Natural gas	Cubic meters	27,449	24,743	30,328
	Liquefied petroleum gas	Kilograms	6,468.00	7,069.30	4,916.00
	Direct energy consumption intensity	Tonnes of standard coal equivalent / RMB million in revenue	0.05	0.06	0.07
	<b>Indirect Energy Consumption</b>				
Energy and Emissions	Total indirect energy consumption	Tonnes of standard coal equivalent	1,079.76	925.13	833.26
	Purchased Electricity	kWh	8,785,700.70	7,527,471.74	6,779,950.39
	Of which: Purchased renewable electricity	kWh	486,815.70	499,900	548,700
	Self-generated and self-consumed renewable electricity	kWh	787,931.00	0	0
	Percentage of renewable energy in total electricity consumption	%	13.32	6.64	8.09
	Indirect energy consumption intensity	Tonnes of standard coal equivalent/RMB million in revenue	0.61	0.59	0.61
	Greenhouse Gas Emissions <sup>13</sup>	Total Scope 1 emissions	Tonnes of CO <sub>2</sub> equivalent	157.26	161.22
Total Scope 2 emissions		Tonnes of CO <sub>2</sub> equivalent	4,403.22	4,038.97	3,637.83
Total Scope 1 + 2 emissions		Tonnes of CO <sub>2</sub> equivalent	4,560.48	4,200.19	3,804.69
Scope 1 + 2 emission intensity		Tonnes of CO <sub>2</sub> equivalent/RMB million in revenue	2.58	2.68	2.78

<sup>11</sup>The statistical subjects are primarily recycled iron filings.

<sup>12</sup>The standard coal conversion factor used refers to the *General Principles for Calculation of Comprehensive Energy Consumption (GB/T 2589-2020)*.

<sup>13</sup>Direct emissions (Scope 1) refer to greenhouse gas emissions generated from the consumption of natural gas, diesel, and gasoline, while indirect emissions (Scope 2) refer to greenhouse gas emissions generated from the consumption of purchased electricity. The selection of greenhouse gas emission factors is based on the relevant requirements of technical documents such as the *2006 IPCC Guidelines for National Greenhouse Gas Inventories (2019 Refinement)*, the national average grid emission factor of 0.5306 kgCO<sub>2</sub>/kWh for 2023 as stated in the *Announcement on the Release of the 2023 Power Sector Carbon Dioxide Emission Factors* issued by the Ministry of Ecology and Environment and the National Bureau of Statistics, and the direct carbon dioxide emission coefficient for electricity consumption in 2024 published by the German Federal Environment Agency (UBA).

Social Performance<sup>14</sup>

Indicator	Unit	2025	2024	2023
Number of Employees	Persons	1,821	1,771	1,571
<b>Employee Type Structure</b>				
Number of full-time employees	Persons	1,745	1,686	1,470
Number of part-time employees	Persons	3	0	0
Number of flexible-term employees	Persons	73	85	101
Percentage of full-time employees	%	95.83	95.20	93.57
Percentage of part-time employees	%	0.16	0	0
<b>Employee Gender Structure</b>				
Number of male employees	Persons	1,334	1,298	1,129
Number of female employees	Persons	411	388	341
Percentage of male employees	%	76.45	76.99	76.80
Percentage of female employees	%	23.55	23.01	23.20
<b>Employee Age Structure</b>				
Number of employees under 30	Persons	510	488	390
Number of employees aged 30-50	Persons	1,023	994	932
Number of employees over 50	Persons	212	204	148
Percentage of employees under 30	%	29.23	28.94	26.53
Percentage of employees aged 30-50	%	58.62	58.96	63.40
Percentage of employees over 50	%	12.15	12.10	10.07

Diversity and Equal Employment

Indicator	Unit	2025	2024	2023	
<b>Employee Turnover</b>					
Diversity and Equal Employment	Number of employee departures	Persons	75	62	80
	Employee turnover rate	%	4.30	3.68	5.44
<b>Employee Welfare</b>					
Employee Rights and Welfare	Social insurance coverage rate	%	100	100	100
	Employee benefits coverage rate	%	100	100	100
	Investment in work-related injury insurance and work safety liability insurance	RMB	888,940.04	729,904.53	590,257.02
	Coverage rate for work-related injury insurance and work safety liability insurance	%	100	100	100
<b>Employee Training System</b>					
Employee Training and Development	Total investment in employee training	RMB	445,465.29	434,911.12	875,887.21
	Number of employee training sessions	Times	339	271	260
	Number of employees supported for academic or professional qualifications	Persons	97	139	129
	Investment in support for employee academic or professional qualifications	RMB	220,903.50	334,915.78	567,066.15
	Number of employees trained <sup>15</sup>	Persons	1,660	1,602	1,470
Employee training coverage rate	%	100	100	100	
<b>Work Safety Incidents</b>					
Occupational Health and Safety	Number of work-related employee fatalities	Persons	0	0	0
	Work-related employee fatality rate	%	0.00	0.00	0.00
	Number of workdays lost due to work-related injuries	Days	689	133.68	221
Lost time injury frequency rate (LTIFR) <sup>16</sup>	/	2.23	2.54	2.55	

<sup>14</sup>The statistical scope for the 2023 and 2024 data is consistent with the Company's 2024 *Environmental, Social and Governance Report*.

<sup>15</sup>The statistical scope for 2025 data covers SNS and its domestic controlled subsidiaries, excluding KS GmbH.

<sup>16</sup>Lost Time Injury Frequency Rate (LTIFR) = (Number of lost time injuries / Total hours worked) x 1,000,000

Indicator	Unit	2025	2024	2023
Number of work-related injuries	Times	8	9	8
Total employee working hours	Hours	3,593,376	3,542,000	3,142,000
Fatality rate(FAR) <sup>17</sup>	%	0	0	0
<b>Occupational Disease Prevention and Control</b>				
Number of occupational disease cases	Persons	0	0	0
Compliance rate of hazardous work environments inspected by external third parties	%	100	100	100
Pass rate of occupational health check-ups for employees exposed to hazardous operations	%	100	100	100
<b>Occupational Health and Safety Training</b>				
Total number of employees receiving safety training <sup>18</sup>	Persons	5,605	4,127	/
Total hours of safety training for employees	Times	11,607.50	9,454.30	/
Number of safety drills	Times	28	25	25
Number of participants in safety drills	Persons	938	1,614	1,620
<b>Supplier Type<sup>20</sup></b>				
Domestic suppliers	Numbers	1,111	1,175	1,155
Overseas suppliers	Numbers	20	17	18
<b>Supplier Assessment<sup>19</sup></b>				
Number of suppliers subject to on-site assessment	Numbers	240	126	124
Number of suppliers subject to off-site assessment	Numbers	555	511	466
<b>Innovation and R&amp;D Management</b>				
R&D investment	RMB 10,000	8,979.18	7,577.20	7,474.09

Indicator	Unit	2025	2024	2023
R&D investment Ratio	%	5.08	4.84	5.46
Number of R&D personnel	Persons	262	250	223
Percentage of R&D personnel	%	15.01	14.83	15.17
<b>Patent-Related Performance<sup>21</sup></b>				
Number of patent applications	Cases	31	33	16
Number of patents granted	Cases	38	19	25
Number of valid patents	Cases	201	183	171
<b>Invention Patent-Related Performance<sup>22</sup></b>				
Number of invention patent applications	Cases	14	12	7
Number of invention patents granted	Cases	17	7	4
Number of valid invention patents	Cases	64	47	39
<b>Cybersecurity Incidents</b>				
Number of data security incidents	Times	0	0	0
<b>Community Welfare</b>				
Total external donations	RMB 10,000	2.50	17.50	25.00
Investments in rural revitalisation	RMB 10,000	40.01	40.33	0

<sup>17</sup>Fatality Rate (FAR) = (Number of employee fatalities / Total hours worked) x 1,000,000

<sup>18</sup>The statistical methodology for the 2023 data was inconsistent; therefore, it has not been disclosed.

<sup>19</sup>The statistical scope for 2025 data covers SNS and its domestic controlled subsidiaries, excluding KS GmbH.

<sup>20</sup>In 2025, the Company optimised statistical methodology for suppliers (by eliminating duplicate supplier counts); therefore, supplier data for 2023 and 2024 has been adjusted accordingly.

<sup>21</sup>Same as footnote 19.

<sup>22</sup>Same as footnote 19.

<sup>23</sup>Same as footnote 19.

<sup>24</sup>Same as footnote 19.

# Indicator Index Table

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## Reader Feedback

Thank you for reading the *2025 SNS Environmental, Social and Governance (ESG) Report*. To provide you and other stakeholders with more valuable information and to help SNS enhance ESG management capabilities and standards, the Company sincerely welcomes your comments and suggestions on the report. Please provide your feedback through the following channels:

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### 1. What is your overall assessment of the entire Report?

Good  Fairly Good  Average  Poor

### 2. How would you rate the clarity, accuracy, and completeness of the information, data, and indicators disclosed in this Report?

Good  Fairly Good  Average  Poor

### 3. Do you think this Report fully reflects the performance of SNS in environmental, social, and governance aspects?

Good  Fairly Good  Average  Poor

### 4. Do you find the text in this Report to be well-organised, clear, and easy to understand?

Good  Fairly Good  Average  Poor

### 5. Do you think the layout and design of this Report aided your understanding of the information?

Good  Fairly Good  Average  Poor

### 6. In your opinion, which content in this Report needs the most improvement?

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### 7. Do you have any comments or suggestions regarding the Company's ESG report and ESG work?

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