

# 2024

## Environmental, Social and Governance Report

Craft quality with ingenuity, Pioneer extraordinary through innovation



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## About the Report

### Report Description

This report is the first environmental, social and governance report (hereinafter referred to as “this report”) issued by Sino seal Holding Co., Ltd. (Stock code: 300470) (hereinafter referred to as “SNS”, “the Company” or “we”). It aims to objectively demonstrate the management, practice and performance of SNS in the fields of economic, environmental, social and corporate governance.

### Reporting Period

This report is an annual report, consistent with the reporting period of the financial annual report, covering the time period from January 1, 2024 to December 31, 2024. For any content exceeding the above scope, this report will provide explanations in the relevant sections.

### Reporting Scope

Unless otherwise stated, the content of this report covers SNS and its holding subsidiaries (including secondary subsidiaries), which is consistent with the scope covered by the Company's annual report. The main scope of disclosure is as follows:

Company name	Abbreviation
Sino seal 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
Krüger & Sohn GmbH	KS GmbH

### Basis of Compilation

This report is prepared with reference to the *Self-regulatory Guidelines for Listed Companies No. 17-Sustainable Development Report (Trial Implementation)* by Shenzhen Stock Exchange, the Global Reporting Initiative *Sustainability Reporting Standards (GRI Standards) (2021 Edition)*, and the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

### Data Sources

The data and information sources used in this report include SNS's internal statistics, public reports, and disclosures. In case of discrepancies between this report and the Company's annual consolidated financial statements, the latter shall prevail. Unless otherwise specified, the financial data is presented in RMB.

### Reliability Statement

This report has been reviewed and approved by the Board of Directors for publication. The Company undertakes that the disclosed content of this report does not contain any false records, misleading statements or material omissions.

### Access to This Report

This report is available in both Chinese and English. In the event of discrepancies between the two versions, the Chinese version shall be authoritative.

Electronic copies of this report in both Chinese and English are readily accessible through the Company's official website and the CSRC-designated information disclosure platform for the ChiNext Market “CNINFO”:

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

[https:// www.cninfo.com.cn](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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Postcode: 610045 Telephone: 028-85542909 E-mail: [ir@sns-china.com](mailto:ir@sns-china.com)

## Management Message

Dear friends,

We are pleased to present this report. On behalf of the Board of Directors and executive management, I would like to extend my sincere gratitude to our investors, customers, business partners, employees, and members of the broader community for your continuous support and trust in SNS.

Over the past year, against the backdrop of a slowing global economy, increasingly complex external environment, and the acceleration of the green and low-carbon transition, we have remained steadfast in our corporate slogan, “Craft quality with ingenuity, Pioneer extraordinary through innovation”. Guided by our corporate mission to “Ensure safety and protect the environment”, we have integrated the principles of sustainable development into our decision-making, driving high-quality growth and exercising our corporate social responsibility in tandem.

### ■ Robust Governance: Laying a Solid Foundation for Sustainability

We have continuously improved our ESG governance framework, restructuring the former Board of Directors’ Strategic Development Committee into the “Strategic Development and ESG Committee” and establishing a four-tier management structure to ensure ESG objectives are fully integrated into our business strategy. In 2024, we recorded zero incidents of business ethics violations, maintained 100% employees signing the *Integrity Commitment Letter*, and safeguarded corporate transparency and efficiency through rigorous compliance audits and risk management systems. As the only A-share listed company in China’s mechanical seal industry, we have maintained an “A” rating – the highest level – among ChiNext-listed companies in Shenzhen Stock Exchange for five consecutive years and have cumulatively distributed dividends exceeding RMB700 million since our listing, genuinely rewarding shareholder trust.

### ■ Green Innovation: Leading Industry Decarbonisation

In response to climate change, we actively implement the China’s “dual carbon” goals: **Green manufacturing**: Recognized as a *National Green Factory*, we completed our first photovoltaic installation, generating 499,900 kWh of solar power during the year. Our dry gas seal product completed the “cradle-to-gate” carbon footprint assessment and certification, setting a benchmark for low-carbon development in the industry.

**Technological empowerment**: R&D investment represented approximately 5% of operating revenue, and obtained 19 new authorized patents. Our diamond-coated seals entered pilot production and mass manufacturing, delivering enhanced seal durability and reliability. We launched the next-generation intelligent seal monitoring and health management system to improve predictive maintenance for critical equipment components. Additionally, our supply to CCUS (carbon capture, utilization, and storage) projects supports our customers in achieving energy savings and emission reductions.

### ■ People-centric Approach: Creating and Sharing Development Achievements

Our employees are our most valuable asset. In 2024:

**Protecting rights and interests**: We invested RMB58.1 million in employee welfare, achieving 100% coverage. We conducted specialized programs including mental health training, AED emergency response training, and safety drills. No major safety incidents or occupational illness cases occurred.

**Unlocking potential**: Our equity incentive plan was extended to 227 key employees. We organized 271 training programs and supported 139 staff members in upgrading their skills, and have been honored as “Sichuan Extraordinary Employer of the Year”.

### ■ Shared Responsibility: Empowering the Industry and Society

We deliver high-quality products and services to our customers, attaining customer satisfaction rates above 95% and receiving “outstanding Supplier” recognitions from leading enterprises such as Sinopec, Exxon Mobil, and Shenghong Petrochemical. In supply chain management, 100% of our suppliers have signed HSE agreements, strengthening supply chain quality oversight. Our efforts to practise corporate responsibility were further evidenced by poverty alleviation and rural revitalization initiatives, investing over RMB400,000 to support agricultural development in Ganluo County.

2024 marks the first year that we publish Environmental, Social, and Governance (ESG) Report. Looking ahead to 2025, we remain resolutely focused on our vision to “To be the a world-class fluid control equipment provider”, further integrating ESG into our business, elevating ESG management practices, and forging a virtuous cycle of sustainable operations, social responsibility, and environmental stewardship.

Sustainable development is both a defining imperative of the times and the pathway to enduring corporate prosperity. We value your insights and suggestions as we strive for sustainable, high-quality growth. Let us join hands, guided by innovation and responsibility, to jointly shape a greener industrial future!

Sinoseal Holding Co., Ltd.  
Hong Chen, General Manager  
April 24, 2025

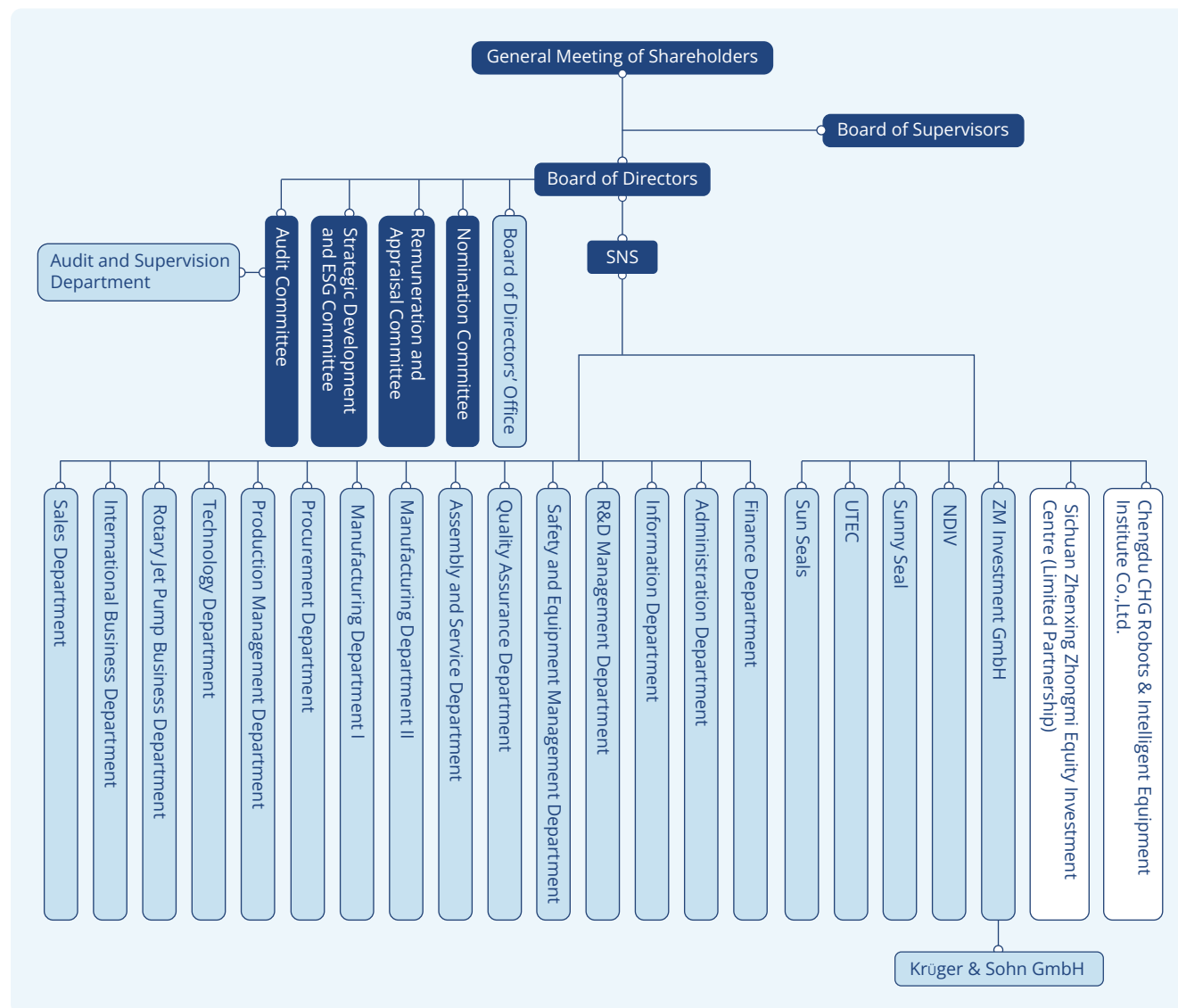




## About SNS

### Company Overview

The predecessor of Sino seal Holding Co., Ltd., the Sealing Technology Research Department of Sichuan Provincial Machinery Research & Design Institute founded in 1978 is one of the earliest institutes in China to carry out sealing technology research. The Company is the only A-share listed company in the domestic mechanical sealing industry (stock code: 300470). The main products of SNS include mechanical seals, dry gas seals, sealing auxiliary (control) systems, rotary jet pumps, rubber and plastic seals, special valves, guide rings and other products, and tailor-made solutions under different equipment and operating conditions, which can be widely used in petrochemical, coal chemical, oil and gas transportation, electric power, construction machinery, mining machinery and other fields. The Company's products and services are sold to Southeast Asia, Central Asia, Central Africa and other regions. As of the end of 2024, the Company owns six holding subsidiaries (secondary subsidiaries included), including 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. The Company also has equities in two enterprises and Sichuan Zhenxing Zhongmi Equity Investment Centre (Limited Partnership).



Organizational structure of SNS

## Start-up

In 1978, the predecessor of the Company, the Sealing Technology Research Department of Sichuan Provincial Machinery Research & Design Institute, was 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 June 12, 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 Japanese shares becoming a company limited by shares with its name changed to "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 to "Sinoseal Holding Co., Ltd." In January 2021, its subsidiary Sichuan Sangni Machinery Co., Ltd. officially changed its name to Sichuan Sunny Seal Co., Ltd.



## Globalization strategy

In July 2024, the Company became the actual controller of Krüger & Sohn GmbH and took the first step in its international development.



## Strategic integration

In February 2021, the Company completed the acquisition of Zigong New Dipper Valve Co., Ltd. and entered the field of high-end special valves.





## 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

### Business Philosophy

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

### Quality Policy

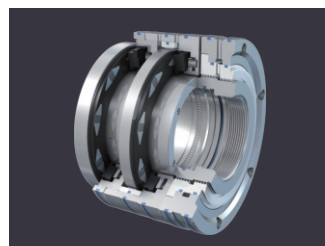
Integrity, High quality, Service excellence, Continuous improvement

### HSE Policy

Environmental Stewardship, Occupational Health, Operational Safety, Regulatory Compliance

## Business Overview

With focuses on the research, design, production and manufacture of mechanical seals, SNS has formed a product portfolio with various mechanical seals and their auxiliary (control) systems, special valves, and rubber-plastic seals as the core. The Company can design, develop and manufacture various types of mechanical seals, dry gas seals, seal auxiliary (control) systems, rubber-plastic seals, rotary jet pumps, special valves and guide rings with stable quality and reliable performance according to customers' needs. Meanwhile, we provide a full range of services such as technical consultation, solving on-site problems, and technical training.



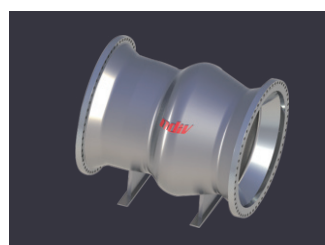
### SNS, Sunny Seal, Sun Seals

The main products include mechanical seals, dry gas seals, and sealing auxiliary (control) systems, and we specialise in delivering custom-engineered mechanical seal solutions for varied equipment and operational parameters across petrochemical, coal chemical, oil & gas transportation, and nuclear power industries. SNS is also engaged in the design, research and development, manufacturing and sales of rotary jet pumps.



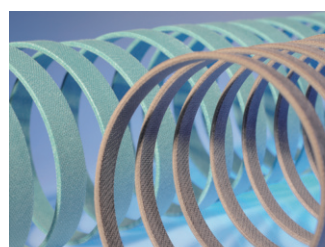
### UTEC

UTEC focuses on the design, research and development, production and sales of rubber and plastic seals and mold-free special turning equipment. It has outstanding leading advantages in sealing material properties and mold-free processing technology for large seals, which is widely used in construction machinery, mining machinery and other industries.



### NDIV

NDIV focuses on the R&D and manufacture of special valves for special working conditions, special functions and special fields, with axial flow check valves, forced sealing ball valves, compressor anti-surge valves, pipe clearance valves, water strike pressure relief valves and other products as the core. These products are mainly used in oil and gas transportation, petrochemical industry, water transportation and diversion industries.



### KS GmbH

It mainly produces resin laminates such as pipes, profiles, bars and plates, as well as guide rings and other products, which are widely used in construction machinery and electrical fields.

## Highlights of 2024



### Company Operations

Issuer	Awarded Entity	Award
China Association for Public Companies	SNS	<ul style="list-style-type: none"> <li>• 2024 Exemplary Case for Public Company Board of Directors</li> <li>• 2024 Best Practice Case for Public Company Boards</li> </ul>
China Association for Public Companies	SNS	2023 Best Practice Case for Public Company Investor Relations Management
China Securities Journal	SNS	The Golden Bull Award for Public Companies-2023 Golden Information Disclosure Award
Shenzhen Stock Exchange	SNS	2023-2024 Information Disclosure Rating "A" among ChiNext-listed Companies
Chengdu Municipal Bureau of Economic and Information Technology	SNS	Chengdu Intelligent Manufacturing Hub (SNS Smart Factory)
People's Government of Wuhou District	SNS	<ul style="list-style-type: none"> <li>• 2023 Outstanding Tax Contributor in Wuhou District</li> <li>• 2023 Innovation Excellence Platform in Wuhou District</li> <li>• 2023 Top 100 Innovative Enterprise in Wuhou District</li> <li>• 2023 Top 100 High-growth Companies in Wuhou District</li> <li>• 2023 Advanced Materials Industry Leader in Wuhou District</li> <li>• 2023 Top 100 Contributing Enterprise in Wuhou District</li> </ul>
Sichuan Provincial Development and Reform Commission, Department of Economic and Information Technology of Sichuan Province, Science & Technology Department of Sichuan Province, Administration for Market Regulation of Sichuan Province, Sichuan Provincial Bureau of Economic Cooperation	SNS	Sichuan Provincial Corporate Headquarters Designation
Suzhou Industrial Park Economic Development Commission	UTEC	2024 Demonstration Smart Workshop in Suzhou Industrial Park



### Collaborative Value Co-creation

Issuer	Awarded Entity	Award
Sinopec Yangzi Petrochemical Co., Ltd	SNS	2021-2022 Outstanding Supplier
Shenghong Petrochemical	SNS	2024 Outstanding Supplier
Gulei Petrochemical	SNS	2023 Outstanding Supplier
Luxi Chemical	SNS	Strategic partners
Fuhai Group	SNS	2024 Excellent Quality Award
Xi'an Pump & Valve Plant Co., Ltd	SNS	2023 Best Service Award
Xi'an Pump & Valve Plant Co., Ltd	SNS	2024 Service Commitment Excellence Award
Deep Blue Pump	SNS	Strategic partners (2023-2024)
Sulzer	SNS	2023 Best Quality Award
Liaoning Hengxing Pumps	SNS	2023 Outstanding Supplier
Exxon Mobil	NDIV	Excellent Supplier Recognition-Award
To Better	UTEC	Outstanding Supplier
liepin.com	SNS	2024 Sichuan Extraordinary Employer Award
HRSSB of Wuhou District, Chengdu	SNS	Industry Anchor Enterprise Employment Hub in Wuhou District
The office of the Leading Group for supporting Famous and Excellent Products in Chengdu, Chengdu Municipal Bureau of Economic and Information Technology, The Chengdu New Economic Development Commission	SNS	<ul style="list-style-type: none"> <li>• Chengdu Exemplary Industrial Product -Dry Gas Sealing and Its Control System (S Type)</li> <li>• Chengdu Exemplary Industrial Product -Hydrostatic Mechanical Seal for Nuclear Main Pump</li> </ul>
China Coal Machinery Industry Association	UTEC	<ul style="list-style-type: none"> <li>• Leading Enterprise in China's Coal Machinery Industry (2022-2023)</li> <li>• High-quality Brand Products of China Coal Machinery Industry</li> <li>• Designated production unit of special equipment and accessories for coal mines in China</li> </ul>



### Green Development

Issuer	Awarded Entity	Award
Ministry of Industry and Information Technology of the People's Republic of China	SNS	National Green Factory Designation
Department of Economy and Information Technology of Sichuan Province	SNS	Sichuan Provincial Green Factory Designation
Office of Chengdu Ecological and Environmental Protection Commission	SNS	Included in the "Zero-Waste City Cells" list at the Chengdu municipal level and won the title of "Zero-Waste Factory"
Sichuan Tianfu New District Meishan General Labor Union	Sunny Seal	Outstanding Achievement Award for Energy Saving and Emissions Reduction

List of Awards of SNS Holding in 2024



## Product & Service Accreditation and Recognition of SNS



Sinopec Yangzi Petrochemical  
2021-2022 Outstanding Supplier



Shenghong Petrochemical  
2024 Outstanding Supplier



Gulei Petrochemical  
2023 Outstanding Supplier



Luxi Chemical  
Strategic Partner



Fuhai Group  
2024 Excellent Quality Award



Deep Blue Pump  
Strategic Partner (2023-2024)



Sulzer  
2023 Best Quality Award



Xi'an Pump & Valve Plant  
2023 Best Service Award



Xi'an Pump & Valve Plant  
2024 Service Commitment Excellence



Exxon Mobil  
Excellent Supplier Recognition Award



China Coal Machinery Industry  
Association  
"High-quality Brand Product"  
Accreditation



China Coal Machinery Industry  
Association  
Leading Enterprise in China's Coal  
Machinery Industry (2022-2023)

## Environmental

### As of the end of 2024:

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

### In 2024:

- SNS was awarded the titles of "National Green Factory" and "Sichuan Provincial Green Factory"
- A dry gas seal product completed the "Cradle-to-Gate" carbon footprint assessment and certification
- Invested RMB1.3068 million in environmental protection throughout the year
- Utilised 499,900 kWh of photovoltaic power generation throughout the year
- Selected into the "Zero-Waste City Cells" list at the municipal level in Chengdu, and awarded the title of "Zero-Waste Factory"

## Social

### As of the end of 2024:

- SNS, Sun Seals, UTEC, and NDIV have obtained ISO 45001 occupational health and safety management system certification
- SNS, Sun Seals, UTEC, and NDIV have obtained ISO 9001 quality management system certification
- A total of 324 national patents have been authorised, including 48 invention patents

### In 2024:

- Offered 271 training projects for all employees, with a total investment of RMB434,900
- Provided academic and qualification improvement support for 139 employees, with a total investment of RMB334,900
- 0 significant safety accident
- 0 occupational disease incident
- R&D investment totaled RMB75.772 million

## Governance

### In 2024:

- Established a four-level ESG governance structure
- All employees signed the *Integrity Commitment Letter*
- All important, critical and sensitive personnel signed the *Integrity Risk Prevention and Control List*
- 0 incidents of business ethics violations



# ESG Management

## ESG Governance Structure

In 2024, SNS released the *Working System of the Strategic Development and ESG Committee of the Board*. The Company further upgraded the Strategic Development Committee of the Board of Directors to the “Strategic Development and ESG Committee” to lay the foundation for the Company's ESG strategic planning and deployment, and gradually build a four-level ESG governance structure:



ESG Governance Structure of SNS

## Assessment of Material Topics

SNS listens to and collects the opinions of various stakeholders, formulates relevant system documents such as the *Investor Relations Management System*, and receives consultations and suggestions from stakeholders through telephone calls, emails, official websites, performance briefings, etc.

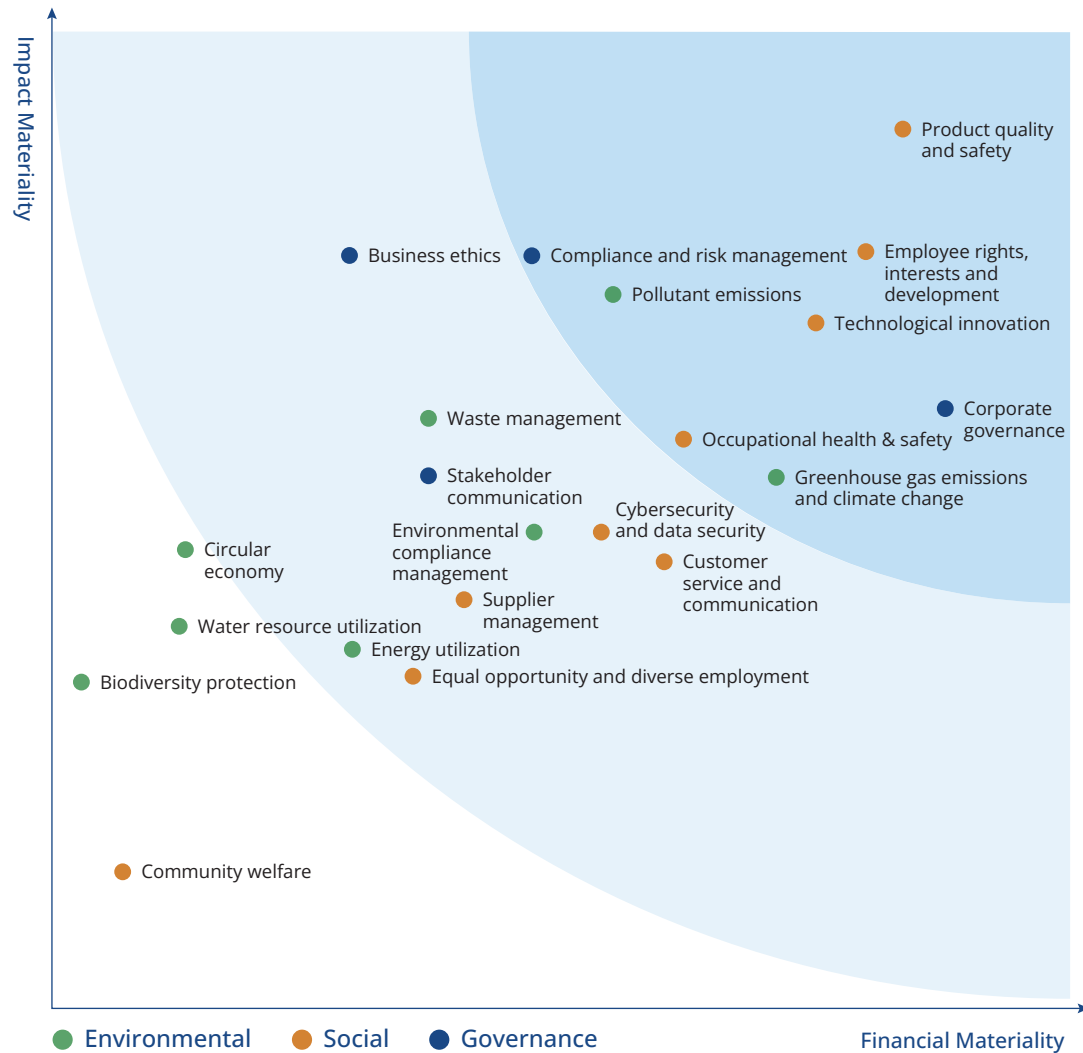
Type of Stakeholder	Topic of Concern	Communication Method
Governmental and regulatory agencies	<ul style="list-style-type: none"> <li>Information disclosure</li> <li>Company compliant operation</li> <li>Promotion of economic development</li> <li>Environmental protection</li> </ul>	<ul style="list-style-type: none"> <li>Communication meetings</li> <li>Supervision and inspection</li> <li>Information disclosure</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>Company compliant operation</li> <li>Performance and development planning</li> </ul>	<ul style="list-style-type: none"> <li>General Meeting of Shareholders</li> <li>Earnings Conference Call</li> <li>Information disclosure</li> <li>Conference call, email and online communication platform</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Product and service quality</li> <li>Integrity in operation</li> </ul>	<ul style="list-style-type: none"> <li>Service ticket</li> <li>Customer return visits</li> <li>Social media platforms</li> <li>Conduct customer satisfaction survey</li> </ul>

Type of Stakeholder	Topic of Concern	Communication Method
Employees	<ul style="list-style-type: none"> <li>Equality and Diversity</li> <li>Human capital development</li> <li>Occupational health &amp; safety</li> <li>Employee rights and interests</li> <li>Remuneration and benefits</li> </ul>	<ul style="list-style-type: none"> <li>Labour union</li> <li>Performance evaluations</li> <li>Employee satisfaction survey</li> <li>Employee representatives' meeting</li> </ul>
Partners (suppliers, etc.)	<ul style="list-style-type: none"> <li>Mutual benefits and win-win situation</li> <li>Integrity in operation</li> </ul>	<ul style="list-style-type: none"> <li>Supplier integrity agreement</li> <li>Supplier evaluation</li> <li>Supplier training</li> </ul>
Industry Associations/ Chamber of Commerce Organizations	<ul style="list-style-type: none"> <li>Social contribution</li> <li>Environmental protection</li> <li>Industry development</li> <li>Business performance and development planning</li> </ul>	<ul style="list-style-type: none"> <li>Industry exhibitions</li> <li>Technology exchange meetings</li> <li>Industry standard drafting</li> </ul>
Media	<ul style="list-style-type: none"> <li>Information disclosure</li> <li>Company compliant operation</li> <li>Environmental protection</li> <li>Employee rights and interests</li> <li>Business performance and development planning</li> </ul>	<ul style="list-style-type: none"> <li>News conferences</li> <li>Social media platforms</li> </ul>

In order to determine the key issues for the Company's sustainable development, this year, we conducted research on important issues for internal and external stakeholders.



The Process of Identifying and Confirming Material Topics



Matrix of material topics of SNS

Based on the research results, we have identified the materiality of various sustainable development issues as follows<sup>1</sup>:

Environmental	Social	Governance
<ul style="list-style-type: none"> <li>Greenhouse gas emissions and climate change</li> <li>Pollutant emissions</li> <li>Energy utilization</li> <li>Waste management</li> <li>Circular economy</li> <li>Water resource utilization</li> <li>Environmental compliance management</li> <li>Biodiversity protection</li> </ul>	<ul style="list-style-type: none"> <li>Product quality and safety</li> <li>Employee rights, interests and development</li> <li>Occupational health &amp; safety</li> <li>Technological innovation</li> <li>Equal opportunity and diverse employment</li> <li>Community welfare</li> <li>Supplier management</li> <li>Cybersecurity and data security</li> <li>Customer service and communication</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Compliance and risk management</li> <li>Business ethics</li> <li>Stakeholder communication</li> </ul>

<sup>1</sup>Topics with high materiality are marked in bold.



# 01

## Building a Robust Operation Foundation

In today's complex and changeable business environment, corporate governance and compliance management are the key cornerstones for enterprises to achieve sustainable development. SNS has built a robust, multi-dimensional management system grounded in a scientific governance structure and guided by strict business ethics. Further strengthened by a sound compliance and risk management framework, the Company also prioritises comprehensive intellectual property protection and advanced network information security as key pillars of its operations.

### Material Topics Covered in this Chapter:

- Corporate governance
- Compliance and risk management
- Business ethics
- Cybersecurity and data security
- Stakeholder communication



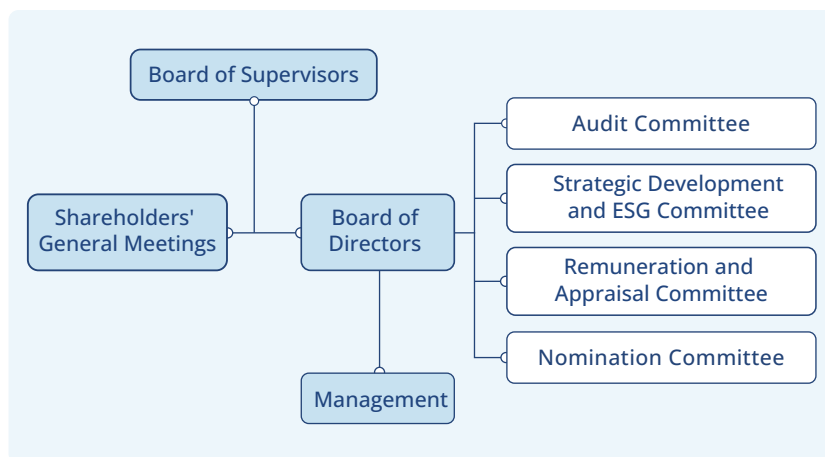


# Corporate Governance

## Governance Structure

Adhering rigorously to the laws and regulations such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, and the *Code of Corporate Governance for Listed Companies in China*, SNS has established a governance structure composed of Shareholders' General Meetings, the Board of Directors and special committees, the Board of Supervisors and senior management to ensure that the authority, decision-making bodies, supervisory bodies and management have clear delineation of authority and responsibilities.

The Board of Directors of the Company consists of four special committees: the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, and the Strategic Development and ESG Committee. They provide professional support for scientific decision-making. Each special committee effectively performs its duties and plays its role in accordance with the *Articles of Association* and the committee's work system to ensure the stable and sound operation of the Company.



Company organisational chart

SNS highly values the diversity and independence of the backgrounds of board members, and comprehensively considers multiple factors such as their educational background, professional field, ability and experience when selecting directors. The current members of the Board of Directors include experienced management personnel, technical experts, academic scholars and other different backgrounds, covering professional fields such as machinery and equipment, financial accounting, and asset evaluation. They are capable of providing multi-faceted perspectives and suggestions for the Company's decision-making. The Company has formulated and implemented management documents such as the *Independent Directors Work System*, the *Independent Directors Special Meeting System*, and the *Independent Directors Annual Report Work System* to ensure that independent directors make decisions from an objective standpoint while serving and performing their duties.

By the end of this reporting period, the sixth Board of Directors of SNS consisted of 9 members, including 1 female director and 3 independent directors.

During the reporting period, the Company held 3 general meetings of shareholders, 6 meetings of the Board of Directors, 6 meetings of the Board of Supervisors, and 13 meetings of specialised committees.

## Protection of Shareholders' Rights and Interests

SNS places great importance on the protection of shareholders' rights and interests. The Company has formulated and implemented a series of compliance policies for the securities market, including the *Investor Relations Management Policy*, the *Information Disclosure Policy*, and the *Related Party Transactions Policy*. Adhering to the principle of "returning value to and safeguarding investors," the Company ensures that all information disclosures are truthful, accurate, and complete. We actively maintain investor relations, attach importance to shareholder returns, and adhere to a consistent cash dividend distribution.

### Key Performance

- The Company has received an **A** rating for information disclosure among ChiNext-listed Companies of the Shenzhen Stock Exchange for five consecutive years.
- Since its listing, the Company has consistently paid annual cash dividends, with cumulative distributions reaching **RMB 711 million**. During FY2024, a profit distribution of **RMB 203 million** was executed.

## Business Ethics

Operating in strict compliance with the *Anti-Unfair Competition Law of the People's Republic of China*, *Anti-monopoly Law of the People's Republic of China* and other laws and regulations, SNS follows the principle of honest management, and resolutely resists corruption and bribery and other business ethics violations. SNS has established the *Employee Integrity Policy*, which outlines the fundamental requirements and code of conduct for ethical business practices. All employees are required to sign the *Integrity Commitment Letter*, pledging to uphold compliance with laws, fulfill duties with diligence, maintain personal integrity, and adhere to moral principles, ensuring honest and fair business conduct while abstaining from any form of corrupt activities.

To reinforce anti-corruption and anti-bribery efforts, the Company conducts annual comprehensive and systematic integrity risk assessments, covering both SNS and all subsidiaries. The findings are compiled into the *Integrity Risk Prevention and Control List*. Employees in critical, high-risk, or sensitive positions are required to review and acknowledge the *Integrity Risk Control List*, ensuring they fully understand potential risks and key mitigation measures. This strengthens risk awareness and self-discipline among key personnel. In 2024, the Company conducted a comprehensive assessment integrating factors such as ethical awareness, job responsibilities, business processes, institutional mechanisms, and external environment, identifying a total of two Level 1 integrity positions, seven Level 2 integrity positions, and 26 Level 3 integrity positions, with targeted communication and integrity education programs successfully completed for all personnel in these identified roles.

The Company places special emphasis on preventing corruption in procurement processes by implementing stringent control measures. On the one hand, the Company requires key suppliers to sign a *Procurement Integrity Agreement* that explicitly prohibits improper conduct such as commercial bribery. Furthermore, the Audit and Supervision Department conducts annual integrity-themed meetings specifically for newly added major suppliers to reinforce the Company's procurement code of conduct and ethical standards. On the other hand, the Company signed a *Procurement Integrity Commitment Letter* with employees of the procurement department to standardise and supervise procurement behaviour and promote fair and honest commercial transactions.

### Key Performance

- **100%** of employees signed the *Integrity Commitment Letter*
- **100%** of personnel in critical, key, and sensitive positions signed the *Integrity Risk Prevention and Control List*
- **0** incidents of business ethics violations



### SNS Organised the “Building Integrity and Clean Wuhou” Integrity Culture Experience Day

In July 2024, SNS organised Party members and cadres to participate in the Integrity Culture Experience Day with the theme “Building Integrity and Clean Wuhou”. They visited the Chengdu Wuhou Memorial Temple Museum, a provincial-level base for integrity culture, to study and promote the spirit of clean governance. Wuhou Memorial Temple is one of the first provincial-level bases for integrity culture in Sichuan Province. It not only embodies rich historical and cultural heritage but also serves as a significant venue for integrity education. During the event, Party members followed the “Integrity Culture and Education Line” through the temple grounds. While immersing themselves in the history of the Shu and Han Dynasties, they deeply reflected on the spirit of “loyalty, integrity, responsibility, and due diligence” exemplified by historical figures, thereby enhancing their awareness and commitment to practising integrity in their professional roles.

Besides, the Company encourages both internal and external stakeholders to jointly supervise the implementation of integrity policies by reporting any improper business conduct such as bribery or corruption. Multiple reporting channels are available, including the OA system, executive reception days. The Audit and Supervision Department is responsible for investigating the authenticity of reported cases and will complete the verification process and provide responses within five working days. The Company places high importance on whistleblower protection, strictly maintaining the confidentiality of whistleblowers' identities and provided information. Verified reports may qualify for rewards based on the circumstances and significance of the case.



## Compliance and Risk Management

SNS is well aware that compliance governance and risk prevention and control are foundations to achieve stability and prosperity. Adhering to the bottom line of compliance in accordance with the law, the Company improves comprehensive risk management, effectively identifies, evaluates and responds to potential risks in all aspects of production and operation, and continuously strengthens the internal control system to ensure the Company's business development.

### Compliant Operation

SNS proactively monitors and rigorously complies with applicable laws, regulations, and regulatory guidelines. The Company conducts comprehensive operational alignment with the latest supervisory mandates, systematically identifying and remediating latent compliance exposures. In terms of information disclosure and investor relations management, the Company conducts communication through telephone, e-mail, interactive platforms, etc. in accordance with the requirements of the *Rules for the Listing of Stocks on the Growth Enterprise Market of the Shenzhen Stock Exchange*, *Measures for the Management of Information Disclosure of Listed Companies*, *Investor Relations Management System*, etc., to effectively fulfill its information disclosure obligations and protect shareholders' rights and interests.

In production and operations, the Company engages professional third-party legal advisors to continuously monitor regulatory developments and provide expert guidance for compliance implementation. During the reporting period, particular emphasis was placed on ensuring the compliance of overseas operations, effectively mitigating risks associated with rapidly expanding international business segments.

We prioritise the promotion of compliance awareness and cultural development across the entire organisation and incorporate compliance requirements as mandatory in all operational meetings. Through consistent emphasis and regular communication, we continuously strengthen employees' compliance awareness. In 2024, the Company conducted specialised training on financial and tax compliance, the production management system, and supervision of listed companies to help different departments keep abreast of the latest compliance changes closely related to their work functions, and strengthen their understanding and practical ability to meet compliance requirements.

### Risk Management

SNS is committed to establishing a robust risk management system that clearly designates responsible functional departments for risk prevention and control across key areas including finance, R&D, quality, safety, and environmental protection. The Company regularly conducts both internal and external audits to evaluate the effectiveness of its risk control measures.

Within the Company, functional departments carry out the identification of risk factors in relevant fields including environment, quality, health and safety, and formulate response measures in accordance with departmental systems and procedural documents such as the *Comprehensive Management Manual*. During the annual internal audit process, the Company establishes dedicated audit teams comprising both internal auditors and department heads. These teams employ multiple verification methods including face-to-face interviews, record sampling, and document reviews to monitor the implementation of risk mitigation measures, evaluate the effectiveness of risk responses, and identify process optimisation opportunities for any findings detected.

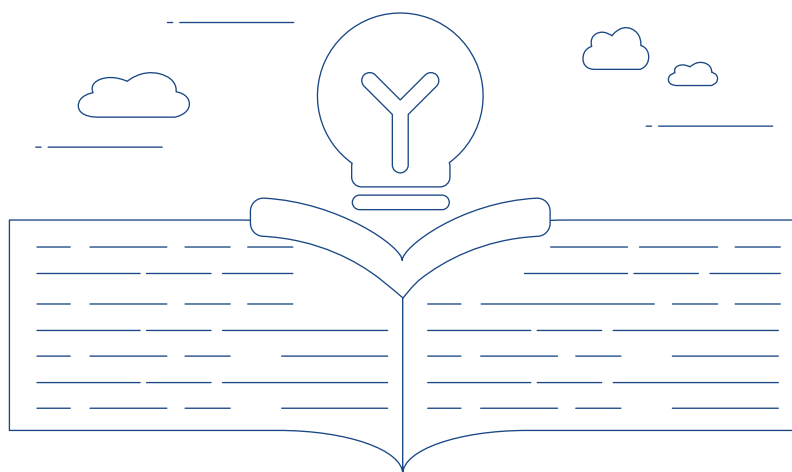
Meanwhile, in compliance with the *Basic Standards for Enterprise Internal Control* and other regulatory requirements, the Company conducts annual internal audit inspections of its subsidiary companies on a regular basis. No material risks or compliance violations were identified during these audits. During the reporting period, the Company engaged an independent third-party firm to perform an internal control audit, which focused on identifying risk points and control deficiencies. According to the *Internal Control Audit Report* issued by ShineWing Certified Public Accountants (Special General Partnership), the Company maintained effective internal control over financial reporting in all material respects as of 31 December 2024, in accordance with the *Basic Standards for Enterprise Internal Control* and related regulations.



## Intellectual Property Protection

SNS prioritises the protection of innovation achievements and intellectual property (IP) management. The Company has implemented a categorised protection strategy for innovation outcomes, while actively monitoring policy updates, industry trends, and latest competitor activities to mitigate both internal and external infringement risks. The Company has designated dedicated IP management personnel. Their work is governed by comprehensive regulatory frameworks including the *Intellectual Property Management Policy*, the *Trademark Management Regulations*, and the *Administrative Measures for Patents and Software Copyrights*, which standardise all aspects of IP registration, maintenance, administration, and protection. The Company attaches great importance to intellectual property protection and patent life cycle management: in the early stage of R&D projects or new product development, the Company conducts in-depth market research and patent searches, without infringing upon the intellectual property rights of others; in the patent application and maintenance stage, the Company engages professional external institutions to provide guidance and maintain the Company's intangible assets.

At the same time, the Company organises specialised intellectual property training every year for employees in key positions such as R&D personnel, enabling them to stay updated on the latest developments in laws and regulations such as the *Patent Law of the People's Republic of China* and the *Copyright Law of the People's Republic of China*, to enhance their awareness and ability to protect intellectual property.



### Exploratory research on frontier technologies

Sign non-disclosure agreements with R&D personnel, strictly protect technical information, and prevent the leakage or abuse of technical achievements at an early stage



### Reserved technical achievements that have not been made public yet

Adopt the dual protection method of "patent + technology isolation" to ensure that the technology stays exclusive and competitive in future applications



### Applied innovative achievements

Actively apply for patents, ensure the exclusivity and market advantages of innovative technologies through legal means, and prevent the technology from being imitated or infringed upon by others

Categorised protection strategies for innovative achievements

#### Key Performance

As of the end of 2024,

- A total of **324** national patents have been authorised, including **48** invention patents;
- A total of **7** computer software copyright registration certificates have been authorised;
- A total of **18** trademark registration certificates have been authorised.

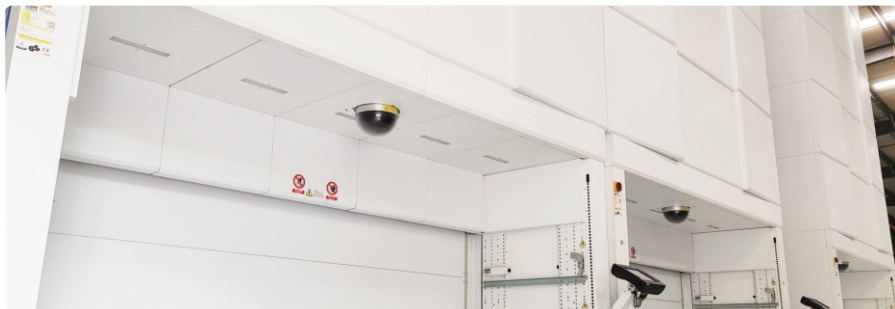
## Cybersecurity and Information Security

### Digital construction

SNS has proactively responded to the digital transformation era by implementing its "Smart SNS 123" strategy since 2019. Guided by the framework of "One Objective, Two Creations, and Three Platforms," the Company has actively adopted digital, networked, and intelligent production tools. To date, we have implemented multiple electronic information systems across collaborative management, R&D, and smart manufacturing sectors.

The Company uses a Product Lifecycle Management (PLM) system as its core platform. It integrates 3D modelling, CNC programming, process planning, and simulation tools to enhance manufacturing modularity, standardization, and serialization. This improves both design quality and efficiency. Smart logistics solutions have also been adopted, including automated containers, automated stereoscopic warehouse, and AGVs (Automated Guided Vehicles). These ensure efficient material storage and precise transportation. Additionally, the Company has built China's first flexible production line for mechanical seals. This innovation enables automated production, further strengthening its market competitiveness.

After years of development, the Company's digital transformation has delivered outstanding results, significantly enhancing market competitiveness. By the end of this reporting period, SNS has been recognised as a "Chengdu Smart Factory" while its subsidiary UTEC has been certified as a "Demonstration Smart Workshop in Suzhou Industrial Park."



Automated stereoscopic warehouse of SNS



## Information Security Management

SNS strictly complies with the *Cybersecurity Law of the People's Republic of China* and related regulations. The Company has established internal policies including the *Information System Security Management Policy* and the *Network Infrastructure Security Standards* to continuously strengthen data protection and information security across all operations, safeguarding the privacy and sensitive data of employees, clients, and stakeholders. The Company's information management department is responsible for unified governance of access controls across application systems and network infrastructure. It regularly reviews and confirms user permissions, strictly controlling access to critical data and information.

The Company has defined the basic security policy requirements, including prohibiting cross-departmental computer access, restricting the installation of non-work-related software, separating the office network from residential or personal network environments, and backup mechanisms for critical data. All administrative passwords for application systems and network equipment must be changed at least annually. Password strength must comply with the Company's security standards. The information management department conducts regular inspections and emergency drills to ensure and oversee the implementation of security measures.

Apart from that, cybersecurity training is organised and carried out company-wide every year, covering the latest regulatory mandates, common network attack vectors and preventive measures, data protection methods, etc. These activities aim to strengthen the Company's internal information security awareness and capabilities.



### Disaster recovery mechanism

- A "Two Locations, Three Centres" disaster recovery framework has been established to effectively respond to emergencies such as natural disasters, hardware failures, and cyberattacks, ensuring data integrity and business continuity

### Internal inspection

- Regular checks are performed on system performance, security vulnerabilities, and data backup integrity. This ensures all equipment and systems maintain optimal operation

### Emergency drills

- Based on the importance of the system, quarterly special and annual comprehensive emergency drill plans are made
- A company-wide cybersecurity emergency drill is organised annually to simulate real-world scenarios such as hacking and data leakage. It aims to enhance the Company's emergency response capabilities

### Monitoring & early warning

- The external professional institution is introduced to provide 24-hour monitoring and security protection, so as to detect anomalies timely and issue early warning
- Regular simulated attack and defense drills are conducted, in a bid to identify potential security vulnerabilities, and put forward targeted improvement suggestions

Daily management measures for information security protection



### 2024 Cybersecurity Training of SNS

In December 2024, the Company launched annual cybersecurity training, covering all employees of SNS and its holding subsidiaries. This training focused on computer anti-virus knowledge, especially for the increasingly rampant mining viruses. It provided an in-depth introduction by combining theory with practice, and explained the characteristics, hazards, daily monitoring and prevention of viruses, and responding measures after computers attacked by viruses. Through professional knowledge popularisation and operation guidance, this training has strengthened employees' awareness of cybersecurity and built a strong line of defense for the Company's information security.



# 02

## Practising Green and Low-carbon Actions

SNS practises the concept of green development, and extensively implements energy-saving, emission reduction and resource recycling measures in the production and operation process. By continuously empowering and improving the level of green manufacturing, the Company contributes to the realization of a win-win situation of economic and environmental benefits for the whole society.

### Material Topics Covered in this Chapter:

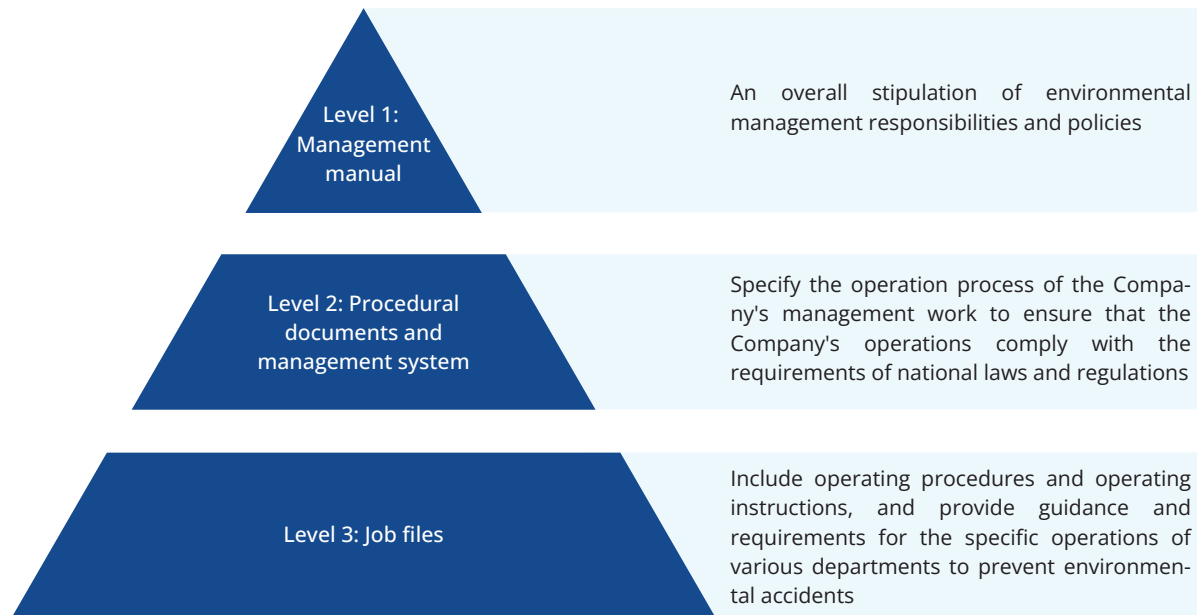
- Greenhouse gas emissions and climate change
- Pollutant emissions
- Energy utilization
- Waste management
- Circular economy
- Water resource utilization
- Environmental compliance management
- Biodiversity protection





## Environmental Management System

Based on the ISO 14001 environmental management system standard, SNS regulates the construction of the environmental management system in accordance with the actual situation of the Company. All holding subsidiaries have set up an environmental management structure. The general manager serves as the top leader and appoints dedicated departments to lead the implementation of the environmental management system, monitor and inspect its effectiveness. Each department's environmental responsibilities are clearly defined for daily operations. We have established a series of internal environmental management regulations, including *Environmental Management System*, *Environmental and Occupational Health & Safety Operation Control Procedures*, and *Environmental Pollution Emergency Response Plan*. These form a three-level environmental and health & safety governance framework, ensuring full compliance throughout production and operations.



Environmental Management Document System of SNS



Environmental Management System Certificate of SNS

## Environmental factors identification

We have established the *Environmental Factor Identification, Hazard Assessment, and Risk Control Procedures*. Annually, we conduct evaluations of environmental impact factors and implement targeted control measures and emergency plans. This ensures precise and effective environmental management while minimizing risks. We employ a structured environmental analysis framework covering 3 timelines, 3 operational states, 12 sources, and 5 impact categories to systematically identify and assess environmental factors across all operations. Each factor is assigned to relevant departments to strengthen accountability and enhance corporate environmental risk management.

## Environmental monitoring

We conduct both internal and third-party environmental monitoring in full compliance with approved Environmental Impact Assessment (EIA) requirements and discharge permits, and ensure that all monitoring activities, including frequency, methodologies, and results, meet national regulatory standards.

## Emergency response plan

We have established the *Environmental Pollution Incident Emergency Plan* and conduct regular environmental risk assessments, internal emergency resource audits, and emergency response drills. These measures ensure all employees are thoroughly familiar with emergency management protocols for various environmental incidents and possess practical emergency response skills.

### Environmental risk management of SNS

#### Key Performance

- By the end of this reporting period, SNS, Sun Seals, UTEC, and NDIV have obtained ISO 14001 environmental management system certification

Furthermore, SNS actively enhances employees' environmental awareness through targeted training and practical exercises. By integrating these initiatives with routine environmental inspections, we guide our workforce in embedding sustainable development principles into daily production and operational practices.

Based on a sound environmental management system and efficient management measures, SNS takes the path of "green + intelligent" development and continues to promote the construction of green factories. SNS has established a dedicated Green Factory Task Force to implement comprehensive green manufacturing, guided by five core principles: intensive land use, clean production, non-toxic materials, waste recycling, and energy decarbonisation. Our efforts have been recognised through multiple prestigious accolades, including being certified as both a Sichuan Provincial Green Factory and a National Green Factory during 2024. These achievements demonstrate the steady advancement of SNS's integrated green development capabilities.

#### Key Performance

During the reporting period, the Company:

- Invested **RMB1.3068 million** in environmental protection, including the purchase of energy-saving and water-saving environmental protection equipment, the operation and maintenance of environmental protection facilities, and the organization of environmental protection training.
- No major environmental emergencies have occurred, and no environmental protection-related violations or administrative penalties have occurred.

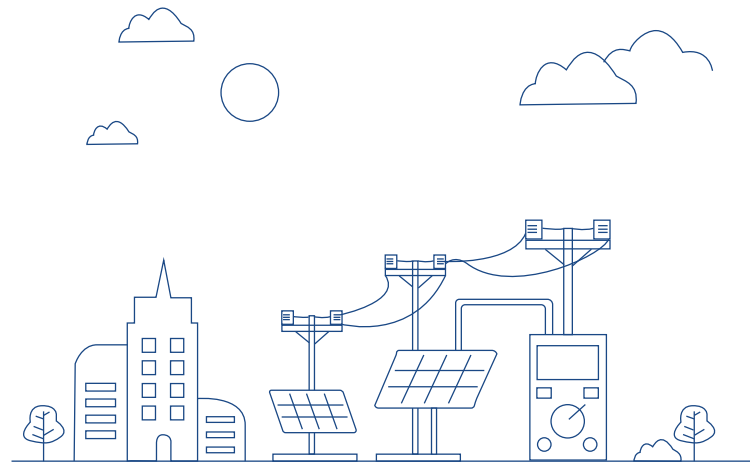


## Energy and Carbon Management

As global climate change intensifies and resource and environmental constraints tighten, effective energy and carbon management has emerged as a critical driver for enabling green, low-carbon transformation across economic and social systems. SNS is committed to strengthening management and practice in energy efficiency improvement, carbon emission control, renewable energy application, and green technology innovation. The Company is also actively contributing to society to tackle climate change and achieve low-carbon transformation.

### Climate Change Responses

SNS proactively engages in climate change mitigation and adaptation initiatives. We conduct comprehensive climate risk assessments, develop strategic response plans, and implement targeted measures to minimise potential climate-related impacts.



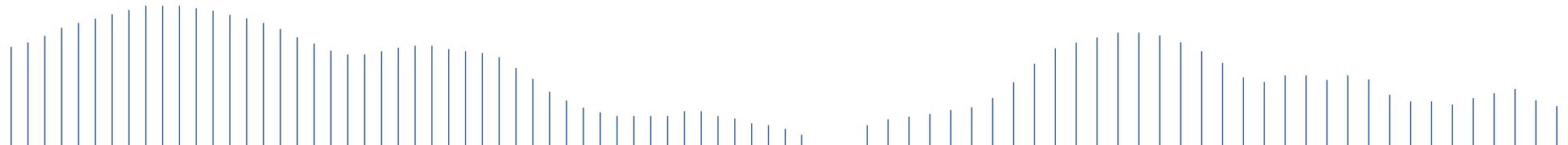
### Physical Risks

Risk types	Degree of risk	Risk description and impact	Response measures
Extreme heat	High	Extreme heat reduces the operational efficiency of temperature-sensitive equipment while simultaneously impairing employee productivity. Additionally, maintaining optimal temperatures requires increased maintenance and energy costs for cooling systems.	We implement a <i>Heat Emergency Response Plan</i> to enhance equipment maintenance and ensure adequate cooling systems. The plan includes backup power solutions (generators/solar PV) to maintain operations during summer power restrictions, along with heat-prevention supplies distribution to protect employee health.
Extreme precipitation	Medium-high	Extreme precipitation may cause stagnant water or precipitation to overwhelm factories and facilities, cause damage to equipment and facilities, delay normal production and incur additional capital expenditures.	We establish a <i>Flood Prevention Emergency Plan</i> , complete with essential flood control equipment including sandbags and flood barriers. Regular flood prevention drills are conducted to ensure preparedness.
Wet trends	High	The increase in moisture content may cause the metal parts of the equipment to rust easily, affect product production efficiency and quality, and reduce customer reliability.	We implement enhanced moisture control measures, including additional dehumidifiers and absorbent materials, to maintain dry conditions in production workshops, equipment, and storage areas to prevent rust formation. Regular equipment maintenance and inspections ensure timely repair of any corrosion.



## Transition Risks

Risk types	Risk description and impact	Response measures
Policies and regulations	To mitigate climate change, national carbon emission and energy use policies have become increasingly stringent. Companies now face rising costs for energy efficiency, emission reduction compliance, and potential litigation risks. Meanwhile, summer high-temperature electricity rationing policies may prevent the operation of energy-intensive equipment such as sintering furnaces, disrupting production processes.	We closely monitor evolving climate-related regulations and policies while proactively implementing carbon accounting and energy efficiency initiatives to strengthen emission management capabilities. To ensure uninterrupted operations during summer power restrictions, we have deployed backup generators and expanded photovoltaic power generation capacity.
Technologies	Outdated, energy-intensive technologies risk being displaced by more efficient and eco-friendly alternatives, potentially eroding a company's technological edge. Unsuccessful R&D efforts in new technologies may impose significant financial burdens on enterprises.	We phase out high-energy-consuming technology and equipment; strengthen industry cooperation and carry out research and development of low-carbon environmental protection technologies.
Market	Future market preferences may increasingly favour low-carbon products, potentially rendering non-compliant offerings obsolete. Meanwhile, climate change could disrupt supply chains through raw material price volatility, increased storage expenses, and transportation cost fluctuations, exposing businesses to significant financial pressures.	We improve product production efficiency and reduce product carbon footprint; explore market areas in low-carbon industries.
Reputation	Stakeholders such as regulators, investors, potential customers, etc. may have higher expectations for a company's engagement in climate issues and information disclosure. If the company fails to participate in a timely and active manner, it may compromise the Company's reputation.	Disclose information such as energy consumption and carbon emissions through ESG reports, annual reports, etc. to ensure the timeliness, accuracy and transparency of information disclosure.



## Energy Saving and Carbon Reduction Actions

In strict compliance with *The Energy Conservation Law of the People's Republic of China* and local energy rules, SNS has formulated an *Energy Conservation and Emission Reduction Management System* to put forward management control, supervision, reward and punishment details for water, electricity, and gas conservation. The system also defines the responsibilities of various departments in energy management, so as to strengthen supervision and ensure the implementation of energy-saving and carbon-reducing measures, and enhance the Company's energy management capabilities. SNS continuously strengthens energy management audits. Each month, the Safety Management Department conducts electricity consumption statistics, compares monthly usage changes, and analyses reasons for significant variances. Regular inspections are performed on workshop and office building electricity usage to reduce air conditioning use and strictly prohibit equipment idle operation.

The Company actively adopts energy-saving technological upgrades and optimises office environments to enhance energy management and reduce overall carbon emissions. In 2024, SNS carried out the following energy conservation and emission reduction measures:

Regulation of air conditioning (AC) use	<ul style="list-style-type: none"> <li>Air conditioning is prohibited when outdoor temperatures are below 26°C in summer or above 16°C in winter;</li> <li>Summer settings must not be lower than 26°C, and winter settings must not exceed 20°C;</li> <li>AC must be turned off in the office when unoccupied for over 30 minutes.</li> </ul>
Regulation of other energy-consuming equipment use	<ul style="list-style-type: none"> <li>All office electronics (computers, monitors, water dispensers, lights, printers, AC, etc.) must be powered off after work hours;</li> <li>Production equipment and workshop lighting must be switched off during extended non-use periods.</li> </ul>
Energy-saving technological upgrades	<ul style="list-style-type: none"> <li>We optimised the bellows product air-testing processes, significantly reducing electricity and water consumption.</li> </ul>
Green energy use	<ul style="list-style-type: none"> <li>We installed solar streetlights to replace conventional lighting;</li> <li>We deployed rooftop photovoltaic panels to enhance the self-generating capacity of photovoltaic, increase the proportion of green energy used, and reduce thermal power procurement;</li> <li>KS GmbH purchases 100% carbon-neutral natural gas to reduce carbon emissions caused by energy use.</li> </ul>

Energy Management Measures

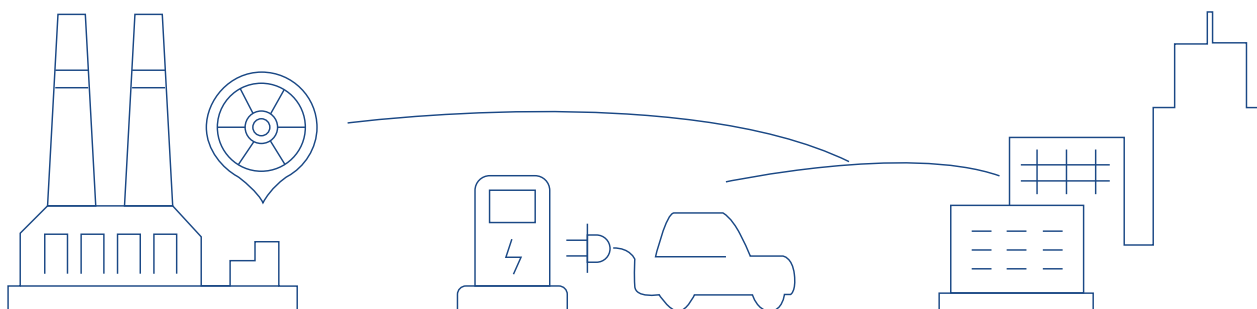


UTEC has installed the rooftop photovoltaic system



Sunny Seal won the "Outstanding Achievement Award for Energy Conservation and Emission Reduction" issued by the Meishan Federation of Trade Unions of Tianfu New District, Sichuan Province

In addition, SNS integrates low-carbon considerations throughout the entire product lifecycle by conducting product carbon footprint verification. The Company has engaged a third-party organization to perform carbon footprint assessments in accordance with *ISO 14067-2018 Greenhouse Gases - Carbon Footprint of Products - Requirements and Guidelines for Quantification*. Using a "cradle-to-gate" approach, the verification covers four key stages: raw material production, raw material transportation, product manufacturing, and product transportation. In 2024, the Company completed the product carbon footprint verification of the dry gas seal S748L-128, and the result was 562.6 kgCO<sub>2</sub> per set. The carbon emissions from the raw material production and product manufacturing stages account for more than 80% of the total. In the future, the Company will further expand the product coverage of carbon footprint management throughout the life cycle, identify high-emission stages and carbon reduction potential, and explore effective ways to reduce the environmental impact of the product throughout the life cycle.



Dry Gas Seal's Carbon Footprint Certification

## Key Performance



In 2024, SNS and all its subsidiaries set a target to maintain "electricity consumption per RMB10,000 of output value not exceeding the 2023 levels". While Sunny Seal's energy use increased significantly due to production expansion, all other subsidiaries have achieved this goal.

### Energy Consumption

- Direct energy consumption totaled **88.33** tonnes of standard coal;
- Indirect energy (purchased electricity) consumption totaled **7,527,471.74** kilowatt-hours, of which **499,900** kilowatt-hours was renewable electricity.

### Carbon Emissions

- Scope 1 carbon emissions: **161.22** tonnes of CO<sub>2</sub> equivalent;
- Scope 2 carbon emissions: **4,038.97** tonnes of CO<sub>2</sub> equivalent.

## Resource Utilization

SNS regards efficient resource utilization as a cornerstone of sustainable development. Through optimised production processes, innovative technology applications, and green office initiatives, the Company is committed to promoting resource conservation and circular utilization across its value chain, achieving a balance between economic value and environmental benefits.

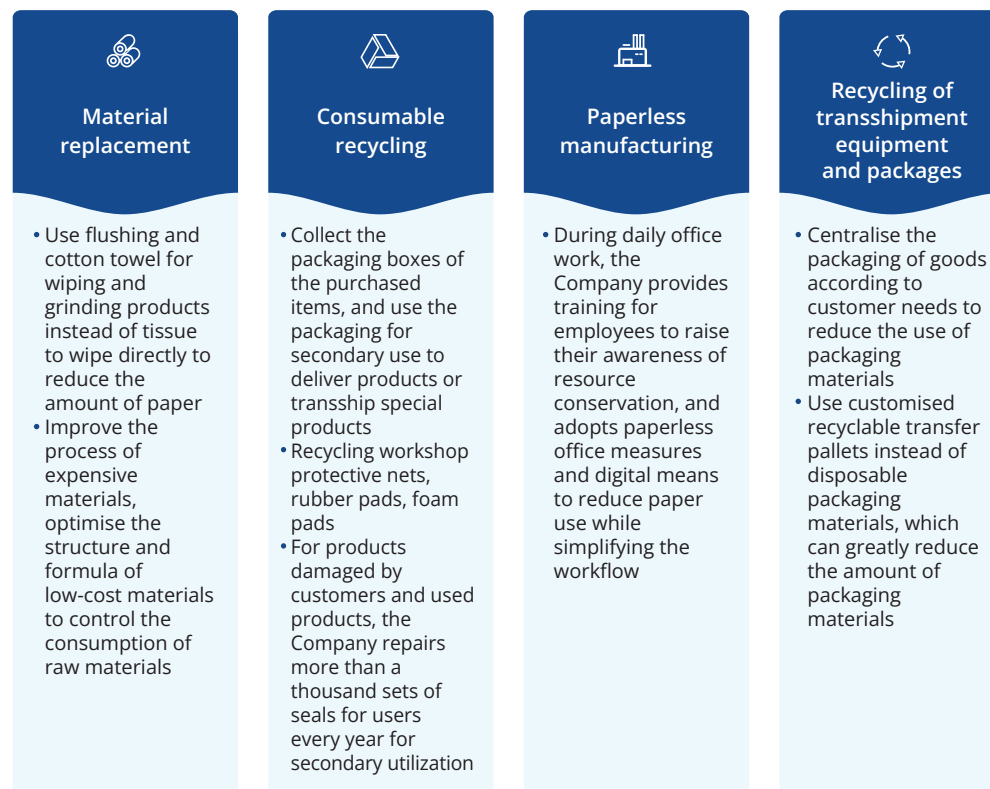
In terms of water use, the Company is not engaged in the water-intensive industry, thus prioritizing water footprint reduction in auxiliary operations. For instance, we have implemented a water recycling system in our laboratories to minimise freshwater consumption, posted water conservation reminders at all faucets to reinforce a culture of water-saving, and conducted regular facility inspections to promptly address leaks or other water waste incidents. In 2024, the Company enhanced compliant water recycling practices in both the bellows production section and the silicon carbide processing section.

The Company has adopted a resource conservation-oriented approach, focusing on water stewardship and proactively advocating water conservation. All subsidiaries are also advancing and implementing water-saving initiatives.

Regarding material consumption, the Company identifies opportunities for reduction and recycling throughout operations, which spans multiple stages including procurement, manufacturing, packaging, and after-sales services, covering various materials such as packaging supplies, raw materials, process consumables, and office supplies. These efforts reduce material consumption across the entire production process while improving resource efficiency.

### Key Performance

- In 2024, the Company consumed **98,121.31** square meters of wooden box packaging materials and **14.47** tonnes of plastic packaging materials.



Resource Conservation and Recycling Measures of SNS



Recycling silicon carbide transfer box



## Emissions and Waste Management

SNS complies with 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*, *Standard for Pollution Control on Hazardous Waste Storage* and other laws and regulations and applicable emission standards. It strictly adopts compliance emission control measures, continuously optimises processes and technologies, and improves the level of "Three Wastes" governance.

SNS and its holding subsidiaries engage qualified third-party to conduct environmental monitoring every year, tracking our environmental emission levels. The Company is also subject to the supervision and testing by environmental regulatory authorities on an irregular basis. During the reporting period, all of the environmental monitoring results of SNS and its holding subsidiaries met regulatory requirements.



Shot blasting dust collection system and Acid wash wastewater treatment equipment

Type of emissions and waste	Treatment methods
Waste gas	<ul style="list-style-type: none"><li>SNS and Sunny Seal installed dust and particulate treatment systems including bag filters, pulse dust collectors, cartridge dust collectors, and welding fume extractors to centrally collect and process airborne particles</li><li>NDIV treated production exhaust gases by subjecting organic emissions to preliminary treatment, triple-stage filtration, and activated carbon adsorption, followed by catalytic combustion for harmless disposal</li></ul>
Solid waste	<ul style="list-style-type: none"><li>For hazardous waste, the Company has established and strictly enforced the <i>Hazardous Waste Management System</i>, to standardise the complete process from generation and collection to storage and transportation</li><li>Hazardous waste generation is reduced through enhanced material reuse, with licensed third-party contractors handling collection and disposal to ensure compliance</li></ul>
Wastewater	<ul style="list-style-type: none"><li>All wastewater treatment and discharge strictly adhere to the <i>Integrated Wastewater Discharge Standard (GB 8978-1996)</i> and the discharge permits</li></ul>

Emissions and waste treatment methods

Type of emissions and waste	Optimised treatment measures
Waste gas	<ul style="list-style-type: none"> <li>SNS and Sunny Seal modified silicon carbide formulation processes, significantly reducing waste gas emissions from spray drying towers and sintering process. Annual compliance rate for exhaust emissions kept at 100%</li> <li>The Company enforced strict vehicle emission standards, prohibiting vehicles below China V (GB 17691-2005 Phase V) standards from entering facilities. Sun Seals replaced diesel forklifts with electric models to reduce mobile source waste gas emissions</li> </ul>
Solid waste	<ul style="list-style-type: none"> <li>UTEC implemented industrial vacuum systems to separate metal chips from cutting fluid for recycling. Sunny Seal and NDIV installed oil-water separators to recover cutting fluid for reuse</li> <li>NDIV and Sun Seals equipped some machining equipment with oil mist collectors to capture oil aerosols during operation. The separated cutting fluid or machine oil can be recycled for production, reducing the company's burden of hazardous waste transportation and disposal</li> <li>Sunny Seal upgraded acid wash facilities, improving wastewater recovery and purification while minimizing hazardous liquid waste generation</li> <li>SNS and Sun Seal optimised cutting process to reduce waste steel scraps and installed dedicated recycling bins for foam padding and waste steel scraps. By doing so, the discard of consumables waste was reduced and material circularity was improved</li> </ul>
Wastewater	<ul style="list-style-type: none"> <li>Sun Seals commissioned new wastewater treatment facilities to increase water reuse and reduce discharge volumes</li> </ul>

Emissions and Waste Treatment Optimisations in 2024



Silicon carbide dust control equipment and Exhaust gas treatment systems

#### Honour: SNS was awarded the title of "Zero-Waste Factory" in Chengdu

In 2024, Chengdu accelerated its "Zero-Waste City" initiative, expanding "Zero-Waste City Cells" across factories and residential communities. SNS earned a spot on the 2024 "Zero-Waste City Cells" list in Chengdu and received the "Zero-Waste Factory" certification for its green and zero-waste practices.

## Key Performance (solid waste)

In 2024,

- Produced **539.75** tonnes of non-hazardous waste
- Produced **82.94** tonnes of hazardous waste

## Key Performance (wastewater)

In 2024,

- Discharged **24,608.00** cubic meters of industrial wastewater
- Discharged **35,143.99** cubic meters of domestic wastewater
- Discharged **0.984** tonnes of ammonia-nitrogen (NH<sub>3</sub>-N)
- Discharged **4.689** tonnes of chemical oxygen demand (COD)
- Discharged **0.006** tonnes of total phosphorus
- Discharged **0.030** tonnes of suspended solids

## Key Performance (waste gas)

In 2024,

- Emitted **0.002** tonnes of nitrogen oxide (NO<sub>x</sub>)
- Emitted **0.157** tonnes of non-methane hydrocarbon (NMHC)

## Ecological Protection

In strict compliance with the *Environmental Impact Assessment Law of the People's Republic of China*, the *Regulations on Environmental Protection Management of Construction Projects* and other laws and regulations, SNS comprehensively conducts environmental impact assessments for new, modified, and expanded projects involved in production and operation. The Company also implements environmental, health, and safety management measures during the design, construction, and production stages to minimise interference and damage to the local ecosystem. In 2024, the Company integrated the concept of green design into the construction plan of the new office building of SNS, making full use of natural light and landscape vegetation to create a good ecological space. Meanwhile, it improved the building's thermal insulation performance and resource consumption efficiency through exterior design and material selection.





# 03

## Ensuring Employee Rights and Development

Regarding employees as the cornerstone of organisational success, SNS is committed to creating an equal and growth-oriented workplace culture. The Company protects the legitimate rights and interests of its employees, and helps employees achieve professional growth through a diversified training system. These efforts lay a solid talent foundation for the sustainable development of the Company. The Company also highly values the physical and mental health of its employees by creating a safe and comfortable working environment, thereby enhancing a profound sense of belonging and holistic well-being across the workforce.

### Material Topics Covered in this Chapter:

- Employee rights, interests and development
- Occupational health & safety
- Equal opportunity and diverse employment





## Basic Rights and Interests

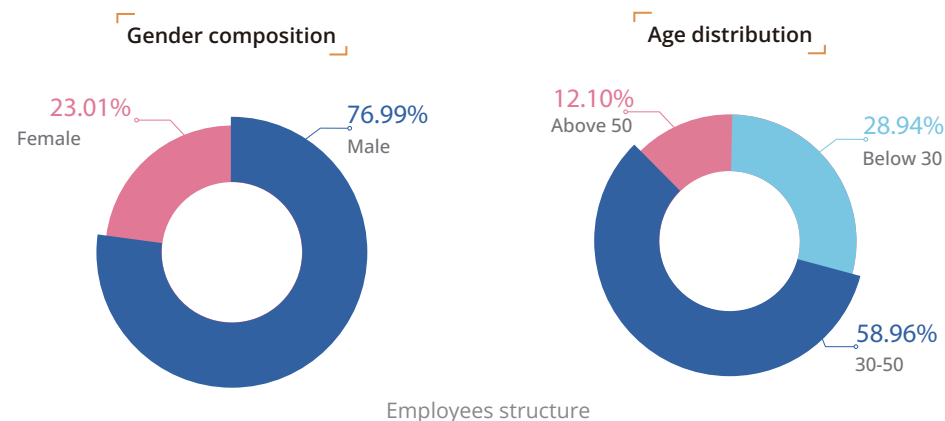
SNS strictly practises compliant employment, and advocates a diverse and equal working environment. The Company protects the well-being of employees in daily management, ensures smooth communication channels, and builds an inclusive and harmonious workplace atmosphere.

### Compliant Employment

The Company strictly complies with relevant laws and regulations including the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China*, and the *Provisions on the Prohibition of Using Child Labour*. Internal documents such as the *Recruitment, Employment and Termination Management System* standardise employment requirements and procedures to ensure all labour practices are lawful and compliant. Additionally, the Company has established a policy on protection of minors that strictly prohibits any form of child labour. It forbids forced labour through violence, threats, or illegal restriction of personal freedom, and bans physical punishment, intimidation, harassment, abuse, or any discriminatory behavior against employees, thereby safeguarding each employee's fundamental rights and dignity.

### Diversity and equality

SNS respects every employee and ensures equal opportunities in employment, training, and career development. The Company values the strengths of employees from different genders and backgrounds to foster collaboration and innovation, creating an inclusive, equal, harmonious, and caring workplace environment. The Company has established the *Female Employees and Minor Protection Policy* to fully protect women's legal rights during recruitment, workload arrangements, pregnancy, and maternity periods. It strictly adheres to relevant laws by providing statutory maternity and breastfeeding leave, reasonably adjusting work arrangements for pregnant employees, and ensuring their working conditions and well-being. Through various support measures, the Company strengthens assistance for female employees, helping them balance personal and professional development. Furthermore, all departments are required to implement preventive mechanisms to eliminate workplace sexual harassment and gender discrimination, actively building a corporate culture that respects diversity and mutual support, thereby safeguarding female employees' legitimate rights and career development opportunities.

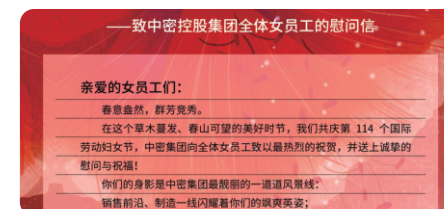


### SNS "Floral Artistry · Brilliant Women Shine" International Women's Day Event

To celebrate International Women's Day, the Company organised a "Floral Artistry · Brilliant Women Shine" event, inviting all female employees to participate in flower arrangement experience to enrich their cultural lives. The Company's labour union representatives delivered letters of appreciation and flower baskets, expressing gratitude and recognition for female employees' hard work and outstanding contributions across sales, manufacturing, R&D, and management roles. The event further fostered a corporate atmosphere of respect and care for women.



Floral artistry experience event on International Women's Day



SNS extends holiday greetings to all female employees

## Employee Communication

SNS values employee feedback and considers democratic communication a key aspect of corporate management. The Company has established the *Information Feedback Handling System*. We have also provided multiple channels such as OA system submissions, monthly executive receptions, and departmental discussion forums to encourage employees to share opinions and suggestions for operational improvements. The administration department regularly collects and organises feedback, forwarding it to relevant departments for resolution. Responsible departments must respond within specified timelines, with reviewed outcomes communicated to the submitter. Employees whose suggestions are adopted and contribute to management will receive rewards, effectively driving operational optimization. The Company also holds regular employee representative meetings to protect employees' rights to information and participation and strengthen communication.

In 2024, SNS and Sunny Seal conducted employee satisfaction surveys covering career development, corporate culture, and work environment. Based on collected feedback, improvement plans were developed to enhance democratic management and enhance employees' sense of belonging.



### Employee Satisfaction Survey Conducted by SNS and Sunny Seal

In 2024, SNS and Sunny Seal achieved a 93% participation rate in their employee satisfaction survey. The survey covered job understanding, career growth, interdepartmental collaboration, work environment, corporate culture activities, and future development directions to comprehensively assess how employees feel about the Company. Results showed over 90% of employees felt a sense of achievement in their work, expressed satisfaction with their work environment and occupational health and safety conditions, and actively supported the Company's energy conservation and emissions reduction initiatives. Employees also provided numerous suggestions for further enhancing motivation and creativity.

## Employee Care

SNS continuously develops and optimises a multi-tiered benefits system, strictly implementing statutory benefits including six social insurances and one housing fund, marriage leave, maternity leave, nursing leave, and bereavement leave.

<sup>2</sup>The statistical scope includes supplementary benefits such as commercial insurance premiums, cooling and heating subsidies.

It also offers corporate-specific care programs such as commercial insurance, holiday gifts, birthday benefits, and bereavement subsidies. The Company prioritises work-life balance by organizing diverse recreational activities to strengthen team cohesion and employee happiness. In 2024, the Company's labour union hosted garden touring, hiking trips, bonfire evenings, and various sports competitions, helping employees unwind and build camaraderie in a relaxed atmosphere, collectively fostering a warm and caring corporate family.

Statutory benefits	<ul style="list-style-type: none"><li>• Six insurances and one housing fund (medical insurance, supplementary medical insurance, endowment insurance, unemployment insurance, work-related injury insurance, maternity insurance, housing provident fund)</li><li>• Paid leave (statutory holidays, annual leave, marriage leave, maternity leave, breastfeeding leave, parental leave, nursing leave, etc.)</li></ul>
Supplementary benefits	<ul style="list-style-type: none"><li>• Comprehensive benefits (holiday benefits, birthday benefits, home visit leave benefits, parents' meeting leave, cooling and heating subsidies, funeral subsidies, nursing room, fitness facilities, etc.)</li><li>• Health protection (general health check-ups, employer's liability insurance, traffic accident insurance, trade union medical mutual assistance insurance)</li><li>• Poverty relief visits</li><li>• Free workday meals</li><li>• Employee dormitories</li></ul>

Employee benefits system of SNS

### Key Performance

- In 2024,
- **100%** of employee benefits coverage;
  - **RMB 58.1 million** was invested in employees' welfare expenses.<sup>2</sup>



### "Best Moments, Grow Together" Children's Day Parent-Child Sports Event at SNS

The Company's labour union is committed to the well-being of employees' children, presenting gifts to all employees' underage children every year on Children's Day. On June 1, 2024, the Labour Union Committee of SNS organised a fun-filled parent-child sports day, inviting over 30 employee families to participate in games, sports competitions, and various activities. The event also included a tour of the Company's exhibition hall for employees' children, helping them to better understand their parents' workplace and enhancing employees' sense of belonging.



Fun parent-child sports events on Children's Day



### SNS Mental Health Training Session Themed on "Alleviating Workplace Pressure, Tapping into Inner Strength, and Becoming a Better Self"

On March 20, 2024, the Labour Union Committee of SNS organised a mental health training session, inviting professional psychotherapists from Sichuan Provincial People's Hospital to conduct training for over 100 voluntarily registered employees. The training focused on emotional management and stress relief in the workplace. Through case studies and interactive explanations, employees learned techniques to address common issues and adjust their mindset. This not only helped employees regulate their mental health but also improved their efficiency in work and daily life, promoting mutual growth for both the Company and its employees.



Spring Festival garden touring at SNS



Tug-of-war



### 2024 Sichuan Extraordinary Employer Award

SNS has always regarded its employees as its most important partners. In recognition of its outstanding performance in talent management and employee care, SNS was awarded the title of "2024 Sichuan Extraordinary Employer of the Year".



## Career Development

Adhering to a people-oriented approach, SNS is committed to building a comprehensive talent development system. Through well-designed compensation incentives and systematic training programs, the Company fully supports employee growth, and fosters a highly efficient, professional, and dynamic team, thereby providing a solid foundation for mutual progress between the Company and its employees.

### Talent Attraction

SNS upholds the recruitment principles of "openness, fairness, and impartiality", adopting a diversified hiring model that combines campus recruitment, public recruitment, and internal competitions. The Company posts job openings through official recruitment platforms and other formal channels, precisely attracting high-quality talent based on strategic development needs to ensure the Company's sustainable growth. Furthermore, the Company embraces the concept of collaborative education by promoting in-depth cooperation with leading universities in the industry. By doing so, it aims to establish talent development and technical exchange platforms. We have established a deep partnership with China University of Petroleum (East China) through lectures and joint training bases to integrate industry and education, inspiring students' enthusiasm for learning, innovation, and practical skills. We also signed the *Agreement on Joint Training of Outstanding Engineers* with Qingdao University of Science and Technology to further advance industry-education integration and expand talent development channels, cultivating high-quality professionals for the industry and driving high-quality industrial development.



### UTEC and Qingdao University of Science and Technology Establish the Collaborative Innovation Centre for Rubber and Plastic Sealing Materials Applications

On December 4, 2024, UTEC, a subsidiary of SNS, signed a framework agreement with Qingdao University of Science and Technology to jointly establish the Collaborative Innovation Centre for Rubber and Plastic Sealing Materials Applications. This collaboration aims to deepen the integration of industry, academia, and research, and advance technological innovation and industrial application of rubber and plastic sealing materials. Both parties engaged in in-depth discussions on technology R&D, talent development, and commercialization of research outcomes, pledging to leverage their respective strengths to explore advancements in polymer materials. The Centre will provide advanced and reliable sealing technology solutions for industries such as high-end equipment manufacturing and energy, contributing to high-quality industrial development.

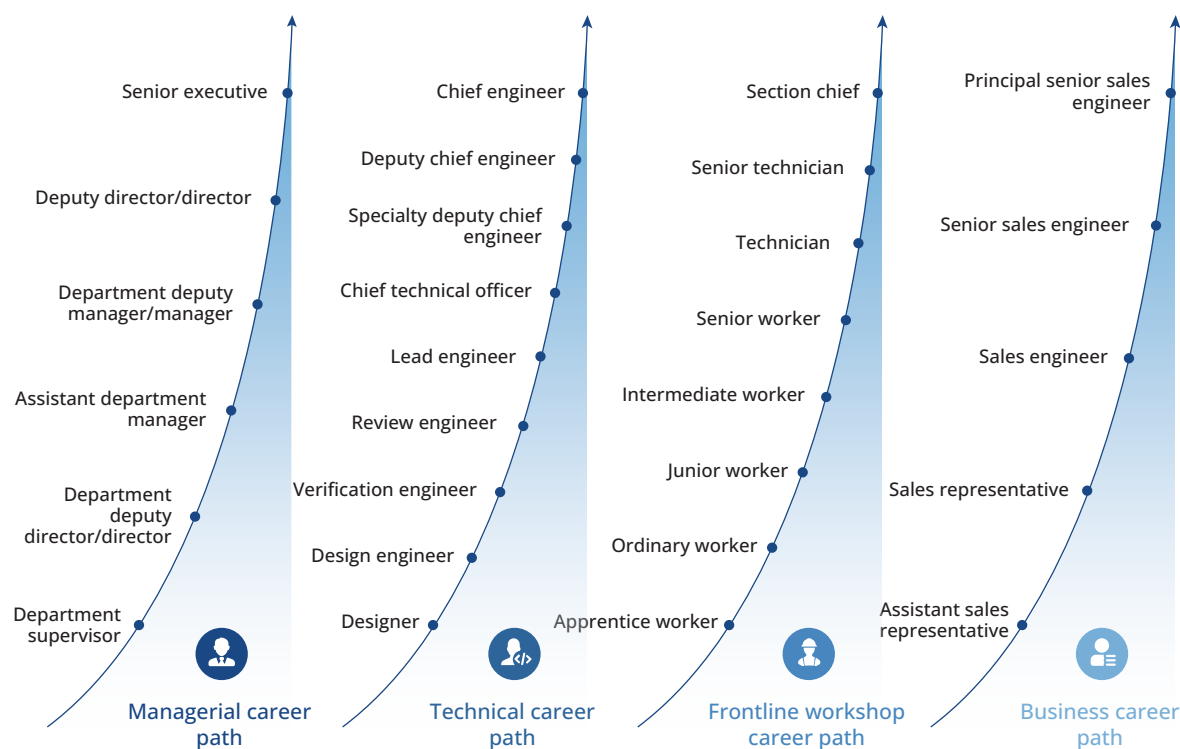


Signing ceremony of the Collaborative Innovation Centre for Rubber and Plastic Sealing Materials Applications

## Talent Incentives

SNS has established standardised performance management and clear career progression paths, offering routes for management, technical, workshop, and business roles to ensure employees from different positions and with diverse expertise can find suitable growth opportunities. The Company has implemented the *Compensation Management System* and the *Position and Level Evaluation Guidelines* to provide a basis for salary distribution, internal job applications, and promotions, encouraging employees to unleash their potential. We evaluated employees' work performance through regular performance evaluations, and outstanding performers received salary adjustments and promotions. We have also implemented an across-the-board salary adjustment mechanism to maintain competitive compensation. Furthermore, we encourage employees to continuously enhance their skills by offering education and professional certification subsidies. The subsidy amounts vary based on academic qualifications and certification levels. In this way, we support employees in obtaining relevant professional qualifications or further education.

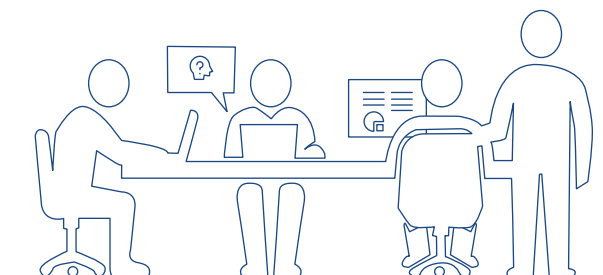
SNS has established an equity incentive scheme to share the fruits of corporate development with key employees from both the Company and its subsidiaries, linking corporate value with employee value and driving company growth.



The career development path of SNS

### SNS's 2024 Restricted Stock Incentive Plan

The Company successfully completed the vesting of its 2018 Restricted Stock Incentive Plan in 2023 and launched the 2024 Restricted Stock Incentive Plan by the end of 2024. The 2024 Plan covers 227 incentive participants, including selected senior management, middle and junior-level managers, and key employees from core teams, with a total of 4.603 million shares granted.





## 2023 SNS Excellence Awards Ceremony

On January 26, 2024, SNS held its 2023 Annual Commendation Conference. Over 120 participants attended, including management personnel and exemplary employees from various divisions. Company executives presented honors to outstanding individuals, teams, and recipients of the Scientific & Technological Progress Award, recognizing their exceptional performance throughout the past year. The ceremony aimed to inspire all staff to maintain collaborative dedication and enterprising spirit in the new year, and foster a positive work environment.



Commendation conference for exemplary employees

## Talent Training

SNS has established a comprehensive employee training system governed by policy documents such as the *Employee Training Management System* and the *Personnel Competency & Training Control Procedures*. The Company has taken multifaceted development approaches, including internal mentoring, external coursework, and skills competitions to provide structured learning and development opportunities. The Company formulates a training plan every year, and comprehensively determines the training strategy based on the Company's development, employee needs and other factors. The training includes multiple areas such as management system requirements, job expertise, work practice norms, and production safety, covering a complete chain of roles from rank and file to senior management. These efforts aim to foster the mutual development of both employees and the Company.

In addition, the Company conducts effectiveness evaluation work on whether the training has achieved the expected goals. It provides a reference for the optimization of follow-up training, and uses various methods such as exams, practical exercises, interactive discussions, observations, and questionnaires to evaluate and prepare reports. In 2024, SNS and Sunny Seal optimised the new employee orientation by implementing biannual training sessions (first/second half-year) to improve the relevance and effectiveness of new employee orientation.



Onboarding training	<ul style="list-style-type: none"> <li>• Corporate culture, company history</li> <li>• Rules and regulations</li> <li>• Basic product knowledge</li> </ul>
Leadership training	<ul style="list-style-type: none"> <li>• Improvement of management knowledge</li> <li>• Skills enhancement</li> </ul>
Professional training	<ul style="list-style-type: none"> <li>• Job qualification training</li> <li>• Operational skills training</li> </ul>
Comprehensive ability training	<ul style="list-style-type: none"> <li>• Further education</li> <li>• General skills training</li> <li>• QES system training</li> <li>• Legal training</li> </ul>

The training system of SNS



### Employees of SNS Won the Top 20 in the Knowledge Competition of the China Machinery Industry Federation

In October 2024, the China Machinery Industry Federation successfully held the first "Standard-Driven Development, Powering National Progress" standardization knowledge competition. The purpose of this event is to enhance the level of standardization in the machinery industry and raise the awareness of standardization in the whole society. It focuses on the core knowledge areas such as the *National Standardization Development Outline*, the revision of the National standard system, international standardization, machinery industry standardization and enterprise standardization. SNS highly values this industry knowledge competition and organises employees to participate. After fierce competition, two employees of the standardization group of the Company's Technical Department stood out and won the second and sixteenth places respectively.



### SNS "A Promising Start, Boundless Future" New Employee Orientation Activity

In April 2024, the Company's Manufacturing Division 1 successfully completed a four-month intensive training for new employees. A total of 43 employees participated in this training. For the first time, new hires training has been innovated on the basis of the traditional teacher-apprentice model, and launched a systematic and professional curriculum system, covering 24 course modules such as HSE, system, quality, technology, and machining. Unified training was conducted for general knowledge and operational skills. It has laid a solid foundation for new employees to adapt to the working environment, while providing strong support for building the department's talent team.



New hires training at SNS

### Key Performance

In 2024

- Offered **271** training projects for all employees, with a total investment of RMB **434,900**.
- Provided academic and qualification improvement support for **139** employees, with a total investment of RMB **334,900**.

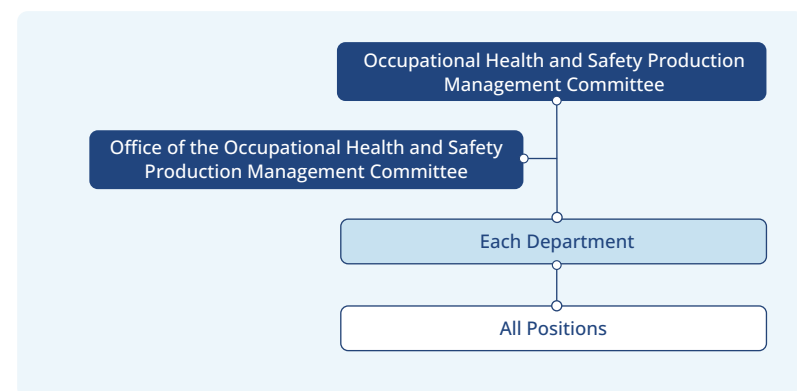


## Health and Safety

In strict compliance with the *Law of the People's Republic of China on Work Safety*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Production Safety Accident Emergency Plan Management Measures* and other relevant laws and regulations, SNS continuously improves the level of occupational health and safety management, and creates a safe and reliable working environment for employees and contractors.

### Safety Management System

SNS has made continued efforts to establish and improve the production safety management system. It has promoted the construction of a long-term production safety mechanism, and laid a solid foundation for setting a safety defense line. SNS has systematically developed occupational health and safety management procedures in strict compliance with the ISO 45001 Occupational Health and Safety Management System Standard. The Company implements internal regulations including the *Company-Wide Safety Production Responsibility System* and the *Safety Production Inspection System*. It establishes a comprehensive safety management framework that clearly defines safety responsibilities at all levels and conducts regular hazard identification. Detailed protocols have been established for key areas including safety responsibility evaluation, hazard investigation and remediation, occupational disease prevention, and emergency response to ensure the achievement of all health and safety goals.



Organisational structure for production safety

The Company's safety production management system operates across multiple levels to ensure comprehensive and efficient implementation of management work. The Safety Production Management Committee is responsible for enforcing national regulations, establishing supervision systems, formulating safety rules, conducting periodic safety reviews, and investigating major incidents. The Committee's Office handles daily safety operations, including reviewing and updating safety regulations, promoting safety culture, conducting regular inspections and analysis to identify improvements, and administering rewards/penalties based on safety performance. Each department appoints safety officers responsible for implementing safety protocols, organising departmental staff safety training, and regularly reporting potential hazards and remedy measures, so as to ensure effective departmental safety management. Meanwhile, the Company organises employees in safety management and oversight by including safety production in employee representative meetings. It also encourages employees to supervise and report safety hazards, and put forward suggestions for improvement, so as to protect the safety rights and interests of employees, and realise comprehensive coverage of safety management.

The Company has obtained the ISO 45001 Occupational Health and Safety Management System Certification. Regular internal and external audits of the occupational health and safety management system are conducted to promptly identify and rectify non-compliances, ensuring the system's effective operation. In 2024, all subsidiaries successfully achieved their annual health and safety targets, demonstrating significant safety management results.

2024 Annual Goals in Occupational Health and Safety	SNS	Sunny Seal	UTEC	Sun Seals	NDIV	Goal Achievement Status
Incidence rates of serious injury and above accidents, fire accidents, and occupational diseases	0	0	0	0	0	Within Target Limits
Rate of minor and slight injury accidents per thousand people	≤2.5	≤7	≤6	≤6	≤6.2	Within Target Limits
Rate of slight injury accidents per thousand people	≤1.3	≤5	0	0	≤6.8	Within Target Limits
Near-miss accidents	≤2	≤2	≤1	≤1	≤2	Within Target Limits
Major near-miss accidents	0	0	0	0	0	Within Target Limits

In addition, we attached equal importance to the operational safety of contractors and other suppliers. We formulated and implemented the *Relevant Party HSE Management System*, and signed HSE management agreements with long-term partners to clarify the safety responsibilities and obligations of both parties. The Company requires external construction personnel to receive safety training and watch safety notification materials before entering the site. In this way, we ensured that they understand the potential sources of hazards and safety precautions on the site. For contractors involved in high-risk operations, the Company strictly reviews the qualifications of operators, ensures that they are licensed, and supervises on-site operations throughout the process to prevent factors that may pose safety hazards.

## Safety Risk Management

SNS has established a dual prevention mechanism combining graded safety risk control with hazard investigation and management. On one hand, the Company conducts annual comprehensive identification and assessment of hazards in all departments' production activities, products, and equipment. On the other hand, it implements regular safety inspections including special inspections, departmental self-checks, team-level inspections, as well as daily and holiday checks to ensure continuous implementation of safety management measures. In 2024, the Company organised all departments to carry out hazard identification and evaluation work. This involved comprehensively mapping out hazards present in various operational processes across departments, followed by scientific classification using the LEC semi-quantitative assessment method. A dynamic risk inventory was created, and 14 unacceptable risks and 16 significant environmental factors were identified. Based on these identification and rating results, corresponding control measures were developed to construct a comprehensive risk protection network.

## Safety Culture Development

The Company prioritises enhancing employees' safety awareness and emergency response capabilities, and continuously advances occupational health and safety culture as well as emergency preparedness. Comprehensive safety education is provided to all new hires, supplemented by regular internal safety training to ensure every employee understands and complies with corporate safety protocols. Meanwhile, the Company regularly invites safety experts to conduct specialised lectures that disseminate occupational health knowledge and raise employees' safety consciousness. Through strengthened safety culture development, the Company consistently elevates staff vigilance against potential hazards, thereby maintaining stable and reliably secure production environments.

### Key Performance

- In 2024, a total of **4,127** participants attended occupational health and safety training, accumulating **9,454.30** training hours.



Safety training organised by NDIV

## Emergency Response Drills

To enhance emergency response capabilities for unexpected incidents, SNS has developed and refined relevant policies including the *Comprehensive Emergency Response Plan* and the *Specialised Emergency Plan* to improve response efficiency for various accident scenarios. The Company has established specialised response plans and emergency drills for production accidents such as fires, mechanical injuries, and falling object strikes. These measures strengthen employees' emergency response capabilities and self-/mutual-rescue skills, ensuring swift and effective reactions during emergencies and protecting personnel safety.

### Key Performance

- In 2024, the Company conducted a total of **25** safety drills, with a cumulative participation of **1,614** person-times.



Safety drill

## Occupational Health Management

The Company has established and strictly enforced the *Labour Protection Equipment Safety Management System*, which defines distribution standards for protective gear based on job-specific risk profiles. These standards strictly apply to the procurement and issuance of protective equipment. The Company regularly checks the proper use of personal protective equipment by frontline employees on the site, and makes timely adjustments and replenishments to ensure the gear is of reliable quality and adequately provided.

To safeguard employee health, the Company continuously monitors and optimises hazardous work environments. In 2024, the Company and its holding subsidiaries engaged external third-party professional institutions to inspect the hazardous operating environment, achieving a 100% compliance rate. In addition, the Company and its holding subsidiaries regularly organise occupational health examinations to prevent the occurrence of occupational diseases. In 2024, 100% of workers in hazardous positions passed their health screenings, with zero reported cases of occupational diseases.



### SNS Conducts Training on First Aid Knowledge and Skills of Automatic External Defibrillator (AED)

Embodying its "Life First" philosophy and implementing the work arrangements of Wuhou District Health Bureau, SNS installed two AED units in November 2024 in the Company. The move aims to enhance its ability to respond to health and safety emergencies and strengthen employees' safety and security.

The Company organised 10 employees to participate in AED first aid knowledge and skills training in November 2024 and March 2025 respectively. All 20 trained employees successfully passed both theoretical and practical assessments, demonstrating full competency in operating AED equipment during emergencies to provide timely and proper cardiac arrest intervention.





# 04

## Creating Harmonious Society with Shared Success

SNS is committed to delivering high-quality products and services to customers through scientific management systems and cutting-edge technological R&D. We actively promote the application of green and low-carbon technologies while incorporating ESG factors into supplier management practices, collaborating with industry partners to advance sustainable development. Furthermore, the Company diligently fulfils its social responsibilities by contributing to the prosperity of local communities and supporting the development of a harmonious society.

### Material Topics Covered in this Chapter:

- Product quality and safety
- Technological innovation
- Supplier management
- Customer service and communication
- Community welfare



## Product Responsibility

### Product Quality and Safety

#### Quality Management System

SNS has established a scientific and standardised quality management system in accordance with authoritative domestic and international quality management standards. By integrating the business characteristics and production processes of SNS and its subsidiary companies, the Company has formulated and implemented a series of management procedural documents. The Company has established a quality objective system structured around core indicators such as product qualification rate, test failure rate, on-time order delivery rate, failure rate, quality cost attrition rate, and audit compliance rate.

The Company has established a clearly-defined quality management responsibility system, with the general managers of each subsidiary responsible for quality management. The deputy general manager is appointed as the management representative to ensure the effective operation of the management system. A dedicated quality assurance department has been set up to promote and implement the Company's quality objectives, overseeing relevant departments or personnel, such as technical, procurement, inspection, and assembly, to carry out daily work in compliance with quality standards.

As of the end of 2024, SNS has obtained ISO 9001 Quality Management System Certification, API Spec Q1 Certification, ASME (American Society of Mechanical Engineers) Certification, and holds the National Special Equipment Production License.

#### SNS



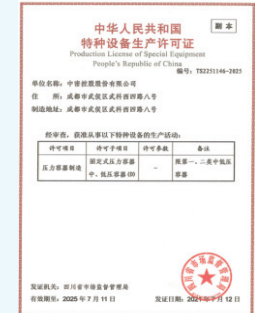
ISO 9001 Quality  
Management System  
Certification



API Spec Q1 Certification



American Society of  
Mechanical Engineers  
(ASME) Certificate



National Special  
Equipment Production  
License

#### Subsidiaries



ISO 9001 Quality Management  
System Certification  
(Sun Seals)



ISO 9001 Quality Management  
System Certification  
(UTEC)



National Special Equipment  
Production Licence  
(NDIV)



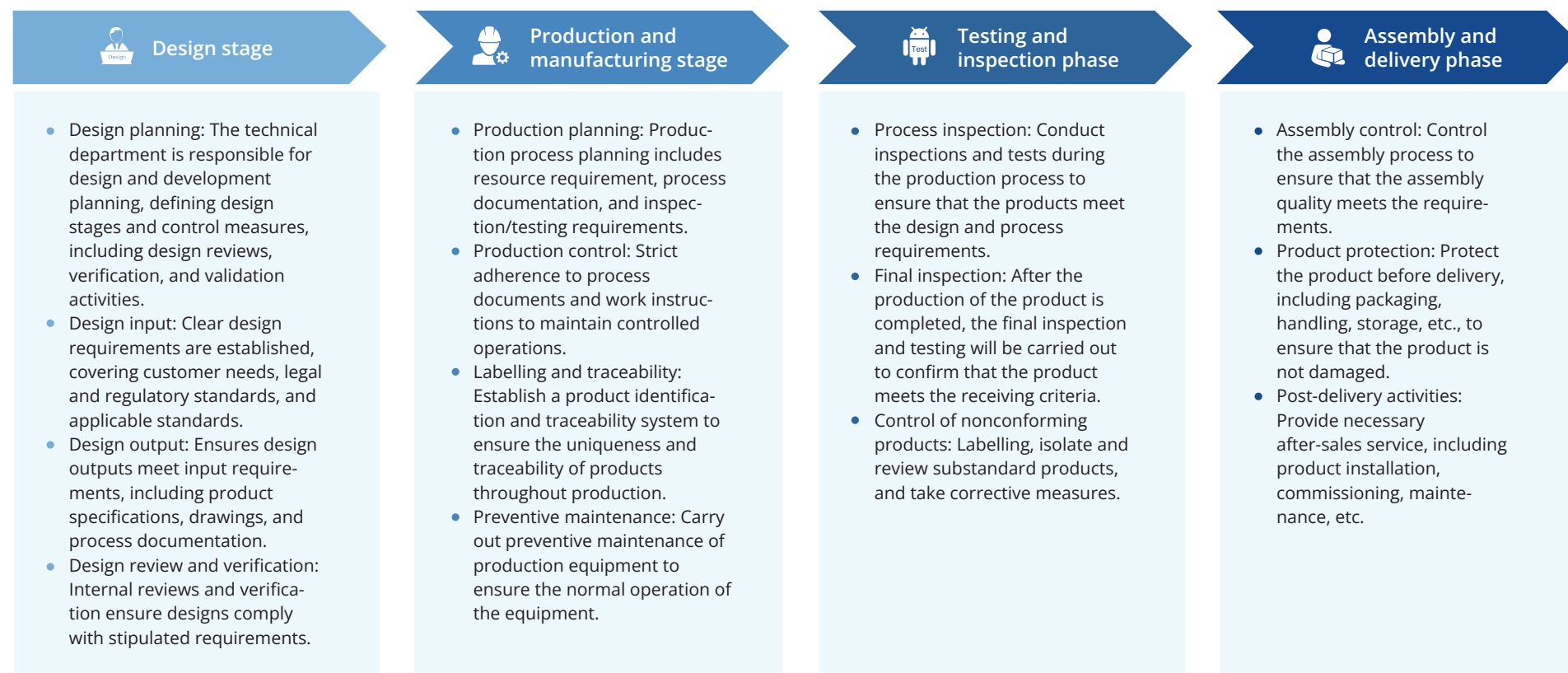
API Certification  
(NDIV)

Overview of SNS's Product and Quality Certification

## Quality Management Process

In order to achieve critical quality objectives, the Company strictly implements the *Inspection and Test Control Procedures*, and conducts real-time monitoring and control of critical parameters. A substantial number of instruments, measuring tools, and testing equipment are deployed, with company-level and department-level metrology personnel assigned to perform daily management and periodic calibration. The Company also outsources testing services, conducting uniform inspections of monitoring and measuring equipment each quarter based on calibration due dates. It also performs four to five physical and chemical tests monthly to ensure instruments and equipment operate in optimal condition.

With a focus on quality management throughout the entire product lifecycle, the Company establishes internal operating standards and procedural documents for design and development, production, testing, assembly, and delivery phases. Control points are clearly defined to mitigate quality risks at every stage. In 2024, SNS and Sunny Seal enhanced the refinement of quality management processes, optimizing quality control measures in raw materials, metrology tools, documentation, and other areas to improve management efficiency.



Key points of full-process quality control flow



### Control stage

#### Raw materials control



#### Detailed description

- Formulate a quality plan and conduct strict chemical and mechanical performance tests on the raw materials of important products and parts.
- For key supplied materials such as cemented carbide, raw materials, and graphite, on-site sampling inspections are conducted. Suppliers failing these inspections will have their supply suspended and be required to implement corrective actions. Supply will only resume after the corrective measures pass re-inspection and are verified as compliant.

### Control stage

#### Control of Measuring Equipment

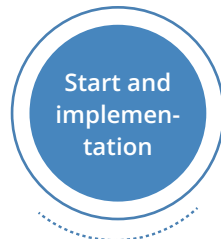


#### Detailed description

- Through hierarchical management, spare parts ledger management, etc., the inspection cycle of equipment is rationally arranged to avoid repeated inspections.
- A new inspection module has been added to the OA system to record detailed inspection information and electronic management of inspection certificates, which helps to accurately identify internal and external inspection requirements.

Key control measures of SNS and Sunny Seal

In terms of product recalls, the Company has established comprehensive management documents including the *Non-Conforming Product Control Procedure* and the *Defective Product Traceability and Recall System*, forming a complete product recall mechanism and process to safeguard customer rights and minimise potential risks to the greatest extent possible.



- The sales/after-sales department is responsible for receiving and reporting customer feedback on defective products in a timely manner
- The Quality Assurance Department organises relevant departments to analyse and evaluate the causes of the feedback problems, implement improvement measures, and determine whether a recall is required

- For products determined to be defective and must be recalled, the Quality Assurance Department is responsible for formulating a defective product recall plan, which will be implemented by the relevant departments after approval

- The responsible department shall formulate a handling plan for recalled products, which will be implemented after approval. The Quality Assurance Department is responsible for supervising the handling process of defective products

- Records of the recall and handling process will be completely kept, including the cause of the recall, handling measures and results
- Take preventive measures to prevent similar problems from recurring to ensure customer satisfaction and product safety

Recall process

## Quality Culture Development

With the core goal of improving the level of quality management and the professionalism of employees, SNS organises various activities every year to engage all employees in the construction of quality and safety culture, raise employees' quality awareness, and effectively improve the Company's quality management effectiveness. In 2024, SNS and its holding subsidiaries carried out numerous specialised trainings on quality management system standards such as API SPEC Q1, internal auditors of the quality management system, quality management methods, standardised operating specifications, etc., and organised a series of "Quality Month" activities. With the help of knowledge competitions, debating competitions, sharing sessions and other forms, mobilise the enthusiasm of all staff to pay attention to quality, and strengthen the standardised knowledge reserves and operational skills of employees.



### SNS Launched the "Quality Month" Knowledge Competition

During the "Quality Month" in September 2024, SNS and its subsidiaries organised various quality-related activities tailored to their respective operational characteristics. Outstanding performers were recognised with awards to motivate employees' enthusiasm for learning quality knowledge and foster a positive quality culture.

- **SNS and Sunny Seal** invited the Company's deputy general manager and quality director to serve as judges for the quality knowledge contest, in which various departments actively participated, forming 12 teams with 36 representatives to compete. For the first time, a debate format was introduced, featuring intense discussions on topics such as "Should quality management focus more on rewards or punishments?" and "Should enterprise production and operations prioritise quality improvement or cost control?"
- **UTEC** meticulously designed the competition format, including mandatory questions, quick-response questions, interactive questions, and risk-based questions, comprehensively assessing employees' understanding of quality management system standards and the company's quality management regulations.
- **Sun Seals** launched a "Quality Strengthening the Supply Chain" initiative, randomly selecting six suppliers for on-site audits. Simultaneously, it organised a series of themed activities "High-Quality Development Stories: Spreading the Voice of the New Era," and selected the best department for the annual Quality Month activities.
- **NDIV** conducted activities such as quality suggestion campaigns and external training sessions, encouraging employees to share their opinions and contribute to further quality improvement.



SNS's knowledge competition



SNS Quality debate competition



Sun Seals quality improvement activity selection



NDIV API Spec Q1 Standard training



UTEC product quality inspection specification training

## Product Innovation and R&D

### R&D Innovation Mechanism

As one of the first batch of national-level specialized, refined, unique, and innovative "Little Giant" enterprises selected by the Ministry of Industry and Information Technology, SNS has consistently invested in independent technological innovation. The Company possesses multiple innovation platforms including a national-level enterprise technology centre, a national postdoctoral research workstation, a provincial-level mechanical seal engineering technology research centre, a provincial high-performance mechanical seal technology engineering research center, and a municipal-level academician (expert) innovation workstation. With annual R&D investment accounting for approximately 5% of operating revenue, the Company continuously drives technological innovation and product upgrading.

The Company has established an Enterprise Technology Centre, comprising professional technical personnel from all subsidiaries as members of the Technical Committee. The committee is responsible for evaluating the feasibility of proposed projects, assisting in solving key technical problems during execution, and participating in final acceptance evaluations. Under the committee's coordination, multiple specialised R&D teams have been formed, covering research areas such as high-parameter dry gas seals, high-end mechanical seals, seal auxiliary systems, rotary jet pumps, intelligent seal monitoring and health management systems, and the friction, wear and lubrication mechanisms of sealing faces. These teams focus on both fundamental theories and product applications, continuously expanding the boundaries of the Company's innovation domains.

The Company has implemented a comprehensive project R&D management system that ensures quality control throughout the entire R&D process, including project initiation reviews, progress tracking during execution, and final acceptance evaluations. For both project initiation and acceptance phases, all members of the Technical Committee participate in the review process. This ensures thorough feasibility analysis during project establishment and substantive validation of research outcomes upon project completion.

#### Key Performance

- In 2024, the Company had a total of **250** R&D personnel. The R&D investment reached RMB **75.772** million, representing **4.84%** of the operating revenue.

The Company has established a scientific and reasonable evaluation system. In accordance with management documents such as the *Scientific Research Project Management System*, it assesses the performance of all R&D teams to ensure the quality and efficiency of R&D work. Completed scientific research projects undergo internal evaluations and rewards, with special incentives granted for nationally authorised patents. Technical key personnel are also provided with equity incentives. The Company has also applied for national and industry-level scientific and technological progress awards for outstanding innovative achievements and nominates individuals who have led projects and demonstrated exceptional performance for provincial, municipal, and district-level honors such as "Artisan", "Model Worker", and "Talent". These efforts enhance the Company's influence and industry standing.



#### Zhang Chening Awarded the Honorary Title of "Sichuan Artisan"

In January 2024, Chening Zhang, Deputy Chief Engineer of the Company, was awarded the honorary title of "Sichuan Artisan." This title, jointly selected by the Sichuan Provincial Federation of Trade Unions, the Department of Economy and Information Technology, and the Department of Human Resources and Social Security, aims to recognise outstanding skilled talents with exceptional craftsmanship, significant contributions, and industry leadership. Chening Zhang stood out among candidates from 21 cities and prefectures and 43 industries across the province, becoming one of the representative figures of the 2024 "Sichuan Artisan" award, thanks to his outstanding achievements in the field of dry gas seals.



Chening Zhang was awarded the honorary title of "Sichuan Artisan"



## Green Technology Achievements

SNS has fully leveraged its leadership in technological innovation to provide robust support for low-carbon transformation in key industries such as industrial manufacturing and energy & chemicals through its independently developed green and low-carbon technology solutions. On the one hand, the Company is committed to product innovation, reducing energy consumption and greenhouse gas emissions during mechanical seal operation through material improvements, system enhancements, and performance optimization. On the other hand, the Company actively expands product applications in clean energy sectors like CCUS (carbon capture, utilization, and storage) and nuclear power, supporting the green transition of the energy industry.



### Diamond-coated seals Significantly Improve Wear Resistance and Service Life

SNS developed a new generation of sealing face materials, creating diamond-coated seal products. These products are primarily designed for harsh conditions involving particulate impurities, dry friction, high temperatures, and gas-liquid phase alternation, significantly reducing friction coefficients and shaft power consumption. The diamond coating enhances the sealing face's pressure resistance, wear reduction, and corrosion resistance while markedly improving seal reliability and lifespan.

Through paired materials selection and coating process improvements, the diamond coating technology significantly improves the pressure resistance and wear performance of sealing faces, extending the operational life of seal products by over 100%. In 2024, SNS established a Coating Process Research Laboratory dedicated to the prototyping and performance testing of diamond coatings, and developed diamond-coated products that meet stringent performance requirements.



### Seal Intelligent Monitoring System (SIMS) Boosts Efficiency with Digital Intelligence

Aligned with the "green, low-carbon, energy-saving, and smart" development goals of the petrochemical industry, SNS has led the transformation with digital and intelligent technologies, carried out the whole life cycle health management of seals, and developed and launched the seal intelligent monitoring system (SIMS). SIMS is an online monitoring system designed for compressor dry gas seals as well as pump and reactor mechanical seals. Integrating artificial intelligence with expert knowledge, it enables real-time assessment of seal health status, early detection of potential operational issues, and prediction of performance degradation and remaining service life, thereby achieving full lifecycle health management for sealing systems. The intelligent operation and maintenance capabilities enabled by SIMS empower users to implement predictive management for critical equipment components, effectively preventing unexpected failures and mitigating operational risks to production safety.

In 2024, two SIMS-based research projects—"Intelligent Fault Diagnosis and Big Data Analysis for Compressors and Dry Gas Seals" and "Online Condition Monitoring and Early Warning System for High-Pressure Dry Gas Seals"—successfully passed expert acceptance reviews by authoritative organizations including PipeChina and Sinopec. SIMS has been applied to many enterprises such as Sinopec Shanghai Petrochemical, Sinopec Jiujiang Company, Sinopec Yangzi Petrochemical, Yanshan Petrochemical, etc. to provide a guarantee for the safe and stable operation of equipment.



### SNS Provides Key Sealing Systems for CCUS Projects

SNS strategically positions itself in future energy industries such as CCUS, actively participate in the green and low-carbon transformation and upgrading of traditional industries, and help customers move towards a clean transformation process.

Sinopec Qilu Petrochemical's million-tonne CCUS project: In 2022, the Company participated in the million-tonne CCUS project of Qilu Petrochemical and undertook the dry gas seal and control system for the key unit of the project. This project represents China's first million-tonne-scale carbon dioxide recycling initiative. Upon completion, it has become one of the nation's large-scale CCUS full-industry-chain demonstration bases, providing practical application cases for promoting the scaled development of CCUS in China. The project holds significant importance for effectively enhancing China's carbon emission reduction capabilities and establishing an "artificial carbon cycle" model.

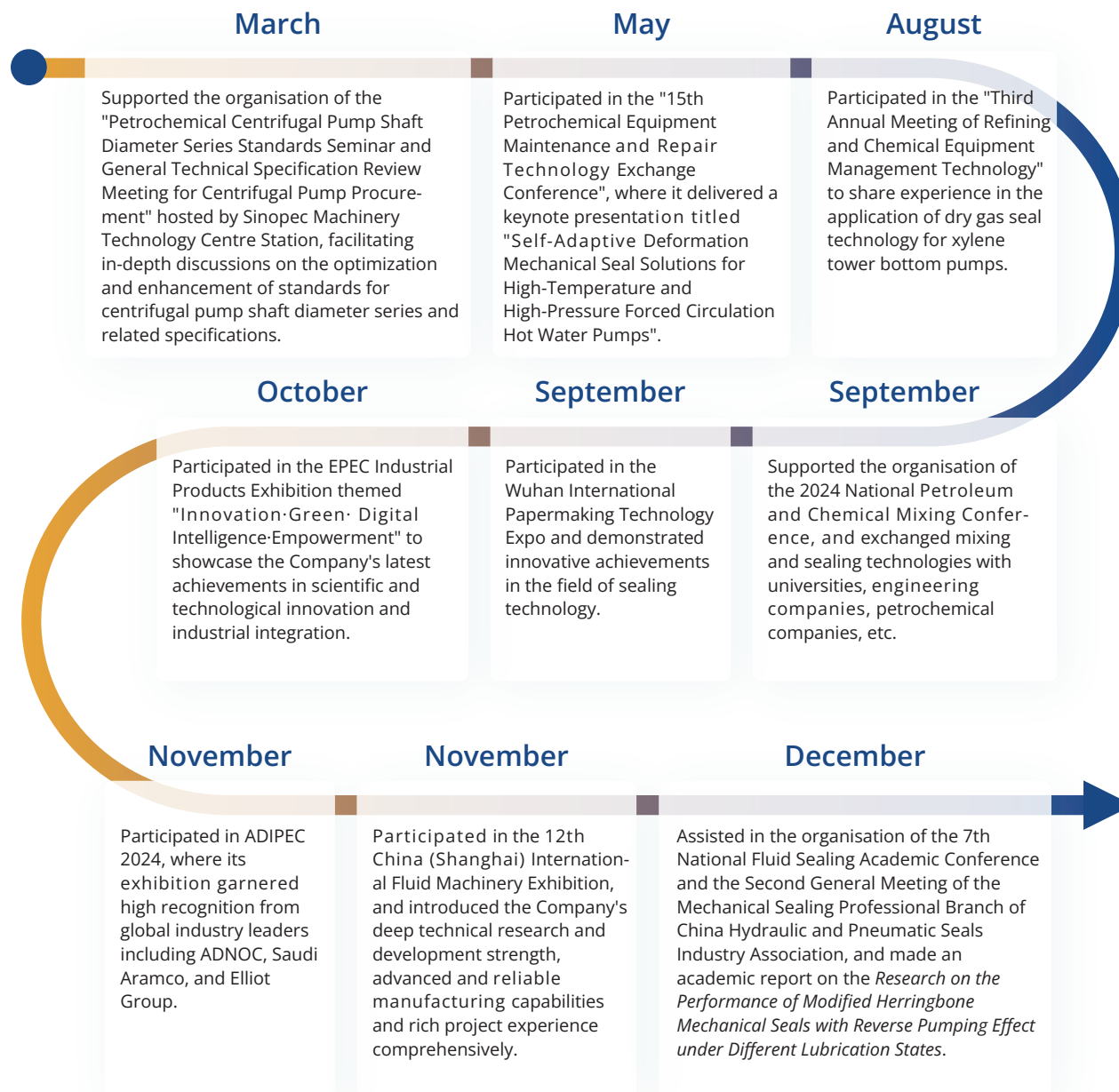


CHN Energy Taizhou Company's Carbon Capture Project: In 2023, the 500,000-tonne-per-year carbon capture and integrated utilization project at Taizhou Power Generation of CHN Energy, which was equipped with the Company's key unit dry gas seals and dry gas seal systems, successfully started up and was officially put into production on the first attempt. The project will achieve an annual CO<sub>2</sub> capture capacity of 500,000 metric tonnes, serving as an exemplary model for the energy industry in realizing China's goals to peak carbon emission and achieve carbon neutrality.

## Industry Exchanges and Mutual Advancement

SNS attaches great importance to industry-university-research collaboration with domestic universities. The company has established cooperative R&D relationships with institutions including Tsinghua University, Sichuan University, and Southwest Jiaotong University, and has jointly applied for research platforms such as the Sichuan Provincial Mechanical Seal Engineering Technology Research Centre and the Chengdu Academician (Expert) Innovation Workstation. Leveraging its national-level postdoctoral research workstation, the company collaborates with universities to jointly cultivate postdoctoral talent, providing technological and talent support for its development in the field of fluid equipment. By establishing university-enterprise collaboration mechanisms, the Company shares complementary advantages with academic institutions to accelerate the transformation of scientific and technological achievements, promote precise alignment of industry-education resources and support R&D in "national-critical equipment" and key components.

Meanwhile, the Company emphasizes knowledge-sharing with domestic and global peers, upstream and downstream partners, and industry organisations to jointly advance innovation. Through hosting/participating in industry events, the Company has conducted extensive technical exchanges on standards, application expertise, and cutting-edge trends. By the end of 2024, the Company has participated in the drafting and review of more than 40 national and industry standards. It is the lead drafting entity of the industry standard *JB/T 11289 Technical Specification for Dry Gas Seal* and *JB/T 13407-2018 Dry Gas Seal Control Systems for Turbo-machinery*. Based on the industry goals of reducing sealing energy consumption and leaked emissions, high standards and strict requirements are put forward for the leakage rate of seals. In 2024, the Company participated in the drafting of the national standard *GB/T 6556-2024 Type, Main dimension, Material and Marking of Mechanical Seals*, thereby promoting the standardization of industry practices.

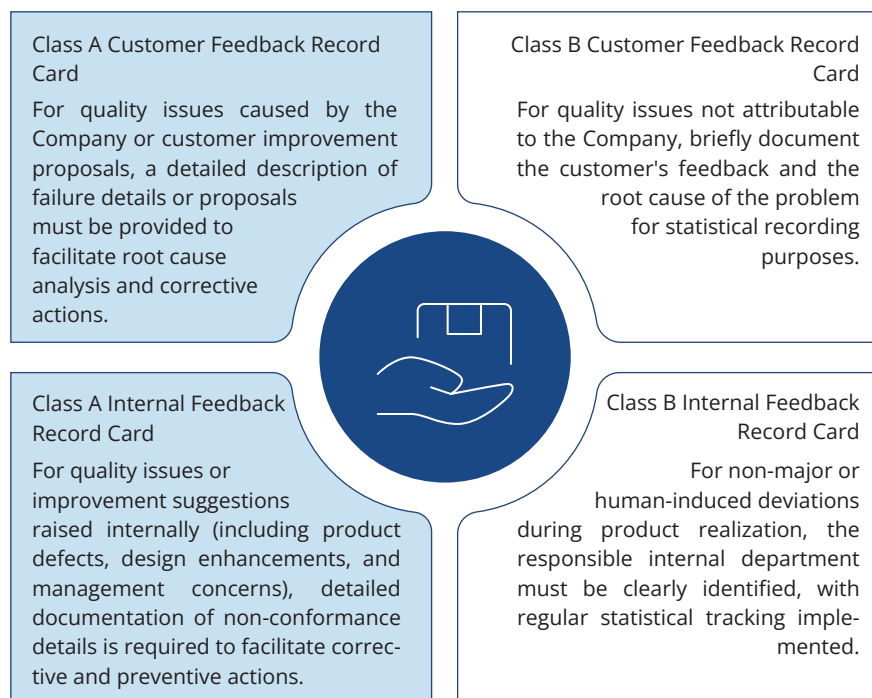


List of Industry Exchange Activities Participated by SNS in 2024

## Customer Service Quality

SNS adheres to the philosophy of "Technology-Driven Market Leadership, Service-Backed Customer Loyalty, Quality-Defined Brand Excellence," providing customers with high-quality products and efficient problem-solving solutions. The Company has established a series of documents including the *Quality Feedback Handling System* and the *Service Activity Control Procedures*, which clearly define the feedback and handling processes for quality issues and standardise the work procedures of service personnel.

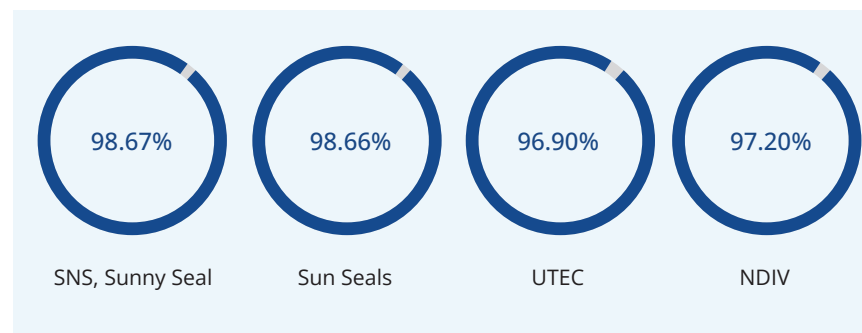
For product-related feedback received, the Company has implemented categorised management based on multiple dimensions including nature of issues (improvement suggestions or product quality defects) and feedback source (customer feedback or internal feedback). A quality feedback handling mechanism has been established that prioritises resolving product quality issues and customer suggestions while utilizing quality feedback cards as tools for root cause analysis, subsequent improvement monitoring, and documentation, thereby ensuring the fulfillment of quality commitments to customers.



Classification management of quality feedback card of SNS

For on-site services such as product installation, commissioning, and maintenance, the Company collects customer opinions through two methods: service staff work orders and sales staff after-sales return visits to ensure that the quality of service activities reaches the level of customer satisfaction. During the execution of on-site services, service personnel shall strictly adhere to operational documents and customer requirements while complying with the customer's safety and environmental management regulations. Upon service completion, the service personnel must promptly document and generate the *Service Activity Work Order*, have the customer complete the "Customer Feedback" section, and submit the work order to the Company for archiving upon return. The sales staff will further conduct telephone return visits to understand and collect customer feedback on whether the service needs have been resolved, the operating status of the product after the service, the skills of the service personnel, and the attitude of the service personnel. They will regularly summarise and analyse customer suggestions to continuously improve the service level.

In addition, the Company distributes a *Customer Satisfaction Survey Form* to customers annually, and evaluates the quality of customer service from five aspects: product performance, product appearance, delivery time, after-sales service, and product cost-effectiveness. By combining the feedback records, the Company analyses the satisfaction data to form a *Customer Satisfaction Analysis Report* and develops strategies to improve customer satisfaction. In 2024, the Company continued to receive high recognition from customers and industry partners for its professional, reliable, and timely technical services. The customer satisfaction ratings for SNS and its various subsidiaries all exceeded 95%.



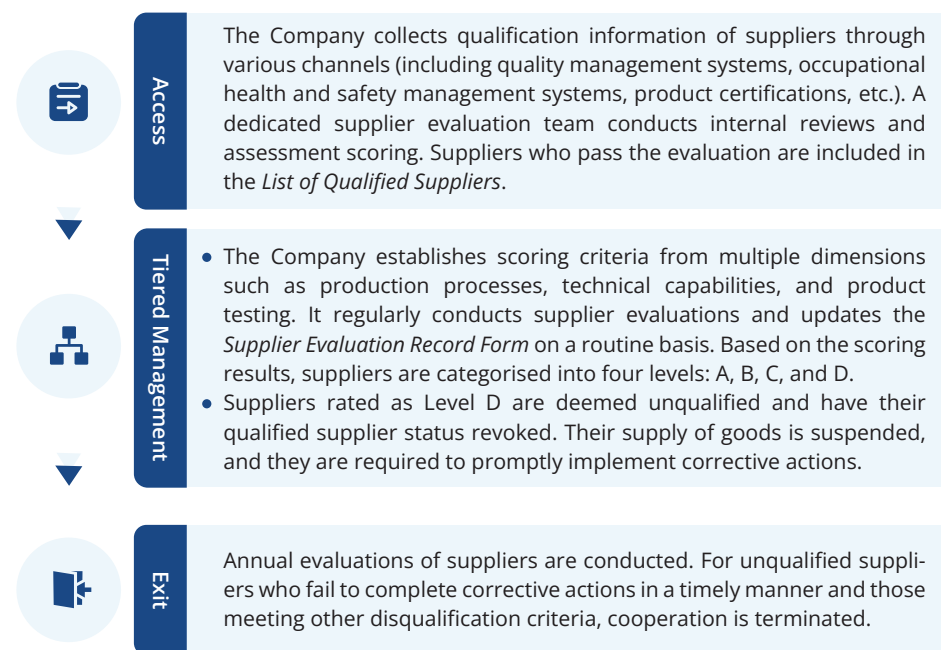
SNS 2024 customer satisfaction score



## Sustainable Supply Chains

### Supplier Management

SNS places great emphasis on the stability and reliability of its supply chain. It has established a comprehensive supplier management system and continuously optimises the full life cycle management of suppliers. The Company has established and implemented internal regulations such as the *Procurement Control Procedure* and the *Supplier Management System*. It exercises strict control over every stage in the process, from entry to evaluation and exit, to regulate supplier behavior and effectively mitigate supply chain risks.



Life cycle supplier management process

Meanwhile, the Company focuses on mutual promotion and joint growth with suppliers. SNS and Sunny Seal organise on-site technical exchanges and training sessions for suppliers irregularly every year, and engage them with in-depth communication regarding the working principles, performance features, and fault diagnosis of products to promote technological improvement. In 2024, they held 26 technical exchange sessions with suppliers such as Chongqing Yokogawa Electric Instrument Co., Ltd. and SGL Carbon Special Graphite (Shanghai) Co., Ltd. on topics related to technological and quality enhancement. UTEC provides technical training for suppliers with relatively lower technical levels, covering production processes, quality control methods, and new product development technologies. By dispatching technical experts and designing specialised training courses, it helps suppliers comprehensively enhance their production and management levels.

### Responsible Procurement

In supplier management, the Company also incorporates ESG factors. We not only focus on basic compliance in quality, business ethics, environment, health, and safety during the supplier selection and evaluation processes, but also sets clear environmental and social responsibility requirements during cooperation. These are specified in the form of contract agreements, terms, and commitment letters, defining the suppliers' safety and integrity responsibilities.

In 2024, SNS and its subsidiaries signed environmental and safety responsibility documents with all on-site operation contractors, such as the *HSE Safety Production Agreement* and the *Safety, Health, and Environmental Commitment Letter*. They also provided specialised safety training with a coverage rate of 100%.

## Community Contribution

While ensuring its own business development and creating economic value, SNS also gives back to society. It collaborates closely with local communities, participates in various volunteer and charity activities, supports rural revitalisation and social public welfare projects, and contributes to the building of a beautiful and harmonious society. In 2024, the Company implemented the "Thousand Enterprises Helping Thousand Villages" targeted poverty alleviation initiative in Sichuan Province, and provided tailored assistance to Ganluo County via consumption-driven aid programs to bolster local agriculture.



### SNS Implements Targeted Assistance Initiatives in Ganluo County

In 2024, the Company dutifully executed the "Thousand Enterprises Helping Thousand Villages" targeted poverty alleviation program in Sichuan Province, delivering needs-based interventions for Ganluo County. With the form of consumption-driven aid programs, the Company purchased over RMB400,000 worth of poverty alleviation agro-products, which promoted the growth of local agricultural sales revenue.



Aerial photo of Ganluo County



### The CPC General Branch of SNS Carries Out a Donation and Support Visit to Dacao Township Central School in Puge County

In November 2023, the Party General Branch of SNS visited Dacao Township Central School in Puge County to carry out a support and donation activity. The team donated educational supplies to the school, including picture books, percussion practice instruments, cartoon toys, and watercolour pens. They also organised a fun class themed "The Development of Transport – High-Speed Rail and Aeroplanes" for pupils in Grade 1 and Grade 2. Additionally, they joined the school's Niuniu Choir in performing the song *Daylily Flower* together.



SNS provided support and assistance to the Dacao Township Central School

## ESG Performance Indicators

### Operation performance

Indicator		Unit	2024	2023	2022
Economic performance	Total revenue	RMB 10,000	156,652.37	136,935.98	121,468.35
	Net profit attributable to shareholders of the listed company	RMB 10,000	39,245.44	34,667.55	30,928.78

### Governance Performance

Indicator		Unit	2024	2023	2022
Business ethics	Number of Business ethics and anti-corruption training	times	6	5	5
	Percentage of employees signing the <i>Integrity Commitment Letter</i>	%	100	100	100
	Coverage rate of business ethics training (suppliers) <sup>3</sup>	%	100	100	100

<sup>3</sup>The statistical scope includes the number of suppliers for whom the Company has carried out publicity and implementation activities through the *Procurement Integrity Agreement*.

### Environmental Performance

Indicator		Unit	2024	2023	2022
Environment management	Environmental protection input	RMB 10,000	130.68	97.66	73.45
	Occurrence of environmental penalties	times	0	0	0
	Amount of environmental penalties	RMB 10,000	0	0	0
Water withdrawal and consumption	Total water withdrawal	ton	76,673	72,489	50,507
	Total water consumption	ton	76,673	72,489	50,507
	Water consumption intensity	ton/RMB million	48.95	52.94	41.58
	Recycled water consumption	ton	15,153.59	14,432.35	14,409.45
	Percentage of recycled water use	%	19.76	19.91	28.53
Waste gas management	Emissions of waste gas pollutants				
	NOx	ton	0.002	0.002	0.002
	Non-methane hydrocarbon (NMHC)	ton	0.157	0.083	0.170
	Particulate matter (PM)	ton	0	0.014	0



Indicator		Unit	2024	2023	2022
Wastewater management	Wastewater discharge				
	Industrial wastewater discharge	cubic metres	24,608.00	24,789.47	18,705.89
	Domestic wastewater discharge	cubic metres	35,143.99	34,845.55	23,605.74
	Emissions of wastewater pollutants				
	Ammonia nitrogen (NH <sub>3</sub> -N)	ton	0.984	0.149	0.067
	Chemical oxygen demand (COD)	ton	4.689	0.551	0.391
	Total phosphorus (TP)	ton	0.006	0.002	0.004
	Suspend solids	ton	0.030	0.040	0.020
Waste management and circular economy	Waste generation and disposal				
	Total emissions of hazardous wastes	ton	82.94	76.07	69.38
	Hazardous waste intensity	ton/RMB million	0.05	0.06	0.06
	Total emissions of non-hazardous wastes	ton	539.75	459.73	422.65
	Non-hazardous waste intensity	ton/RMB million	0.35	0.34	0.35

<sup>4</sup>The main statistical object is the recycled iron filings.

<sup>5</sup>The coefficient for converting into standard coal used refers to the *General Rules for Calculation of Comprehensive Energy Consumption (GB/T2589-2020)*.

Indicator		Unit	2024	2023	2022
	Total waste discharged	ton	622.69	535.80	492.03
	Total waste discharge intensity	ton/RMB million	0.40	0.39	0.41
	Non-hazardous waste recycled/recycled <sup>4</sup>	ton	108	60	51
Energy Consumption <sup>5</sup>	Direct energy consumption				
	Total direct energy consumption	tons of standard coal	88.33	92.15	81.34
	Gasoline	litre	38,546.80	39,967.18	33,458.00
	Diesel fuel	litre	3,172	2,057	1,845
	Natural gas	cubic metres	24,743	30,328	28,831
	Liquefied petroleum gas	kg	7,069.30	4,916.00	3,839.00
	Direct energy consumption intensity	kWh/RMB million	458.95	547.73	545.08
	Indirect energy consumption				
	Total indirect energy consumption	kWh	7,527,471.74	6,779,950.39	6,319,701.03
	Purchased electricity	kWh	7,527,471.74	6,779,950.39	6,319,701.03
	Incl: renewable electricity	kWh	499,900	548,700	191,020

Indicator	Unit	2024	2023	2022
Proportion of renewable energy use in total electricity use	%	6.64	8.09	3.02
Indirect energy consumption intensity	kWh/RMB million	4,805	4,951	5,203
Scope 1 total emissions	tons of carbon dioxide equivalent	161.22	166.86	146.55
Scope 2 total emissions	tons of carbon dioxide equivalent	4,038.97	3,637.83	3,391.05
Scope 1+2 total emissions	tons of carbon dioxide equivalent	4,200.19	3,804.69	3,537.60
Scope 1+2 emission intensity	tons of CO <sub>2</sub> equivalent / RMB million	2.68	2.78	2.91

## Social Performance

Indicator	Unit	2024	2023	2022
Number of employees	person	1,771	1,571	1,424
Diversity & equal employment <sup>7</sup>	Type and structure of employees			
Number of full-time employees	person	1,686	1,470	1,381
Number of part-time employees	person	0	0	0

<sup>6</sup>Direct emissions (Scope 1) refer to greenhouse gas emissions generated from the consumption of natural gas, diesel, gasoline, and similar fuels. Indirect emissions (Scope 2) refer to greenhouse gas emissions resulting from the consumption of externally purchased electricity and other energy sources. The selection of greenhouse gas emission factors is based on technical documents, including the 2006 IPCC Guidelines for National Greenhouse Gas Inventories (2019 revised edition) and the Announcement on the Release of China's 2021 CO<sub>2</sub> Emission Factors for Electricity issued by the Ministry of Ecology and Environment and the National Bureau of Statistics, which specifies the 2021 national grid average emission factor of 0.5568 kgCO<sub>2</sub>/kWh.

<sup>7</sup>The data statistical scope in 2024 covers Sinoseal Holding Co., Ltd. and all its holding subsidiaries, including KS GmbH.

Indicator	Unit	2024	2023	2022
Number of flexible employees	person	85	101	43
Proportion of full-time employees	%	95.20	93.57	96.98
Proportion of part-time employees	%	0	0	0
Employee gender structure				
Number of male employees	person	1,298	1,129	1,067
Number of female employees	person	388	341	314
Proportion of male employees	%	76.99	76.80	77.26
Proportion of female employees	%	23.01	23.20	22.74
Employee age structure				
Number of employees under 30 years old	person	488	390	325
Number of employees between 30 and 50 years old	person	994	932	908
Number of employees over 50 years old	person	204	148	148
Proportion of employees aged below 30	%	28.94	26.53	23.53
Proportion of employees aged 30-50	%	58.96	63.40	65.75
Proportion of employees aged above 50	%	12.10	10.07	10.72

Indicator	Unit	2024	2023	2022
Employee turnover				
Employee turnover headcount	person	62	80	79
Employee turnover rate	%	3.68	5.44	5.72
Employee benefits				
Social insurance coverage rate	%	100	100	100
Employee benefits coverage rate	%	100	100	100
The invested amount in work-related injury insurance and work safety liability insurance	RMB	729,904.53	590,257.02	398,486.54
The coverage rate of work-related injury insurance and work safety liability insurance	%	100	100	100
Employee training system				
Total investment in employee training	RMB	434,911.12	875,887.21	1,506,257.28
Number of employee training	times	271	260	242
Number of employees provided with academic or professional qualification support	person	139	129	87
Invested amount in providing employee with academic or professional qualification support	RMB	334,915.78	567,066.15	521,522.81

<sup>8</sup>The statistical scope of data in 2024 covers SNS and all its holding subsidiaries, including KS GmbH.

<sup>9</sup>The Lost Time Injury Frequency Rate (LTIFR) of employees = (The number of lost time injuries / Total working hours) × 1,000,000

<sup>10</sup>The Fatality Accident Rate (FAR) = (The number of fatalities / Total working hours) × 1,000,000

Indicator	Unit	2024	2023	2022
Number of employees trained	person	1,602	1,470	1,381
Employee training coverage rate	%	100	100	100
Safety production accidents				
Number of work-related fatalities	person	0	0	1
Work-related fatality rate	%	0.00	0.00	0.07
Lost workdays due to work injury	day	133.68	221	34
Lost Time Injury Frequency Rate (LTIFR) of employees <sup>9</sup>	/	2.54	2.55	2.11
Occupational health & safety <sup>8</sup> Number of work-related injuries	times	9	8	6
Employees total working hours	hour	3,542,000	3,142,000	2,848,000
Fatality rate (FAR) <sup>10</sup>	%	0	0	0.35
Prevention and treatment of occupational disease				
Number of occupational diseases	person	0	0	0
The compliance rate of the harmful working environment inspected by external third parties	%	100	100	100
The qualification rate of occupational health check-ups for employees in hazardous positions	%	100	100	100



Indicator	Unit	2024	2023	2022
Occupational health and safety training				
The total number of safety training participants <sup>11</sup>	person-times	4,127	/	/
Total training hours for employees	hour	9,454.3	/	/
Number of safety drills	times	25	25	12
Number of participants in safety emergency drills	person-times	1,614	1,620	984
Supplier type				
Domestic suppliers	number	1,312	1,392	1,295
Overseas suppliers	number	23	23	33
Supplier evaluation				
Number of suppliers for which on-site assessments were conducted	number	126	124	63
Number of suppliers for which off-site assessment were conducted	number	511	466	514
Innovation and R&D management				
R&D Investment	RMB 10,000	7,577.20	7,474.09	6,144.23
Proportion of R&D investment	%	4.84	5.46	5.06

<sup>11</sup>The statistical scope of the data in 2023 and 2022 differs from that in 2024, so the data has not been disclosed.

Note: Unless specified, the statistical scope of data above covers SNS and its holding subsidiaries (KS GmbH excluded).

Indicator	Unit	2024	2023	2022
Number of R&D personnel	person	250	223	208
Patent-related performance				
Number of patent applications	Case	33	16	42
Number of patents granted	Case	19	25	17
Valid patents	Case	183	171	151
Performance related to invention patents				
Number of invention patent applications	Case	12	7	19
Number of invention patents granted	Case	7	4	4
Valid invention patents	Case	47	39	35
Cybersecurity incidents				
Occurrence of data security incidents	times	0	0	0
Community welfare				
Investments in rural revitalisation	RMB 10,000	40.33	0	0

## Indicator Index Table

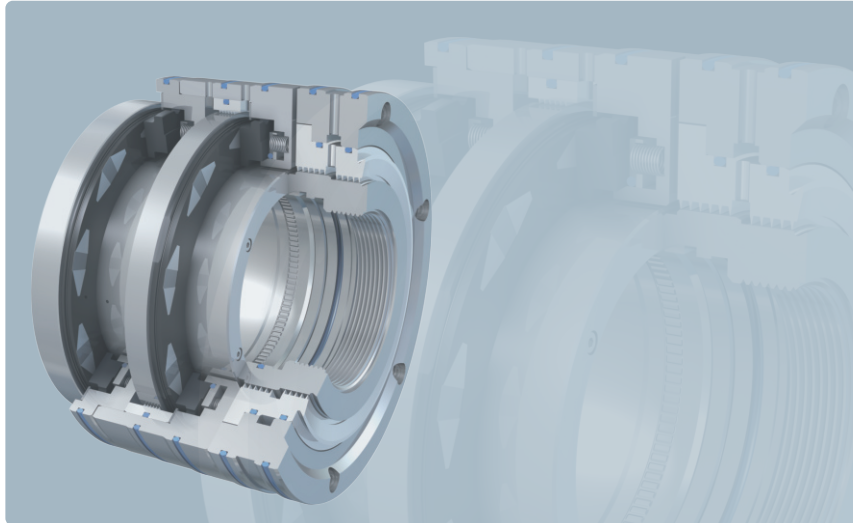
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## Reader Feedback

Thank you for reading the 2024 *SNS Environmental, Social and Corporate Governance (ESG) Report*. To provide you and other stakeholders with more valuable information and to enhance the ESG management capabilities and standards of SNS, we sincerely invite you to leave your comments and suggestions on the report. Please provide your feedback to us through the following channels:

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

☐ Excellent ☐ Good ☐ Average ☐ Poor

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

☐ Excellent ☐ Good ☐ Average ☐ Poor

### 3. Do you think this report comprehensively reflects the Company's performance in ESG?

☐ Excellent ☐ Good ☐ Average ☐ Poor

### 4. Do you think the text of this report is well-organised and easy to understand?

☐ Excellent ☐ Good ☐ Average ☐ Poor

### 5. Does the Report's layout design help you understand the information presented?

☐ Excellent ☐ Good ☐ Average ☐ Poor

### 6. What do you think needs to be improved most in this report?

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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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