



2024 Environmental, Social and Governance Report

Content

About This Report	03
Chairman's Statement	04
About Sealong Marine Engineering Group	06

01

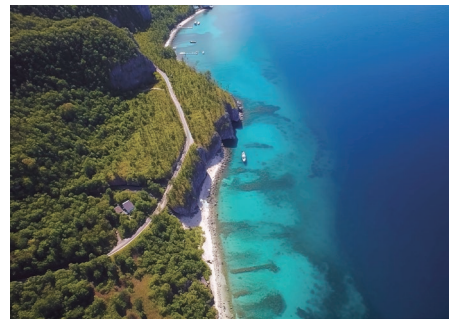
Strengthening Governance, Upholding Ethical Compliance



1.1 Enhance Corporate Governance	10
1.2 Upholding Business Ethics	14
1.3 Ensure Data Security	18

02

Pioneering Green, Building a Low Carbon Future



2.1 Responding to Climate Change	22
2.2 Enhancing Environmental Management	24
2.3 Implementing Green Operations	26

03

Prioritizing Customers, Fortifying Quality and Safety Defenses



3.1 Deepening Technological Innovation	30
3.2 Responsible Supply Chain	36
3.3 Product Quality Management	39
3.4 Collaborate for Mutual Success	42

Appendix

Key Performance Data	56
GRI Index	62

04

Nurturing Talent, Fulfilling Social Responsibility



4.1 Building a Harmonious Workplace	46
4.2 Safeguarding Health and Safety	52

About This Report

Report Overview

With a strong sense of social responsibility, SME Group has released its first Sustainability Report in 2025. This report systematically discloses the core principles, clear objectives, implementation progress, and future strategic plans of the Group and its subsidiaries in sustainability.

Reference Standards

The report was prepared in accordance with the *Global Reporting Initiative's Sustainability Reporting Standards* ("GRI Standards") issued by the Global Sustainability Standards Board (GSSB), while also considering key environmental, social, and governance (ESG) rating concerns in capital markets. During the preparation, the process involved identifying key stakeholders, analyzing and prioritizing material topics, defining report content, and summarizing, organizing, and reviewing relevant materials to finalize this report.

Data Source

The information used in the report is from Sealong Marine Engineering Group and its subsidiaries.

Title Description

For ease of expression and reading, "SME Group", "the Group", "we", "us" and "our" in this report refer to Sealong Marine Engineering Group.

Reporting Subject and Periodicity

Unless otherwise stated, policies, statements, and materials in this report cover the actual business scope of the Group. The reporting subject includes SME Group and its subsidiaries. The reporting period is from January 1, 2024, to December 31, 2024.

Accessing This Report

You can obtain the electronic version of this report in simplified Chinese and English from the following website. In case of any inconsistency between the versions, please refer to the simplified Chinese version.

E-mail: ecom@sealongmarine.com

Website: <https://www.sealongmarine.com/>

Tel: +86 21 5821 5157

Address: Room 106, Building 6, Xinqiao Creative Industrial Park, No. 183 Yinshan Road, Pudong New Area, Shanghai

Chairman's Statement

To Our Shareholders, Customers, Partners, and Colleagues,

The year 2024 has ushered in a period of profound transformation for the global maritime industry. The entry into force of the IMO's GHG Strategy, the expansion of the EU Carbon Border Adjustment Mechanism, the implementation of new US supply chain regulations, and increasingly frequent climate challenges are collectively reshaping the competitive landscape. In this context, ESG has evolved beyond mere compliance; it has become a core component of corporate strategy, directly impacting our market position, operational resilience, and long-term value creation capability. Consequently, we have positioned our inaugural ESG report as a systematic "risk-opportunity" scan. All 18 material topics disclosed within this report have been integrated into the Board of Directors' quarterly agenda, tracked using the same closed-loop management system as financial metrics.

Regarding governance, we have restructured our compliance system, consolidating previously decentralized mechanisms into a single reporting line where the Chief Compliance Officer reports directly to the Chairman. This has significantly enhanced our response speed and control over major risks. Furthermore, by implementing an intelligent whistleblowing system and a customer credit model, we have reinforced our operational bottom line, transforming compliance into a credit competitive advantage.

Regarding environment, we remain committed to a green development path. While strictly adhering to environmental standards, we have continuously increased investment in environmental management. In 2024, we conducted our first carbon accounting of Scope 1 and 2 emissions, confirming a total of 5.15 tCO₂e. This demonstrates our ability to achieve synergistic improvement in both environmental performance and operational efficiency, even while revenue grew by 18%. We firmly believe that green operations are not a burden, but an essential pathway to high-quality growth.

Regarding service quality, we maintain a customer-centric approach, leveraging technology to continuously improve response speed and delivery reliability. In 2024, we continued to uphold our "Double 100%" targets – 100% outgoing product qualification rate and 100% on-time delivery rate – and, for the first time, formally incorporated post-sales response time into commercial contracts, further solidifying customer trust. Our self-developed PCIM project management system and intelligent algorithm models have significantly reduced manual workload, propelling operational efficiency to new heights.

Regarding talent and social responsibility, we consistently focus on employee development. With SA 8000 and ISO 45001 certifications, we achieved zero workplace accidents and a employee turnover rate below the industry average for the year. By concentrating on "Urban-Rural Educational Interaction" initiatives, we actively give back to society, empowering teachers, building reading classrooms, and promoting educational equity. These efforts help shape an organizational culture that is cohesive internally and warm externally, building a virtuous "Talent-Community" cycle.

Looking ahead to 2025, we will elevate these practices into three quantifiable medium-term goals:

1. Using this 2024 report as our ESG baseline, we will comprehensively advance ESG governance optimization and enhancement.
2. We will drive technological innovation by establishing a project data management platform shared with customers, laying the groundwork for a future carbon footprint data sharing platform.
3. We will advance sustainable supply chain management by implementing ESG evaluations for our core suppliers.

The maritime industry is known for its volatile cycles. While cycles can be hedged, this requires the proactive identification of structural variables. ESG is currently the most significant structural variable, translating emissions, human rights, and data security into financial language and reshaping asset valuation. SME Group is committed to working with all stakeholders to transform compliance into profit, emissions reduction into pricing power, and responsibility into competitiveness. This will ensure we secure an ecosystem position characterized by lower costs, higher creditworthiness, and greater resilience for the next shipping cycle upturn.

We are deeply grateful to all our stakeholders for your candid feedback and pragmatic collaboration over the past year. We look forward to demonstrating together that sustainability is not a burden off the course, but the essential channel to reach the next port.

Donghua Yang
Chairman
Sealong Marine Engineering Group

About Sealong Marine Engineering Group

Company Profile

Sealong Marine Engineering Group was established on November 18, 2000. Headquartered in Hong Kong, the Group established the Ship Corrosion Protection System R&D and Operations Centre in Shanghai in 2012, followed by the setup of the Nantong Plate Cooler Cleaning Workshop in 2018 and the Zhoushan Workshop in 2024. The Group is dedicated to providing superior marine equipment technical services to global shipping clients, focusing on specialized technical services for impressed current cathodic protection (ICCP) systems and marine growth prevention (MGPS) systems, as well as one-stop services such as chemical cleaning and maintenance of plate heat exchangers (PHE). Additionally, the Group offers value-added services including ship energy-saving retrofits and port logistics for long-term clients. For more information about the Group's industry and business, please refer to its [official website](#).

Upholding the core values of "Ethical Business Conduct, Dedication to Professionalism, Innovation-Driven, Customer First, Win-Win Collaboration, and Green Sustainability," SME Group is committed to delivering safe, reliable, green, and efficient marine equipment technical services to the global shipping industry. Through professional technical capabilities and comprehensive one-stop service solutions, the Group safeguards vessel operational safety, enhances customer value, and promotes the sustainable development of the shipping industry.

Business Landscape

Driven by technological innovation and guaranteed by exceptional quality, we have established a global business network. Through competitive solutions and a customer-first service philosophy, we have gained extensive recognition in the international market. Currently, our products and services are supplied to over 50 countries and regions worldwide, continuously creating shared value for all stakeholders.



Business Landscape

Corporate Development History

2000	Establishment of SME Nantong Factory
2010	Establishment of SME Group Hong Kong and Overseas Marketing Center
2012	Establishment of ICCP & MGPS Technical Service Center in Shanghai
2018	Establishment of SME Group Nantong Plate Cooler Workshop
2019	Participated in KorMarine Pusan & MarinTec Shanghai Obtained ISO 9001 / 14001 / 45001 Certificates
2021	Establishment of SME Group Shanghai Operations Headquarters, Shanghai Logistics Center, Jiangyin Service Center, and Zhoushan Customs Brokerage Company
2022	Participated in Sea Japan Tokyo
2023	Participated in KorMarine Pusan Organized GALA Dinner for MarinTec Shanghai Obtained ISO 27001 & SA8000 Certificates
2024	Participated in APM Singapore, Sea Japan, Posidonia Greece, and SMM Hamburg



1 ■ Strengthening Governance, Upholding Ethical Compliance

SME Group has established a corporate governance structure centered on the partnership team with clear authority and responsibilities, ensuring scientific and transparent strategic decision-making. We strictly adhere to business ethical standards, fully implement anti-corruption and compliance requirements, and safeguard the security and reliability of customers' and the Group's core information assets through a robust data security management system, thus laying a solid governance foundation for sustainable development.

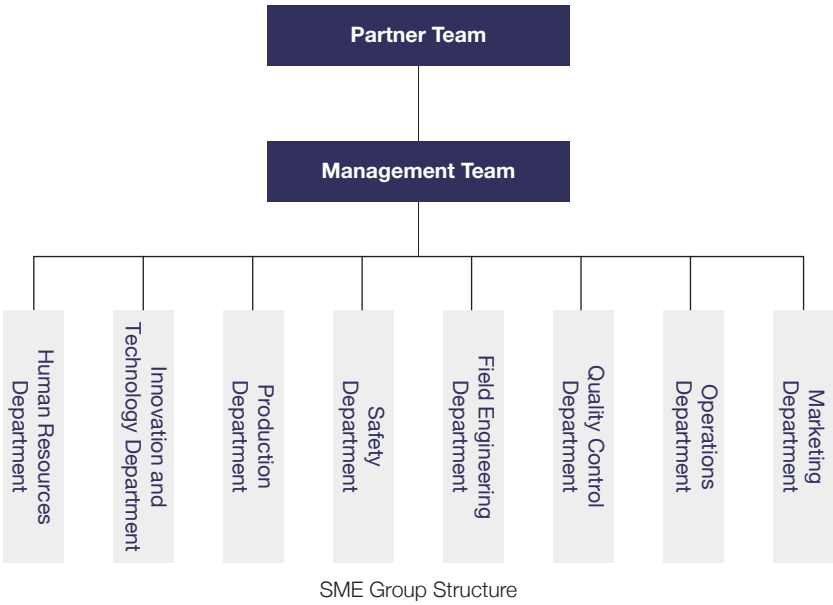
Response to Topics:

- Corporate Governance
- Business Ethics
- Data Security and Privacy Protection

1.1 Enhance Corporate Governance

Corporate Governance Structure

SME Group strictly adheres to the *Company Law of the People's Republic of China* and other relevant laws and regulations, continuously improves its corporate governance structure, and ensures the Group's long-term stable development. Currently, under the leadership of the partner team, the Group has established a three-tier structure of "decision-making, supervision, and execution", clearly defining the responsibilities of each entity to form a collaborative and effective management mechanism.



As of the reporting period, women accounted for **44.4%** of the Group's management team.

We place high importance on diversity among management members, considering multiple factors to ensure diversity within the management team, including but not limited to age, gender, ethnicity, industry experience, and background. We are committed to building a well-balanced management team with diverse perspectives to inject rich vitality into strategic decision-making.

ESG Management

Led by its Partner Team, SME Group has established a cross-functional Sustainability Team responsible for the Group's ESG-related matters. The partnership team, as the highest decision-making body, is fully responsible for reviewing sustainability strategies, key objectives, and major ESG issues. The sustainability team serves as the executive body, combining both strategic planning and implementation functions to ensure sustainability concepts are deeply integrated into daily operations and management. This governance structure features clear responsibilities and a streamlined hierarchy, effectively ensuring the systematic advancement and efficient execution of the Group's ESG strategy.

Stakeholder Communication

SME Group fully recognizes the importance of stakeholder communication. Through diverse communication channels, we engage with various stakeholders, actively respond to their concerns and expectations, and promptly develop relevant strategies to integrate them into the Group's ESG decision-making.

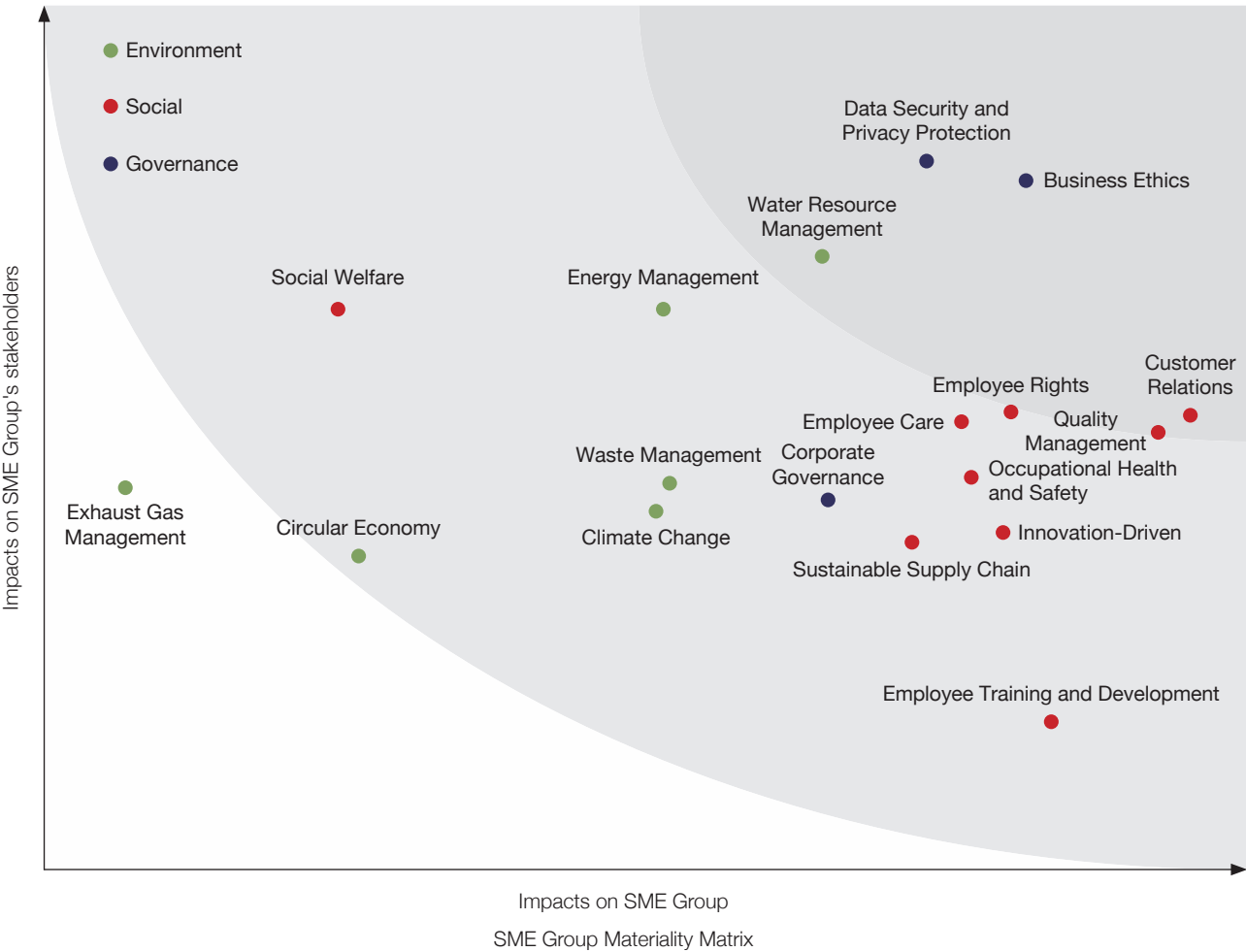
Stakeholders	Focus Areas	Communication Channels
<div> Senior Management</div>	<ul style="list-style-type: none">• Corporate Governance• Business Ethics• Data Security and Privacy Protection• Innovation-Driven	<ul style="list-style-type: none">• Telephone Conference• Email communication
<div> Employee</div>	<ul style="list-style-type: none">• Employee Rights• Employee Care• Employee Training and Development• Occupational Health and Safety	<ul style="list-style-type: none">• Employee Forum• Employee Feedback Collection• Employee Activities• Daily Communication
<div> Customer</div>	<ul style="list-style-type: none">• Quality Management• Customer Relations• Data Security and Privacy Protection	<ul style="list-style-type: none">• Phone and Email Communication• Regular visits• Symposium• Customer Satisfaction Survey
<div> Suppliers and Partners</div>	<ul style="list-style-type: none">• Quality Management• Sustainable Supply Chain• Data Security and Privacy Protection• Business Ethics	<ul style="list-style-type: none">• Supplier Evaluation and Qualification Inspection• Supplier Management• Phone and Email Communication
<div> Local Communities and Non-governmental Organizations</div>	<ul style="list-style-type: none">• Social Welfare	<ul style="list-style-type: none">• Symposium• Official Website• Phone and Email Interviews



Identification of Material Topics

Identifying material topics is a crucial component of corporate ESG governance. During the reporting period, we identified 18 sustainability issues relevant to SME Group based on our business operations and overall industry trends, and conducted a materiality assessment. The Group invited stakeholders including employees, suppliers, and customers to complete questionnaires, receiving over 100 valid responses.

Based on the survey results and third-party expert opinions, SME Group further analyzed and reviewed the material topics, ultimately finalizing the materiality assessment outcomes. These results will serve as a key basis for optimizing the Group's ESG development strategy, continuously enhancing its ESG management capabilities.



Risk Management

SME Group has established a systematic, end-to-end risk management framework covering risk identification, assessment, response, and monitoring to ensure stable operations and compliance within the international environment.

The Group focuses on four core risk categories—financial risk, compliance risk, operational risk, and strategic risk—and has implemented corresponding identification mechanisms. The main risks we currently faced are financial risks, including customer credit risk and liquidity risk. Specific manifestations include default on advance payments for new customer's first order, overdue customer accounts, and bad debt risks.

We have formulated risk management regulations and implemented a risk control database. These explicitly require that all customer engagements must be documented through the MaritimeTek System (MTS), with background checks and risk assessments completed. Engagements with undocumented customers are strictly prohibited. Violators will face disciplinary actions or even termination of employment contracts depending on the severity of the violation, thereby mechanically reducing management risks for the Group.

New Customer Risk Control Warning

During routine risk monitoring, SME Group discovered that a shipowner listed on internal blacklist operates as the main operating entity, effectively controlling multiple management companies registered in Dubai under different names. These entities are used to operate a so-called “shadow fleet” engaged in high-risk businesses.

Based on this information, the Group immediately activated its risk escalation control mechanism. Starting July 11, 2024, all business personnel are strictly required to report in advance to conduct background checks for any new clients originating from Dubai, the United Arab Emirates, or India. Business engagement may only proceed after written confirmation of no concerns.

We adopt a customer credit risk quantification assessment model centered on payment terms, categorizing customers into six tiers (A to F). Tier A (prepayment) represents the lowest risk, while Tier F (120-day payment terms) represents the highest risk. Any overdue payments, collection difficulties, or situations requiring legal intervention trigger a credit rating reassessment, typically resulting in an immediate downgrade to A. Risk level adjustments are not subject to periodic updates but are driven by significant events (e.g., payment delays, registration as a qualified supplier). This model effectively mitigates the Group's financial risk.

1.2 Upholding Business Ethics

Integrity management and business ethics serve as the cornerstone of SME Group's corporate governance, profoundly impacting our corporate reputation, operational efficiency, and market competitiveness. We adhere to the principles of "Integrity, Fairness, and Responsibility," continuously strengthening an ethical business ecosystem by fostering a corporate culture of integrity and transparency.

Business Ethics Governance

SME Group strictly complies with *the Anti-Monopoly Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China*, the *Interim Provisions on the Prohibition of Commercial Bribery*, the *Company Law*, as well as anti-corruption laws and regulations in all our operational locations. We have established a series of internal policies, including the Anti-Bribery and Corruption Policy and the Employee Rewards and Disciplinary Regulations. By defining clear codes of conduct and detailed disciplinary standards, we systematically regulate and oversee the business behaviors of our employees, management, suppliers, and partners.

SME Group has established an integrity management structure that covers the Chairman, the senior management team, and heads of all functional departments and business units. This structure creates an anti-corruption system with clearly defined responsibilities and efficient collaboration, ensuring comprehensive control over key business processes. This vertical management framework forms a closed-loop governance ecosystem encompassing "strategic decision-making, independent oversight, and business implementation".


 Governance Level	The Board of Directors and Partners bear ultimate responsibility for policy compliance, approve the <i>Anti-Bribery and Corruption Policy</i> , and review the annual implementation report.
 Oversight Level	The Audit Committee monitors the effectiveness of the anti-corruption mechanisms, while supporting management departments coordinate whistleblowing investigations.
 Execution Level	The Legal Department leads policy implementation, and heads of business units ensure 100% of employees complete anti-bribery training.

Business Ethics Risk Management

We fortify our compliance defenses against business ethics risks by establishing a dual-track mechanism that combines external partnership controls with internal process transparency. In external collaborations, we require all agents and suppliers to sign legally binding anti-bribery commitment letters, explicitly prohibiting all forms of non-compliant conduct—including gift-giving, commercial bribery, and facilitation payments—effectively blocking risks of improper benefits transfer at the source. For key business operations, we have implemented an end-to-end management system centered around the dedicated business email (info@sealongmarine.com). This enables comprehensive visual tracking of risks across the entire workflow—from customer inquiries and contract signing to after-sales services—covering five core risk scenarios and significantly reducing the likelihood of ethical violations.

Scenario 1: Customer Communication & Quotation 	<ul style="list-style-type: none">• Potential Risks: Private price negotiations, improper provision of kickbacks or benefit exchanges• Email Control: All quotations must be sent and automatically archived through the public email; standardized quotation templates and approval workflows are introduced to prevent arbitrary price adjustments
Scenario 2: Order Confirmation & Contract Signing 	<ul style="list-style-type: none">• Potential Risks: Bypassing approval workflows to sign orders; using contract texts that have not been pre-reviewed• Email Control: All customer order emails are directed to the public email, where a designated team verifies contract clause compliance; both contract archives and approval records are synchronously stored within the email system
Scenario 3: Payment & Receipt Confirmation 	<ul style="list-style-type: none">• Potential Risks: Unauthorized changes to payment accounts leading to fund misappropriation; lack of transparency in receipt of payments• Email Control: Any modification to payment account information requires written confirmation via the public email; a "Change Alert" mechanism is activated to automatically identify risky information alterations (e.g., account changes)
Scenario 4: After-Sales Service & Customer Complaint Handling 	<ul style="list-style-type: none">• Potential Risks: Offering private "compensation" to customers during after-sales interactions, or concealing serious quality issues• Email Control: All customer complaints must be submitted through the public email, with response times and handling personnel logged; standardized response templates ensure information consistency and are included in management review
Scenario 5: Internal Collaboration & Cross-Departmental Communication 	<ul style="list-style-type: none">• Potential Risks: Circumventing established procedures to privately coordinate shipments, procurement, or resource allocation• Email Control: All operational coordination emails must copy (CC) the public email, ensuring management team awareness and review; an "Email Approval Chain" is established to document approvals for key business steps via email

Identification and Control of Five Core Business Scenario Risks

 During the reporting period, SME Group:	<ul style="list-style-type: none">• Recorded zero litigation cases involving corruption of the company and our employees.
--------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------

Whistleblowing Mechanism

SME Group has established multiple reporting channels and implemented a tiered response-based whistleblowing handling system to ensure the efficient and closed-loop resolution of reports. Upon receiving a report, the management team will form a cross-departmental investigation team comprising legal, finance, and audit professionals to conduct preliminary fact verification and risk assessment, while strictly maintaining the confidentiality of our whistleblower's information throughout the entire process. For major cases involving senior management or systemic risks, the Chairman will directly authorize the formation of a dedicated task force or engage third-party institutions to conduct in-depth investigations. Final disciplinary decisions, such as termination or filing reports with authorities, are made based on the investigation findings. Concurrently, systemic remediation plans are developed, forming a complete whistleblowing handling chain of "Reporting - Investigation - Resolution - Remediation".

Reporting Channels



Fostering a Culture of Integrity

SME Group places high importance on cultivating and promoting a culture of integrity, committed to enhancing our employees' awareness of ethical conduct and self-discipline. We reinforce employees' understanding of codes of conduct and ethical standards through regular company-wide training, and drive closed-loop improvements by transparently assessing policy implementation via the management's annual ethics report. Simultaneously, we implement whistleblowing incentive mechanisms to shape our corporate oversight culture and continuously strengthen voluntary compliance with business ethics.

📁

During the reporting period, SME Group:

- Achieved a **100 %** signing rate of the *Integrity Pledge* by our senior management and customer-facing employees.





1.3 Ensure Data Security



ISO 27001 Information Security Management System Certification

SME Group strictly adheres to laws and regulations including the *Cybersecurity Law of the People's Republic of China* and the *Data Security Law of the People's Republic of China*. We have established internal privacy policies and user agreements, committed to using and processing information in accordance with the principles of the General Data Protection Regulation, and continuously safeguarding data security. Currently, the Group has passed the ISO 27001 Information Security Management System audit and obtained the certification.

In 2024, the Group updated its data security management system comprehensively in accordance with the latest laws and regulations and business development needs. We refined systems such as data classification and data access procedures to further enhance our data security management framework. A dedicated Data Security Management Team was established to coordinate data security efforts and conduct regular data security risk assessments and audits. Concurrently, we partnered with third-party professional institutions to continuously strengthen our data security management capabilities.

● Aliyun Data Security Solution

To address data security challenges arising from digital transformation and meet increasingly stringent compliance requirements, the Group implemented Aliyun Data Security Solution in 2024.

This solution establishes a systematic data security framework covering multiple core scenarios—including internal business systems, user data storage and processing, and network transmission—to comprehensively safeguard sensitive data such as user personal information and transaction records.

Through efficient automated identification and classification of sensitive data, we can precisely locate and address potential leakage risks. Strict access control mechanisms effectively block unauthorized data access attempts, significantly enhancing permission security management. Compliance auditing capabilities strengthen the company's adherence to data regulations, systematically reducing operational compliance risks.

SME Group has established a comprehensive data security response mechanism, implementing dual backups for core business data and sensitive information on both cloud servers and local systems to ensure backup effectiveness. The Group adopts data encryption transmission technology across all scenarios involving data transfer to prevent interception or tampering during transmission. In the event of a data security incident, we receive immediate notifications via SMS, email, and other channels to initiate incident handling and data recovery procedures, thereby safeguarding data security, integrity, and continuity.

To enhance employee information security awareness and strengthen protective skills, SME Group conducted two information security trainings during the reporting period.

● SME Group Information Security Training

To ensure employees stay informed about the Group's information security developments and requirements, SME Group conducted two on-site information security training sessions at its factory and Shanghai office in 2024.

The training covered interpretations of data security laws and regulations, common information security threats and prevention methods, explanations of the Group's information security management system, and practical case studies. The two training sessions collectively reached over 90% of employees. Through theoretical knowledge and hands-on exercises, employees gained a deep understanding of the importance of information security and the necessary countermeasures, effectively safeguarding the Group's data security.

The two training sessions collectively reached over

90%

of employees.



During the reporting period, SME Group:

- Recorded **zero** data security or privacy breach incidents.

2. Pioneering Green, Building a Low Carbon Future

Embracing the philosophy of green and low-carbon development is an essential pathway for the company to achieve high-quality growth. SME Group upholds our commitment to environmental friendliness, proactively identifies and manages climate-related risks and opportunities, and continuously deepens our green operations. By strictly controlling environmental pollution, implementing resource recycling, comprehensively enhancing green service levels, and promoting the green transformation of the industry.

Response to Topics:

- Climate Change
- Energy Management
- Water Resource Management
- Exhaust Gas Management
- Waste Management
- Circular Economy



2.1 Responding to Climate Change

Climate Governance and Strategy

As a globally leading marine service provider, SME Group continuously drives low-carbon transition and climate adaptation, supporting the Paris Agreement and China's Dual Carbon Goals with concrete actions. We actively respond to international and national calls by focusing on multiple dimensions—including strategic climate planning, risk identification, and carbon emission management—injecting momentum into a sustainable future for the marine service industry.

To enhance the effectiveness of climate governance, SME Group has established a cross-functional sustainability team under the vertical leadership of senior management, responsible for advancing the climate action framework in a coordinated manner. Supporting management departments are directly accountable for developing environmental initiatives and strategic pathways to address climate change. Through regular performance audits, we dynamically monitor implementation effectiveness, forming a closed-loop management mechanism of "Planning - Execution - Supervision - Optimization".

Governance	Strategy	Risk Management	Metrics & Targets
<ul style="list-style-type: none">Establish a cross-functional sustainability team under the vertical leadership of senior management to coordinate and advance the climate action framework	<ul style="list-style-type: none">Identify climate-related risks and opportunities within our operations and value chain by considering relevant international and domestic policies	<ul style="list-style-type: none">Proactively respond to investor concerns, regularly assess environmental risks in our production processes, and identify potential environmental hazard factors	<ul style="list-style-type: none">Gradually develop core targets covering operational decarbonization and green supply chain transformation, aligned with the characteristics of the marine service industry and stakeholder expectations



Climate Risk Identification and Management

Climate change is presenting new risks and opportunities for businesses. Regarding physical climate risks, SME Group faces threats to our core operations from extreme weather events such as typhoons and storms, as well as risks triggered by high temperatures. In response, we have implemented high-temperature flexible work schedules and provided heat protection measures for employees. Concurrently, we focus on strengthening supply chain resilience, utilizing regional agent emergency inventory networks to mitigate risks of transportation disruptions caused by extreme weather.

In terms of climate transition risks, amid the influence of geopolitical factors and the evolving technological preferences of shipowners, we have adopted a dual-track strategy involving customer base diversification and cleaning technology optimization. This effectively enhances our resilience to climate policy shifts and technological changes.

SME Group proactively assesses the impact of climate factors on our business and develops targeted strategies to enhance operational resilience. We are committed to addressing climate risks while seizing green development opportunities, ensuring our enterprise's sustainable development in a changing environment.

SME Group enhances service continuity during extreme weather via regional agent network

Extreme weather events such as typhoons and heavy rain pose climate-related risks that can impact delivery timelines, potentially preventing critical heat exchanger parts from being transported from our Nantong factory to project sites on schedule. To address this, SME Group proactively established a regional agent contingency network. By appointing agents in key project locations and pre-positioning parts inventory, we have significantly improved the parts supply guarantee rate during extreme weather conditions.

Metrics and Targets

To better manage climate risks and opportunities, SME Group is continuously enhancing our carbon emission data management efforts. In 2024, we conducted a greenhouse gas emissions accounting for the first time, reinforcing our granular carbon data management. Building on the accurate accounting of emissions from our operations and considering our actual business conditions, we will set future carbon management targets for the Company, actively contributing to the global response to climate change and supporting China's Dual Carbon Goals.

During the reporting period, SME Group:	• Scope 1 emissions:	• Scope 2 emissions:
	0.00 tCO ₂ e	5.15 tCO ₂ e
	• Total emissions:	• Emission intensity:
	5.15 tCO ₂ e	0.06 tCO ₂ e/million RMB revenue

2.2 Enhancing Environmental Management

Strengthening the Environmental Management System

SME Group strictly complies with national and local environmental laws and regulations. Guided by the ISO 14001 Environmental Management System standard, we have established our internal environmental management system and are actively exploring green development pathways. Simultaneously, we have developed internal policies such as the *Sustainability Policy and Action Plan* and the *Employee Environmental Protection Code of Conduct* to reinforce our environmental risk prevention and control mechanisms, and to deeply integrate environmental objectives into our operations.




ISO 14001 Environmental Management System Certification



Waste Management

SME Group implements a full-process control strategy for waste management, prioritizing source reduction. We focus on decreasing waste generation at its origin by optimizing technical processes and improving product design. Furthermore, we actively promote material reuse and recycling, advocating for the repeated use of materials within our operations and establishing comprehensive reuse and recycling systems to ensure the efficient circulation of recyclables such as paper, plastic, glass, and metal. For waste that cannot be reduced, reused, or recycled, we strictly ensure its compliant disposal in accordance with local regulations and industry best practices, fulfilling our environmental responsibilities.

 During the reporting period, SME Group:	• Total amount of waste generated:	• Non-hazardous waste generated:	• Hazardous waste generated:
	95.59 tons	23.00 tons	72.59 tons
Waste conversion and disposal			
• Total waste recycled and reused:		• Total waste incinerated:	
5.00 tons		90.59 tons	

Wastewater Management

The primary source of wastewater in our operations is the plate heat exchanger cleaning process. The generated wastewater is first directed into sedimentation tanks for initial settling. It then undergoes treatment in specialized equipment where pollutants are removed through chemical and other treatment processes. The treated water, once it meets required standards, is channeled into storage tanks for recycling and reuse. For the scum or sludge generated during the treatment process, we engage licensed third-party providers for collection and compliant disposal. This establishes a complete wastewater management process of "Generation - Treatment – Recycling or External Disposal," ensuring efficient and environmentally sound wastewater handling, and promoting water resource recycling and pollution prevention.




SME Group's wastewater treatment equipment

2.3 Implementing Green Operations


Green Operations in Practice

SME Group actively responds to climate change, strengthens the communication of green and environmental protection concepts, and consciously implements green operations. We enhance the environmental awareness and capabilities of our employees, fostering a strong ethos of green development and harmonious coexistence.




Green Office

- We actively promote paperless office initiatives, covering scenarios such as electronic project reporting, document approval, and meeting minutes. Digital platforms are utilized for the electronic storage, transmission, and processing of documents
- Duplex printing is encouraged, and printers are set to default to duplex printing mode, reducing energy consumption at the source of office activities



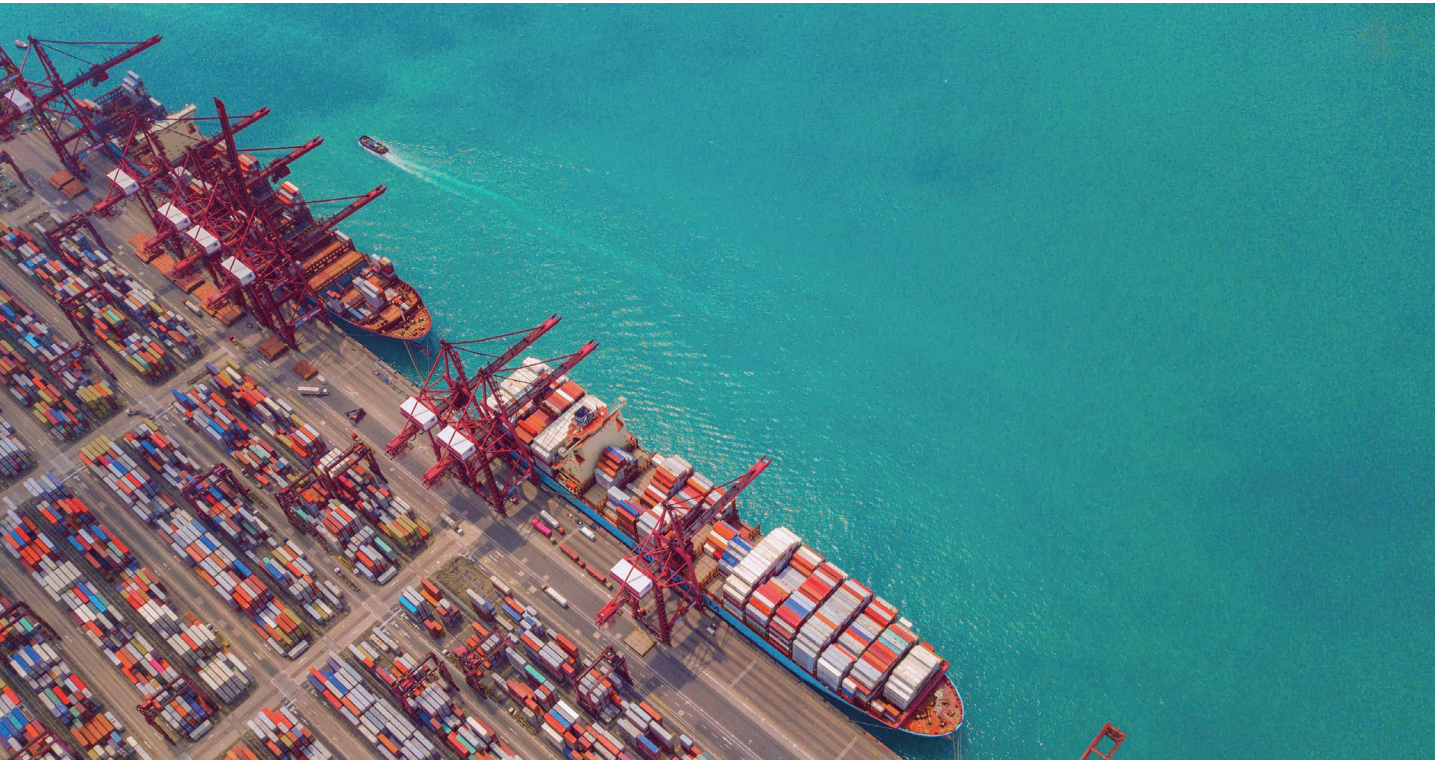
Green Packaging

- We prioritize the use of environmentally friendly packaging materials that are recyclable, biodegradable, or sourced from renewable resources
- Packaging design is streamlined to optimize material usage while ensuring product safety during transport and storage, thereby reducing energy and resource consumption in the packaging process



Green Transportation

- Within our transportation and logistics operations, we optimize route planning and are progressively transitioning to fleets powered by renewable energy, aiming to lower energy use and carbon emissions during transportation



Energy Management

We consistently advance our efforts on energy management across multiple dimensions: energy conservation, efficiency enhancement and electricity consumption control. On one hand, we comprehensively improve energy utilization efficiency and reduce operational energy waste by upgrading energy-saving equipment, optimizing building energy systems, and implementing intelligent energy management systems. On the other hand, we execute refined electricity-saving strategies, requiring employees to promptly power down idle equipment and activate sleep modes to reduce standby power consumption. Additionally, we schedule the operation of high-energy-consumption equipment during off-peak hours based on peak and off-peak electricity pricing periods, thereby reducing electricity costs and peak load demand, and putting sustainable energy management into practice.

● SME Group Proactively Implements Technological Upgrades for High-Energy-Consumption Equipment

SME Group's Nantong factory actively responds to the "Green and Low-Carbon Development" strategy by focusing on technological upgrades for high-energy-consumption equipment in the production process. The introduction of variable frequency drive and servo control systems has effectively reduced energy consumption while enhancing the flexibility and efficiency of production line operation.

- **Air Compressor Upgrade:** Introducing variable frequency drive air compressors that automatically adjust motor speed based on actual air demand, enabling on-demand air supply. This achieves up to 30% electricity savings and effectively extends equipment service life.
- **Production Line Upgrade:** Upgrading to servo-controlled production lines allows for precise start-stop control and intelligent speed adjustment, resulting in approximately 15% comprehensive energy savings while improving process accuracy and product consistency.
- **Oven Upgrade:** Converting fixed-frequency ovens to variable frequency drive ovens enables automatic adjustment of fan and heating power based on real-time temperature requirements. This effectively reduces energy consumption by approximately 10%-15%, enhances temperature control precision, and improves product quality stability.

Upon full completion of these upgrades, the Nantong factory achieved annual electricity savings exceeding 12,000 kWh and reduced comprehensive energy consumption by 12%-15%, effectively supporting SME Group's energy conservation and emissions reduction targets.

The Nantong factory achieved annual electricity savings exceeding

12,000 kWh

reduced comprehensive energy consumption by

12%-15%

Water Resource Management

In our water resource management efforts, we actively implement multiple initiatives to advance water conservation. Primarily, we install water-efficient fixtures such as low-flow toilets, faucets, and showerheads to reduce consumption at the point of use. Secondly, we conduct regular inspections of our pipeline systems, promptly repairing any leaks discovered to prevent water waste. Furthermore, in feasible locations, we establish water recycling systems to utilize treated water for non-potable purposes such as irrigation and industrial processes. Through these methods, we enhance the comprehensive utilization rate of water resources, faithfully putting water conservation principles and a sustainable water management model into practice.

3 ■ Prioritizing Customers, Fortifying Quality and Safety Defenses

SME Group consistently regards customer satisfaction and superior quality as its core strategic objectives. The Group relies on technological innovation to drive product upgrades and process optimization, and ensures continuous leading product quality through meticulous whole-life-cycle management. We are committed to building a safe, robust, and efficient supply chain system. By establishing long-term, mutually trusting customer relationships, we empower both upstream and downstream partners in the industrial chain through rapid response and consistent output, achieving win-win outcomes for the enterprise and its clients.

Response to Topics:

- Innovation-Driven
- Customer Relations
- Quality Management
- Sustainable Supply Chain



3.1 Deepening Technological Innovation


Innovative R&D Management

SME Group has established a scientific innovation and R&D management system. The Group has implemented a five-stage process—"Requirements Analysis - Solution Design - Development Implementation - Testing & Verification - Results Delivery"—with review "gate points" at each stage. This ensures that the direction, quality, cost, and schedule of innovation initiatives remain consistently controllable, achieving full lifecycle management. Furthermore, through standardized documentation protocols such as the *Requirements Change Control Report*, the Group manages change risks, maintaining process discipline while preserving market responsiveness and reducing resource waste.

In 2024, with the overarching goal of "AI-Driven Business Upgrades," the Group deployed three key initiatives centered around its core business segments: the ICCP Logsheet Data Intelligent Analysis System, the PCIM Software System, and the Official Website AI Customer Service and Knowledge Service Model. These efforts are structured around the following three strategic pillars:


Innovation and R&D Strategy

Systematization




- Leveraging the PCIM platform, we are progressively integrating the entire process data loop—from pre-sales insights, through delivery and implementation, to post-sales maintenance—to build a measurable, replicable, and standardized service system.

Intellectualization



- We are deeply embedding AI into core business nodes, such as ICCP data intelligent diagnosis, PHE maintenance cycle prediction, and global customer service response, to continuously enhance resource efficiency and customer experience.

Globalization



- We are establishing unified service interface standards to support synchronized collaboration for projects across multiple regions, including China, Singapore, Turkey, Dubai, and Greece, accelerating the development of an integrated global service platform.

As of the end of the reporting period, the penetration rate of AI tools among employees approached

100%

In 2024, the Group progressively implemented "AI-enabled business processes," continuously promoting the widespread adoption and practical application of AI tools internally. Through a "Mobile Classroom" model, we achieved deep penetration among all employees: leaders from the AI department conducted sessions within various business units, providing one-on-one, scenario-specific coaching to help employees rapidly master operational skills for mainstream tools like ChatGPT, based on their specific job requirements.

Innovation Incentives

SME Group has established a multi-dimensional innovation incentive system, creating a positive motivation mechanism that "encourages creation and is results-oriented." The Group has formulated the *Regulations on Reward and Penalty Management*, which incorporates innovations and optimizations in business models, processes, tools, systems, and management into the reward scope. Innovation bonus and patent reward are established, with daily or major bonuses of up to RMB 500,000 disbursable based on the actual effectiveness of the results, supplemented by additional annual leave and honorary recognition. Concurrently, the Group integrates innovation achievements into the performance appraisal system, significantly increasing the weight of innovation performance in annual/project evaluations. The appraisal results are directly linked to bonuses and promotion opportunities, effectively stimulating employee creativity and promoting cross-departmental collaboration.

Industry Collaboration for Innovation

To foster sustainable innovation, SME Group, centered around its own technological scenarios, collaborates with diverse partners including university research resources, industry exchange platforms, and international exhibition channels to drive cutting-edge research. This injects new momentum through the deep integration of industry, academia, and research into the field of data security.

SME Group Collaborates with Fudan University on Data Security Innovation Practice

To enhance technological innovation capabilities and data security research levels, in 2024, the Group partnered with the Fudan University Jiajian AI Joint Laboratory for a one-year industry-academia-research collaboration project. This initiative focused on cutting-edge data security technologies, deeply integrating the university's research capabilities with corporate scenario needs. The research outcomes not only provided upgrade solutions for the Group's existing business systems but also laid the foundation for future expansion into new areas such as AI monitoring, blockchain traceability, and privacy protection. The collaboration involved R&D, data security, and core business teams, while also providing Fudan researchers with access to real data and application scenarios, forming a sustainable innovation ecosystem characterized by mutual empowerment and shared achievements. Currently, the project has achieved a breakthrough in the field of intelligent monitoring algorithms, significantly improving the accuracy of anomalous access identification.



Shanghai Jiao Tong University AI Exchange Session



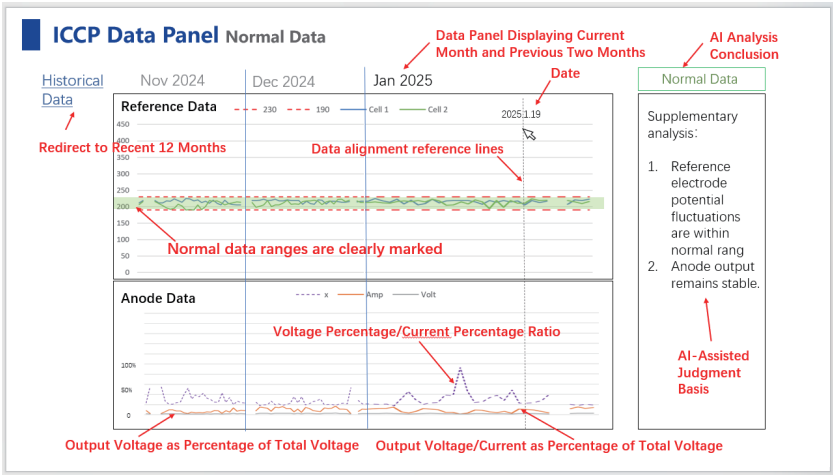
Visit to High-Quality AI Innovation Enterprises in Shanghai

Digital Innovation Key Projects

ICCP Logsheet Data Intelligent Analysis System

Aligned with the smart shipping strategy, the Group deeply embeds new-generation information technologies such as big data and artificial intelligence into the shipping and logistics chain, achieving the digital reshaping of traditional shipping elements and continuously enhancing operational efficiency.

SME Group, in collaboration with the Fudan University Artificial Intelligence Laboratory, has developed the ICCP Logsheet Data Intelligent Analysis System, focusing on ship corrosion protection management. The system utilizes the deep learning model as its core to automatically read multi-modal data and construct a dynamic correlation model between the corrosion environment and ICCP parameters. It intelligently analyzes monthly ship data, enhancing fault diagnosis efficiency and predictive capability, thereby providing a new digital solution for cathodic protection services in the maritime industry.



ICCP Data Panel Example

In its initial phase, the project covers major ship types such as container ships and tankers, with plans to expand to other ship types later. The project aims to be promoted to the world's top ten shipping companies by 2026, covering over 200 vessels. In 2024, the system completed its preliminary version and entered the application preparation stage. Upon implementation, manual verification workload is expected to decrease by 90%. Furthermore, by providing early warnings of corrosion risks, it will significantly reduce the probability of structural failure, enabling a shift from manual inspections to algorithm-based inspections. This addresses the drawbacks of traditional methods, which rely on empirical judgment, are inefficient, and prone to missed detections.

Ship Corrosion Protection Management Application Scenarios

- Conduct real-time monitoring of the ICCP system's current, voltage, and potential, promptly capturing abnormal conditions.

- Calculate the remaining lifespan of sacrificial anodes based on AI models, dynamically providing optimal replacement cycles to avoid excessive or delayed maintenance.

- Assist maintenance personnel in quickly identifying high corrosion risk areas during port or shipyard repairs, significantly reducing manual inspection hours.

PCIM Software System



PCIM System Login Interface

We are actively advancing digital transformation, focusing on core businesses such as PHE cleaning for ships, and have built a workflow management platform from the ground up. This system standardizes processes including work order creation, processing, routing, and archiving. It integrates modules such as automated workflows, intelligent reminders, global customer plan management, and 7x24 customer service, aiming to enhance business efficiency, reduce environmental and operational risks caused by human error, and lay a resilient foundation for long-term growth. This initiative is one of the first in the domestic marine services industry to fully implement intelligent concepts, holding a leading position within the sector.

Currently, the system has completed its initial development phase. Core functions, such as real-time project tracking and automated report generation, have been deployed at two main service bases. The average task processing time has been reduced by 40%, significantly decreasing on-site rework and resource waste.

Technical Architecture

Mobile Terminal (APP)

- Possesses basic functions such as uploading photos and submitting data forms.
- Supports auxiliary functions including report and image preview, as well as push notifications.

Backend Management System (BS/CS)

- Centrally hosts four core modules: permissions, workflows, inventory, and reports.
- Fulfills requirements for data recording, document archiving, triggering message distribution at key nodes, and on-demand report generation.

Cloud Services

- Utilizes cloud service provider databases, containerization, and microservices frameworks.
- Integrated with OSS file storage systems to achieve automated deployment and 7x24 real-time monitoring.

Main Functional Modules

Project Management

- Provides functions for project creation, editing, archiving, and deletion, enabling centralized management of project information.

Workflow Management

- Provides functions for viewing, creating, editing, and deleting workflows.

Approval Process Management

- Provides full-process approval functionality based on permission levels.

Image Collection

- Supports instant uploading of on-site photos to the system, enabling real-time information entry and sharing.

AI Service Model

To enhance operational efficiency and service quality, SME Group completed the iterative training of its self-developed AI model in 2024, aiming to reshape operational and service processes through digital means. Centered around an enterprise knowledge graph and incorporating natural language interaction capabilities, this model provides precise Q&A, information retrieval, and after-sales support for both internal management and external visitors.

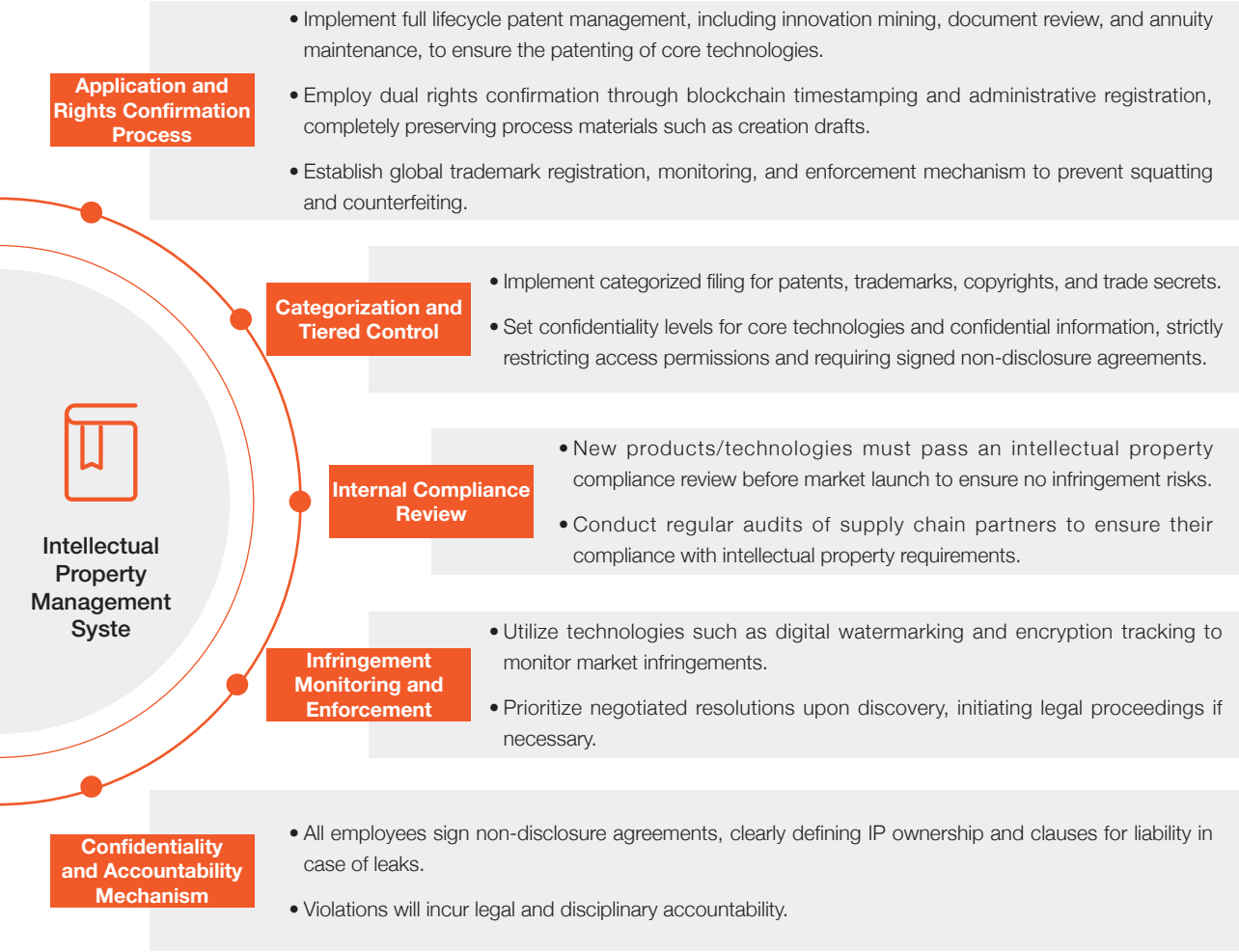
Project report generation efficiency has increased by

80%

The system commenced development in 2023, was fully launched and progressively refined in 2024, with a supporting APP also released and continuously optimized in 2024. Operational data indicates that since the model's launch, project report generation efficiency has increased by 80%, and customer satisfaction has increased by 100%. In the future, we will further expand functionalities such as intelligent customer service, employee training assistance, and internal process queries.

Intellectual Property Management

The Group places high importance on intellectual property protection, integrating it as a key component of corporate governance. To ensure lawful and compliant operations, a systematic intellectual property management system has been established, covering the entire lifecycle management of patents, trademarks, copyrights, and trade secrets.



Product Intellectual Property Protection Mechanism

To safeguard the legitimate rights and interests of the Group's internal and external product innovation achievements and core technologies, we have established a comprehensive, multi-layered product intellectual property protection mechanism. This covers both self-developed and externally procured products, ensuring technological leadership and market competitive advantage.



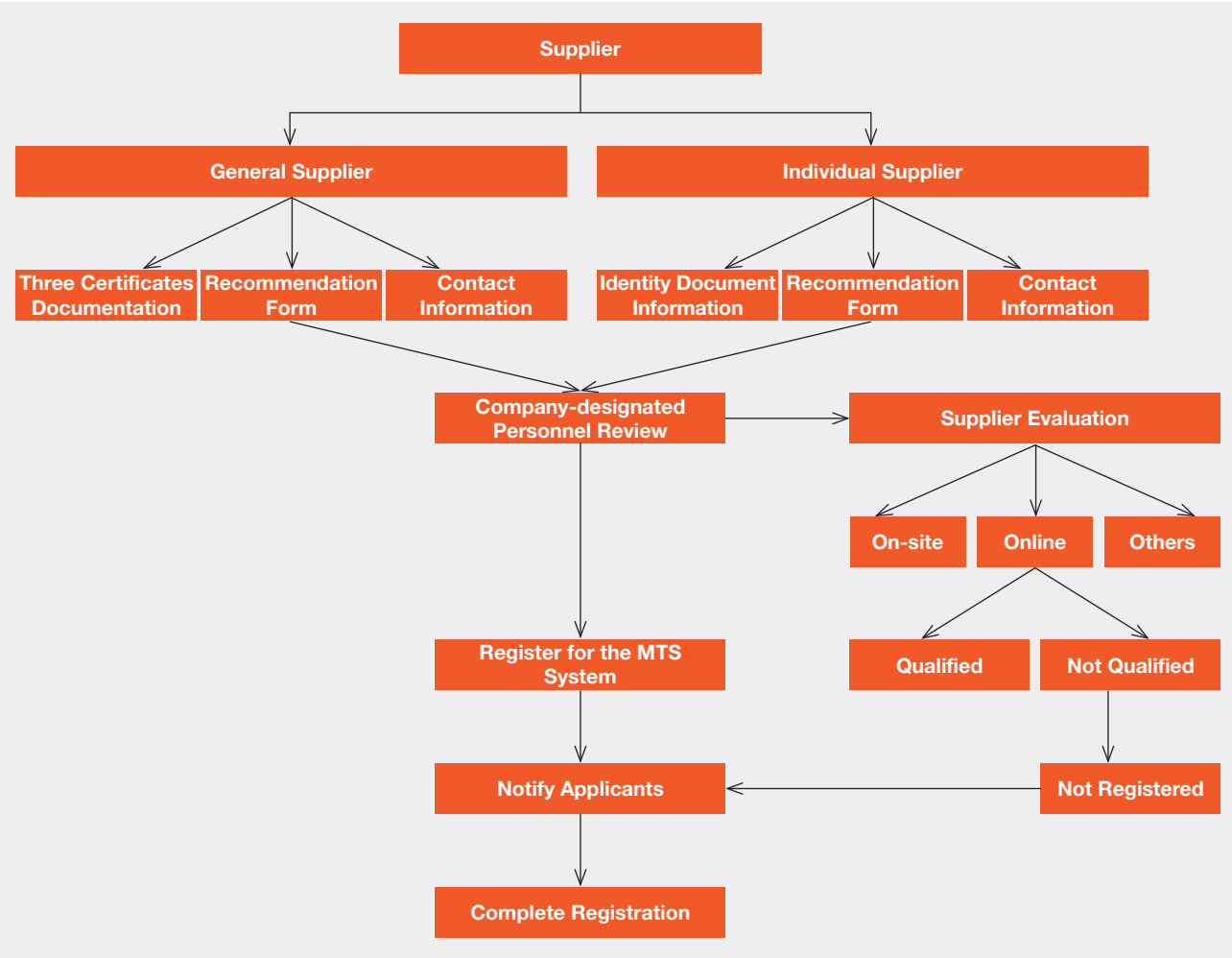
3.2 Responsible Supply Chain

Supplier Onboarding

SME Group regards supply chain management as a crucial cornerstone for achieving sustainable development. We have established the *Supplier Management System*, committed to building a transparent, reliable, and responsible supplier management framework. During the supplier onboarding process, we clarify core terms such as procurement, quality, packaging, delivery, settlement, and liability for breach through our Supplier Framework Contract. This ensures continuity across all supply chain stages and mitigates compliance risks.

The Group emphasizes continuous quality management of suppliers, requiring them to provide valid certifications and prioritizing those with ISO 9001 Quality Management System certification. This ensures suppliers possess robust quality traceability capabilities and compliant qualifications.

We conduct random inspections of products supplied by suppliers. If any non-conforming items are identified during inspection, the supplier will be notified immediately and must promptly reship qualified products. We will terminate the cooperative relationship with any supplier whose samples fail to meet our quality standards for three consecutive inspections.



Supplier Registration Process

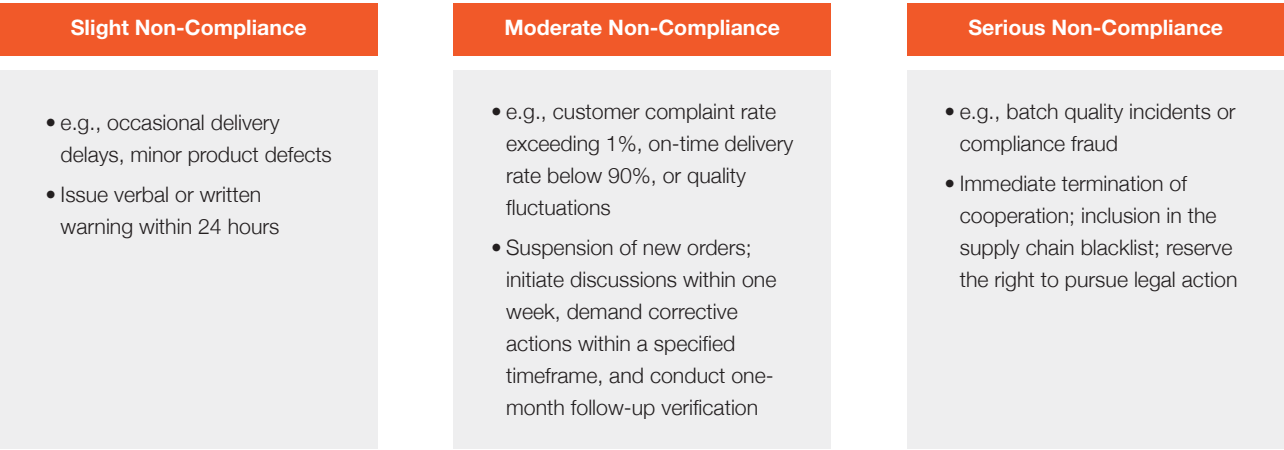
Supplier Management

SME Group implements a systematic and refined tiered supplier management and evaluation system for post-onboarding suppliers to continuously optimize the supply chain ecosystem and ensure quality and delivery stability. This system categorizes suppliers into three tiers—A, B, and C—based on their comprehensive performance in quality, delivery, cooperation, and after-sales service, and applies differentiated management strategies accordingly.



Supplier Tiered Management Measures

For suppliers exhibiting subpar performance, the Group adopts differentiated handling mechanisms based on the severity of issues. Over 90% of suppliers achieve compliance in subsequent collaborations, contributing to a 20% improvement in overall supply chain stability.



Disposal Method for Non-conforming Suppliers

Additionally, we have integrated ESG factors into our supplier evaluations, taking into account their performance across environmental, ethical, and other dimensions. During the reporting period, the Group conducted a “Green Supply Chain Audit Pilot” initiative, focusing on assessing the environmental compliance of core suppliers.

Supplier Communication

We maintain a multi-dimensional communication mechanism with our full-cycle suppliers, covering daily order progress, quality issue resolution, supply chain solution improvements, and emergency coordination to minimize operational risks and ensure the stability and reliability of the supply chain.

Supplier Communication Mechanism

Daily Operations	Routine Quality or Delivery Issues	Major Quality Issues or Delivery Anomalies
<ul style="list-style-type: none">Real-time communication of order information via instant messaging tools	<ul style="list-style-type: none">Monthly consolidation and review via phone or email	<ul style="list-style-type: none">Activate dedicated communication protocols and convene a special meeting with suppliers within 24 hours

We also conduct irregular on-site visits and investigations at supplier locations to promote continuous optimization of supply chain collaboration.

Supplier Site Visits

In 2024, the Operations Department conducted on-site supplier visits centered on "Verifying Capabilities, Optimizing Collaboration". During the visits, the team thoroughly inspected production facilities, examined equipment operation and quality control processes, verified relevant certifications and documentation, and held specialized discussions on topics including production capacity planning, delivery reliability, and emergency response mechanisms.



On-site Visit to Supplier



3.3 Product Quality Management

Product Quality Management

SME Group complies with the *Product Quality Law of the People's Republic of China* and relevant laws and regulations in each operating region, strictly controlling product quality. We commit that all products supplied to customers will adhere to relevant international standards and regulations, such as standards issued by the International Maritime Organization, classification society standards, and port and terminal-related standards. We have established three core systems: the *Raw Material Inspection Process*, the *Finished Product Factory Inspection Standards*, and the *Quality Issue Rectification Process*. These clearly define inspection responsibilities and standard requirements for each production stage and are regularly updated based on product changes and customer feedback.

As of the end of the reporting period, the Group has obtained the ISO 9001 Quality Management System certification.

By the end of 2024, the Group achieved

100% qualified shipment rate

100% on-time delivery rate



ISO 9001 Quality Management System Certification

In 2024, the Group set product quality management targets of "100% qualified shipment rate" and "100% on-time delivery rate". To ensure these goals were met, the Group integrated product quality performance into its performance appraisal system. The Quality Control Department tracks key indicators such as product qualification rate, rework rate, and customer complaint volume, incorporating them into employees' monthly performance evaluations. This mechanism significantly enhanced the quality responsibility awareness of all employees, achieving a continuous decline in rework rates. By the end of 2024, we had successfully achieved both objectives.

SME Group has established clear product quality inspection standards and standardized testing procedures centered on core quality control requirements. Differentiated quality inspection processes are implemented for various product categories to optimize quality, cost, and delivery efficiency.



To continuously improve product quality and customer satisfaction, we have implemented a series of targeted optimization measures for packaging and shipping processes, effectively enhancing product protection and delivery quality.

Shipping Process Optimization	<ul style="list-style-type: none">Conduct product specification, dimension, and accessory inspections during inner packaging to promptly identify quality issuesPrepare spare packaging boxes to enhance shipping efficiency
Accessory Packaging Update	<ul style="list-style-type: none">Individually package accessories and secure them to the main product with adhesive tape to prevent lossInclude extra screws to improve installation convenience and fault tolerance
Packaging Material Upgrade	<ul style="list-style-type: none">Enhance cardboard box rigidity to increase product protection capabilities

Quality Management Improvement Initiatives

SME Group actively promotes product quality management training, comprehensively enhancing employees' professional competence through multi-tiered, multi-theme capacity-building initiatives. The Group regularly organizes ISO 9001 Quality Management System Internal Auditor training to strengthen process compliance capabilities; conducts specialized training for safety production managers to reinforce safety risk prevention and control during production processes. We also invite domestic and international industry experts to deliver high-quality specialized training, introducing the latest concepts and best practices.

In 2024, the Group organized multiple internal quality training sessions. These sessions covered

90 %
of relevant personnel.

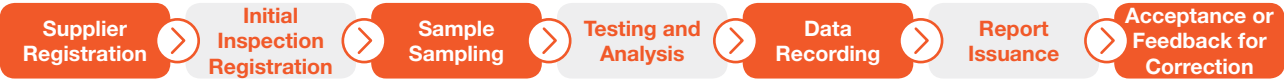
Quality Management Thematic Training

In 2024, the Group organized multiple internal quality training sessions focusing on practical topics such as "Incoming Material Inspection Techniques", "Analysis of Common Defects", and "Case Study Reviews". These sessions covered 90% of relevant personnel. Additionally, we held quarterly case-sharing sessions to encourage employees to distill insights from real-world experiences and actively propose improvement suggestions. This approach effectively promotes knowledge retention and cultural co-creation, injecting vitality into the continuous optimization of our quality management system.

Incoming Material Management

SME Group has developed a systematic and standardized incoming material quality management system to ensure the reliability of source material quality. We implement differentiated inspection protocols for finished goods and raw materials, with all materials strictly evaluated against national standards and internal technical specifications. Only materials passing incoming inspections are accepted. During the reporting period, the incoming material sampling pass rate reached 98.5%.

To continuously enhance quality assurance capabilities, the Group introduced two gasket analyzers and an aging tester in 2024. These additions strengthen testing of mechanical properties—including tensile strength, compression, and hardness—of sealing gaskets, providing robust support for elevating overall quality control standards.



Incoming Material Inspection Process

Finished Goods Materials	<ul style="list-style-type: none">Perfect appearance inspectionFunctional testing passedDimensions within tolerance range	Raw Materials for Unfinished Products	<ul style="list-style-type: none">Perfect appearance inspectionDimensions within tolerance range
--------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------	-------------------------------------------------------------------------------------------------------------------------

Incoming Material Acceptance Criteria



3.4 Collaborate for Mutual Success

Customer Relationship Management

SME Group regards customer relationship management as a core pillar for creating long-term value, establishing a systematic customer management and after-sales service system to build trustworthy client relationships. In customer relationship management, the Group has established standardized customer information management mechanisms and implemented tiered management, providing differentiated service strategies based on client needs.

The after-sales service management system clearly defines the service responsibilities of each department, establishes unified service quality and assessment standards, and ensures consistency and professionalism in after-sales service through incentive mechanisms. In 2024, the Group leveraged its big data analytics capabilities to actively identify and resolve potential issues while establishing overseas service centers to enhance the efficiency and experience of global customer support.

Furthermore, the Group places great emphasis on building the professional capabilities of its customer service team, conducting regular training sessions to continuously elevate service quality. In 2024, we developed specialized skill training programs tailored to specific roles and implemented targeted assessments to ensure effective absorption and application of training content.

Customer Service Training

Nantong Marketing Department has established a monthly training mechanism for service engineers. We conducted one-hour "Service Quality Enhancement" training sessions every month in 2024, with post-session exams to effectively reinforce key knowledge points.

Shanghai Marketing Department has actively implemented customized job training programs, offering a specialized course on "Complaint and Crisis Management" for customer service representatives. The course focuses on teaching the conflict resolution model and escalation procedures—apologizing, listening, resolving, and following up—significantly enhancing the team's emergency response capabilities and customer communication effectiveness.



Customer Satisfaction

We conduct periodic customer follow-up activities and satisfaction surveys, using customer feedback to make adjustments and improvements, ensuring that customers achieve satisfactory outcomes in terms of service and quality.

Since the official launch of the management system and app in 2024, resulting in a **100%** increase in customer satisfaction.

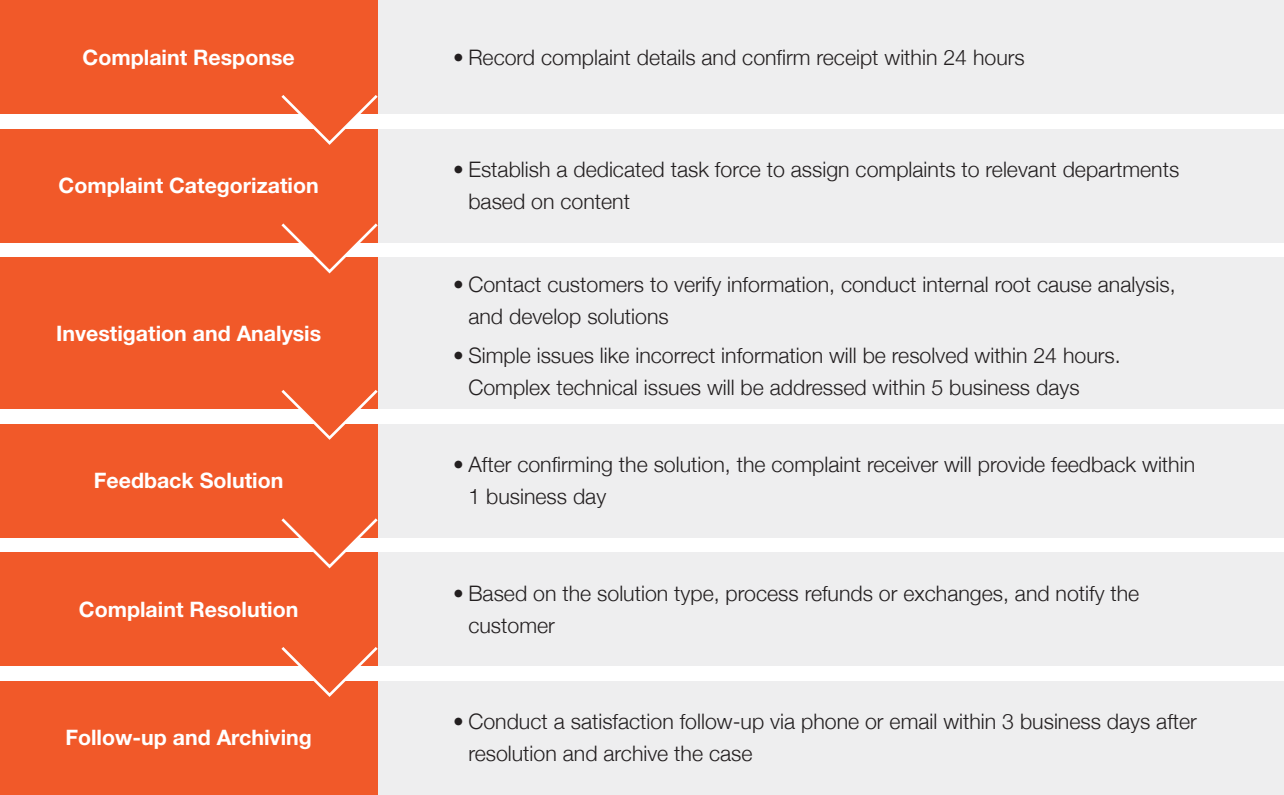
Customer-Facing Digital Platform

To comprehensively enhance customer service quality and actively embrace digital transformation, SME Group independently developed an integrated management platform and a customer-facing mobile application. The management system mainly serves internal customer relationship management, achieving automation and digitization of business processes. The app comprehensively covers the existing customer base, providing core functions such as real-time project information inquiries and efficient after-sales service. This effectively supports customers in accessing required services and checking service progress anytime, anywhere.

Since the official launch of the management system and app in 2024, service accessibility and response times have significantly improved, resulting in a 100% increase in customer satisfaction.

Customer Complaint

SME Group has established a systematic customer complaint management system. Through multiple channels including phone, email, and online communication, the Group ensures swift reception and accurate documentation of customer complaints. Upon receiving a complaint, we immediately initiate processing and respond within 24 hours. In 2024, we introduced a new app client service, enabling customers to conveniently rate services or submit complaints.



Customer Complaint Handling Process

4. Nurturing Talent, Fulfilling Social Responsibility

SME Group places people at its core, building a comprehensive responsibility cycle covering recruitment, rights & benefits, compensation, development, training, health & safety, and social welfare. We precisely attract talent through diverse channels, safeguard employee rights and safety, and support the mutual growth of employees and the enterprise through training and performance-oriented career paths. By extending our resource advantages to society, we illuminate education in urban and rural areas, collectively shaping a sustainable future of sharing, co-governance, and win-win outcomes.

Response to Topics:

- Employee Rights
- Employee Care
- Occupational Health and Safety
- Employee Training and Development
- Social Welfare



4.1 Building a Harmonious Workplace

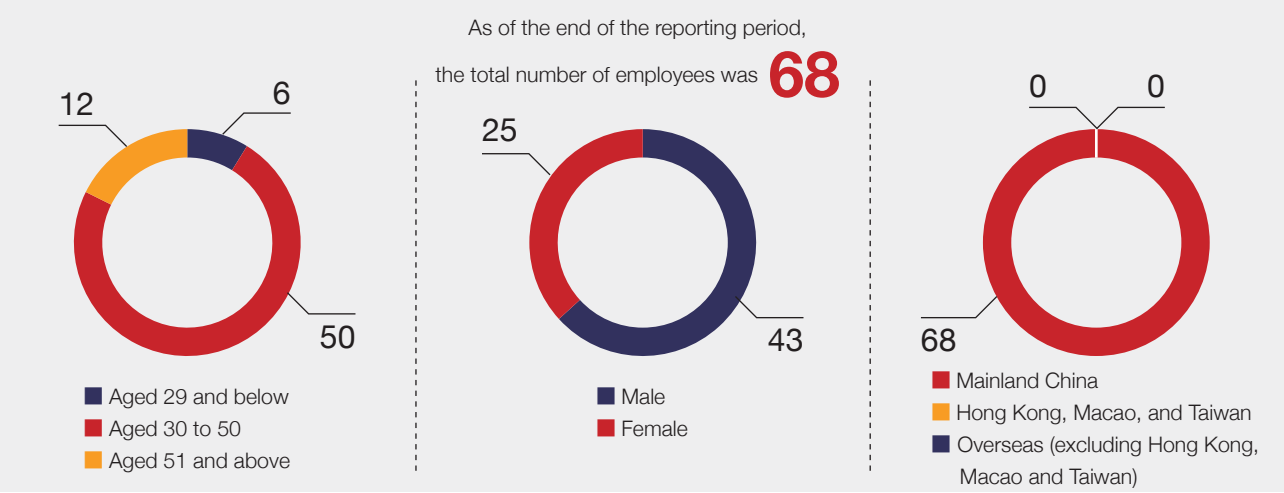
Employee Management

SME Group conducts periodic talent reviews based on corporate development strategy and departmental human resource allocation requirements to improve HR allocation efficiency. During recruitment, the Group strictly adheres to compliance principles, upholding a fair and just employment philosophy to create an equal competitive environment for candidates. To optimize talent acquisition outcomes, the Group utilizes diverse recruitment channels, including online recruitment platforms, offline job fairs, campus recruitment, internal referrals, and headhunter services, comprehensively enhancing talent selection effectiveness.

Employee Management System

Standardized Recruitment Process	Systematic talent selection mechanism has been established, covering job posting, resume evaluation, interview assessment, and hiring approval, ensuring the fairness and scientific rigor of the selection process.
Standardized Labor Contract Management	Strictly adheres to national labor regulations, ensuring written labor contracts are signed with employees within the legal timeframe. Contract terms cover core elements such as job responsibilities, work location, compensation and benefits, and social security contributions, clearly defining the rights and responsibilities of both parties in legal form to protect the legitimate interests of employees and the Group.
Scientific Probation Period Assessment	Probation period assessment mechanism has been established to conduct comprehensive evaluations of employees during probation, providing necessary guidance and feedback. Based on the results, decisions are made regarding the lawful termination of the employment relationship.
Dynamic Career Development Mechanism	Provides employees with clear promotion paths and job adjustment mechanisms. Combined with individual performance, capability growth, and career planning, talent allocation is regularly evaluated and optimized to help employees achieve long-term career development goals.
Systematic Departure Management	Comprehensive handover system has been formulated to ensure the smooth completion of departure procedures.

Distribution Diagram for Employees in 2024



Labor Rights Management



SA8000 Certification

SME Group consistently places the protection of employee rights at the core of its corporate management, strictly adhering to labor laws and regulations. We fully align with global initiatives such as *The Corporate Responsibility to Respect Human Rights: An Interpretive Guide* and the *Social Accountability 8000 International Standard (SA8000)*. The Group has obtained SA8000 Certification and continuously provides employees with a safe, fair, and sustainable working environment.

To effectively identify and manage labor rights risks, the Group collaborates with specialized third-party human resources agencies to conduct labor compliance risk assessments. Regarding potential labor disputes or rights infringement incidents, the Group commits to initiating investigation procedures immediately and taking corrective actions based on the law and internal policies to ensure timely and proper resolution.



Labor Rights
Management System

The Group has established a comprehensive labor rights management system, formulating regulations such as the *Modern Slavery Policy Statement* and *Company Policy*. These clearly define standards for workplace, prohibiting illegal activities such as forced labor, human trafficking, child labor, workplace discrimination, and harassment, while safeguarding employees' reasonable working hours and compensation rights. Within the supply chain, we assess and identify potential risk areas and conduct ongoing monitoring.



● Employee Mental Health Care Activity

On June 1, 2024, the Nantong factory organized a mental health care activity for all factory employees, aimed at helping staff alleviate workplace stress and enhance psychological adjustment capabilities. The activity provided personalized guidance for employees in need. A total of 30 employees actively participated, and the activity received positive feedback.



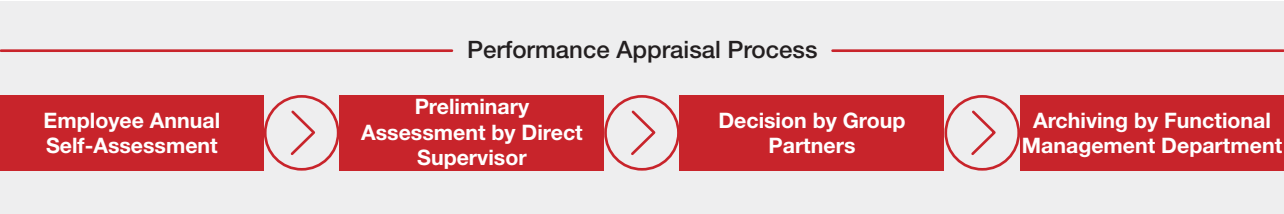
Suzhou Team Building Activity



Anji Team Building Activity

Employee Career Development and Promotion

Employee career development management is a key strategy for enhancing the Group's talent competitiveness and achieving sustainable organizational development. SME Group has established a performance-oriented career development system. This system uses annual performance appraisal results as a key basis for career development decisions such as promotions and position adjustments. Simultaneously, it formulates personalized improvement plans based on different performance levels, continuously enhancing employees' professional capabilities and achieving the developmental goal of mutual growth for employees and the Group.



Employee Training

SME Group has established a training system covering all employees across various stages, including pre-job and on-the-job phases. Employee training is conducted through multiple formats such as online and offline learning, ensuring each employee maintains business relevance at every stage and helping them build core competencies.

Talent Training Categories	
Training Formats	Training Content
<ul style="list-style-type: none">Location: Internal Training and External TrainingPhase: Pre-job Training and On-the-job Development Training	<ul style="list-style-type: none">Leadership TrainingSkills Training

SME Group supports employee career growth through diverse development channels. We collaborate with professional training institutions to develop an online course resource library, allowing employees to independently select learning content based on their personal development needs. Furthermore, we establish an annual individual training fund for all employees and have formulated the corresponding *Employee Training Agreement* to encourage staff to participate in job-related or business development-aligned online and offline training programs during their spare time, providing corresponding fee subsidies. Through this flexible training mechanism, we are committed to meeting employees' individualized development needs and assisting the Group in continuously cultivating high-quality talent.



4.2 Safeguarding Health and Safety



ISO 45001 Certification

We adhere to the principle of "People-oriented, health first, safety first, prevention prioritized, scientific management, environmental excellence, health assurance, comprehensive improvement of economic, social, and environmental benefits, pursuing a virtuous cycle and sustainable development path." We implement relevant national and local laws and regulations to create a healthy and safe working environment, aiming for the goal of "zero personnel injury accidents."


SME Group strictly follows the requirements of the ISO 45001:2018 international standard and GB/T 45001-2020 *Occupational health and safety management systems — Requirements with guidance for use*, establishing and implementing the Health, Safety, and Environment (HSE) management system that covers all employees. In terms of organizational structure, we have established an HSE leadership team and a responsibility matrix covering all business departments to ensure HSE duties are fulfilled in every project phase. Regarding system development, we have issued the *Work Safety Management Manual*, health and safety policy statements, and developed contingency plans to ensure safety control during daily operations and emergencies. We conduct annual internal audits performed by internal auditors qualified to audit ISO 45001, and commission third-party organizations for external certification audits every three years. Currently, the Group has obtained ISO 45001 Occupational Health and Safety Certification.

The Group strictly follows the requirements of the *HSE Management System Documentation* to comprehensively identify and assess potential risks in the production process, confirming both apparent and latent factors of hazards. Project departments regularly conduct hazard identification tasks, with clear division of responsibilities based on job roles, using scientific methods for systematic hazard identification and risk assessment. Simultaneously, we annually review the hazard identification status and corrective actions of all departments through the internal audit of the occupational health and safety management system to ensure the comprehensiveness and accuracy of the identification process.



HSE Management Initiatives

Health Check-ups	HSE Training	Medical Provision
<ul style="list-style-type: none">• Provide physical examinations for employees and establish employee health records. Medical check-ups for specialized positions include occupational disease prevention components.	<ul style="list-style-type: none">• Provide employees with health knowledge training, including prevention of common diseases, epidemics, and infectious diseases; industrial hazard prevention; basic knowledge of self-rescue, mutual rescue, and first aid; shipyard safety training, etc., to help employees learn self-health protection.	<ul style="list-style-type: none">• Project departments assign dedicated medical personnel responsible for daily healthcare services.• Comprehensive first aid plan is established, equipped with professional medical monitoring personnel, emergency medical kits, and dedicated mobile medical vehicles to ensure emergency rescue and safe, rapid transport to the hospital in case of accidents.



During the reporting period, SME Group:


- Recorded **zero** safety accidents

To strengthen occupational health and safety management, the Group actively implements safety drill plans, providing employees with opportunities to simulate real-life safety incident scenarios and testing the rationality and operability of contingency plans. This ensures that in the event of an emergency, staff can respond swiftly and effectively, maximizing the protection of the Group's stable operations and the lives and property of employees.



Fire Extinguisher Training

● Fire Safety Drill Activity

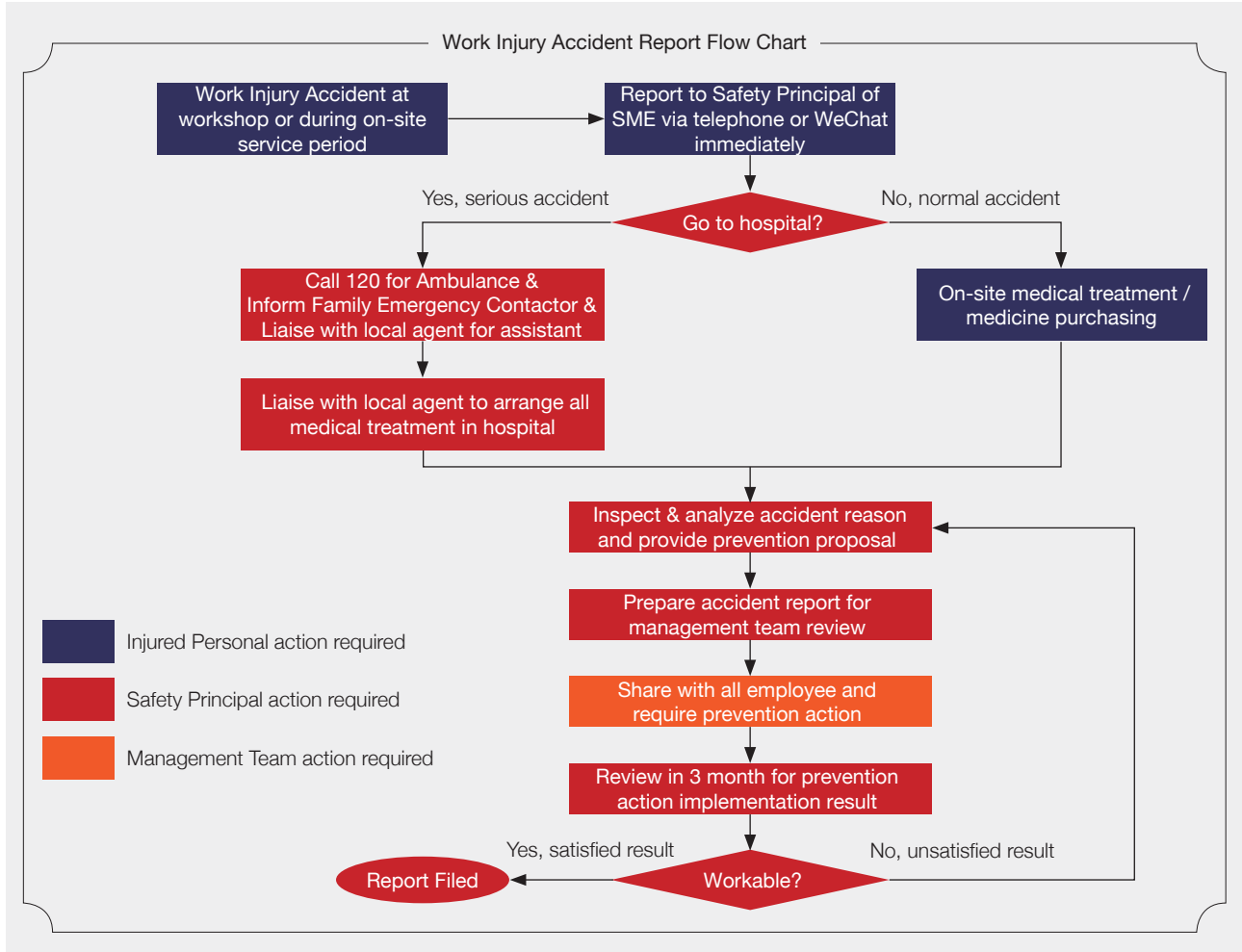


In 2024, the Group conducted its annual fire safety drill activity, focusing on the two core components of "Emergency Evacuation" and "Fire Extinguisher Usage." By combining theory with practical training, the activity helped employees master equipment usage skills and the ability for rapid response and coordinated action in emergencies. The activity achieved a participation rate of 95%. Through this regular drill mechanism, we strengthen workplace safety defenses and effectively protect employees' lives and property.



Work Injury Accidents

The Group has established systematic procedures for handling workplace injuries and responding to emergencies. Standardized response protocols ensure the efficient and proper handling of occupational health and safety incidents.



During the reporting period, SME Group:

- Recorded **zero** work-related fatalities

Commitment to Social Welfare

While driving business growth, SME Group actively participates in various public welfare and volunteer activities, leveraging its resource advantages to fulfill its corporate social responsibilities. We are consistently committed to integrating the concept of building a responsible enterprise with social welfare initiatives, organizing characteristic social welfare activities focused on areas such as urban-rural educational interaction.

● SME Group Jointly Participates in the "Love Reading" School Outreach Program

We deeply engaged in the Shanghai-Yunnan "Love Reading" Education Empowerment Project. In collaboration with professional organizations such as the Shanghai Recitation Association and the Pudong Shuxiang Yinger Recitation Club, we provided online training to a total of 338 teachers from Binchuan, Heqing, and other counties in Yunnan. Additionally, we dispatched 4 experts to Dali to conduct offline intensive training, where 35 key teachers received enhanced instruction in recitation teaching methodologies. Furthermore, we equipped "Recitation Classrooms" with hardware facilities (bookshelves, books, etc.) for outstanding teachers who passed the assessment, developed a supporting two-year recitation club curriculum, and facilitated urban-rural educational interaction through paired Shanghai-Yunnan student summer camps and annual achievement showcases.



Soundproof Room Donated by SME Group



Bookshelves and Books Donated by SME Group

Appendix

Key Performance Data

Environmental Performance					
Category		Indicator		Unit	2024
GHG Emissions ¹					
Direct (Scope 1) GHG emissions				tCO ₂ e	0.00
Indirect (Scope 2) GHG emissions				tCO ₂ e	5.15
Total annual GHG emissions				tCO ₂ e	5.15
GHG emission intensity				tCO ₂ e/million RMB revenue	0.06
Energy Consumption					
Purchased energy	Purchased electricity			MWh	9.60
Water Resource Management					
Total water withdrawal ²				tons	1,150.00
Total water discharge				tons	420.00
By category	Industrial wastewater			tons	300.00
	Domestic sewage			tons	120.00
Total water consumption				tons	730.00
Water consumption intensity				tons/million RMB revenue	8.74
Pollutants Management					
Water pollutants	Chemical Oxygen Demand (COD)	Total annual emissions		kg	9.60
		Average emission concentration		mg/L	22.75
	Ammonia Nitrogen (NH3-N)	Total annual emissions		kg	0.05
		Average emission concentration		mg/L	0.13
	Total Nitrogen (TN)	Total annual emissions		kg	3.40
		Average emission concentration		mg/L	8.12
	Total Phosphorus (TP)	Total annual emissions		kg	0.13
		Average emission concentration		mg/L	0.30
	Petroleum Substances	Total annual emissions		kg	0.33
		Average emission concentration		mg/L	0.79

Category		Indicator	Unit	2024
Waste Management				
Total annual waste generation			tons	95.59
Waste generation intensity			tons/million RMB revenue	1.15
Non-hazardous waste	Total non-hazardous waste generation		tons	23.00
	Non-hazardous waste generation intensity		tons/million RMB revenue	0.28
	Disposal methods	Recycling	tons	5.00
		Incineration	tons	18.00
		Landfill	tons	0
Hazardous waste	Total hazardous waste generation		tons	72.59
	Hazardous waste generation intensity		tons/million RMB revenue	0.87
	Disposal methods	Recycling	tons	0
		Incineration	tons	72.59
		Landfill	tons	0
Resource Utilization				
Total weight of materials used for product packaging			tons	1.50
Product packaging	Non-renewable materials		tons	1.50
	Renewable materials		tons	0

¹Based on the nature of SME Group's operations, greenhouse gas emissions primarily originate from purchased grid electricity. The 2024 greenhouse gas emissions were calculated according to the standard "GB/T 2589-2020 General Principles for the Calculation of Comprehensive Energy Consumption" issued by the State Administration for Market Regulation and the Standardization Administration, the "IPCC 2006 Guidelines for National Greenhouse Gas Inventories", and the emission factors for the Chinese mainland grid (applicable to both Chinese mainland and Taiwan region)

²100% from municipal water supply

Social Performance			
Category	Indicator	Unit	2024
Employees			
Total number of employees		persons	68
By gender	Male	persons	43
	Female	persons	25
By age	Under 30 (excluding 30)	persons	6
	30-50	persons	50
	Over 50 (excluding 50)	persons	12
By region	Mainland China	persons	68
	Hong Kong, Macao and Taiwan	persons	0
	Overseas	persons	0
By education level	Doctoral Degree	persons	0
	Master's Degree	persons	2
	Bachelor's Degree	persons	19
	Others	persons	47
Diversity indicators	Employees with disabilities	persons	0
	Veterans	persons	0
	Ethnic minorities	persons	1
By employment type	Full-time	persons	66
	Part-time	persons	2
Total number of new hires		persons	3
By age	Under 30 (excluding 30)	persons	1
	30-50	persons	2
	Over 50 (excluding 50)	persons	0
By gender	Male	persons	1
	Female	persons	2
Total number of employees in senior management		persons	9
By gender	Male	persons	5
	Female	persons	4
Parental Leave			
Number of employees entitled to parental leave	Male	persons	43
	Female	persons	25

Category	Indicator	Unit	2024
Number of employees who used parental leave	Male	persons	2
	Female	persons	0
Number of employees who returned to work after parental leave	Male	persons	2
	Female	persons	0
Number of employees who returned to work after parental leave and remained employed for at least 12 months	Male	persons	2
	Female	persons	0
Training			
Total training hours		hours	806.00
By employee category	Senior management	hours	338.00
	Other employees	hours	468.00
By gender	Male	hours	500.00
	Female	hours	306.00
By topic	Anti-corruption and business ethics	hours	0
	Occupational health and safety	hours	320.00
	Product quality	hours	96.00
	ESG/Sustainability/Energy conservation	hours	86.00
	Other topics	hours	304.00
Total number of employees received training		person-times	23
Total number of employees received training		person-times	33.82
Occupational Health and Safety			
Number of safety incidents		cases	0
Number of work-related fatalities		persons	0
Number of severe work-related injuries		cases	0
Number of work-related injuries resulting in lost work hours		cases	0
Number of workdays lost due to work-related injuries		days	0
Investment in work injury insurance for employees		RMB	15,976.60
Investment in employer's liability insurance		RMB	88,000.00
EHS training hours	Senior management	hours	160.00
	Other employees	hours	160.00
	Male	hours	240.00
	Female	hours	80.00
	Total	hours	320.00

Category	Indicator	Unit	2024
Supply Chain Management			
Total number of current suppliers		suppliers	531
By region	Mainland China	suppliers	513
	Hong Kong, Macao and Taiwan	suppliers	3
	The United States	suppliers	0
	Europe	suppliers	13
	Other regions	suppliers	2
By type	Production materials suppliers	suppliers	467
	Equipment suppliers	suppliers	4
	Marine logistics service suppliers	suppliers	60
Total number of new suppliers		suppliers	34
By region	Mainland China	suppliers	33
	Hong Kong, Macao and Taiwan	suppliers	0
	The United States	suppliers	0
	Europe	suppliers	1
	Other regions	suppliers	0
By type	Production materials suppliers	suppliers	26
	Equipment suppliers	suppliers	0
	Marine logistics service suppliers	suppliers	8
Customer Relations			
Customer complaints		cases	3
Product recall		cases	1
Customer Privacy and Data Security			
Number of complaints received for invasion of customer privacy	External complaints	cases	0
	Complaints from regulatory authorities	cases	0
Number of Confirmed Data Security Incident		cases	0
Number of confirmed leaks, thefts, or losses of customer data		cases	0
Number of information security audits		cases	1
Number of information security simulation drills		cases	1
Number of information security trainings		cases	2
Innovation, Research and Development			
Investment in R&D		Million RMB	100.00

Category	Indicator	Unit	2024
Business Ethics			
Total Number of corruption reports received	Number of reports received	cases	0
	Number of confirmed corruption incidents after internal audit	cases	0
	Number of incidents involving employee dismissal or disciplinary action	cases	0
	Number of incidents involving termination of business partner contracts	cases	0
Number of confirmed legal actions Involving the company and employees in corruption		cases	0
Total monetary loss from related legal actions		RMB	0
Completed legal actions involving the company and employees in corruption		cases	0
Confirmed litigation involving unfair competition, violations of antitrust and anti-monopoly laws		cases	0
Concluded litigation involving unfair competition, violations of antitrust and anti-monopoly laws		cases	0
Total monetary loss from related legal actions		RMB	0
Number of employees who have signed integrity pledge ³		persons	47
By employee type	Board of directors	persons	4
	Other employees	persons	43
Social Welfare			
Philanthropic activities	Number of participants	persons	3
	Total activity duration (accumulated)	hours	6.00
	Total expenditure	10,000 RMB	10.50
Volunteer activities	Number of participants	persons	1
	Total activity duration (accumulated)	hours	30.00
	Total expenditure	10,000 RMB	0.30

³100% of customer-facing employees have signed the integrity pledge

GRI Index

GRI Standards	GRI	Location
GRI 2: General Disclosures 2021		
The Organization and Its Reporting Practices 2021		
2-1	Organizational details	About SME
2-2	Entities included in the organization's sustainability reporting	About This Report
2-3	Reporting period, frequency and contact point	About This Report
2-4	Restatements of information	About This Report
2-5	External assurance	Omitted
Activities and workers 2021		
2-6	Activities, value chain and other business relationships	About SME
2-7	Employees	Building a Harmonious Workplace Key Performance Data
2-8	Workers who are not employees	2-8-a, 2-8-b, 2-8-c omitted The Company respects all employees egardless of employment type, but current data collection is incomplete and cannot be fully disclosed
Governance 2021		
2-9	Governance structure and composition	Enhance Corporate Governance Key Performance Data
2-10	Nomination and selection of the highest governance body	Enhance Corporate Governance
2-11	Chair of the highest governance body	Enhance Corporate Governance
2-12	Role of the highest governance body in overseeing the management of impacts	Enhance Corporate Governance
2-13	Delegation of responsibility for managing impacts	Enhance Corporate Governance
2-14	Role of the highest governance body in sustainability reporting	Enhance Corporate Governance
2-15	Conflicts of interest	Enhance Corporate Governance
2-16	Communication of critical concerns	Enhance Corporate Governance
2-17	Collective knowledge of the highest governance body	Enhance Corporate Governance
2-18	Evaluation of the performance of the highest governance body	Enhance Corporate Governance
2-19	Remuneration policies	Omitted due to confidentiality restrictions
2-20	Process to determine remuneration	Omitted due to confidentiality restrictions
2-21	Annual total compensation ratio	Omitted due to confidentiality restrictions
Strategy, policies and practices 2021		
2-22	Statement on sustainable development strategy	Respondng to Climate Change Implementing Green Operations Enhancing Environmental Management

GRI Standards	GRI	Location
2-23	Policy commitments	Upholding Business Ethics Enhancing Environmental Management Building a Harmonious Workplace
2-24	Embedding policy commitments	Upholding Business Ethics Enhancing Environmental Management Building a Harmonious Workplace
2-25	Processes to remediate negative impacts	Enhance Corporate Governance
2-26	Mechanisms for seeking advice and raising concerns	Enhance Corporate Governance
2-27	Compliance with laws and regulations	Enhance Corporate Governance
2-28	Membership associations	Omitted due to confidentiality restrictions
Stakeholder engagement 2021		
2-29	Approach to stakeholder engagement	Enhance Corporate Governance
2-30	Collective bargaining agreements	Omitted
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	Enhance Corporate Governance
3-2	List of material topics	Enhance Corporate Governance
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	Key Performance Data
201-2	Financial implications and other risks and opportunities due to climate change	Respondng to Climate Change
201-3	Defined benefit plan obligations and other retirement plans	Building a Harmonious Workplace
GRI 205: Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	Upholding Business Ethics
205-2	Communication and training about anti-corruption policies and procedures	Upholding Business Ethics Key Performance Data
205-3	Confirmed incidents of corruption and	Upholding Business Ethics Key Performance Data
GRI 206: Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Upholding Business Ethics Key Performance Data
GRI 301: Materials 2016		
301-1	Materials used by weight or volume	Key Performance Data
301-2	Recycled input materials used	Key Performance Data
301-3	Reclaimed products and their packaging materials	Key Performance Data

GRI Standards		GRI	Location
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	Key Performance Data	
302-2	Energy consumption outside of the organization	Key Performance Data	
302-3	Energy intensity	Key Performance Data	
302-4	Reduction of energy consumption	Key Performance Data	
302-5	Reductions in energy requirements of products and services	Key Performance Data	
GRI 303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource	Implementing Green Operations	
303-2	Management of water discharge-related impacts	Implementing Green Operations	
303-3	Water withdrawal	Key Performance Data	
303-4	Water discharge	Key Performance Data	
303-5	Water consumption	Key Performance Data	
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	Enhancing Environmental Management	
306-2	Management of significant waste-related impacts	Enhancing Environmental Management	
306-3	Waste generated	Enhancing Environmental Management Key Performance Data	
306-4	Waste diverted from disposal	Enhancing Environmental Management Key Performance Data	
306-5	Waste directed to disposal	Enhancing Environmental Management Key Performance Data	
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	Responsible Supply Chain	
308-2	Negative environmental impacts in the supply chain and actions taken	Responsible Supply Chain	
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	Key Performance Data	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Building a Harmonious Workplace	
401-3	Parental leave	Key Performance Data	
GRI 402: Labor/Management Relations 2016			
402-1	Minimum notice periods regarding operational changes	Building a Harmonious Workplace	
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	Safeguarding Health and Safety	
403-2	Hazard identification, risk assessment, and incident investigation	Safeguarding Health and Safety	
403-3	Occupational health services	Safeguarding Health and Safety	
403-4	Worker participation, consultation, and communication on occupational health and safety	Safeguarding Health and Safety	

GRI Standards		GRI	Location
403-5	Worker training on occupational health and safety	Safeguarding Health and Safety Key Performance Data	
403-6	Promotion of worker health	Building a Harmonious Workplace	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Safeguarding Health and Safety	
403-8	Workers covered by an occupational health and safety management system	Safeguarding Health and Safety Key Performance Data	
403-9	Work-related injuries	Safeguarding Health and Safety Key Performance Data	
403-10	Work-related ill health	Safeguarding Health and Safety Key Performance Data	
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	Key Performance Data	
404-2	Programs for upgrading employee skills and transition assistance programs	Building a Harmonious Workplace	
404-3	Percentage of employees receiving regular performance and career development reviews	Key Performance Data	
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	Key Performance Data	
405-2	Ratio of basic salary and remuneration of women to men	Omitted due to confidentiality restrictions	
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	Building a Harmonious Workplace	
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	Building a Harmonious Workplace	
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Building a Harmonious Workplace	
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	Responsible Supply Chain	
414-2	Negative social impacts in the supply chain and actions taken	Responsible Supply Chain	
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	Product Quality Management	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Product Quality Management Key Performance Data	
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Ensure Data Security Key Performance Data	