



INNOVATION FOR A BETTER LIFE

Tayho Advanced Materials Group Co., Ltd.

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2025  
**TAYHO**

2025 Annual Environmental, Social,  
and Governance (ESG) Report



About This Report	1
Message from the Chairman	3
About Tayho	5

INNOVATION FOR A BETTER LIFE

## 01 TAYHO

### Sustainable Development Governance

Sustainable Development: Objectives and Vision	15
Sustainability Governance Structure	16
Communications with Stakeholders	17
Due Diligence	17
Management of Material Topics	18

## 02 TAYHO

### Strengthening the Rule of Law at Tayho, Upholding Integrity to Embark on a New Journey

Adherence to the Leadership of Party Building Work	21
Orderly and Standardized Governance	23
Optimizing Internal Control and Compliance	25
Strengthening Investor Relations Management	27
Upholding of Business Ethics	28

## 03 TAYHO

### Leading with a Green Vision, Building a Blueprint with Sustainable Materials

Response to Climate Change	31
Environmental Compliance Management	35
Rational Resource Allocation	44

## 04 TAYHO

### Optimizing Supply with Innovation, Expanding Market through Quality and Service

Leading with R&D Innovation	55
Building Chains of Responsibility	63
Ensuring Robust Quality Control	67
Offering Outstanding Quality and Service	72
Properly Protecting Information Security	74

## 05 TAYHO

### Uniting Employees to Build Synergy, Advancing Public Welfare for Sustainable Impact

Protection of Employees' Rights and Interests	79
Employee Democratic Governance	85
Employee Training and Development	86
Occupational Health and Safety	88
Giving Back to Society Through Concrete Actions	98

### Appendix

Performance Chart	99
Indexes	109
Feedback Form	117

# About This Report

Innovation For A Better Life

## Introduction

This is the fourth Environmental, Social & Governance (ESG) report released by Tayho Advanced Materials Group Co., Ltd., which, following the principles of objectivity, standardization, transparency and inclusiveness, discloses in detail the concrete actions and achievements of Tayho with respect to environmental, social and corporate governance.

## Reporting Period

This report is an annual report covering the period from January 1, 2025 to December 31, 2025, and some sections herein have been extended beyond the period to enhance the comparability and forward-looking perspective of this report.

## Reporting Scope

This report relates to Tayho, which unless otherwise stated, includes Tayho Advanced Materials Group Co., Ltd. and its subsidiaries (Specific details are provided in the annual report 2025 of Tayho Advanced Materials Group Co., Ltd.).

## Preparation Basis

- Shenzhen Stock Exchange *Self-Regulatory Guidelines No.17 for Companies Listed on Shenzhen Stock Exchange - Sustainability Report (For Trial Implementation)*
- Shenzhen Stock Exchange *Self-Regulatory Guidelines No. 3 for Companies Listed on Shenzhen Stock Exchange - Sustainability Report Compilation*
- *Reference Indicator System for ESG Special Reports of Central SOE-Controlled Listed Companies* released by the General Office of the State-owned Assets Supervision and Administration of the State Council
- China Enterprise Reform and Development Society Other Institutions, *General Framework of China Enterprise Sustainable Development Report Guidelines (CASS-ESG 6.0)*
- UN Sustainable Development Goals (SDGs) 2030
- *Sustainability Reporting Standards* of the Global Reporting Initiative ("GRI Standards")

## Data Sources and Reliability Assurance

All information and data referenced in this report are sourced exclusively from the official documents, statistical reports and financial statements of Tayho, including internal data and public information collected, garnered and audited of all departments and business units of the Group. In relation to certain topics, the Group may review and extend any part of this report to ensure the completeness and continuity of elucidation. Unless otherwise specially indicated, RMB is adopted as the unit for measurement of money. When there is any discrepancy between financial data and the annual report, the annual report should prevail.

## Appellation Description

For the ease of expression and readability, Tayho Advanced Materials Group Co., Ltd. and its subsidiaries are referred to as "Tayho", "the Group", "the Enterprise" or "we" as appropriate in the context of this report, with reference to the Annual Report 2025 of Tayho Advanced Materials Group Co., Ltd.

Term	Interpretation
Tayho, the Group, the Enterprise, we	Tayho Advanced Materials Group Co., Ltd. Formerly known as "Yantai Tayho Advanced Materials Co., Ltd."
Yantai Texrise Company, Texrise Material	Yantai Texrise Material Technology Co., Ltd.
Metastar Company, Metastar	Yantai Metastar Special Paper Co., Ltd.
Yantai Energy Co.	Tayho Advanced Materials (Yantai) Energy Development Co., Ltd.
Sales Group	Yantai Tayho Advanced Materials Sales Co., Ltd.
Guangrui Testing	Shandong Guangrui Testing Technology Service Co., Ltd.
Jewe I-tech	Yantai Jewe I-tech Co., Ltd.
Tayho Battery Materials	Yantai Tayho Battery Materials Technology Co., Ltd.
Tayho LeChoice	Tayho LeChoice Textile Technology Ltd.

## Confirmation and Approval

This report was approved by the Group's board of directors on April 10, 2026, and was published at the same time as the annual report. The Board undertakes to monitor the contents of the report and to ensure that it is free from any false accounts or misleading statements and is responsible for the truthfulness, accuracy and completeness of the contents.

## Access to this Report

For implementing the propositions of low carbon, environmental protection and sustainable development, this report is made available for online reading or downloading at or from the website of Shenzhen Stock Exchange (<http://www.szse.cn>). For other information of the Group beyond the report, please refer to the Group's annual financial report or visit the Group's website.

For any feedback or suggestions, you can contact us in the following methods:

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## Message from the Chairman

Innovation For A Better Life

### Dear Shareholders, Partners, Friends from All Walks of Life, and Colleagues

The year 2025 marks a pivotal year for Tayho as we anchor our pursuit of high-quality development and deepen our sustainable practices. We have remained steadfast in our mission of "Innovation for a Better Life", integrating ESG principles thoroughly into both strategic decision-making and daily operations. On the path of technological innovation, green development, and responsible stewardship, we advance steadily, demonstrating through concrete actions our commitment to a development philosophy that evolves with the times and fosters shared prosperity with society.

### Innovation at the Core: Strengthening the Foundation for Industry Leadership

Innovation is the core driving force behind corporate development. We continue to focus deeply on the high-performance fiber sector, bringing together professional R&D talent and achieving continuous breakthroughs in cutting-edge areas such as bio-based materials, green dyeing and finishing technologies, and circular recycling technologies. By jointly establishing laboratories with universities for collaborative research and participating in the formulation of multiple national and industry standards, we address industrial challenges through technological innovation and empower global customers with high-quality products, showcasing China's strength in the international new materials arena.

### Green as the Goal: Mapping a Blueprint for Sustainable Development

Fulfilling the "dual carbon" mission is a responsibility every enterprise should uphold. We have established a full-chain low-carbon development model, embedding green principles throughout the entire production and operation process. Through initiatives such as photovoltaic power station construction, cascade utilization of waste heat, and wastewater recycling, we continuously advance energy conservation and consumption reduction. From being recognized as a national-level green supply chain enterprise to independently developing an environmental information management platform, we steadily promote energy efficiency, pollution control, and resource recycling, striving to achieve a win-win synergy between economic performance and environmental benefits.

### Responsibility as the Soul: Building a Diverse Value Community

The long-term development of an enterprise relies on the collective efforts of employees, the trust of partners, and the support of society. We uphold a people-centered approach, improving our "Dual-Career" development system and providing comprehensive compensation, benefits, and occupational health protections to ensure that every employee can achieve personal and professional growth. Adhering to the principle of integrity in business operations, we standardize the full lifecycle management of suppliers to build a transparent and fair cooperation ecosystem. At the same time, we actively engage in rural revitalization and social welfare initiatives, giving back to society through industrial support, public tree-planting activities, and other concrete actions that convey the warmth of our enterprise.

### Governance as the Foundation: Safeguarding a Path of Stable Development

Robust governance provides a solid guarantee for sustainable development. We continuously improve our corporate governance structure, strengthen internal controls, compliance, and risk management systems, and leverage digital tools to enhance management efficiency, ensuring that the Group decisions are scientific, operations are standardized, and development remains stable. By upholding business ethics, deepening integrity initiatives, and maintaining open channels of communication with stakeholders, we earn broad recognition from both the market and society through high transparency and a strong sense of responsibility.

Looking ahead, Tayho will continue pursuing the vision of "To be an outstanding enterprise with industry leadership, shareholders' satisfaction, employees' pride, and social respect", further advancing ESG management and steadfastly moving forward on the path of innovation-driven growth, green transformation, and responsible action.



# About Tayho

Innovation For A Better Life

## Introduction

Tayho Advanced Materials Group Co., Ltd. (Stock Code: 002254.SZ), founded in 1987, is a new materials technology company. Guided by the values of customer-first, openness and collaboration, integrity and innovation, and pursuit of excellence, the Group focuses on four key areas: advanced textiles, safety and information, new energy materials, and chemicals, empowering a better life for humanity.

Eight Key Advantages  
of the Group

- 01 First-Mover Advantages**

As a pioneer and industry standard-setter in the industrialization of high-performance fibers such as spandex, meta-aramid, and para-aramid in China, the Group enjoys first-mover market advantages and has established a leading position in the industry.
- 02 Technical Advantages**

The Group has established 30 industry-leading R&D platforms, including the National Aramid Engineering Technology Research Center, a nationally recognized enterprise technology center, and a postdoctoral research station. It has undertaken 32 national science and technology projects, received the National Science and Technology Progress Award, holds over 400 authorized patents, and has led or participated in the drafting of more than 100 national and industry standards.
- 03 Financial Advantages**

With total assets of RMB 15,540.5145 million, the Group maintains a healthy financial position and high-quality assets. It can attract capital through multiple channels, including bank financing and equity investment, demonstrating strong resource acquisition capabilities.

- 04 Scale Advantages**

The Group's production capacity ranks among the top in the industry, ensuring robust supply assurance and a high market share.
- 05 Quality Advantages**

Strictly implementing ISO9001, ISO14001, ISO45001, and IATF16949 management systems, the Group's products—Newstar® Spandex, Temetar® Meta-aramid, and Tapanar® Para-aramid—have all obtained Oeko-Tex Standard 100 certification for environmentally friendly textiles.
- 06 Variety Advantages**

All leading products are offered in complete series with full specifications, covering a wide range of applications, and can be developed into customized and differentiated products based on market and customer needs.
- 07 Brand Advantages**

The Group owns brands such as Newstar®, Temetar®, Tapanar®, Metastar®, LITME®, Ecody®, SAFEBM®, and EVmeta®, with operations spanning multiple industries including advanced textiles, safety and information, new energy materials, and chemicals. Its products are sold in over 50 countries and regions worldwide. The Group holds 138 registered trademarks and has been included in the China Brand Value Rankings and the Top 50 Textile and Apparel Brand Value Evaluation, enjoying a strong reputation both domestically and internationally.
- 08 Market Advantages**

The Group possesses a highly skilled sales team and a comprehensive sales network. With excellent distributor and key client resources, it has established a domestic sales network centered on product applications and focused on specialized regions, alongside an overseas marketing network covering Europe, the Americas, Asia, and Africa.



Featured Products



Newstar® Spandex



Tametar® Meta-aramid



Taparan® Para-aramid



Metastar® Aramid Paper

Business Overview

Leveraging core technological innovation and industry chain collaboration, Tayho focuses on its core high-performance fiber business, undertaking pioneering technological research, continuously optimizing its industrial structure and marketing models, and consolidating its leading position in the global high-performance fiber sector. The Group actively expands into six emerging sectors—new energy vehicles, smart wearables, green manufacturing, information and communications, bio-based materials, and green chemicals—accelerating its transformation into a trendsetter in the new materials industry. By serving diverse fields such as modern transportation, environmental protection, information and communications, healthcare, safety protection, and textiles and apparel, the Group is committed to meeting the diverse needs of society and promoting the development of the new materials industry toward high-end, green, and intelligent directions.



LITME® Luminescent Fiber

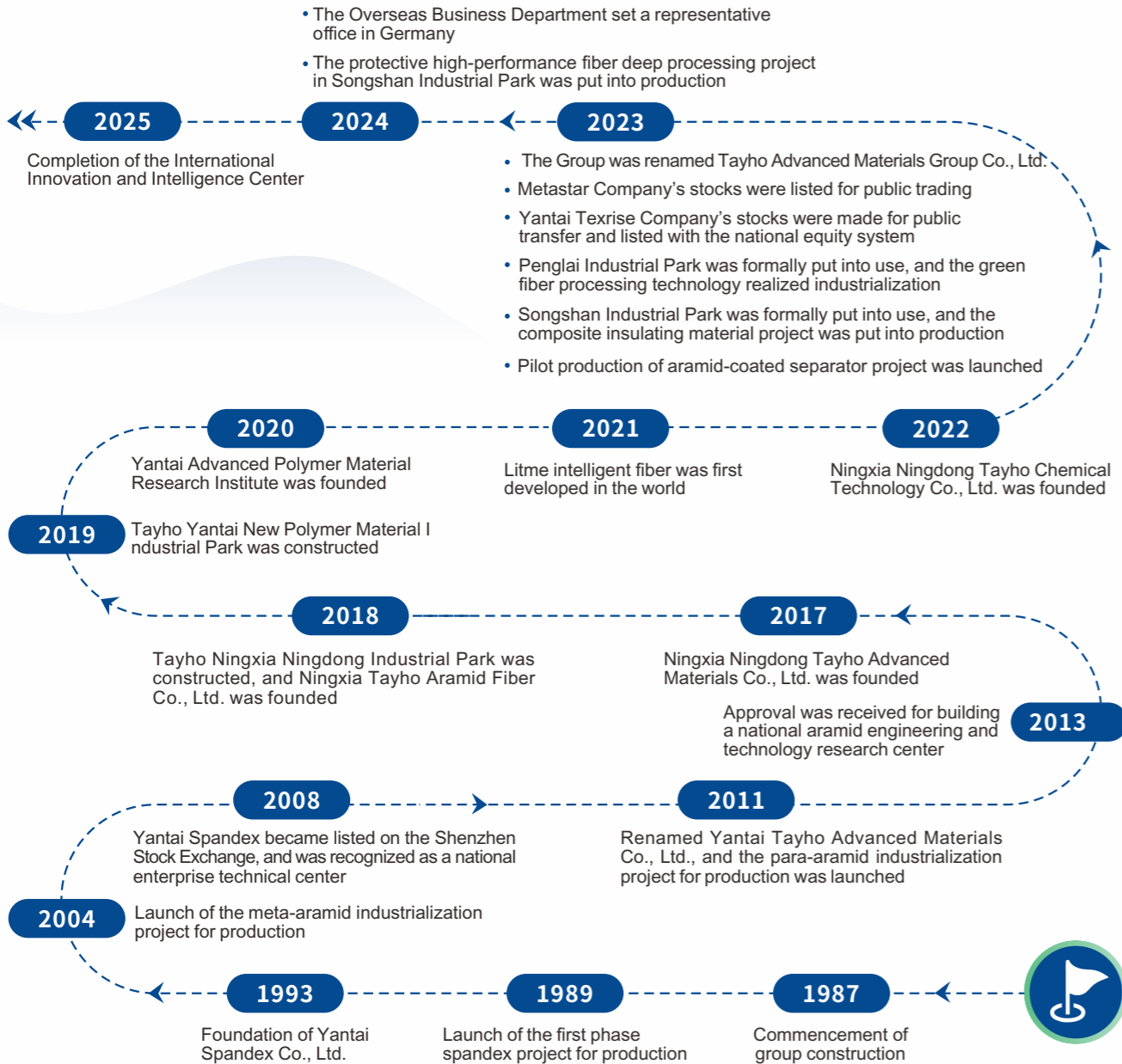


SAFEBM® Aramid-coated  
Lithium-ion Battery Separator



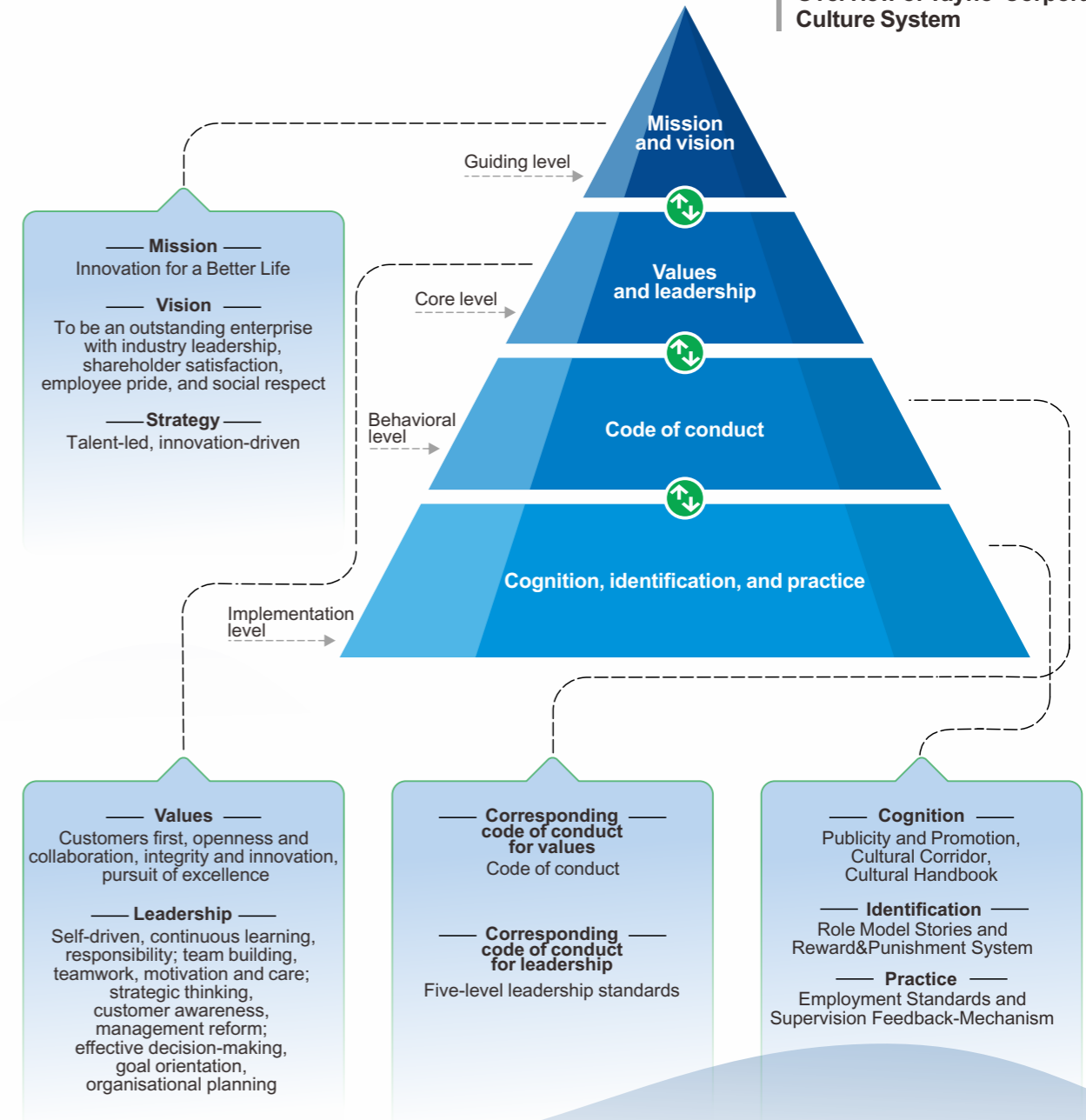
Ecody® Green Printing and Dyeing

## Development History



## Corporate Culture

### Overview of Tayho' Corporate Culture System



## Major Honors and Qualifications



Tayho was awarded the  
Special Prize of the  
Shandong Provincial  
Science and Technology  
Progress Award

CPC Shandong Provincial  
Committee, People's Government  
of Shandong Province

Yantai Texrise Company  
was recognized as a  
National-Level Specialized  
and Sophisticated  
“Little Giant” Enterprise

Ministry of Industry  
and Information Technology



绿色工厂、绿色工业园区（2025年）名单公示

为落实《绿色工厂创建指南及评价方法》《工业和信息化部办公厅关于开展2025年度绿色工厂创建工作的通知》有关要求，经工业和信息化部组织“绿工厂”申报评审，共认定2025年度绿色工厂10家，绿色工业园区10处，名单如下，特予公示，如有疑问，请及时与工业和信息化部联系。

公示时间：2025年7月1日—2025年7月15日  
联系电话：工业和信息化部综合司  
电子邮箱：2025-1000000@miit.gov.cn

序号	地区	工厂名称
1	北京	北京泰和兴材料科技股份有限公司
2	北京	北京泰和兴材料科技股份有限公司
3	北京	北京泰和兴材料科技股份有限公司
4	北京	北京泰和兴材料科技股份有限公司

Tayho was recognized  
as a National-Level  
Green Factory in 2025

Department of Energy Conservation  
and Comprehensive Utilization,  
Ministry of Industry and Information  
Technology

## Key Performances in 2025

### Governance Performance

Operating Income	RMB <b>3,595.1761</b> million
Net Profit	RMB <b>5.3938</b> million
Total Taxes	RMB <b>268.4445</b> million
Total Assets	RMB <b>15,540.5145</b> million
General Meeting of Shareholders Convened	<b>4</b> times
Meetings of the Board of Directors Convened	<b>7</b> times
Percentage of Female Directors on the Board of Directors	<b>9.09%</b>
Percentage of Independent Directors in the Board of Directors	<b>36.36%</b>

### Environmental Performance

Total Environmental Investment	RMB <b>171.9138</b> million
Number of Environmental Training Sessions	<b>18</b> times
Total GHG Emissions	<b>537,156</b> tCO <sub>2</sub> e
GHG Emission Intensity	<b>149.41</b> tCO <sub>2</sub> e/RMB million in revenue
Total Energy Consumption	<b>168,667.40</b> tce
Energy Consumption Intensity	<b>46.91</b> tce/RMB million in revenue

### Industry Value and Performance

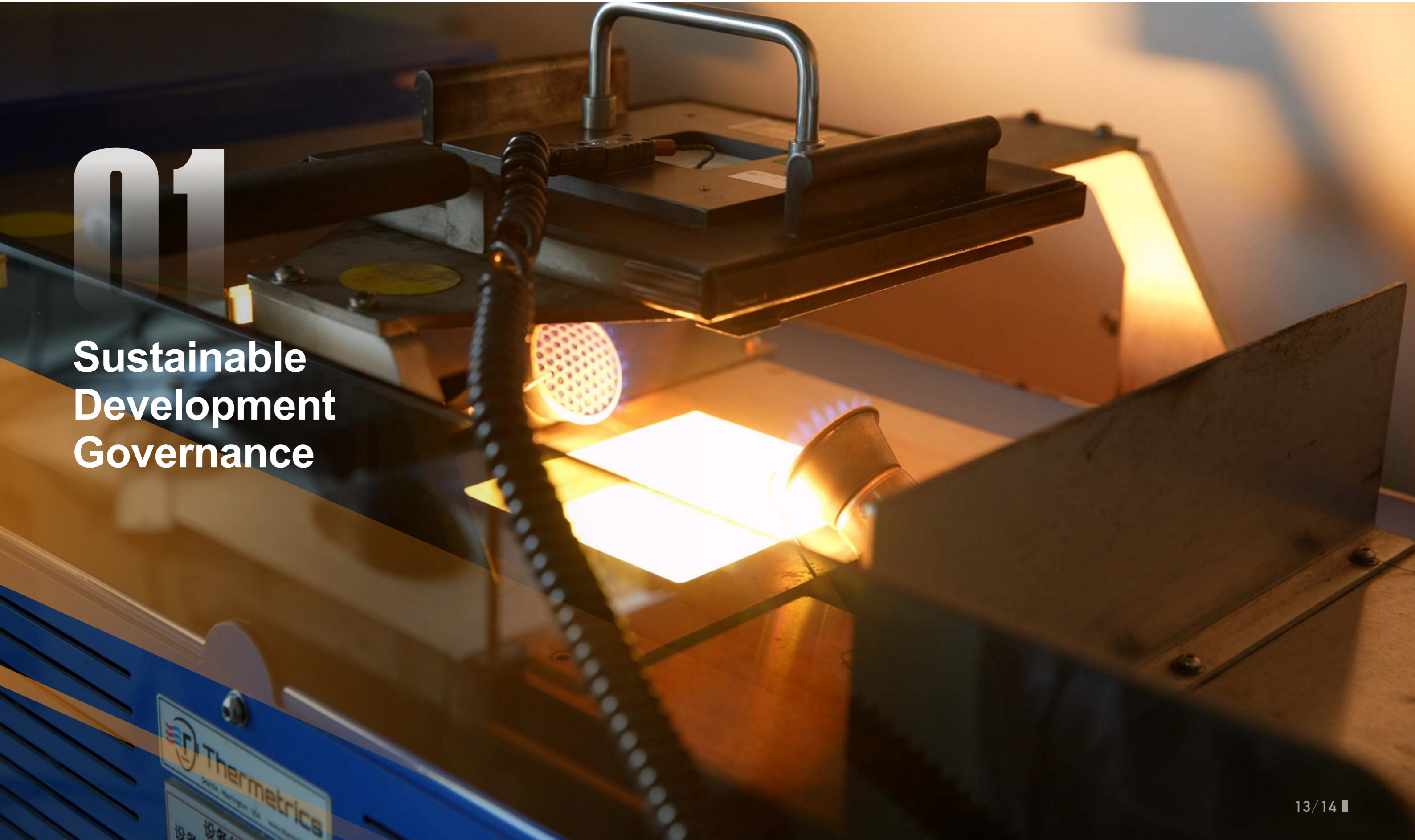
Investment in R&D	RMB <b>237.6411</b> million
Percentage of R&D Investment in Operating Income	<b>6.61%</b>
Total R&D Team Members	<b>375</b> persons
Product Percent of Pass	<b>96.83%</b>
Customer Satisfaction	<b>90.75%</b>

### Human Resources Performance

Total Number of Employees	<b>3,171</b> persons
Percentage of Contract Workers	<b>100%</b>
Social Insurance Coverage Rate	<b>100%</b>
Total Investment in Employee Training	RMB <b>3.48</b> million
Total Hours of Employee Training	<b>24,110</b> hours
Investment in Work Safety	RMB <b>14.15</b> million

# 01

## Sustainable Development Governance



















## Sustainable Development: Objectives and Vision

As a leading enterprise in the high-performance fiber industry, Tayho has clearly identified advanced textiles, safety and information, new energy materials, and chemicals as key areas for future growth, and actively practices the concept of sustainable development. Through continuous innovation and operational optimization, the Group not only achieves economic benefits but also responds to the national agenda for green and low-carbon development and industrial upgrading, systematically reducing environmental impact. It is committed to providing customers with environmentally friendly high-performance fiber products and promoting sustainable progress across the industry and society.

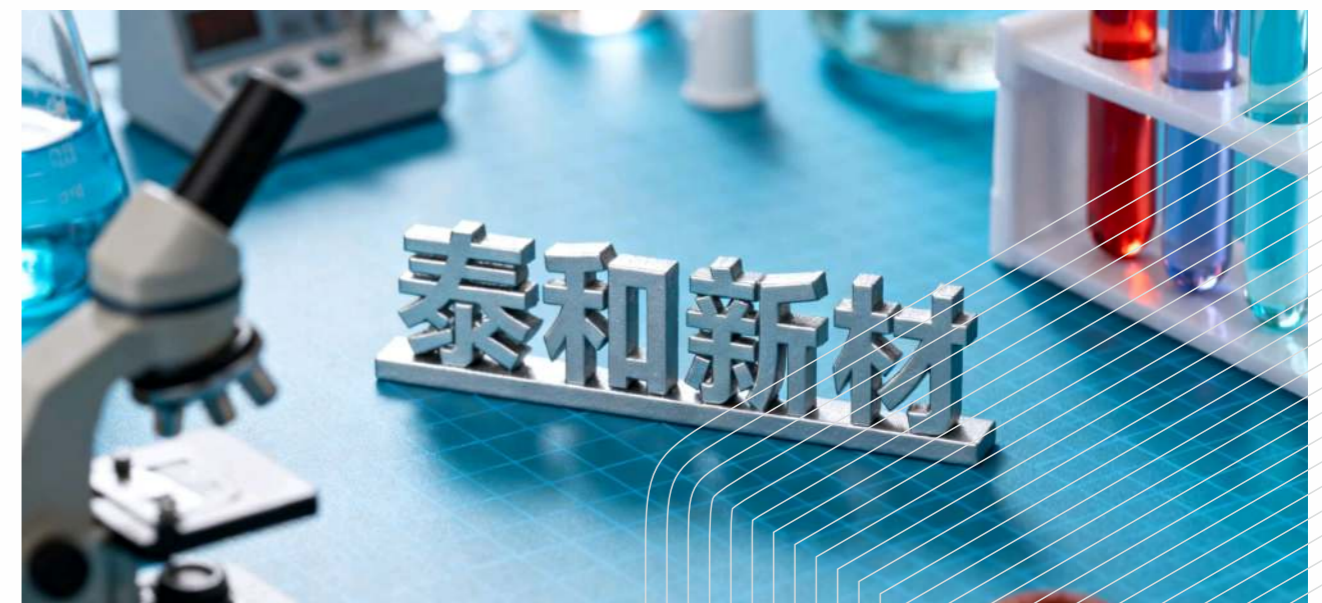
### Response to the United Nations Sustainable Development Goals (SDGs)

Based on its industry characteristics, Tayho actively advances ESG practices in alignment with the United Nations Sustainable Development Goals (SDGs), promoting the Group's sustainable development.

Dimension	SDGs	Our Response
Corporate Governance	 	Establish a compliance-oriented management philosophy, continuously optimize the corporate governance structure, uphold business ethics, and strive to become a responsible enterprise that is industry-leading, trusted by shareholders, recognized by employees, and respected by society.
Environmental Protection	   	Uphold the core principles of resource conservation and environmental protection, actively implement a green and low-carbon development strategy; continuously improve the environmental management system, and set a benchmark within the industry for efficient resource utilization and harmonious coexistence with the ecological environment.
Industry Value	   	Adhere to sustainable development as the guiding principle, focus on the high-performance fiber sector, and achieve steady corporate growth through continuous innovation and technological breakthroughs, effectively promoting the transformation and upgrading of the textile industry and contributing significantly to sustainable social development.
Human Resources	     	Systematically advance social responsibility practices and employee rights protection; through public welfare initiatives, rural revitalization, and the establishment of a work safety system, build an inclusive workplace covering career development, compensation and benefits, and gender equality, promoting coordinated development between employees and society.

## Sustainability Governance Structure

Upon making strategic decisions, the Group gives full consideration to factors affecting sustainability. A Sustainability Assurance Center is set up as the core organization working to balance economic, environmental and social interests.



## Communications with Stakeholders

Stakeholders	Topics of Concern	Communication and Response
 Government and Regulatory Departments	Environmental Management and Compliance Circular Economy Health and Safety Response to National Initiatives Energy Conservation and Carbon Reduction	Government Reception and Visits Government Communication Meetings Information Disclosure and Submission Clean Production Safety Training
 Investors/Shareholders	Corporate Governance Risk and Compliance Management Business Ethics Protection of Shareholders' Rights and Interests Investor Relations Management	General Meeting of Shareholders Regular Reports and Interim Announcements Investor Reception Performance Briefings on Annual Report Surveys on Specific Targets
 Employees	Compliant Employment Health and Safety Employee Cultivation and Development Skill Training and Career Development Employees' Rights, Interests and Benefits	Employees' Annual Summarization and Commendation Conference Employee Satisfaction Surveys Employee Training Workers' Congress Employee Care
 Suppliers	Business Ethics Health and Safety Win-Win Cooperation	Long-Term Stable Cooperation Transparent Procurement Supplier ESG Management
 Customers	Product Quality Management Customer Relations Management R&D Innovation Customer Privacy Protection	Visits to Customers and Routine Communication Meetings Visits to Factories Customer Satisfaction Survey Emails, Telephone Calls Information Security
 Industry Associations	Product Quality Management R&D Innovation	Technical Exchanges and R&D Cooperation Product Discussion Forums
 Communities	Environmental Management and Compliance Work Safety Public Welfare	Social Welfare Activities Environmental Protection in Communities Rural Revitalization

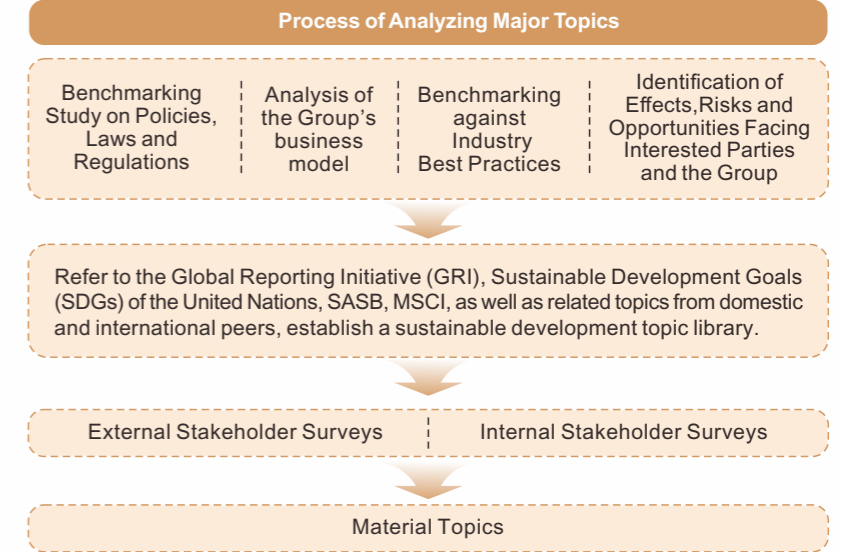
## Due Diligence

The Group uses due diligence as a pre-process for investment decision-making, supply chain management and partner selection, and strives to promote sustainable development risk management to cover the entire business chain. For suppliers, the Group conducts due diligence through qualification review, signing integrity agreements, on-site audits, etc. Special response measures will be formulated for identified risk points, and the progress of disposal and rectification results will be tracked.

## Management of Material Topics

Following the requirements of *Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No.3-Preparation of Sustainability Report*, the Group systematically assesses the dual materiality of sustainable development issues based on the industry features and its operating characteristics.

The Group has established a comprehensive materiality assessment process, analyzing both financial materiality and impact materiality. Through this process, it comprehensively identifies and evaluates material topics and ultimately develops a materiality matrix, providing a scientific basis for strategic disclosure and continuous improvement.



In 2025, the Group conducted an internal review and assessment of the 2024 materiality topic list. Considering that there have been no significant changes in the Group's strategy or external environment, the identification conclusions for this year's material topics continue to follow the previous core judgment logic. The materiality matrix for the year is shown below:



# 02

## Strengthening the Rule of Law at Tayho, Upholding Integrity to Embark on a New Journey

### Our Actions

- Adherence to the Leadership of Party Building
- Orderly and Standardized Governance
- Optimizing Internal Control and Compliance
- Strengthening Investor Relations Management
- Upholding of Business Ethics

### SDGs

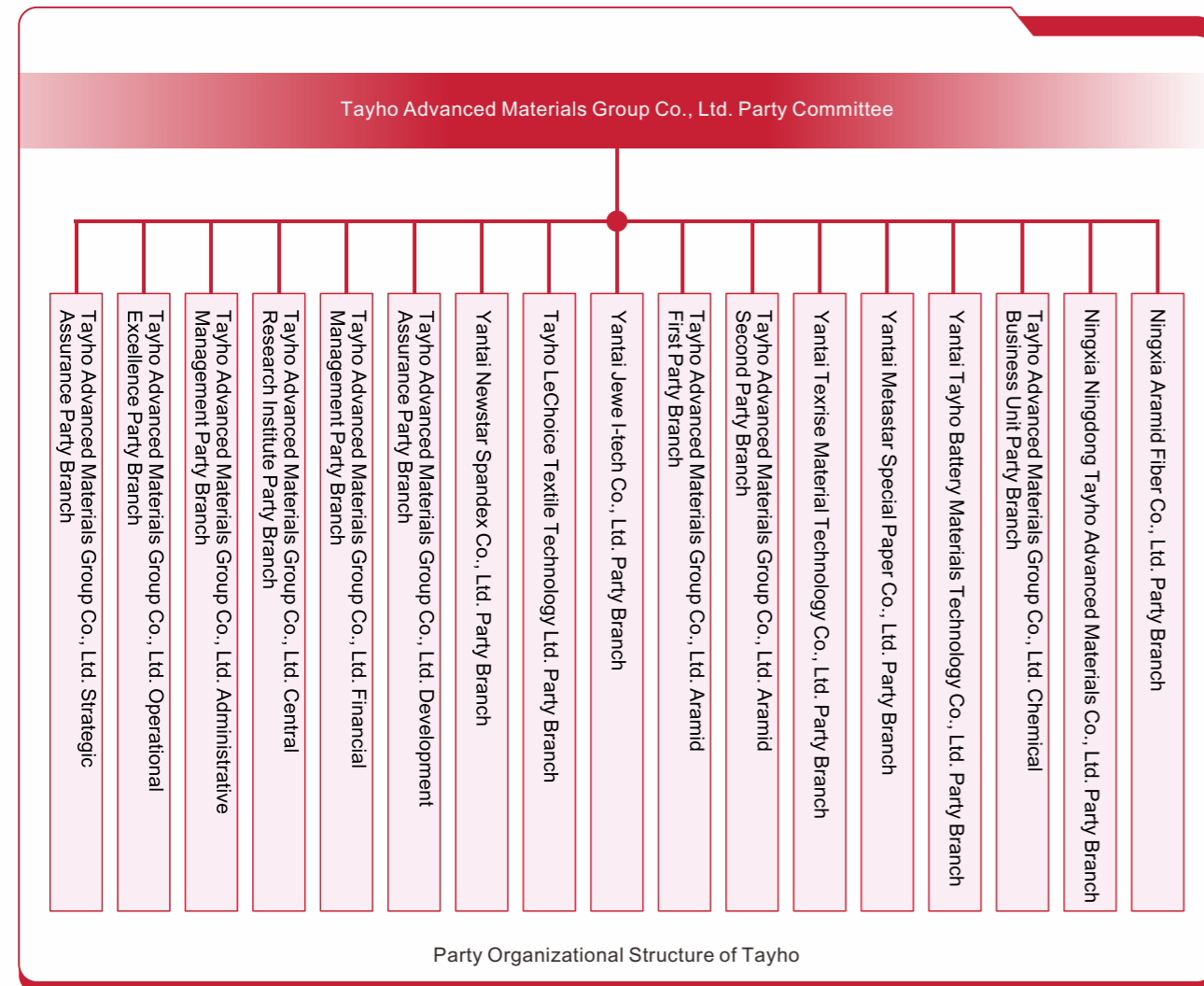


## Adherence to the Leadership of Party Building Work

### Party Building System

Tayho consistently upholds the Party's overall leadership, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. Closely aligned with the Group's strategic goals and work priorities, it comprehensively deepens reforms, accelerates technological innovation, and pursues sustainable development. Continuously growing and strengthening in the field of chemical new materials, the Group is committed to becoming an industry-leading, shareholder-satisfying, employee-proud, and socially-respected exemplary enterprise.

The Group has anchored its Party-building deepening goals on "strengthening the organizational system, consolidating the foundation for development, and stimulating innovation momentum". It continuously advances the standardized construction of Party organizations, upholds development guided by Party leadership, and integrates Party-building work deeply into corporate strategy and daily management to drive high-quality development. As of the end of the reporting period, the Group had established a total of 17 Party branches with 305 Party members.



### Party Building Events

Tayho actively organizes corporate culture and party-building activities centered on patriotic education and national identity. These include programs such as "Golden Faith • Red Heritage," "Strengthening the Nation • Maritime Defense Education," and visits to rocket launch events at the Eastern Spaceport.

Through continuous innovation in engagement formats and expansion of educational scope, the Group guides employees to visit historical and educational sites focused on national heritage, maritime defense, and major technological achievements. These immersive experiences help employees deepen their sense of shared values, strengthen their commitment to the mission, and reinforce their collective sense of purpose. Ultimately, these efforts contribute a powerful driving force to Tayho's high-quality, sustainable development.



● Party Day Event

### Party Building Achievements

At a Party Lecture Observation and Exchange event organized by the Yantai State-owned Assets Supervision and Administration Commission, Tayho was awarded third prize. The event, themed "Upholding Original Aspiration, Fulfilling Responsibility, Advancing Development", focused on enhancing communication and mission alignment and fostered a positive environment that encourages continuous learning, effective delivery on commitments, and constructive competition.



### Party Conduct and Integrity Construction

Tayho thoroughly implements the strategic guideline of strict Party governance, continuously strengthening Party conduct and integrity construction. The Group has revised systems such as the *Regulations on the Acceptance of Complaints and Reports by the Discipline Inspection and Supervision Department* and the *Measures for the Management and Handling of Discipline Inspection Clues*, and established a Clean Governance Leadership Group composed of the Party Secretary, Deputy Party Secretary, and Secretary of the Discipline Inspection Commission, systematically advancing the "Ten Clean Governance Projects". At the same time, the Group continuously strengthens integrity education and anti-corruption risk inspections, steadfastly promoting Party conduct, integrity, and anti-corruption efforts, thereby fostering a clean, upright, and stable business environment.

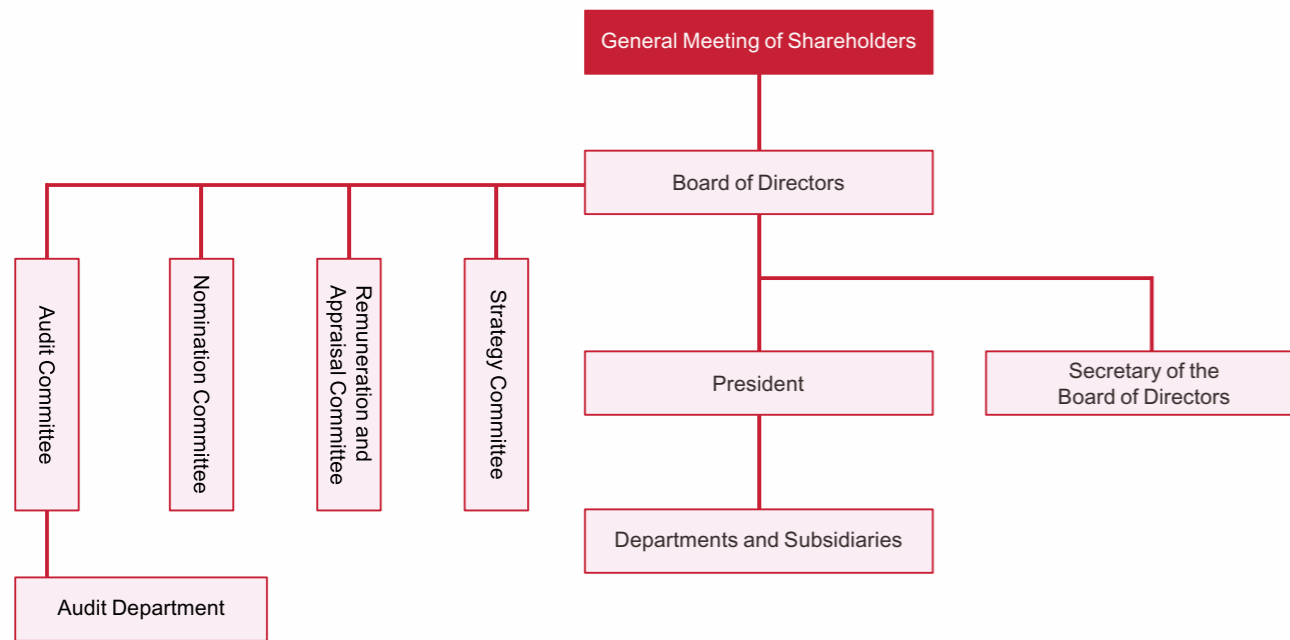


● Party members and leaders watched integrity education films

## Orderly and Standardized Governance

### Improvement of Governance System

Tayho strictly adheres to the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Articles of Association*, and other relevant laws and regulations. The Group continuously improves its governance structure to promote standardized operations, ensure transparency and legality in corporate governance, and fully protect the rights and interests of shareholders and other stakeholders.



### General Meeting of Shareholders

The General Meeting of Shareholders is the Group's highest authority. Tayho strictly convenes and holds General Meetings of Shareholders in accordance with the *Articles of Association* and the *Rules of Procedure for the General Meeting of Shareholders*, ensuring that all shareholders, particularly minority shareholders, enjoy equal rights and can fully exercise their voting power.

The Group convenes General Meeting of Shareholders in strict compliance with legal and regulatory requirements, using a combination of on-site and online voting to facilitate participation. Votes from minority investors are counted separately as required, effectively safeguarding their rights to participate and supervise.

#### Key Performance

During the reporting period, the Group held a total of **4** General Meeting of Shareholders, including **1** annual General Meeting of Shareholders and **3** extraordinary General Meetings. A total of **20** proposals were reviewed and approved.

### Board of Directors

The Board of Directors, as the permanent executive body of the Group, exercises functions and powers granted by laws, the *Articles of Association* and the General Meeting of Shareholders, and is responsible to all shareholders. The Group strictly convenes and holds board meetings in accordance with the *Articles of Association* and the *Rules of Procedure for the Board of Directors*, ensuring standardized meeting procedures and lawful decision-making of the Board of Directors.

The Board of Directors has four specialized committees: the Strategy Committee, the Remuneration and Appraisal Committee, the Nomination Committee, and the Audit Committee. Members of each committee perform their duties in accordance with the respective committee's implementation rules.

#### Key Performance

During the reporting period, the Group held a total of **7** meetings of the Board of Directors and approved **66** resolutions.

### Board Diversity

In selecting members of the Board of Directors, the Group fully considers factors such as gender, age, educational and cultural background, professional experience, and skills, ensuring a reasonable and representative composition of the Board of Directors. As of the end of the reporting period, the Board of Directors consists of 11 directors, including 1 female director (9.09%) and 4 independent directors (36.36%). The directors possess a wide range of professional backgrounds, covering engineering, accounting, business administration, and other fields, actively leveraging their expertise to support sound company decision-making.

### Board Independence

The Group has revised the *System of Work of Independent Directors* to standardize the procedures and criteria for the nomination, election, and replacement of independent directors. Independent directors are strictly required to participate in decision-making, provide supervision and checks and balances, and offer professional advice within the Board of Directors. Independent directors hold the majority and serve as conveners in the Audit Committee, Nomination Committee, and Remuneration and Appraisal Committee. All members of the Audit Committee are directors who do not hold senior management positions in the Group.

Board Committees	Independent Directors	Non-Independent Directors	Whether Independent Directors Serve as the Chairman
Strategy Committee	1	6	No
Nomination Committee	2	1	Yes
Audit Committee	2	1	Yes
Remuneration and Appraisal Committee	3	0	Yes

#### Key Performance

During the reporting period, the Group held a total of **14** specialized committee meetings, reviewing and approving **35** proposals. Among them, the Audit Committee held **7** meetings and approved **27** proposals; the Remuneration and Appraisal Committee held **3** meetings and approved **3** proposals; the Strategy Committee held **2** meetings and approved **3** proposals; and the Nomination Committee held **2** meetings and approved **2** proposals.

## Optimizing Internal Control and Compliance

### Compliance System Construction

Tayho strictly adheres to laws, regulations, and ethical standards, continuously improving its compliance management system to ensure that all business activities, internal management, and daily operations are conducted in a lawful and compliant manner. The Group has established a multi-tiered compliance management framework, with the Board Office as the central management department, developing systematic compliance policies and risk prevention mechanisms. By continuously optimizing compliance processes and enforcement, the Group steadily enhances its capability for sound and resilient operations.

Multi-Level Compliance Management System	
Position	Responsibilities
Audit Committee	<ul style="list-style-type: none"> <li>Take responsibility for communication, supervision and verification of internal and external audits of the Group</li> </ul>
Audit Department	<ul style="list-style-type: none"> <li>Inspect, assess and supervise the completeness, rationality and effective implementation of the internal control system</li> <li>Verify the truthfulness and completeness of financial information</li> </ul>
	<ul style="list-style-type: none"> <li>Assist in establishing and improving the anti-fraud mechanism</li> </ul>
	<ul style="list-style-type: none"> <li>Conduct regular audits with respect to the deposit and use of raised funds</li> </ul>
	<ul style="list-style-type: none"> <li>Regularly report work to the Audit Committee</li> </ul>
Board Office	<ul style="list-style-type: none"> <li>Provide compliance support to business and functional departments</li> <li>Guide business and functional departments in establishing compliance management systems.</li> </ul>
Chief Auditor	<ul style="list-style-type: none"> <li>Assist the Party Committee and Board of Directors in management of internal audits</li> </ul>
Full-time Auditors	<ul style="list-style-type: none"> <li>Conduct internal audits</li> </ul>

### Customs Legal Risk Training

In May 2025, the Group organized a specialized training session on customs-related laws and regulations, attended by 30 employees from positions involved in import and export operations. Through explanations of customs laws and regulations and analysis of typical cases, the training deepened participants' understanding of customs compliance requirements, strengthened awareness of legal risk prevention, and enhanced the Group's overall compliance management capabilities.



#### Key Metrics

Number of Legal Training Sessions **4** Times

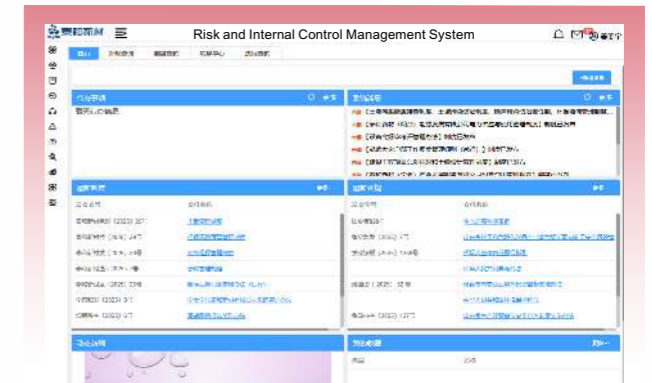
Total Hours of Legal Training **6** Hours

Total Participants in Legal Training Programs **200** Persons

### Risk Management

The Group has formulated and implemented the *Risk Control Procedures* to standardize the risk management process, systematically identifying various risks in operations, including quality, environmental, safety, and market risks. It continuously improves the risk management system, enhancing employees' awareness and ability to prevent and respond to risks, thereby providing strong support for the Group's stable development.

At the same time, leveraging digital technologies, the Group has established a risk and internal control management system to achieve comprehensive monitoring, timely early warning, and effective handling of various risks, improving the efficiency and precision of risk prevention and internal controls.



### Internal Control Construction

To ensure the continuous and effective operation of the internal control system, the Group has established policies such as the *Internal Control Management Measures*, *Internal Audit System*, and *Internal Control Evaluation and Deficiency Rectification Management Measures*. These clearly define internal control objectives, principles, processes, and key control points, safeguarding the effectiveness and compliance of internal controls.

At the same time, the Group conducts internal audits to evaluate the effectiveness of internal controls and issues *Internal Control Audit Reports*. For issues identified during audits, a rectification ledger is established and follow-up management is implemented.

#### Key Performance

During the reporting period, the Group completed **22** internal audit projects, identified **82** issues, proposed **88** corrective recommendations, and achieved a rectification completion rate of **100%**.

### Management of Related-Party Transactions

The Group has established the *Related-Party Transaction Management System* in accordance with relevant laws and regulations, systematically standardizing the decision-making, disclosure, execution, and supervision processes of related-party transactions. This enables timely identification, routine management, and effective oversight of related-party transactions, safeguarding the legitimate rights and interests of the Group and its shareholders. For approval of related-party transactions, the Group has established a multi-level approval mechanism, having clearly setting the approval criteria for related-party transactions to ensure that all related-party transactions are compliant and fair.

### Tax Management

The Group, in accordance with the *Tax Management System*, reasonably plans its tax affairs, promptly and accurately declares tax information, and pays all due taxes. Leveraging the internal audit system, it strengthens tax risk management to prevent potential tax-related risks. At the same time, the Group proactively manages communication and tax disputes with tax authorities, initiating administrative litigation or other lawful dispute resolution measures within statutory deadlines to protect its legitimate rights and interests.

In addition, the Group continuously enhances tax training, establishes and improves internal control mechanisms, conducts regular risk assessments and compliance reviews, and strengthens communication and cooperation with tax authorities to ensure full tax compliance.

## Strengthening Investor Relations Management

### Compliance Information Disclosure

The Group strictly complies with laws and regulations such as the *Measures for the Administration of Information Disclosure of Listed Companies* and has established the *Information Disclosure Affairs Management System*. It discloses information to all investors truthfully, accurately, completely, and in a timely manner through platforms including *Securities Times*, *Securities Daily*, *China Securities Journal*, *Shanghai Securities News*, and *cninfo.com*, enhancing the transparency of information disclosure and facilitating investors' access to information and investment decisions.

#### Key Performance

During the reporting period, the Group disclosed a total of **79** announcements, including **4** periodic reports and **75** ad hoc announcements, and was not penalized for any violations related to information disclosure.

### Enhanced Communication for Investors Relations Management

To strengthen effective communication with investors, the Group has established the *Investor Relations Management System*. Through multiple channels—including the Group website, investor hotline, investor email, investor briefings, and the Interactive Easy platform—the Group engages with investors to foster long-term, stable, and positive relationships. These efforts enhance investors' understanding of the Group and effectively safeguard the legitimate rights and interests of investors, especially minority shareholders.

#### Key Performance

Convened **2** online performance briefings; Conducted **310** times of online exchange on "irm.cninfo.com.cn" platform, achieving a **100%** reply rate. Received **28** on-site investor research visits; Received **106** person times of investors for on-site research visits.

### Returns to Shareholders

Tayho actively fulfills its commitment to shareholder returns and steadily implements profit distribution, with all equity allocation plans strictly following the approval procedures of the General Meeting of Shareholders. During the reporting period, the Group disclosed the *2024 Profit Distribution Plan*, under which a cash dividend of RMB 0.50 per 10 shares (inclusive of tax) will be distributed to all shareholders, totaling RMB 42,706,083.00 (inclusive of tax). No bonus shares will be issued, and no capital reserve will be converted into share capital in this distribution.

Annual Cash Dividend Distribution (2025 Dividend Subject to Approval of General Meeting of Shareholders)

Key Metrics	Unit	2023	2024	2025
Dividends per 10 shares (including tax)	RMB	3	0.5	0.2
Dividend Distribution Proposal and Share Capital Base	Shares	856,968,357	854,121,660	848,233,060
Amount of Distributed Cash Dividends (Including Tax)	RMB	257,090,507.10	42,706,083	16,964,661.20
Proportion of Distributed Cash Dividends in the Total Amount of Profit Distribution	%	100	100	100

## Upholding of Business Ethics

### Integrity and Compliance Management

Tayho continuously advances its integrity-building initiatives by implementing the *Integrity Construction Implementation Plan*, thoroughly executing directives from higher authorities. The Group focuses closely on its core responsibilities and main business, continually strengthened daily oversight, and regular special and coordinated audits. This system standardizes business processes, comprehensively identifies integrity risk points, improves the record-keeping of officials' integrity profiles, and reinforces supervision, discipline enforcement, and accountability, steadfastly promoting the in-depth development of party integrity and anti-corruption work.

At the same time, the Group actively explores innovative methods tailored to business realities, conducts ongoing integrity education, and continuously enriches and expands the connotation of integrity culture, striving to foster a clean, upright, and entrepreneurial organizational atmosphere.

### Reporting and Complaint Mechanism

The Group has established a comprehensive reporting and complaint mechanism, ensuring clear and accessible channels for both internal and external reporting. The reporting process is standardized, and the Group commits to fully protecting whistleblowers. Any acts of retaliation or attempted retaliation will result in accountability for the individuals involved.

#### Reporting channels

Hotline: 0535-6955023

Reporting Email: thjw@tayho.com.cn

Mailing address: 10 Heilongjiang Road, Yantai Economic and Technological Development Zone, Shandong Province

### Anti-unfair Competition

The Group upholds voluntary, equal, fair, and honest business principles, strictly complying with the *Anti-Monopoly Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*, actively maintaining a fair and orderly market environment. By delivering high-quality products and services, the Group consolidates its market advantage, firmly resists all forms of unethical or illegal business practices, and continuously enhances compliance management. During the reporting period, the Group was not involved in any litigation or subject to any major administrative penalties arising from unfair competition.

### Anti-Money Laundering

Tayho has formulated the *Basic Financial Accounting Policy* and the *Financial Management Measures* in accordance with national anti-money laundering laws and regulations to specify that the Finance Department shall keep accounts of all transactions in a complete, true and timely manner to facilitate monitoring and analysis of the transactions. The Group conducts regular training to enhance employees' awareness of anti-money laundering, while maintaining close cooperation with regulatory authorities, promptly reporting suspicious transactions and fully supporting inspections and investigations.

# 03

## Leading with a Green Vision, Building a Blueprint with Sustainable Materials

### Our Actions

- Response to Climate Change
- Environmental Compliance Management
- Rational Resource Allocation

### SDGs



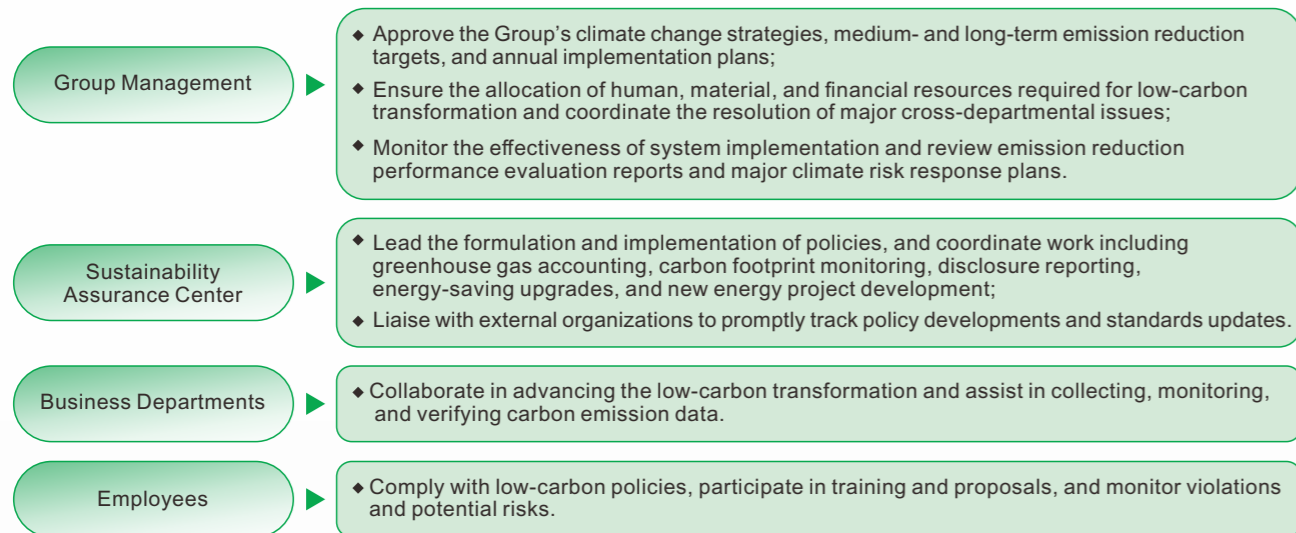
## Response to Climate Change

### Governance

#### Management System

In proactive response to the national "Carbon Peak, Carbon Neutrality" strategy and to systematically advance the Group's green and low-carbon transformation, the Group has established the *Climate Change Response Management System*. This system implements a full-chain low-carbon development model characterized by "green raw materials, zero-carbon production, recyclable products, and an ecological industry chain". It enhances the Group's capacity to manage climate-related risks and achieves coordinated development across economic, environmental, and social benefits.

The Group has established a four-tier climate governance framework comprising Group Management, Sustainability Assurance Center, Business Departments and Employees. The Sustainability Assurance Center serves as the dedicated department for climate change management, continuously advancing the implementation of climate-related strategies, risk management initiatives, and climate change response measures.



#### "Dual-Carbon" Training

The Group regularly organizes specialized training for management and key technical personnel on low-carbon policies and emission reduction technologies. Industry experts and third-party organizations are invited to deliver focused lectures on carbon footprint accounting, green processes, and related topics, continuously enhancing the group-wide capabilities in low-carbon management and technology application.

In June 2025, the Group held a Sustainability Seminar, where participating units shared practical cases and experiences in policy implementation. The Group organized a series of activities for the Ecological and Environmental Protection Month. The Group has established the "Tayho Forest", and more than 1,000 trees were planted by employees in 2025. Its green development practices received special coverage by *Focus Yantai* and *News in Depth*. The Group actively participated in project applications and was selected as a case of "Beautiful China Construction Practices" and "14th Five-Year Plan Environmental Protection Innovative Practices".



### Strategy

To accurately know potential climate-related risks and opportunities, Tayho adopts a dual-perspective approach for systematically identifying and evaluating the impact of climate changes on its business, with reference to research on climate trends, macroeconomic conditions and industry policies, and dynamically aligns its business operations and resource allocation to significantly enhance its resilience and adaptability to climate challenges.

Risk Type	Description	Explanation of Financial Impact	Likelihood of Occurrence	Impact Magnitude	Impact Duration	Impact on Value Chain	Response Measures
Physical risks	<b>Extreme weather conditions (heavy rain, typhoon, drought)</b> <ul style="list-style-type: none"> <li>◆ Extreme weather may damage the Group's facilities and disrupt employee commuting and office operations; logistics at multiple production sites may be restricted, affecting production continuity.</li> <li>◆ Extreme weather may damage raw material tank areas, wastewater treatment stations, and other plant facilities, causing chemical spills that contaminate soil and water; some chemicals can trigger fires or explosions upon contact with water, leading to direct financial losses as well as fines, compensation, and other follow-up costs.</li> <li>◆ Droughts may limit production water supply or sharply increase costs, directly affecting capacity and cost control, with potential production restrictions.</li> </ul>	Income decrease Cost increase Fixed assets depreciation Goodwill damage	Medium	High	Short-term	Upstream Operations Downstream	<ul style="list-style-type: none"> <li>◆ Implement chemical zoning management to reduce secondary disaster risks at the source;</li> <li>◆ Use premium-grade chemical storage containers to reduce safety risks;</li> <li>◆ Maintain sufficient emergency supplies and develop and drill business continuity plans and emergency response plans;</li> <li>◆ Properly install bunds, drainage channels, and emergency pools within plant areas to strictly control the scope of chemical leaks;</li> <li>◆ Strictly follow the "Power Island Project" EIA requirements, deploy water-saving and water recycling systems, and achieve zero discharge and comprehensive utilization of production wastewater.</li> </ul>
	<b>Extreme temperatures</b> <ul style="list-style-type: none"> <li>◆ Maintaining optimal production temperatures may lead to higher energy consumption, contributing to increased greenhouse gas (GHG) emissions.</li> <li>◆ Extreme temperatures could compromise the stability of specialized raw materials essential for high-performance fiber production and the precision of production equipment, potentially affecting product quality and consistency.</li> </ul>	Income decrease Cost increase	Medium	Medium	Short-term	Operations	Upgrade the equipment to enhance heat and cold resistance, minimizing the impact of temperature fluctuations on production operations.
Transformational risks	<b>Policy risks</b> <p>The chemical manufacturing industry is facing increasingly stringent regulations on GHG emissions and disclosure. Product carbon footprint accounting and reporting have become mandatory requirements for market access or procurement. Failure to comply with green standards, such as the EU Carbon Border Adjustment Mechanism, may result in the loss of key customers or international business orders.</p>	Cost increase	High	High	Long-term	Operations	<ul style="list-style-type: none"> <li>◆ Develop and actively promote low-carbon products, such as "zero-carbon" tooling, to proactively meet customer demands;</li> <li>◆ Establish capabilities for collecting and managing carbon data across the full product lifecycle.</li> </ul>
Opportunity Type	Description	Explanation of Financial Impact	Likelihood of Occurrence	Impact Magnitude	Impact Duration	Impact on Value Chain	Response Measures
Renewable energy transition opportunities	By shifting to renewable energy, reduce the carbon footprint of purchased electricity, mitigate long-term energy cost volatility, ensure a stable supply of green electricity, and achieve lower carbon emissions.	Reduced operating costs	High	Medium	Mid-term	Operations	<ul style="list-style-type: none"> <li>◆ Expand installed photovoltaic capacity at production sites;</li> <li>◆ Explore direct trading or procurement of "green electricity" in Ningxia;</li> <li>◆ Develop the Ningdong "Power Island" to achieve efficient cascade utilization of energy within the park.</li> </ul>
Low-carbon product growth opportunities	With rapidly increasing market demand for low-carbon, eco-friendly, and sustainable materials, the Group has launched products such as bio-based spandex, recycled spandex, degradable spandex, and waterless-dye fabrics, gradually tapping into high-growth markets and customer segments to achieve "green premium" pricing and enhance brand value.	Increase in revenue Goodwill gain Market shares expansion	Medium	Medium	Mid-term	Operations Downstream	<ul style="list-style-type: none"> <li>◆ Accelerate market promotion and customer certification of green materials;</li> <li>◆ Establish deep R&amp;D collaborations with leading downstream brands to develop customized solutions.</li> </ul>

## Impact, Risk, and Opportunity Management

Tayho, adhering to forward-looking strategic thinking, incorporates climate risks into the Group's risk management system and establishes a scientific and comprehensive climate risk assessment and management process. This enables the Group to navigate a complex and changing climate environment with resilience and advance toward its sustainable development goals.

Process	Specific Actions
Demands and Expectations of Related Parties	Consider internal and external factors affecting the Group's operations, business model, and financial position, as well as environmental and social impacts and stakeholder demands.
Risk Identification	In light of macro policies, regulatory requirements, and industry conditions, identify climate risks and opportunities through surveys, group discussions, expert consultations, and policy analysis.
Risk Analysis	Based on the Group's specific circumstances, evaluate climate risks and opportunities in terms of likelihood, severity, scope, and irreversibility of impacts. Classify them into physical risks, transition risks, and climate opportunities, and optimize resource allocation for response.
Risk Assessment	Evaluate the outcomes of risk analysis, clarify the acceptability of climate change risks and opportunities, and prioritize areas of focus.
Risk Response	Based on the results of the risk analysis, assess the causes and tolerability of each risk, and weigh the risks against benefits to determine the most appropriate risk response strategy.
Effectiveness Evaluation	With internal goals and external factors taken into account, supervise the implementation of measures taken to address climate change-related risks and opportunities, and evaluate the effectiveness of the measures.
Review and Update	Organize regular review of risks and opportunities to verify their validity. The review covers the effectiveness of identification, the progress of response measures, impact on products and services, customer satisfaction, and identification of new risks and opportunities.



## Metrics and Targets

As a pilot unit for coordinated pollution reduction and carbon abatement innovation in Shandong Province, Tayho has developed core advantages in bio-based fiber R&D, green dyeing and finishing technologies, and "zero-carbon lighthouse factories", and has launched benchmark products such as carbon-neutral softshell jackets and degradable fabrics, consolidating the foundation for strategic transformation. The Group implements a dynamic monitoring mechanism, tracking target completion quarterly and conducting dedicated annual evaluations. Based on these evaluations and changes in the external environment, plans and implementation pathways are promptly optimized to ensure steady achievement of strategic objectives.

	Carbon Emission Control Targets	Low-Carbon Industry Development Targets
Foundation Phase	Reduce carbon emissions per unit of product by 15% compared with 2025; increase the use of clean energy to 60% at the Penglai "Zero-Carbon Lighthouse Factory".	Increase the revenue proportion of bio-based fiber and recycled raw material products to 30%; achieve 60% production coverage with Ecodye® green dyeing and finishing technology.
Enhancement Phase	Reduce carbon emissions per unit of product by 30% compared with 2025; achieve peak carbon emissions at the Group level; reduce total emissions at core production parks by 10%.	Increase revenue proportion of low-carbon products to over 50%; establish 2-3 CCER projects with stable returns; achieve 100% compliance rate in green supply chain.
Leadership Phase	Achieve carbon neutrality at the Group operational level; attain 80% carbon neutrality across the full lifecycle of core products; coordinate upstream and downstream supply chain partners to achieve a 20% emission reduction.	Make zero-carbon products a core revenue pillar; build cross-industry circular economy alliances; lead the development of 1-2 industry low-carbon standards.

Key Metrics	Unit	2025
Total GHG Emissions	tCO <sub>2</sub> e	537,156
GHG Emission Intensity	tCO <sub>2</sub> e/RMB million in revenue	149.41
Direct GHG Emissions (Scope 1)	tCO <sub>2</sub> e	89,987
Indirect GHG Emissions (Scope 2)	tCO <sub>2</sub> e	447,169
Other Indirect GHG Emissions (Scope 3)	tCO <sub>2</sub> e	0

### Notes:

- The statistical scope includes the Group and its subsidiaries.
- The Group's greenhouse gas (GHG) accounting is based on the *GHG Protocol: A Corporate Accounting and Reporting Standard (2004)* and the *Guidelines for Accounting and Reporting of Greenhouse Gas Emissions by Chemical Production Enterprises in China (Trial)*. GHG emissions are calculated using the emission factor method: GHG emissions = activity data × corresponding emission factor.
- Scope 1 GHG emissions include emissions from the combustion of fossil fuels such as natural gas and coal. Emission factors are referenced from the *Appendix II of Guidelines for Accounting and Reporting of Greenhouse Gas Emissions by Chemical Production Enterprises in China (Trial)* and the *Appendix 4: Reference Coefficients for Converting Various Energies into Standard Coal, China Energy Statistical Yearbook*.
- Scope 2 GHG emissions include indirect emissions from purchased electricity, purchased heat, and other indirect energy sources. The national average CO<sub>2</sub> emission factor for electricity published by the Ministry of Ecology and Environment in 2023 is 0.5306 kg CO<sub>2</sub>/kWh. The heat emission factor is 0.11 tCO<sub>2</sub>/GJ, in accordance with the *Guidelines for Accounting and Reporting of Greenhouse Gas Emissions by Chemical Production Enterprises in China (Trial)*.

## Decarbonization and Emission Reduction

### Carbon Emissions Verification

The Group has strengthened greenhouse gas emissions management and systematically advanced a range of energy-saving and emission reduction initiatives, making every effort to achieve its carbon peak and carbon neutrality targets. The Group has established the Greenhouse Gas Inventory Control Procedure and regularly engages third-party institutions to conduct greenhouse gas inventories. Based on the issued verification reports and certification certificates, the Group dynamically optimizes and adjusts its energy conservation and emission reduction efforts.

During the reporting period, the Group conducted GHG emissions verification in accordance with ISO 14064-1:2018.



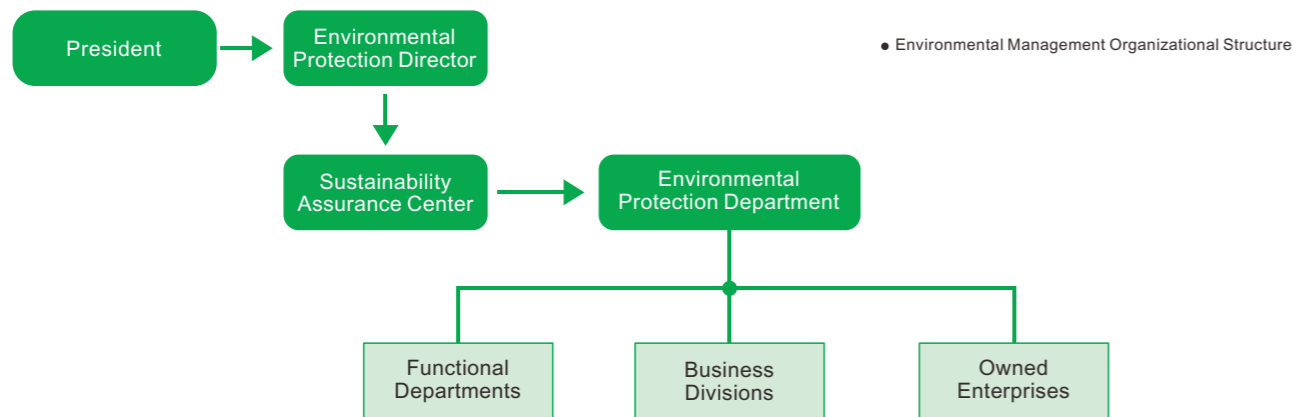
● GHG Verification Certificate

## Environmental Compliance Management

### Governance

The Group strictly complies with laws and regulations such as the *Environmental Protection Law of the People's Republic of China* and the *Water Pollution Prevention and Control Law of the People's Republic of China*. The Group has established the *Environmental Management Manual* and supporting policies to rigorously monitor and regulate the treatment of pollutants and waste throughout the entire production and operation process. Following the principles of scientific planning and step-by-step implementation, the Group enforces emission control strategies to achieve coordinated development between business operations and environmental protection.

The Group has established a hierarchical environmental management framework comprising President, Environmental Protection Director, Sustainability Assurance Center, Environmental Protection Department, and Functional Departments, to coordinate decision-making, supervision, and execution of environmental protection initiatives. The Sustainability Assurance Center and the Environmental Protection Department serve as the competent environmental protection departments, staffed with appropriately qualified environmental management personnel who possess expertise in production processes and operational conditions.



During the reporting period, the Group and certain of its subsidiaries obtained GB/T24001-2016/ISO14001:2015 Environmental Management System certification. Pollution storage and treatment facilities at all production sites operated normally, with all emissions meeting applicable standards.



### Environmental Rewards and Penalties

To strengthen environmental supervision and management and ensure accountability, the Group has established the *Environmental Protection Rewards and Penalties Policy*, incorporating environmental performance into the evaluation system. This mechanism urges management to enhance environmental awareness, strictly control pollutant emission concentrations and total volumes, and reduce and prevent non-compliant discharge incidents. The Group has defined assessment criteria centered on environmental performance indicators, covering areas such as excessive emissions, regulatory compliance procedures, hazardous and solid waste disposal, and rectification of potential hazards. Each module is assigned corresponding scores, with an independent scoring system applied where deductions continue until the allocated score is exhausted.

In addition, the Group has introduced the *Emission Reduction Improvement Project Incentive System* to promote the implementation of emission reduction and resource efficiency projects, striving to achieve sustainable development goals of "energy saving, consumption reduction, pollution reduction, and efficiency enhancement". Through a target responsibility system and evaluation framework for emission reduction, emission reduction targets are incorporated as key performance assessment indicators for the environmental performance of the principal responsible persons of each unit, and are directly linked to appraisal outcomes.

### Environmental Information Disclosure

The Group upholds a strong sense of environmental responsibility and the rule of law, strictly complying with relevant laws and regulations such as the *Environmental Protection Law of the People's Republic of China*. It has formulated and implemented the *Environmental Information Disclosure Management Policy*, thereby comprehensively standardizing its environmental information disclosure practices and voluntarily accepting supervision from government authorities and the public.

During the reporting period, there was no punishment imposed on the Group due to improper disclosure of environmental information.

### Environmental Protection Training

Taking into account the characteristics of the chemical fiber industry and its operational practices, the Group has established the *Environmental Protection Training Management Policy*. It regularly conducts specialized training on environmental regulations, "three wastes" management (waste gas, wastewater, and solid waste), and environmental operating procedures. Through diversified approaches such as daily knowledge sharing, distribution of the Environmental Management Manual, and certification assessments for internal auditors and environmental management personnel, the Group ensures full training coverage for employees, outsourced personnel, and external visitors entering the premises, thereby ensuring the effective implementation of environmental protection measures in daily operations.



● Environmental Protection Management Training

### Development of an Environmental Information Management Platform

Tayho has independently developed and deployed an integrated environmental management platform across the Group, promoting the digital transformation of environmental management from "manual control" to "technology-enabled control" and from "experience-driven" to "data-driven" approaches. The system leverages the Internet of Things (IoT) to collect real-time data on production, energy consumption, and capacity, enabling efficient data exchange. By enhancing efficiency and reducing operational burdens through digitalization, and by guiding decision-making with data, the platform supports the effective implementation of pollution reduction and carbon mitigation initiatives.

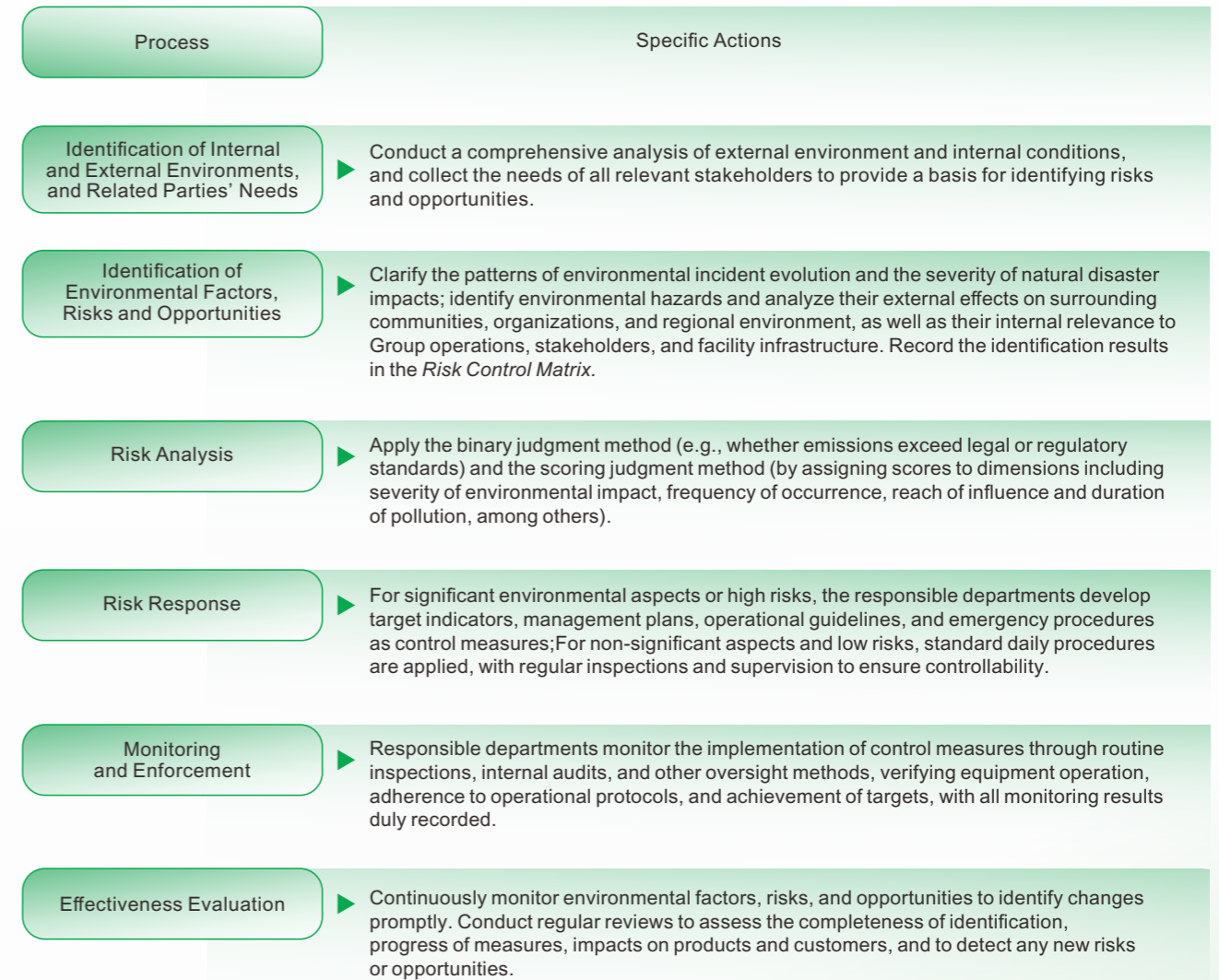
## Strategy

At present, environmental compliance requirements in the chemical industry are becoming increasingly stringent, with intensified regulatory oversight. Some enterprises have been fined or even suspended for rectification due to non-compliance with environmental standards. Tayho proactively benchmarks against industry environmental regulations and emission standards, and, in combination with its production realities, precisely identifies and assesses environmental compliance and pollution control issues, providing a scientific basis for rectification. The Group firmly upholds environmental protection as a fundamental baseline and contributes to the sustainable development of the industry through its own green development practices.

Risk Type	Description	Explanation of Financial Impact	Likelihood of Occurrence	Impact Magnitude	Impact Duration	Impact on Value Chain	Response Measures
Handling risks	During pollutant treatment processes, factors such as equipment failure, operational errors, or improper processes may lead to substandard treatment performance. This may not only harm the ecological environment but also expose the Group to regulatory penalties, damaging its reputation and economic performance.	Cost increase  Goodwill damage	Low	Medium	Short-term	Operations	<ul style="list-style-type: none"> <li>Establish an inclusive responsibility system for prevention and control of hazardous waste pollution, specifying job responsibilities to ensure effective implementation of pollution prevention and control;</li> <li>Set up regular equipment maintenance and calibration mechanisms to identify and eliminate potential faults, ensuring stable operation of treatment facilities;</li> <li>Enhance training of operators on skills and safety to promote their operating proficiency and awareness, thereby reducing operational errors;</li> <li>Introduce Tayho' environmental information management system for real-time monitoring and management of pollutant treatment processes, so as to promote the treatment efficiency and accuracy;</li> <li>Engage qualified third-party professional institutions for monitoring to ensure treatment outcomes meet standards and to promptly identify potential issues.</li> </ul>
Improper storage and potential leaks	The Group handles environmentally sensitive substances such as liquid ammonia, diethylamine, and MDI, posing significant atmospheric environmental risks and considerable water environmental risks. During the storage, transportation, or treatment of pollutants and hazardous chemicals, accidental leaks caused by equipment aging, damage, or operational errors may directly threaten the environment and public health, and could even trigger social panic and public opinion pressure.	Cost increase  Goodwill damage	Low	High	Mid-term	Operations	<ul style="list-style-type: none"> <li>Upgrade storage and transportation equipment and apply advanced anti-leakage technologies to enhance sealing performance and reliability, thereby reducing leakage risks;</li> <li>Establish a dedicated emergency response team with clearly defined roles and responsibilities;</li> <li>Conduct regular emergency response drills to test and strengthen response capabilities, minimizing losses and impacts from potential incidents.</li> </ul>
Opportunity Type	Description	Explanation of Financial Impact	Likelihood of Occurrence	Impact Magnitude	Impact Duration	Impact on Value Chain	Response Measures
Market opportunities	With the deepening advancement of ecological civilization and increasingly stringent policies and regulations on pollution prevention and control, alongside strengthened regulatory enforcement, downstream market demand for green and low-carbon products is growing rapidly. In particular, increasingly rigorous requirements for pollutant emission reduction are creating new opportunities for the Group's environmentally friendly products.	Increase in revenue	Medium	Medium	Long-term	Operations  Downstream	<ul style="list-style-type: none"> <li>Accelerate the promotion of the full range of Temetara® and Tapan® solution-dyed aramid fibers, reducing the need for post dyeing and the impact of harmful chemicals;</li> <li>Promote Ecody® green dyeing technology to enable salt-free, room-temperature, rapid textile dyeing, helping address the high consumption and high-pollution challenges of traditional dyeing processes.</li> </ul>

## Impact, Risk, and Opportunity Management

In alignment with ISO 14001 Environmental Management System requirements, the Group has developed and implemented the *Environmental Aspect Operational Control Procedure* and the *Control Procedures for Identification and Evaluation of Environmental Aspects*, and has prepared the *Environmental Risk Assessment Report*. Within the scope of the system, the Group thoroughly evaluates the environmental impacts across the full lifecycle of its products—from raw material procurement to after-sales service—implementing meticulous end-to-end environmental management. These measures ensure the Group fulfills its environmental protection responsibilities and actively promotes green development.



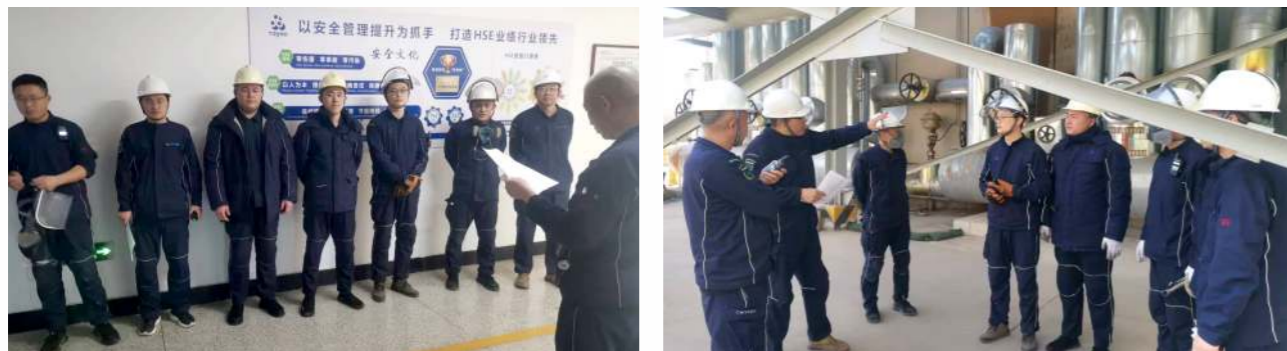
## Emergency Management

To effectively prevent sudden environmental incidents and ensure a scientifically guided, accurate, and efficient response that minimizes pollution impacts, the Group has established the *Environmental Emergency Management System and the Emergency Response Plan for Environmental Emergencies*, and has formed an on-site emergency response team.

Annually, the Group develops emergency drill plans and implementation schemes. Through regular drills, it enhances emergency response and rescue capabilities, strengthens employees' awareness of environmental risks, and controls and mitigates environmental pollution impacts.

### Key Performance

During the reporting period, the Group conducted a total of **47** environmental emergency drills.



● Drill of response to emergent heat transfer oil leakage

## Hazard Identification

Tayho strictly adheres to the principles of "protection-prioritized and prevention-oriented comprehensive governance, public participation, and accountability for damages", integrating environmental responsibilities into the core of its corporate development strategy. By addressing risks at the source, the Group minimizes the potential for sudden environmental incidents and comprehensively prevents the occurrence of various environmental issues.

In daily operations, the Group has established a multi-level environmental supervision and inspection system. Environmental facilities and potential hazards are periodically checked, and each department conducts monthly inspections. Any issues identified are promptly recorded and rectified to ensure normal operation of environmental facilities and eliminate risks. Meanwhile, environmental monitoring in accordance with relevant regulations and the pollution discharge permit offers real-time information on the environmental quality, providing data for decision-making in relation to the environment and for the Group's commitment to green development.

### Key Performance

During the reporting period, Tayho conducted a total of **236** environmental inspections and hazard identification and rectification activities, including **218** internal self-inspections, with no major environmental issues detected.

## Environmental Monitoring

To enhance eco-environmental monitoring and pollutant discharge management, and ensure up-to-standard emission indicators, the Group has formulated an *Environmental Monitoring System*, and engaged qualified third-party monitoring agencies to regularly monitor pollution sources (points) and pollutant discharges at the Group's production sites and issue test reports, so as to ensure all indicators conform to the national environmental discharge standards. Pollution sources include exhaust gas, wastewater, soil, groundwater, noise, etc. During the reporting period, all monitored indicators met the required standards.

In addition, the Group develops self-monitoring plans in accordance with discharge permit requirements, carrying out comprehensive monitoring of emissions during production. The monitoring results are publicly disclosed on the National Discharge Permit Management Information Platform.

## Metrics and Targets

Tayho has established the *Environmental Protection Target Management System* to standardize the formulation, implementation, evaluation, and assessment of environmental protection targets. To fulfill the Group's primary responsibility for ecological and environmental protection, the Group signs *Annual Environmental Responsibility Agreements* with the heads of each department or business unit, clearly defining management responsibilities and ensuring that environmental protection work within each accountable area is carried out in compliance with laws and regulations.

### 2025 Targets Achieved

No environmental pollution accident of Group level or above **0** | No discharge of pollutants beyond the limits **0** | No disposal of solid (hazardous) waste against regulations **0** | No administrative punishment, media exposure or other adverse events **0** | On-time hazard correction rate **≥95%**

Emergency drills executed as planned **100%** | Change management compliance **>90%** | Deployment and operational rate of environmental facilities **≥95%** | Environmental "Three Simultaneities" processing compliance rate **100%**

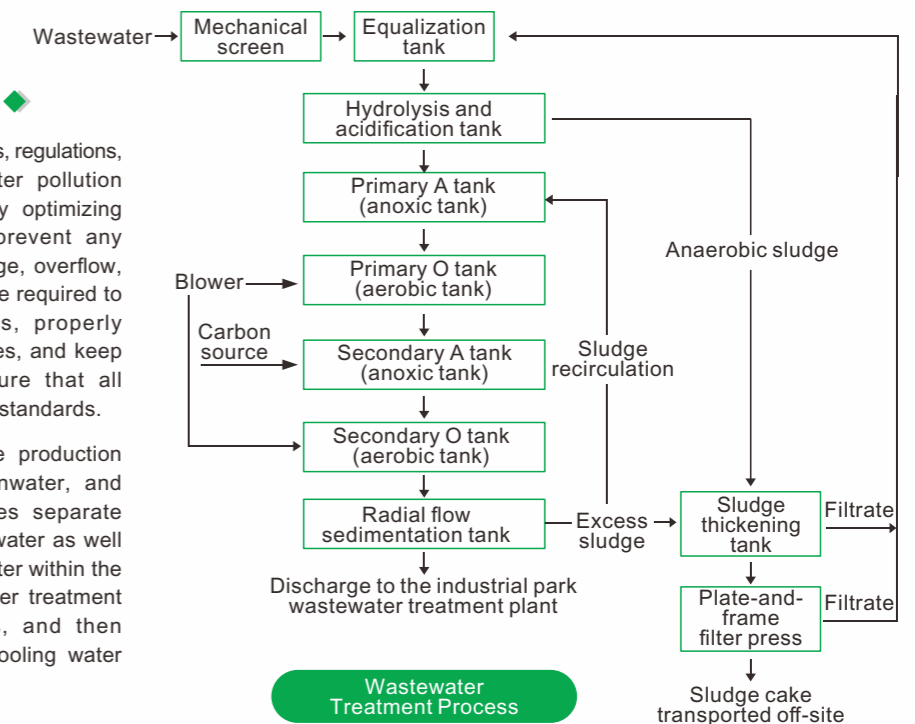
External environmental inspection compliance rate **100%** | Effective rate of emergency environmental response **100%** | Reduction in solid/hazardous waste disposal cost per unit product **>2%** | Compliance of third-party services **100%**

## Pollutant Management

### Management of Wastewater

The Group strictly adheres to relevant laws, regulations, and policies, implementing wastewater pollution prevention measures and scientifically optimizing sewage treatment technologies to prevent any environmental incidents such as leakage, overflow, or spillage. All workshops and teams are required to strictly follow operating procedures, properly manage and maintain treatment facilities, and keep detailed operational records to ensure that all wastewater is treated to meet discharge standards.

The main sources of wastewater are production effluent, floor wash water, initial rainwater, and domestic sewage. The Group applies separate collection systems for clean and dirty water as well as for rainwater and sewage. All rainwater within the plant area is directed to the wastewater treatment station, treated to meet standards, and then discharged together with circulating cooling water into the municipal sewer network.



### Key Performance

During the reporting period, the Group discharged a total of **0.8576** million tons of wastewater, representing a **22%** decrease compared with 2024, with **11.82** tons of wastewater generated per ton of product during the production process.

## Management of Waste Gases ◆

Tayho has established a comprehensive air emissions management system. Nine online monitoring systems have been installed at the exhaust outlets of production workshops. The Group strictly complies with *DB37-2801.6-2018 Emission Standard of Volatile Organic Compounds Part 6: Organic Chemical Industry*, and regularly engages qualified third-party agencies to conduct air emissions testing.

The main air pollutants from the Group's production processes are DMAC (dimethylacetamide), HCl, diethylamine, and ammonia. To further strengthen air pollution control, the Group is equipped with 151 high-efficiency treatment facilities, including advanced technologies such as water scrubbing, RTO, and RCO. Through refined management measures, the Group ensures strict control over the emissions of air pollutants.

The Group rigorously implements regulatory requirements for air pollution prevention and control, preparing the *Air Pollution Control Performance Rating Application Report*. It plans to apply for a Class B performance rating under the refining and petrochemical industry category. By standardizing the rating application process, the Group strengthens compliance management for air pollution prevention and control and further strengthens the foundation for environmental risk prevention and control.

### Key Performance

During the reporting period, the Group's total emissions of air pollutants amounted to **71.9** tons, representing a **29%** decrease compared with 2024.

### Waste Gas Emissions of Tayho in 2025

Pollutant	Unit	Actual Emissions
Particulate Matter	Tonnes	<b>6.71</b>
SOx	Tonnes	<b>17.51</b>
NOx	Tonnes	<b>31.30</b>
VOC	Tonnes	<b>16.38</b>

## Management of Waste Gases ◆

The Group has formulated systems such as the *Solid Waste Disposal Management System* and the *Responsibility System for Hazardous Waste Pollution Prevention and Control* in accordance with relevant laws and regulations, standardizing the full-process management of solid waste. By implementing controls at the production source, the Group reduces both waste generation and landfill volumes, and conducts an annual assessment of progress toward its environmental targets.

The waste generated by the Group is primarily handled by qualified third-party agencies. The relevant processes and responsibilities are clearly defined: the Environmental Protection Department oversees overall solid waste disposal, the Procurement Department organizes the bidding and tendering processes, and the production workshops of each business unit and subsidiary strictly follow management requirements to carry out practical operations such as waste classification, collection, and storage.

Key Metrics	Unit	2025
Waste Generated	Tonnes	<b>171,822.36</b>
Waste Disposal Quantity	Tonnes	<b>66,623.56</b>
Total Recycled Waste	Tonnes	<b>105,198.80</b>
Waste Recycling Rate	%	<b>61</b>

## Noise Management ◆

The Group's main sources of noise are the operation of production machinery and vehicles within the plant. To effectively control noise pollution, the Group has established the *Noise Pollution Prevention and Control Responsibility System*. By procuring low-noise production equipment, noise generation is reduced at the source. At the same time, production process optimization is promoted, and workflows and operating methods are improved to further reduce noise emissions from equipment operation and vehicle movement. Through these measures, the Group ensures that noise levels at the plant boundary remain consistently compliant with national standards, creating a favorable production environment and surrounding area.

### Noise Reduction at Source

- ◆ Use low-noise equipment, including imported equipment for production and machines of high performance and efficiency.

### Noise Mitigation

- ◆ Take noise damping measures, such as installation of sound barriers, silencers and vibration dampers for major noise-generating equipment.
- ◆ Conduct routine equipment maintenance to control noise.

### Noise Propagation Control

- ◆ Optimize the site layout to minimize the impact of key noise sources on the plant boundary.
- ◆ Green buffer zones around workshops, factory premises and roadsides to reduce noise transmission.
- ◆ Close doors and windows, and install appropriate sound-absorbing material.

### Emission Monitoring

- ◆ Conduct quarterly noise monitoring.

## | Green Operations ◆

### Green Office ◆

The Group actively promotes green office practices, strictly manages office energy consumption, and fosters a strong culture of sustainability. Employees are encouraged to integrate green lifestyles into their daily routines. Paperless operations are implemented, with contracts and approvals using electronic seals. Staff are urged to reduce paper waste, set air conditioning at reasonable temperatures, and turn off electrical devices when leaving the office. Through these practical actions, the Group responds to the national low-carbon development strategy and collectively contributes to sustainable development.

### Industrial Park Greening ◆

The Group's headquarters and production sites are scientifically planned to maximize green space. Trees, shrubs, and groundcover are arranged in layered combinations, with a diverse selection of native plant species. This not only enhances the aesthetic environment but also effectively improves regional biodiversity. Through photosynthesis, the plants absorb carbon dioxide and release oxygen, contributing to improved air quality.



● Garden-like Factory Area

## | Ecosystem and Biodiversity Protection

As global concern for biodiversity increases, the Group remains committed to monitoring and proactively addressing potential effects of its daily operations and production processes on the ecosystem and biodiversity. The Group strictly complies with regulations and policies such as the *Opinions on Further Strengthening Biodiversity Protection* and the *Soil Pollution Prevention and Control Law of the People's Republic of China*, and has established the *Environmental Protection Management Responsibility System* to implement environmental responsibilities and prevent sudden ecological and environmental pollution incidents.

### Ecological Environmental Protection

The Group upholds a strong sense of responsibility for ecological protection. In project planning and implementation, it rigorously follows the "Three Simultaneities" principle, adopting an eco-friendly approach to control environmental impacts at the source, ensuring that production and operational activities do not harm marine or terrestrial ecosystems.

To fully understand the actual impact of operations on the surrounding environment, the Group conducts regular systematic monitoring of surface water, groundwater, air quality, and noise levels within the plant area. This ensures that all environmental indicators comply with national and local standards. In addition, the Group develops an annual self-monitoring plan for soil and groundwater, and regularly entrusts third-party institutions to carry out soil and groundwater pollution monitoring and assessment, and prepares soil and groundwater hidden hazard investigation reports.

In 2025, the Group continued to improve its ecological monitoring and assessment system and monitoring network, conducting ecological monitoring across all operational areas, covering key environmental elements such as air, groundwater, and soil. Over the year, a total of 698 self-monitoring activities were carried out at production sites and surrounding monitoring points, with a 100% completion rate of the self-monitoring plans. Monitoring results indicated that local ecological functions were not affected by the Group's production and operational activities.

### Biodiversity Protection

None of the Group's operational or production sites are located within globally or nationally designated important or sensitive biodiversity protection areas. Prior to construction, ecological and environmental baseline surveys are conducted for all projects, fully considering ecological integrity and biodiversity protection requirements. This ensures that project site selection aligns with relevant planning and does not significantly impact the regional ecological environment or species diversity. The Group adheres to the principle of ecological priority, and all future new projects will proactively avoid designated protected areas.

## Rational Resource Allocation

### | Governance

#### Energy Management

To promote green and low-carbon development and enhance both energy efficiency and the Group's economic performance, Tayho has formulated and implemented the *Energy Management Measures* and *Integrated Energy Solutions*. Each business unit, workshop, and team is designated as the primary responsible party for energy management. The Group strictly enforces energy-saving targets and responsibilities, establishes energy-saving incentive mechanisms, and drives the scientific and standardized implementation of energy conservation initiatives.

Tayho has established the Sustainability Assurance Center to centrally manage the Group's energy resources. The center is responsible for reviewing and supervising energy management systems, energy-saving plans, implementation of energy-saving technologies, and energy consumption statistics, as well as preparing carbon emission reports. In addition, the Sustainability Assurance Center leads investigations and analyses of energy-related incidents and participates in the Group's energy efficiency technology upgrades.

As of the end of the reporting period, the Group and certain subsidiaries have obtained ISO 50001 Energy Management System certification.



● Energy Management System Certificate

#### Water Resource Management

Tayho thoroughly implements water-saving initiatives and enforces specialized management systems to effectively reduce inefficient water consumption. The Group continues to invest in water recycling and reuse projects, enhancing water use efficiency through measures such as establishing water usage ledgers, promoting water-saving technologies, and optimizing cooling water circulation and reuse.



## Strategy

Tayho is committed to promoting efficient resource management and the transition to a circular economy. The Group closely monitors resource markets, recycling technologies, and policy developments, identifies key issues, accurately assesses risks and opportunities, optimizes resource allocation, and innovates business models. By enabling high-quality development through efficient resource use, the Group steadily advances the construction of a circular economy.

Risk Type	Description	Explanation of Financial Impact	Likelihood of Occurrence	Impact Magnitude	Impact Duration	Impact on Value Chain	Response Measures
Resource price fluctuation	Resource prices fluctuate due to market supply and demand, policy adjustments, and other factors, directly affecting the Group's production costs and potentially causing supply chain disruptions and interference with production schedules.	Cost increase	Medium	Medium	Mid-term	Upstream Operations	<ul style="list-style-type: none"> <li>◆ Pay close heed to government policies, and make early adjustments for adaptation to policy changes;</li> <li>◆ Research and develop production processes with low energy consumption and high efficiency to reduce consumption of resources during production.</li> </ul>
Recycling technology failure risks	During the application of waste resource recovery technologies—for example, the resource recovery process in temporary salt storage—technical limitations, equipment aging, improper operation, or complex raw materials may lead to low resource recovery efficiency, resource waste, or even secondary pollution, thereby increasing pollution control costs and affecting project profitability and sustainability.	Cost increase Goodwill damage	Low	Medium	Short-term	Operations	<ul style="list-style-type: none"> <li>◆ Increase investment in the research and development of recycling technologies to achieve technological improvement and better applicability;</li> <li>◆ Enhance employee training on recycling technologies to promote their capabilities of applying technologies;</li> <li>◆ Establish risk assessment mechanisms to promptly identify and resolve problems in technology applications.</li> </ul>
Opportunity Type	Description	Explanation of Financial Impact	Likelihood of Occurrence	Impact Magnitude	Impact Duration	Impact on Value Chain	Response Measures
Circular economy opportunities	<ul style="list-style-type: none"> <li>◆ Government circular economy support policies can provide tax incentives and subsidies, helping to reduce project costs;</li> <li>◆ Downstream market demand for waste resource recovery can enable the Group to develop new businesses, improve performance, and enhance its social responsibility image and brand value.</li> </ul>	Increase in revenue Goodwill gain	Medium	Large	Long-term	Operations Downstream	<ul style="list-style-type: none"> <li>◆ Develop efficient transformation technologies (e.g. for recycling of aramid production waste);</li> <li>◆ Develop appropriate strategies in response to dynamic policies for circular economy;</li> <li>◆ Step up the research, development and application of recycling technologies to secure a technologically leading position of the Group in the circular economy field.</li> </ul>



## Impact, Risk, and Opportunity Management

Efficient resource management and the exploitation of energy-saving potential are key to improving corporate performance and promoting sustainable development. The Group incorporates resource utilization and circular economy elements into its risk control system, ensuring that the resource management framework is fully aligned with the Group's resource policies. At the same time, multiple measures are implemented to continuously optimize resource performance, with a focus on building an efficient and sustainable core corporate competitiveness.



## Metrics and Targets

The Group's 2025 energy consumption targets are based on 2024 energy usage, aiming for a 1% reduction in energy intensity.

Item		Unit	Energy Baseline	2025 Energy Target	Achievements in 2025
The Group Level	Comprehensive Energy Consumption per Unit Output Value	tce/RMB 10,000	<b>0.3000</b>	<b>0.2970</b>	<b>0.2910</b>
	Comprehensive Energy Consumption per Unit Product	tce/ton	<b>2.3177</b>	<b>2.2945</b>	<b>2.2890</b>

### Key Metrics (2025) ✓

Total Direct Energy Consumption	<b>34,501.11</b> tce	Natural Gas	<b>2.41</b> million m <sup>3</sup>	Coal	<b>38,176</b> Tonnes
Total Indirect Energy Consumption	<b>134,166.29</b> tce				
Total Purchased Electricity	<b>375,400,260</b> kWh	Total Purchased Heat	<b>2,580,000</b> GJ		
Total Energy Consumption	<b>168,667.40</b> tce	Energy Consumption Intensity	<b>46.91</b> tce/RMB million in revenue		

### Key Metrics (2025) ✓

Total Freshwater Consumption	<b>1,318,118</b> Tons	Total Water Consumption	<b>56,301,183</b> Tons	Including: Fresh Water Consumption	<b>1,318,118</b> Tons
Including: Total Water Recycling and Re-use Volume	<b>54,983,065</b> Tons	Water Consumption Intensity	<b>15,660.20</b> tons/RMB million in revenue		

## Resource Management

### Energy Utilization ◆

To continuously improve energy efficiency and reduce production energy consumption, the Group implements a multi-faceted approach covering energy measurement, technological upgrades, equipment retrofitting, lighting optimization, and heating energy savings. The specific measures are as follows:

Energy Metering	<ul style="list-style-type: none"> <li>Energy metering efforts are enhanced by improving energy metering management systems, processes and procedures, establishing an energy metering network, and keeping use and maintenance of energy metering instruments under strict control.</li> </ul>
Energy Conservation Technologies	<ul style="list-style-type: none"> <li>International advanced technologies and equipment, such as clean production technology, continuous polymerization technology, fully automated spinning technology and winding technology, are adopted, having improved labor productivity and product quality, and reduced energy consumption in production.</li> </ul>
Power-saving Renovations	<ul style="list-style-type: none"> <li>Variable frequency control is applied to all types of motors;</li> <li>Energy-efficient transformers are used in replacement of highly energy-consuming ones;</li> <li>Motors adopt improved motor-driven system regulation and improved process-driven speed regulation to optimize the operation and control of the motor systems.</li> </ul>
Proper Lighting	<ul style="list-style-type: none"> <li>Energy-efficient lamps are selected based on actual needs, and mixed lighting is applied to satisfy different illumination requirements;</li> <li>Lighting lines are provided with voltage stabilizers and energy-saving devices to stabilize the voltage and reduce the voltage at lamps;</li> <li>Intelligent control devices, including sound control, light control and touch switches, are installed to control voltage, brightness and switching timing;</li> <li>Natural light is the first choice.</li> </ul>
Equipment Power Saving	<ul style="list-style-type: none"> <li>The heat exchange between exhaust gas and fresh air is leveraged for cold (heat) recovery and reduction of the cooling (heating) load;</li> <li>Heating pipelines are made of efficiently molded heat-insulating material to reduce heat loss due to radiation;</li> <li>Proper maintenance and management of steam traps and thermal valves are carried out; new steam traps are used to keep the steam leakage rate below 2%, and ensure effective recovery and reuse of condensate;</li> <li>Comprehensive analysis and evaluation of system design and operating parameters, heating quality, energy efficiency and other technical indicators are conducted from a holistic perspective of heat sources, heating system and heat users for optimizing the operation of the heating system and reducing energy consumption;</li> <li>Heat exchangers are regularly descaled to improve the heat exchange efficiency and reduce steam consumption;</li> <li>Filter unblocking, heat exchanger defrosting and condenser descaling of air conditioning equipment are conducted.</li> </ul>

### Cascade Use of Steam Waste Heat - Steam Turbine Power Generation + Water Pump Linkage

Heat from pressurized high-temperature steam is used. The power of a single generating unit is **500** KW, and that of a water pump is also **500** KW. After being put into operation, the project will have an annual power generating capacity of about **3** million kWh, and the water pumps can save about **3** million kWh, realizing approximately **20,000** t less carbon dioxide emission a year.

### Cascade Utilization of Steam Waste Heat - Steam Waste Heat Recovery by Lithium Bromide Units

With the heat from steam condensate, the unit can achieve a cooling capacity of up to **1,000** KW; each year, it can save power of approximately **1.3** million kWh, and reduce carbon dioxide emission by approximately **8,000** t; the steam condensate temperature can be lowered to below **50°C**.

## Water Resource Utilization

Tayho implements rational allocation of water resources following the principles of “attaching equal importance to exploration and conservation, prioritizing conservation, regarding pollution control as fundamental, making scientific exploration and pursuing integrated use”.

Water Consumption Metering	<ul style="list-style-type: none"> <li>Water meters of primary, secondary and tertiary levels are provided, and water consumption records are established.</li> </ul>
Water Conservation Technology	<ul style="list-style-type: none"> <li>Water conservation technology is adopted and promoted by introducing water-saving fixtures to improve the water efficiency and realize water conservation;</li> <li>Relevant devices or facilities are employed to ensure cooling water recirculation and recycling;</li> <li>Pipelines causing hydraulic imbalance are provided with pressure-balancing devices that can be adjusted to reduce the pump heads.</li> </ul>
Atmosphere Cultivation	<ul style="list-style-type: none"> <li>Individuals and collectives with outstanding performance in water conservation are rewarded, so as to fully motivate and engage all employees in water-saving initiatives.</li> </ul>

### High-Elongation, Low-Modulus Para-Aramid Industrialization Project

The High-Elongation, Low-Modulus Para-Aramid Industrialization Project at Tayho's Taiyuan Road plant, completed in May 2022, treats spinning wastewater through a sequential process of pretreatment, concentration, MVR evaporation crystallization, and refined reverse osmosis, achieving full-process reuse and ultimately zero discharge. The project is designed for a treatment capacity of 65m<sup>3</sup>/h, and in 2025 it saved approximately 0.537 million m<sup>3</sup> of water.

### 12,000-Ton Protective Para-Aramid Project

The 12,000-Ton Protective Para-Aramid Project at Ningxia Tayho Aramid employs advanced wastewater treatment technologies. All water produced from reverse osmosis is fully recycled for production. The resulting sodium chloride meets the industrial Grade II dry salt standard, and the generated calcium sulfate sludge is considered for use as construction gypsum, with the overall process producing no mixed salts. The system is designed for a treatment capacity of 210m<sup>3</sup>/h, and in 2025, the project saved approximately 856,672m<sup>3</sup> of water.

## Clean Energy Utilization

The Group actively promotes clean production technology upgrades. By saving resources, reducing material and energy consumption, and minimizing the use and emissions of toxic and hazardous substances, it gradually builds an efficient clean production implementation system centered on technological advancement.

At the same time, the Group actively develops solar photovoltaic (PV) green energy, constructing distributed PV power stations on factory rooftops, parking lots, and other available spaces. The cumulative installed capacity reaches 4.2MW, generating 6 million kWh annually and reducing carbon emissions by an average of 4,000tons per year.

### Taiyuan Road Campus 4.09MW PV Project Successfully Connected to the Grid

In 2025, the Group's first megawatt-level photovoltaic project—the 4.09 MW distributed PV power project at the Taiyuan Road Campus, constructed by Yantai Energy Company—was officially connected to the grid, serving as a model for “PV + industrial” integration. The project adopts an energy performance contract (EPC) model, with third-party investment and construction, operating on a “self-consumption with surplus fed to the grid” basis. It is expected to generate 5.2 million kWh of green electricity annually, saving over RMB 1 million in electricity costs each year, reducing Co<sub>2</sub> emissions by approximately 4,420tons, and effectively lowering rooftop temperatures during summer.

After commissioning, the project is maintained through a combination of manual inspections and drone-based patrols to ensure efficient, safe, and stable operation. Going forward, the Group plans to advance Phase II of the project and construct “integrated PV-storage-charging” parking facilities, explore industrial energy storage and distributed wind power applications within the campus, continuously optimize the Group's energy structure, support the development of a national-level “green supply chain enterprise”, and promote the Group's green, low-carbon, and high-quality development.



## Metrics and Targets

### Management System

The Group is committed to green and low-carbon development, continuously promoting the use of recycled materials and the construction of a circular economy. During the reporting period, the Group and certain subsidiaries obtained RCS certification, further standardizing the use and management of recycled materials and supporting the green upgrading of products and the development of a sustainable supply chain.

The Group optimizes material selection processes to improve raw material recovery rates and explores innovative recycling technologies and models. While ensuring production requirements, it promotes the circular use of packaging materials. Through measures such as optimizing packaging design and establishing recycling channels, packaging materials can undergo multiple production cycles, maximizing resource efficiency and simultaneously enhancing economic and environmental benefits.



### Waste Recovery and Reuse

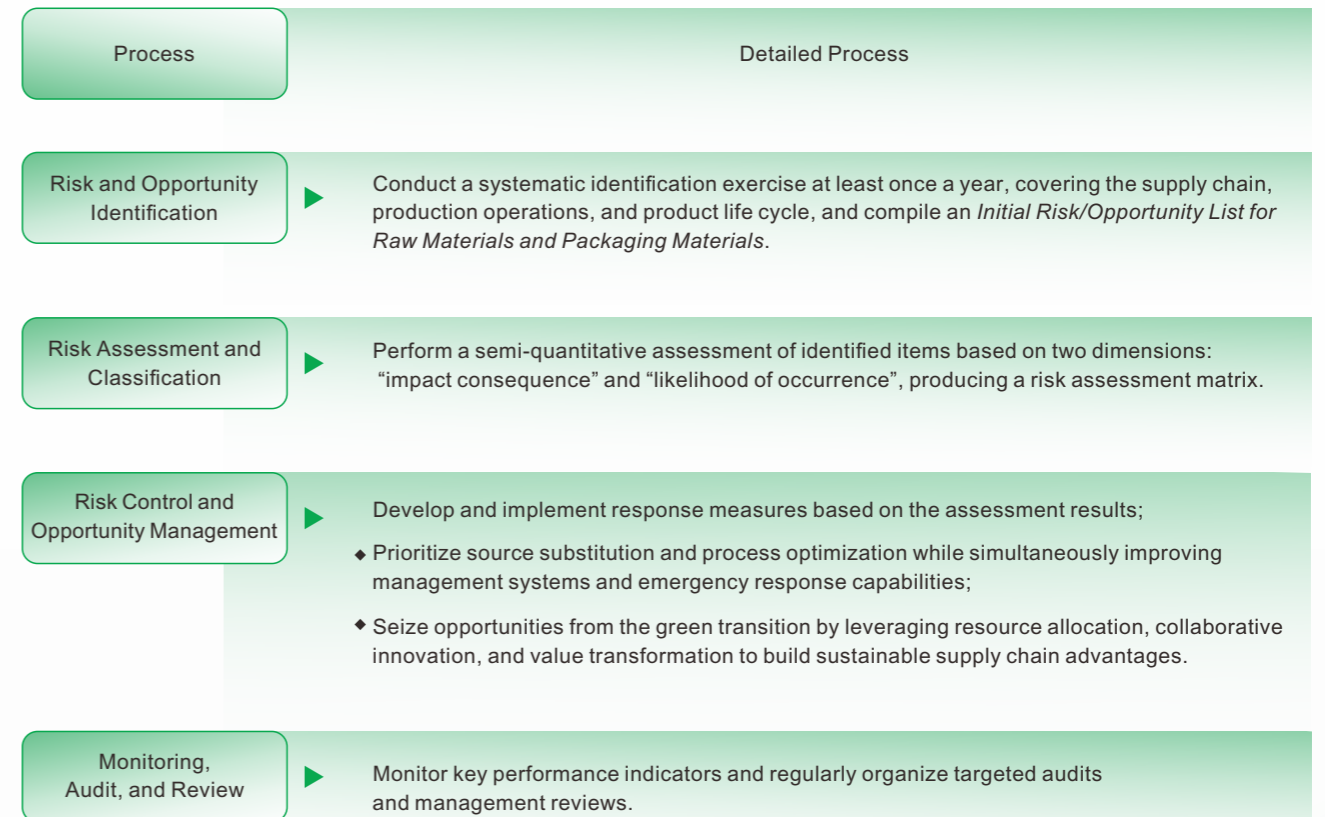
DMAC can be recovered through conventional distillation. This project saves approximately 77,520tons of steam annually, reducing production costs by around RMB 13.8million. Wastewater treatment capacity is increased to 18tons per hour, the quality of meta-aramid is improved, and annual carbon emissions are reduced by 40,000tons.



## Material Risk Management

To systematically identify, assess, control, and monitor the environmental, safety, supply, cost, and reputational risks associated with raw materials and packaging materials throughout their full lifecycle (from procurement and storage to production and disposal), seize relevant opportunities, and promote a green, safe, and efficient supply chain, the Group has established the *Raw Material and Packaging Material Usage Risk Management Procedure*, ensuring the implementation of the Group's strategic objectives.

Tayho's risk management for raw materials and packaging materials follows a cyclical process of identification, assessment, control, monitoring, and review. The specific process is as follows:



## Green Packaging and Design

The Group emphasizes the sustainability of packaging and systematically implements green packaging design and applications. For end-consumer product packaging, it adopts environmentally friendly materials, reduces ink usage and excessive packaging, and clearly communicates environmental information on the packaging. This approach aligns with the brand's sustainability strategy, effectively protecting brand image and enhancing appeal to environmentally conscious customers.

Leveraging its expertise in bio-based fibers, the Group actively promotes technological innovation and market expansion for bio-based and biodegradable packaging solutions. Through internal R&D or collaboration, it explores the use of bio-based fibers for high-end product packaging and provides customers with integrated "green product + green packaging" solutions.

# 04

## Optimizing Supply with Innovation, Expanding Market through Quality and Service

### Our Actions

- Leading with R&D Innovation
- Building Chains of Responsibility
- Ensuring Robust Quality Control
- Offering Outstanding Quality and Service
- Properly Protecting Information Security

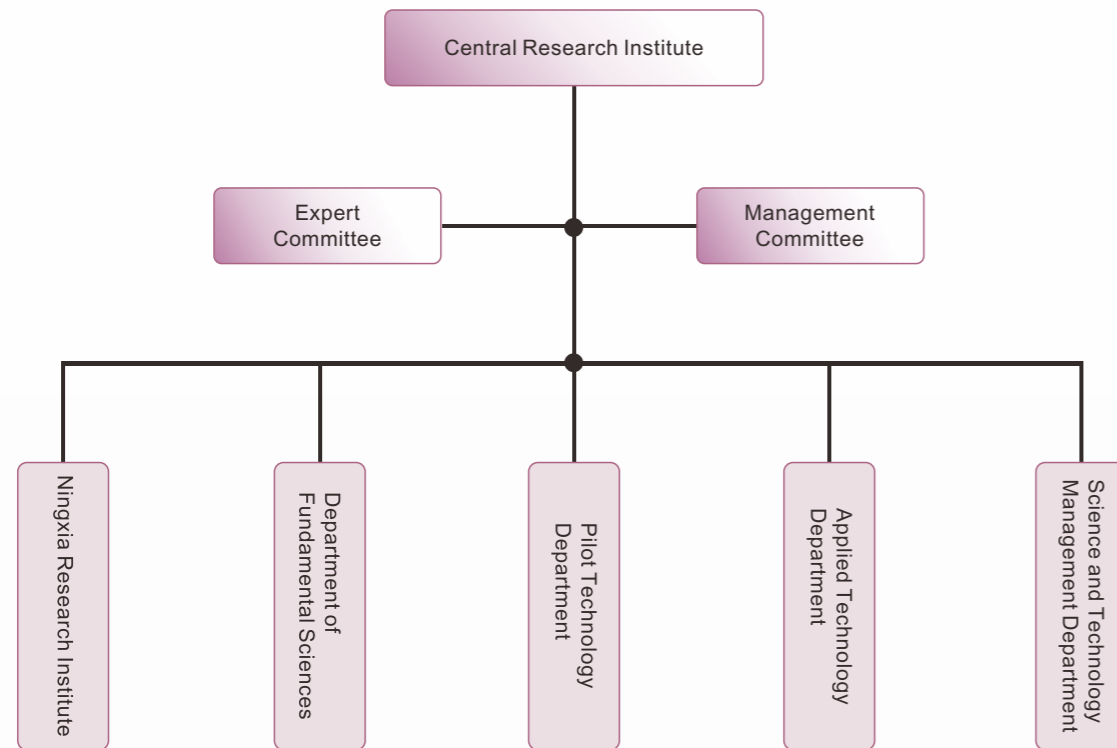
### SDGs



## Leading with R&D Innovation

### Governance

The Group strictly adheres to relevant national laws and regulations and has established systems such as the *R&D Project Management System*, *R&D Fund Management System*, *Basic System for Technological Innovation Management*, and *Technical Archives Management Measures*. These systems systematically standardize R&D processes, ensuring that R&D activities are compliant, orderly, and efficient, providing institutional support for technological innovation and promoting the Group's technological progress and innovative development.



► Organizational Structure of the Research Institute

### Scientific Research Innovation Platform

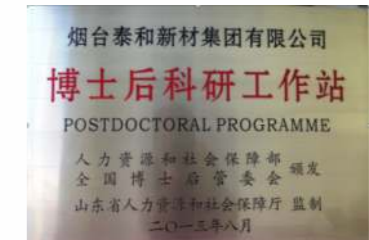
The Group is recognized as a high-tech enterprise, a national exemplary enterprise for sci-tech innovation reform, a national model enterprise for technological innovation, a national champion manufacturing enterprise dedicated to single product market segments, and a national model enterprise for intellectual properties. It operates multiple leading innovation platforms of its industry, including a nationally recognized enterprise technology center, a national aramid engineering and technology research center, Technological Innovation Center of the Aramid Industry in Shandong, and an R&D center for post-doctoral research.

#### Key Performance

As of the end of the reporting period, the Group had established a total of **30** national, provincial, and municipal innovation platforms, including **3** national-level R&D platforms, **13** provincial-level platforms, **2** municipal-level platforms, and **1** company-built R&D platform. The Group also maintains CNAS- and CMA-accredited laboratories, as well as joint laboratories co-established with **9** universities. Additionally, the Group comprises **10** high-tech enterprises, **2** specialized and sophisticated "Little Giant" enterprises, and **3** specialized and innovative enterprises.



High-Tech Enterprise Certificate



Postdoctoral Research Station



Shandong Guangrui CNAS Laboratory Accreditation Certificate



National Enterprise Technology Center



National Aramid Engineering and Technology Research Center

## R&D Team Building

The Group firmly upholds that talent is its primary strategic resource, emphasizing the development of its scientific research management teams. It has established the Tayho Central Research Institute, dedicated to tackling key technological challenges in green chemistry, high-performance fibers, advanced polymer materials, and novel functional composite materials.

### Key Metrics (2025)

#### R&D Team

Total R&D  
Team Members **375** Persons

Proportion of R&D Personnel  
to Total Employees **12%**

#### By Academic Qualification

Below  
Bachelor's  
Degree **120** Persons

Bachelor's  
Degree **130** Persons

Master's  
Degree **114** Persons

Doctoral  
Degree **11** Persons

#### By age

Under 30 (Exclusive)  
Years Old **111** Persons

30 to 40 Years Old  
(Inclusive of 30, Exclusive of 40) **170** Persons

40 to 50 Years Old  
(Inclusive of 40, Exclusive of 50) **79** Persons

50 (Inclusive) to 60  
(Exclusive) Years Old **15** Persons

#### By Gender

Male **273** Persons

Female **102** Persons

### Technological Innovation Awards



"Key Technology for the Production and Engineering of High-performance Differentiated Meta-aramid"  
Special Prize, Shandong Provincial Science and Technology Progress Award



"Mechanistic Innovation of Lunar Flag Enduring Extreme Space Environments and Industrial Application of Derived Technologies"  
First Prize, Hubei Provincial Science and Technology Progress Award



"Key Technologies and Applications for Preparing High-Mica-Content Corona-Resistant Aramid Composites"  
First Prize, Shaanxi Provincial Science and Technology Progress Award

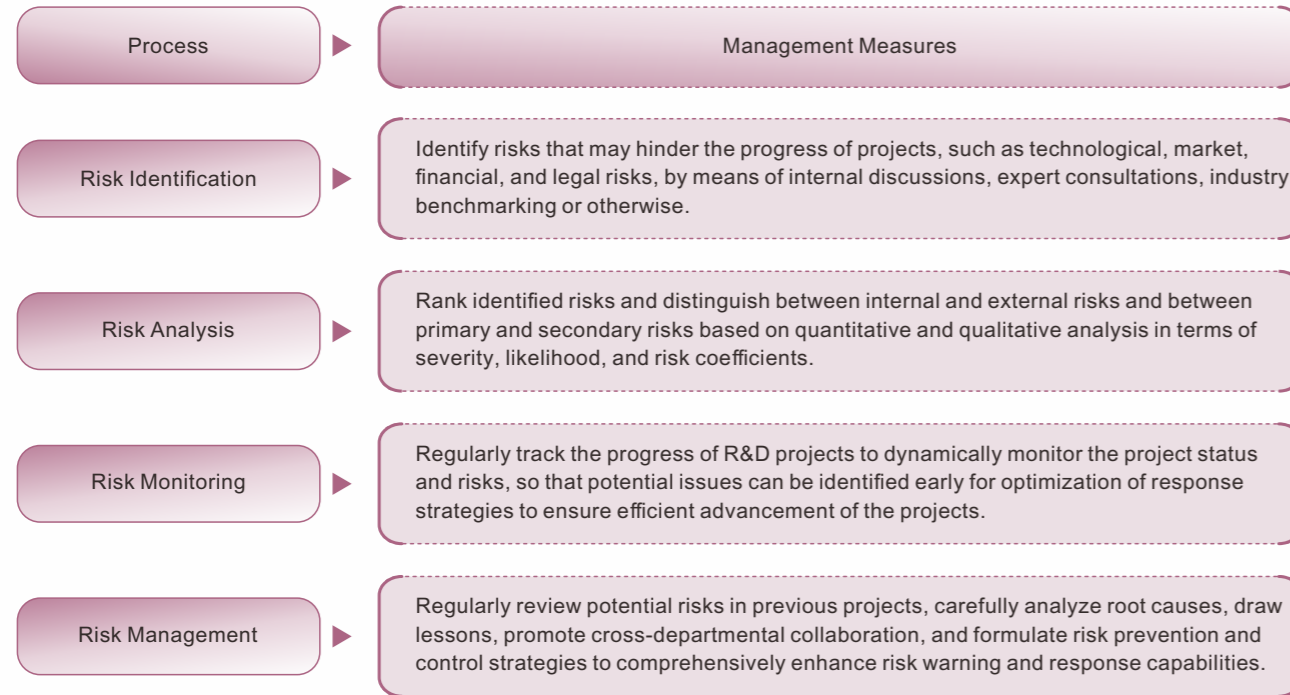
## Strategy

Tayho actively responds to the market's demand for personalization and diversification, continuously improving its R&D system. By closely following technological development trends, accurately analyzing market dynamics, and proactively responding to policy guidance, the Group steadily strengthens its innovation capabilities. At the same time, Tayho emphasizes the cultivation of a high-quality R&D team and the optimization of innovation management mechanisms, providing strong support for long-term sustainable development.

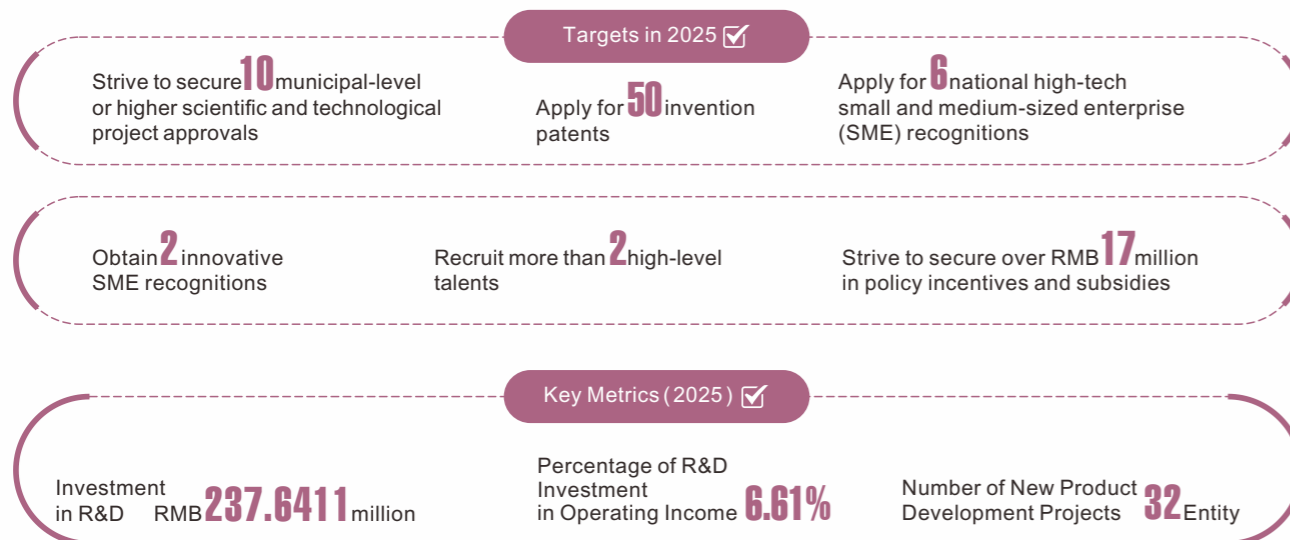
Risk Type	Description	Explanation of Financial Impact	Likelihood of Occurrence	Impact Magnitude	Impact Duration	Impact on Value Chain	Response Measures
Risk of new business expansion falling short of expectations	The expansion, market introduction, and validation of the Group's new businesses all involve certain cycles. If the Group cannot continuously carry out effective R&D and launch technologies and products that meet market demands, new business development may fall short of expectations, which could adversely affect operating performance.	Revenue decrease  cost increase	High	Large	Mid-term	Upstream	<ul style="list-style-type: none"> <li>Adhere to user-centric and market-oriented principles, appropriately allocating resources such as capital, innovation, and talent toward growth businesses, while continuously optimizing related systems and mechanisms;</li> <li>Implement policies such as innovation business co-investment and graduation rewards for projects from the entrepreneurship center to fully motivate core personnel to participate in innovation activities, accelerating the achievement of expected benefits for growth businesses.</li> </ul>
Talent shortage risks	As the Group's business scale continues to expand, there is a risk that the management model and talent reserves for innovation and R&D activities may not keep pace with rapid growth, which could pose certain challenges to the Group's future operations.	Income decrease	High	Large	Mid-term	Upstream	<ul style="list-style-type: none"> <li>Continuously promote organizational structure optimization and upgrades to control mechanisms, implement strategic management, and comprehensively strengthen the risk management system and management capabilities;</li> <li>Further enhance talent recruitment and professional development efforts, optimize compensation and incentive policies, and continuously improve team cohesion and overall effectiveness.</li> </ul>
Market risks	If competitors launch highly influential products and the Group fails to respond in a timely manner, it may affect the formulation of the Group's marketing strategies, thereby impacting sales and profits.	Decrease in market share and profit	High	Medium	Short-term	Operations	Collect market and industry information, closely monitor industry development trends, and gather comprehensive intelligence on market dynamics and competitors.
Intellectual property risks	The technologies used by the project team may infringe on competitors' patents or other intellectual property rights under laws and regulations, preventing the project from proceeding as planned.	cost increase	Medium	Large	Short-term	Operations	<ul style="list-style-type: none"> <li>Before project initiation, conduct intellectual property searches on the relevant processes and technologies to reduce infringement risk;</li> <li>At each project stage and during acceptance, the person in charge conducts intellectual property searches on the relevant processes and technologies and adjusts them promptly as needed.</li> </ul>
Opportunity Type	Description	Explanation of Financial Impact	Likelihood of Occurrence	Impact Magnitude	Impact Duration	Impact on Value Chain	Response Measures
Market opportunities	The emergence of new technologies provides the Group with opportunities to explore new market spaces. The Group will leverage technological development trends, continuously innovate to optimize production efficiency, and accelerate market expansion, thereby increasing market share and driving business growth.	Increase in revenue  market share expansion	Medium	Large	Mid-term	Upstream	<ul style="list-style-type: none"> <li>Establish R&amp;D and innovation platforms such as laboratories and training bases, and actively promote open collaboration and resource-sharing mechanisms;</li> <li>Implement innovation reward mechanisms to effectively motivate employees to engage in new technology development and the commercialization of results.</li> </ul>

## Impact, Risk, and Opportunity Management

To manage risks associated with the R&D and innovation process, the Group regularly conducts risk and opportunity identification and assessment based on actual operational conditions. It produces the *Risk Control Matrix Summary Sheet* and the *R&D Project Risk Warning Form* to systematically identify risk factors in the R&D process, continuously monitor major risk events, and promote the coordinated implementation of risk management and technological innovation.



## Metrics and Targets



## R&D Innovation Management Measures

### Industry-University-Research Cooperation

Tayho upholds the concept of industry-academia-research collaboration, establishing close partnerships with universities and research institutions such as Donghua University, Northwestern Polytechnical University, China University of Petroleum (East China), and the Yantai Advanced Materials and Green Manufacturing Shandong Provincial Laboratory. Through co-establishing joint laboratories and jointly conducting fundamental and applied technology research, the Group jointly promotes technology development and the commercialization of results, continuously driving the upgrade of key technologies and breakthroughs in innovation.

#### Establishment of the Northwestern Polytechnical University-Tayho Joint Laboratory for Functional Aramid Fibers and Composites

In October 2025, the "Joint Laboratory for Functional Aramid Fibers and Composites", co-established by Tayho and Northwestern Polytechnical University, was officially inaugurated. The two parties will collaboratively tackle key technologies in the materials field, with Northwestern Polytechnical University leveraging its research expertise and platform resources, and Tayho providing industrialization experience and engineering capabilities, jointly promoting technology R&D and the commercialization of results.



## Standard Development

The Group adheres to the principle of driving industrial development through standardization and actively participates in the formulation and revision of national, industry, and association standards, covering multiple industrial fields including fibers, optical cables, and rubber, effectively promoting the overall technological level of the industry chain.

During the reporting period, the Group made positive progress in its standardization work. Notably, the *Classification of Technical Textiles* (GB/T 30558-2025), in which the Group participated, was selected for the 2025 National Standard Application Demonstration Project by the State Administration for Market Regulation, and *Arc Flash Protective Fabric* (FZ/T 64120-2025) was selected for the 2025 Industry Standard Application Demonstration Project by the Ministry of Industry and Information Technology.

As of the end of the reporting period, the Group had participated in the development of **13** standards, including **9** additional standards currently under development or revision.

Participation of Tayho in Standard Development in 2025

S/N	Standard Number	Item	Type of Standard
1	GB/T30558-2025	Classification of Technical Textiles	National Standard
2	GB 31420-2025	Requirements for Toxic, Hazardous and Restricted Substances in Personal Protective Equipment	National Standard
3	GB 36889-2025	Norm of Energy Consumption per Unit Productions of Chemical Fibers	National Standard
4	GB/T 45270-2025	Man-made Fibre - Test Method for Tensile Properties of Short-cut Fibre	National Standard
5	GB/T 45359.5-2025	Fibre Ropes for Offshore Stationkeeping - Part 5: Aramid	National Standard
6	GB/T 46185-2025	Liquid Crystalline Polyarylate Filament Yarns	National Standard
7	GB 46309-2025	Protective Clothing - Selection, Use and Maintenance of Protective Clothing Against Flame and Heat	National Standard
8	GB/T 46399-2025	Fibre Grade Para-phenylene Terephthalamide (PPTA) Powder	National Standard
9	FZ/T 12034-2025	Core-spun Colour Yarn of Cotton/Elastane	Industrial Standard
10	FZ/T 64120-2025	Arc Flash Protective Fabric	Industrial Standard

## Industry Engagement

The Group continuously monitors industry trends, actively participates in industry exchanges, and engages in dialogue and collaboration with leading enterprises and professional institutions. By sharing technological achievements and practical experiences, and absorbing cutting-edge technologies and concepts, the Group broadens its development perspective and strengthens its sustainable development capabilities.



► 2025 Annual Meeting of the Aramid Branch of the China Chemical Fibers Association and Aramid Industry Chain Collaborative Development Forum

## Incentives for R&D Innovation

To fully stimulate employees' innovative potential, the Group has established the *Technology Innovation Incentive System*. Through measures such as special bonuses and project performance rewards, employees are encouraged to carry out independent technology R&D, explore breakthroughs in key processes, and respond to emerging market demands, thereby continuously enhancing the Group's technological capabilities and optimizing its product portfolio.

### Key Performance

During the reporting period, the Group disbursed a total of RMB **1.9** million in incentive funds, including RMB **1.48** million for project rewards and RMB **420,000** for intellectual property rewards.

## Protection of Intellectual Property Rights

The Group stays committed to "Intellectual Property-powered High-Quality Development" by continuously optimizing its intellectual property management system with a market-driven approach. By formulating and strictly implementing regulations such as the *Measures for the Management of Patents*, the Group effectively safeguards its intellectual property rights, stimulates employee innovation, and provides strong support for sustainable development.

Long-term intellectual / property targets / Promote the implementation of intellectual property strategies, boost development, protection and application of intellectual property, enhance innovation vitality, safeguard innovation achievements, and facilitate effective industrialization of innovative results.

3-5 year intellectual / property targets / Achieve significantly improved effects of applying intellectual properties, a transformation rate of over 60% for patented technologies within 3-5 years, sales income contributed by products with intellectual property rights comprising more than 70% of the enterprise's total sales.

As of the end of the reporting period, the Group had **481** validly granted patents, having received the National Award for Excellence in Patents, the First Prize for Patents in Shandong Province, and the Gold Award for Patents from China National Textile and Apparel Council. It has established itself as an enterprise with intellectual property advantages. In addition, the Group has obtained certification for the GB/T 29490-2013 Intellectual Property Management System and the GB/T 29490-2023 Intellectual Property Compliance Management System.



Intellectual Property Management System Certification



Intellectual Property Compliance Management System Certification

## Comply with scientific and technological ethics

The Group adheres to the concept of science and technology for good, strictly follows relevant national and industry laws and regulations, and consciously practices the ethical requirements of science and technology. The Group's business does not directly involve scientific research, technology development and other activities in sensitive areas of scientific and technological ethics such as life sciences and artificial intelligence ethics.

## Building Chains of Responsibility

### Governance

Tayho has established a systematic supplier management system. By implementing regulations such as the *Supplier Management System*, *Procurement Management System*, and *External Supplier Control Procedures*, the Group standardizes the processes for supplier development, selection, and management, continuously optimizing procurement efficiency and cost control, and providing support for a stable and reliable supply chain.

#### Tender Procurement Training

In September 2025, the Procurement Center invited a tender agency to provide training on tender procurement to internal staff involved in tender activities as well as members of the internal expert database. The training focused on five core areas: classification of tender procurement activities, processes, departmental responsibilities, practical case studies, and common issues. The objective was to strengthen the professional capabilities of relevant personnel and standardize the conduct of tender procurement activities.



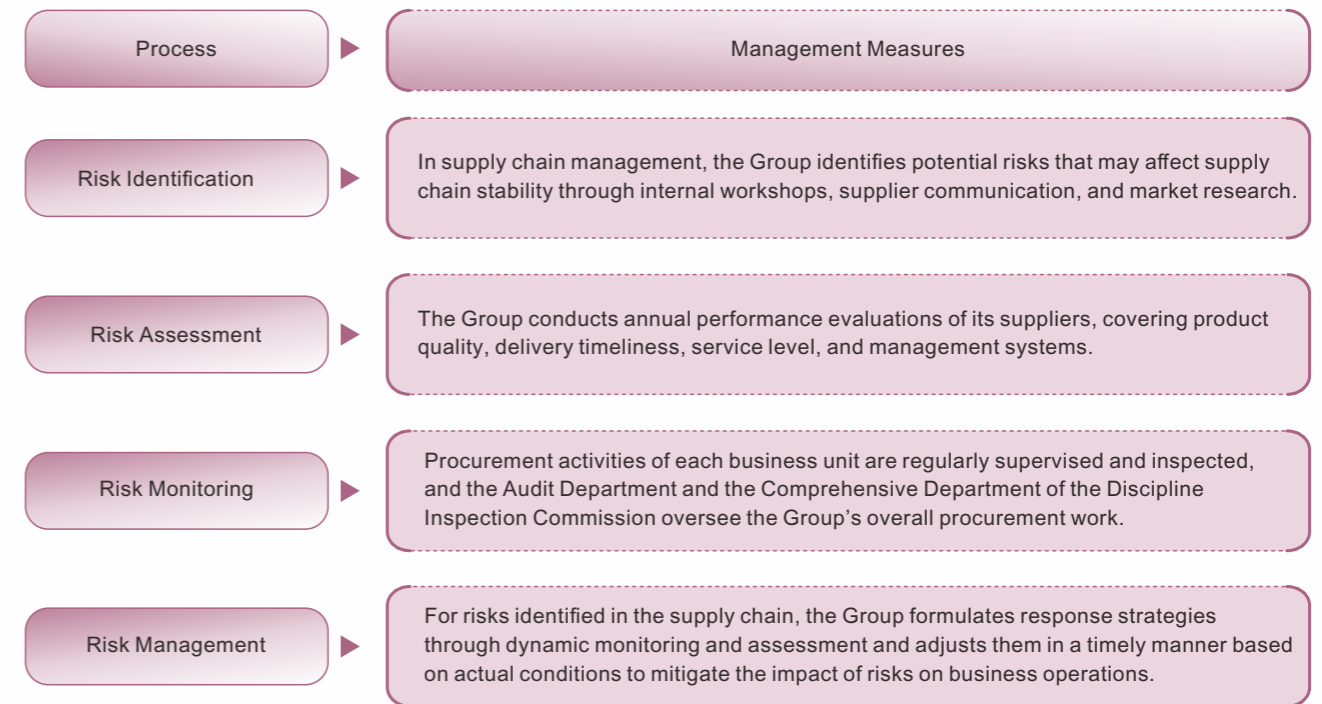
### Strategy

Tayho continuously optimizes its supply chain layout and management processes based on business needs and potential risks, ensuring the stability of production and operations, strengthening its industry competitive advantage, and laying a solid foundation for long-term development.

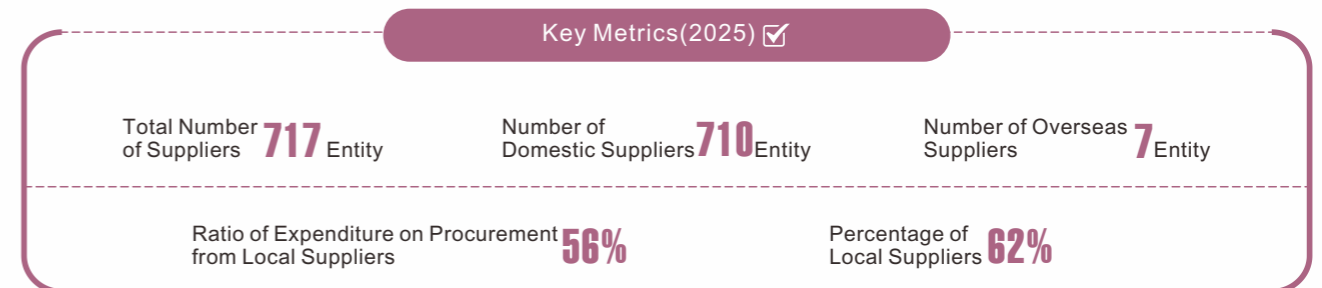
Risk Type	Description	Explanation of Financial Impact	Likelihood of Occurrence	Impact Magnitude	Impact Duration	Impact on Value Chain	Response Measures
Raw material price fluctuation risks	The raw materials required for the Group's production mainly come from coal chemical and petroleum downstream products, whose prices are influenced by multiple factors including the international environment, commodity market trends, environmental policies, and supply-demand dynamics. Significant future fluctuations in raw material prices may affect the Group's profitability.	Cost increase	Medium	Medium	Short-term	Operations	<ul style="list-style-type: none"> <li>Establish long-term and stable partnerships with key suppliers to ensure the continuity and stability of raw material supply;</li> <li>Continuously monitor raw material market trends and strengthen cost control;</li> <li>Actively promote raw material production layout, build an integrated industrial chain, and enhance overall competitive advantage.</li> </ul>
Opportunity Type	Description	Explanation of Financial Impact	Likelihood of Occurrence	Impact Magnitude	Impact Duration	Impact on Value Chain	Response Measures
Digital transformation of the supply chain	The application of digital technologies strengthens collaboration and information sharing across the supply chain, enhancing transparency and coordination efficiency. This enables the Group to respond more agilely to market changes and improves the accuracy and timeliness of decision-making.	Reduction in cost	Medium	Medium	Long-term	Operations	The Group has established a digital procurement platform and fully implemented digital procurement processes to achieve real-time information sharing and transparency, ensuring efficient collaboration and seamless integration across upstream and downstream supply chain partners.

## Impact, Risk, and Opportunity Management

The Group identifies, assesses, and dynamically monitors potential supply chain risks, implementing targeted management measures to ensure the stable operation of the supply chain.



## Metrics and Targets



## Supply Chain Management Measures

### Whole-Life-Cycle Management of Suppliers

The Group implements whole-life-cycle management for suppliers, covering registration, admission, evaluation, classification, and elimination. This approach continuously advances the supplier management system to ensure the stability and reliability of supplier quality and services.

#### Whole-Life-Cycle Supplier Management Process of Tayho

Supplier Access	<ul style="list-style-type: none"> <li>▶ Following registration, the supplier will submit its basic information, certified qualifications and other information for examination and verification;</li> <li>▶ The Group will determine whether a field audit is needed based on the characteristics of goods from the supplier and the materiality of the goods to the production and operation of the Group;</li> <li>▶ In case a field audit is carried out, the supplier is required to submit samples for validation after passing the audit; once validated, the supplier becomes a qualified supplier.</li> </ul>
Supplier Audit	<ul style="list-style-type: none"> <li>▶ Each year, a field audit plan is prepared by the Purchasing Department, and field audits are conducted on a certain number of suppliers selected from the list of qualified suppliers.</li> </ul>
Dynamic Supplier Evaluation	<ul style="list-style-type: none"> <li>▶ Relevant personnel are regularly organized to evaluate suppliers from the aspects of technology, quality, price, service response, management, safety, health, and so on. Based on the evaluation results, suppliers are rated by four grades: A, B, C and D, and corresponding supplier management strategy is adjusted.</li> </ul>
Supplier Classification Management	<ul style="list-style-type: none"> <li>▶ For higher efficiency of procurement management, suppliers are managed by classification according to their respective supply license status, purpose of materials supplied, materiality of supply and strategic importance.</li> </ul>
Inspection and Supervision	<ul style="list-style-type: none"> <li>▶ The supplier management process is subject to supervision and inspection by the Audit Department, Disciplinary Committee and other departments.</li> </ul>
Elimination of Suppliers	<p>A supplier will become disqualified if:</p> <ul style="list-style-type: none"> <li>▶ It gets a Grade D in an annual dynamic evaluation, and fails to improve its weaknesses;</li> <li>▶ It incurs any loss to the Group by reason of product quality, delivery, negligence of duty, integrity defect, etc;</li> <li>▶ It has committed fraud or bribery, or acts otherwise in violation of business ethics.</li> </ul>

### Supplier ESG management

Tayho integrates the concept of sustainable development into supply chain management. Through documents such as the *Social Responsibility Commitment* and purchase-sale contracts with suppliers, the Group clearly defines its responsibilities in areas including labor rights protection, environmental protection, and compliance management. The Group encourages and supports suppliers in establishing and improving environmental and occupational health management systems, aiming to build a fair, transparent, and responsible sustainable supply chain that promotes the synergistic enhancement of social benefits and corporate value.

### Clean Purchasing

The Group places great emphasis on integrity in procurement. It continuously conducts integrity education for procurement personnel through measures such as screening warning educational films, organizing self-discipline conferences, and holding procurement-specific warning and training sessions. These efforts strengthen employees' awareness of integrity, enhance the transparency and standardization of procurement processes, and ensure that procurement activities are conducted fairly, impartially, and openly.

The Group also reinforces anti-corruption risk prevention for key procurement positions. It identifies integrity risk points and their manifestations according to job categories and responsibilities, and establishes safeguards through standardized process approvals, enhanced communication and supervision, and implementation of integrity education, thereby building a robust defense against procurement-related corruption risks.

### Digital Empowerment

The Group strictly adheres to national procurement management policies and regulations and, based on its own operations, has established rules such as the *Procurement and Supply Chain Management System*, defining the supply principles of "safety, timeliness, economy, and sustainability". By building a unified digital procurement platform, the Group fully implements digital procurement, strengthening end-to-end management and monitoring, further standardizing procurement practices, and achieving cost reduction, efficiency improvement, and risk control. At the same time, the Group conducts regular procurement performance evaluations, continuously optimizes the supply chain management assessment system, and promotes the ongoing professionalization and refinement of procurement management.

### Equal treatment of SMEs

The Group treats all cooperative enterprises equally, provides equal participation opportunities for small and medium-sized enterprises in supply chain management, helps them grow and develop, achieves mutual benefit and win-win results, and protects the legitimate rights and interests of small and medium-sized enterprises. The Group strictly adheres to its commercial credit and resolutely puts an end to the situation of arrears of payments to suppliers. There are no cases of overdue payments to small and medium-sized enterprises during the reporting period.



## Ensuring Robust Quality Control

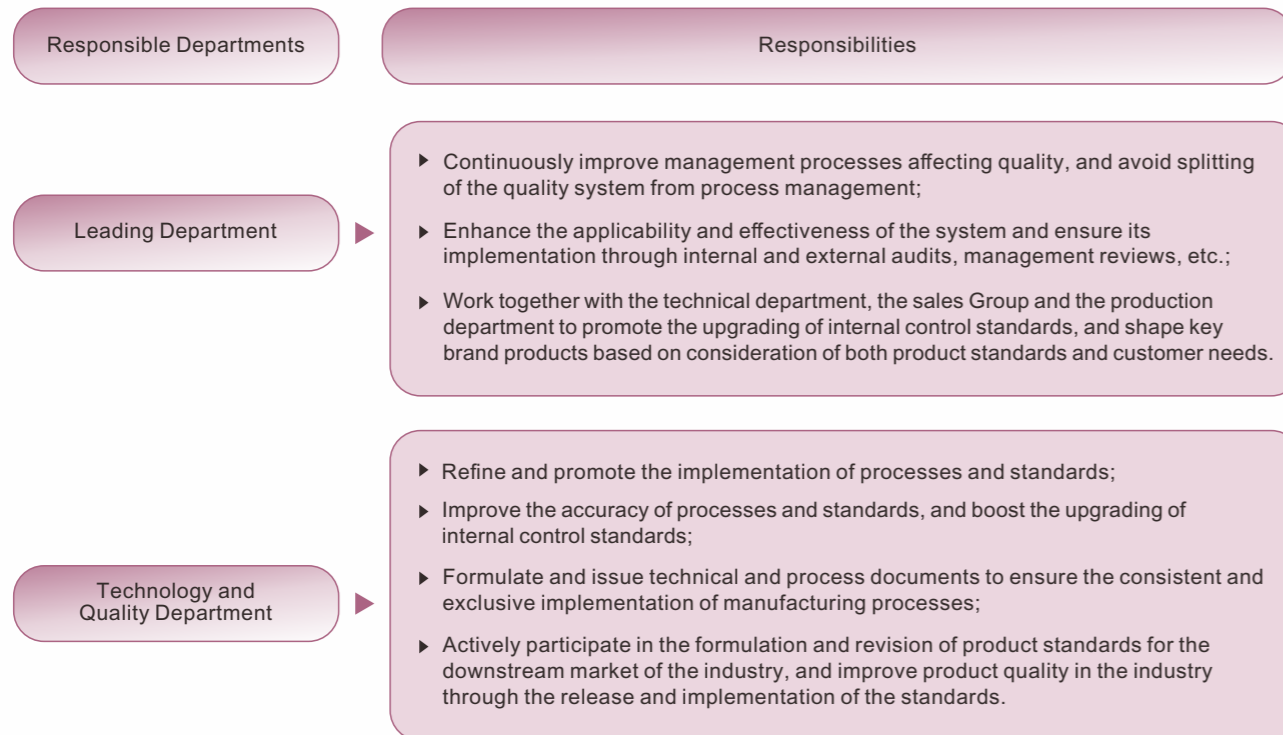
### Governance

#### Management System

Following the quality management policy of “Lean Management, Continuous Innovation, Customer First, Pursuit of Excellence”, the Group has formulated a *Management Handbook* and established an organizational management system based on its actual situation. Responsibilities of management officers at all levels are specified and the management system strictly implemented to ensure supply of premium products and services to customers.

In the quality management system, it is the responsibility of the President to lead quality management work and determine management policies to be implemented. Functional departments are required to coordinate with each other in pursuit of refinement and efficiency, starting from such fundamental links as the quality management system and process standards. The Group applies 6S management for production operations, standardized management (SOP) for on-site operations, and consistency management for process documents, having formed a perfect product quality assurance mechanism.

#### Product Quality Assurance Mechanism



As of the end of the reporting period, the Group has obtained ISO 9001:2015 Quality Management System certification, IATF 16949:2016 Automotive Quality Management System certification, and OEKO-TEX® STANDARD 100 Eco-Textiles certification.



IATF 16949:2016  
Quality Management  
System Certification



ISO 9001:2015  
Quality Management  
System Certification



OEKO-TEX® STANDARD  
100 Eco-Textiles Certification



#### Quality Management Training

To continuously improve product quality, the Group conducts systematic, multi-dimensional quality training, covering weekly quality lessons, textile-focused sessions, IATF 16949 internal auditor training, and quality benchmark experience learning, among other programs. These initiatives aim to continuously enhance employees' quality awareness and professional skills.



Quality Benchmark Experience Learning

#### Key Metrics

Number of Participants  
in Quality  
Culture Training **4,250** Person-time

Total Hours of  
Quality Culture  
Training **4,293** hours

Sessions of  
Quality Culture  
Training **9** times

## Strategy

The Group regards product quality as its foundation, strictly adheres to national regulations and high industry standards, and comprehensively evaluates key factors affecting quality and safety. Through systematic risk control and proactive identification of improvement opportunities, the Group implements precise end-to-end management and continuous optimization, ensuring excellence in product quality.

Risk Type	Description	Explanation of Financial Impact	Likelihood of Occurrence	Impact Magnitude	Impact Duration	Impact on Value Chain	Response Measures
Product quality risks	The quality of the Group's chemical fibers and related products directly affects their performance. Issues such as insufficient strength, elasticity, or wear resistance may impact downstream users, cause customer dissatisfaction, and damage the Group's reputation.	Income decrease  Goodwill damage	Medium	High	Short-term	Operations  Downstream	<ul style="list-style-type: none"> <li>Strictly follow quality management system standards such as IATF 16949:2016 and ISO 9001, continuously improve product quality system policies, and systematically enhance product quality assurance capabilities;</li> </ul>
Product safety risks	If products exhibit chemical residues, allergens, or other safety issues after leaving the factory, this could directly lead to customer returns, harm the Group's financial performance, and affect brand reputation.	Income decrease  Goodwill damage	Low	High	Mid-term	Operations  Downstream	<ul style="list-style-type: none"> <li>Conduct regular quality training to strengthen personnel risk management capabilities and establish clear product recall procedures to proactively control risks and protect corporate reputation and consumer rights.</li> </ul>
Opportunity Type	Description	Explanation of Financial Impact	Likelihood of Occurrence	Impact Magnitude	Impact Duration	Impact on Value Chain	Response Measures
Market opportunities	The Group's products are widely used in fields such as aerospace, automotive, and protective equipment, where demand for high-performance fiber quality is increasing. By continuously delivering high-quality products, the Group can seize market opportunities, enhance market recognition, and increase product value.	Increase in revenue  Goodwill gain	High	High	Long-term	Operations	<ul style="list-style-type: none"> <li>Optimize the production process and enhance the equipment to improve product quality;</li> <li>Make timely improvement in terms of process, cost and quality according to customer demand.</li> </ul>

## Impact, Risk, and Opportunity Management

To systematically manage risks related to product quality, the Group has developed and implemented the *Risk Management Control Procedure*, which requires all departments to regularly identify risks and opportunities and take targeted measures accordingly, enhancing the Group's ability to respond to risks and seize development opportunities.

Risk Identification	Systematically identify risks affecting product quality during production and management processes (e.g., raw material defects, process instability) as well as management gaps, and record them in the <i>Risk Control Matrix</i> for unified oversight.
Risk Assessment	Conduct quantitative assessments of identified risks by evaluating their severity and occurrence frequency to calculate a risk coefficient, and classify risks according to this coefficient for hierarchical management.
Risk Response	Develop targeted response measures based on risk levels, including risk avoidance, mitigation, and acceptance, prioritizing high-risk issues to ensure effective control.
Risk Management	Regularly monitor and review risk management activities to ensure that response measures are effectively implemented, and continuously optimize processes based on review results to enhance the stability of product quality.

## Metrics and Targets

In 2025, the Group set quality objectives for its core products—spandex, meta-aramid, para-aramid—and its subsidiaries, covering key indicators such as finished product yield, first-class product rate, and customer satisfaction, to continuously improve product quality and customer satisfaction.

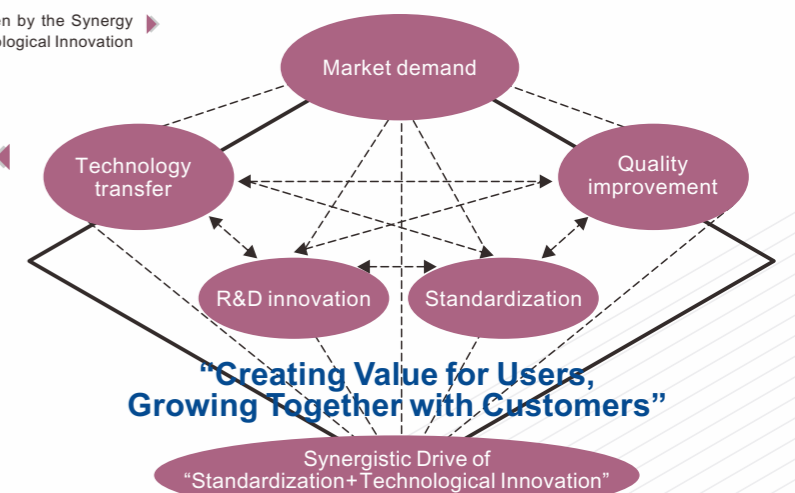


## Product Quality Assurance

### Product Quality Control

Tayho adheres to the market development philosophy of "Creating Value for Users, Growing Together with Customers", viewing product quality as the lifeline of the enterprise. By enhancing the quality of work across all employees, the Group has established a comprehensive quality management model driven by "Standardization + Technological Innovation". Based on the synergy between standardization and technological innovation, the Group builds a quality-based competitive advantage. Using Design of Experiments (DOE) methods to quantitatively analyze process parameters, the Group accurately identifies and controls key factors affecting quality, continuously optimizes production processes, and effectively improves product quality levels.

TQM Diamond Model Driven by the Synergy of Standardization + Technological Innovation



### Production Equipment Management

Tayho places great emphasis on daily supervision, organizing centralized equipment inspections to ensure safety and operational reliability through systematic checks and evaluations. At the same time, the Group strengthens equipment maintenance to extend service life, reduce operating costs, and achieve a balance between economic efficiency and equipment management.



QC	OEKO-TEX
FMEA	ISO45001
DOE	ISO14001
QFD	IATF16949
APQP	ISO9001

## Intelligent Manufacturing ◀

The Group systematically advances the digital transformation and intelligent upgrading of production processes. By implementing LIMS (Laboratory Information Management System) and the Spandex MES (Manufacturing Execution System), it achieves refined control over the entire production process. An industrial real-time database has been established to support comprehensive collection, long-term storage, and efficient analysis of critical production data. The deployment of these systems effectively strengthens process stability and traceability, providing solid technological support for the continuous improvement of product quality.



▶ Spandex MES Manufacturing Execution System



▶ Laboratory Information Management System (LIMS)



## Product Recall ◀

The Group has established a *Product Recall System*, defining recall scenarios and procedures, and conducts regular drills to ensure the timely and effective recall of nonconforming products, along with the implementation of corresponding inspections and handling measures.

A comprehensive traceability system has been developed, covering everything from raw materials to finished products and after-sales service, ensuring that nonconforming products can be fully traced. Product issues are handled by the Marketing Center, reviewed by the Excellence Operations Department, and assessed by the Quality Management Department to determine whether a recall is necessary. For issues not requiring a recall, the Marketing Center, in coordination with the Market and Quality Management departments, addresses them as standard issues. For products requiring a recall, the Group first traces the batch using production and sales records, including raw materials and suppliers, production processes, production teams, inspection records, storage, and sales destinations. Once the situation is clarified, the product defect and specific recall procedures are publicly announced.

## Offering Outstanding Quality and Service

### Customer Service System

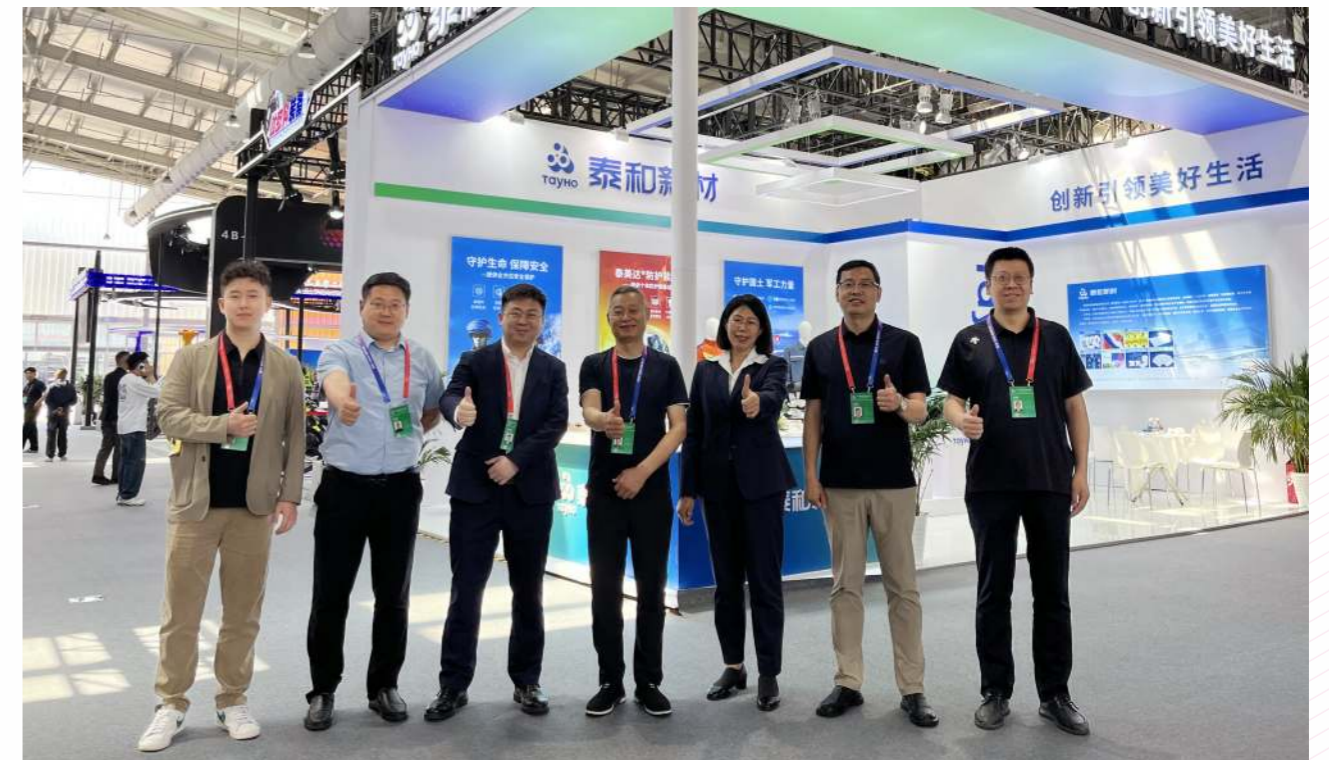
The Group remains customer-oriented, continuously improving its customer service management system, enhancing the professional capabilities and service quality of its teams, and effectively safeguarding customer rights. It is committed to growing and achieving win-win development together with its customers. At the same time, the Group actively expands diversified communication channels, including email, WeChat, telephone, and video conferencing, to ensure accurate and efficient information exchange and further strengthen and deepen customer relationships.

### Customer Satisfaction

To thoroughly implement the core requirements of the Group's quality management system and comprehensively assess customer satisfaction with the Group's products and services, the Group regularly conducts customer satisfaction surveys on a yearly basis. Systematically collecting customer feedback on product quality, technical content and service experience enables the Group to accurately identify customer needs and expectations. Based on survey results, in-depth analysis and summaries are conducted for continuously optimizing products and services, so as to ensure ongoing improvement in customer satisfaction.

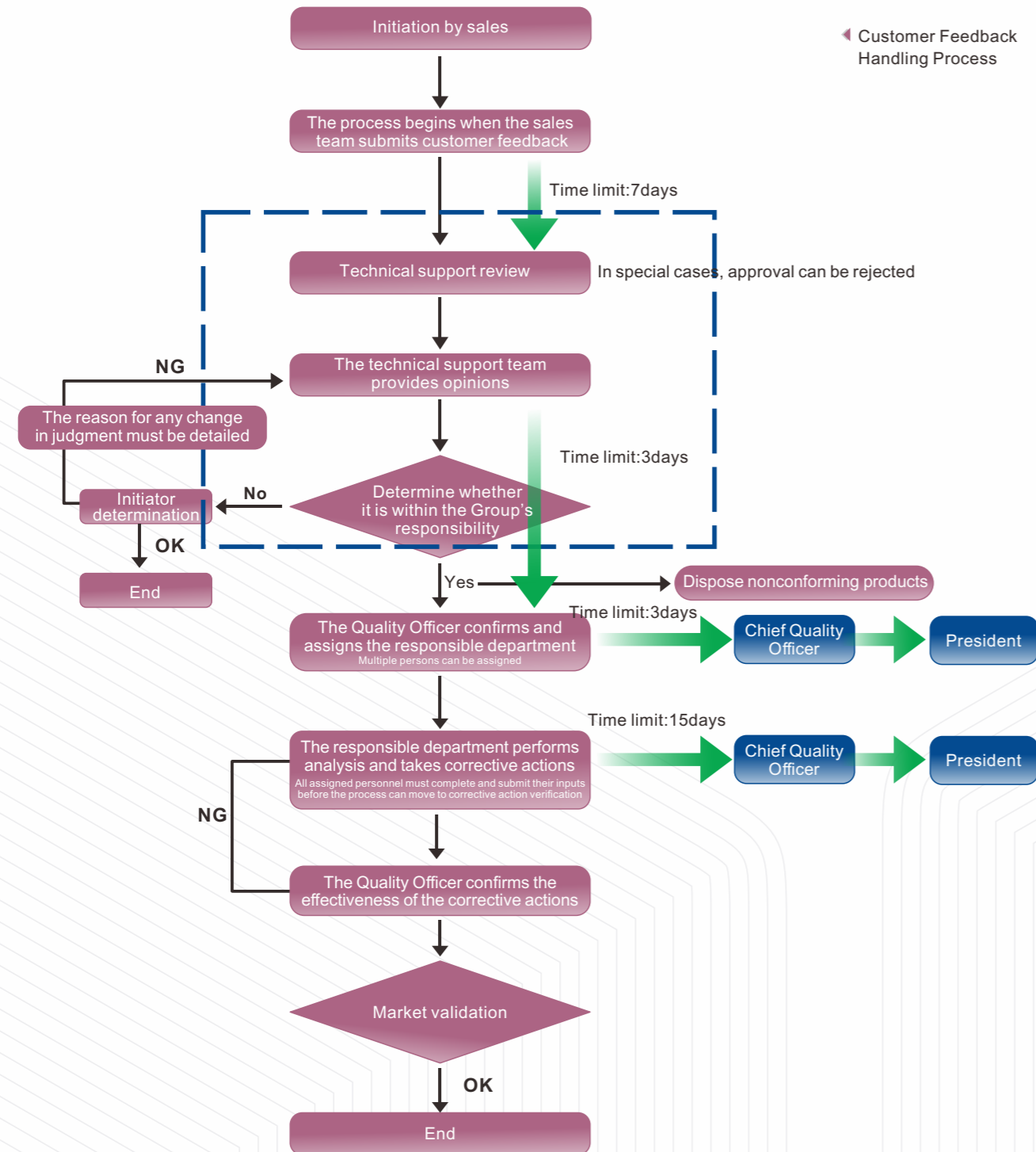
#### Key Performance

In 2025, a total of **176** customers participated in the Group's satisfaction survey, achieving a customer satisfaction rate of **90.75%**.



## Customer Feedback Management

The Group has established systems including the *Customer Feedback Management Regulations*, *Customer Feedback and Satisfaction Survey Control Procedure*, and *Finished Product Quality Feedback Management Regulations*, which define feedback handling processes and standards. These measures enhance the efficiency of feedback management and standardize issue resolution, ensuring that customer feedback is addressed professionally and promptly, thereby strengthening long-term and stable customer relationships.



## Properly Protecting Information Security

### Information Security Management

Tayho strictly complies with laws and regulations such as the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, and the *Personal Information Protection Law of the People's Republic of China*. The Group has formulated and implemented policies including the *Information Security Management System* and the *Network and Information Security Personnel Management System*, and has established a dedicated information management department. Following the principle of "whoever is in charge is responsible", the Group has established a tiered accountability system for information security, clearly defining security responsibilities for information systems at all levels, and continuously ensuring the effective operation of its information security framework.

Responsible Departments	Responsibilities
Information Security Leading Group	<ul style="list-style-type: none"> <li>▶ Approve policies and development plans in relation to information system security in accordance with laws and regulations;</li> <li>▶ Determine the responsibilities of relevant departments and lead the implementation of security measures;</li> <li>▶ Supervise the execution of security measures and make decisions on the handling of significant security incidents;</li> <li>▶ Guide and inspect the performance of functional departments;</li> <li>▶ Establish and improve an organizational structure and management mechanisms for information system security.</li> </ul>
Information Security Functional Departments	<ul style="list-style-type: none"> <li>▶ Draft policies and development plans for the information system security in accordance with laws, regulations and policies;</li> <li>▶ Oversee daily operations concerning security of the organizational information system;</li> <li>▶ Implement security measures and participate in handling major security incidents;</li> <li>▶ Monitor the security of the information system and provide security analysis reports;</li> <li>▶ Set up an emergency response team to handle relevant security incidents.</li> </ul>
Information Security Working Group	<ul style="list-style-type: none"> <li>▶ Oversee the secure operation of the information system, set and manage security mechanisms, collect and analyze security-related information, and respond to security incidents;</li> <li>▶ Centrally manage security mechanisms distributed throughout the information system.</li> </ul>

#### Key Performance

During the reporting period, no major data security incidents or customer privacy leaks occurred.

## Data Security Protection Measures

The Group has established a multi-layered data security protection system by deploying Sangfor hyper-converged virtualization, the VMware virtualization data platform, and the Dell DD6400 as data center backup support. This framework effectively safeguards information security and operational stability, supporting sustainable development.

### Security Measures for Virtualization and Data Center

#### Identity Authentication & Access Control

- ▶ Multi-factor authentication is applied for internal data access and administrator operations to enhance account security;
- ▶ Access permissions for employees of different role levels are regularly reviewed.

#### Log Management & Monitoring

- ▶ Comprehensive logging is enabled on all servers and virtual machines, covering multiple aspects such as user login, permission change and system configuration modification.

#### Application Security

- ▶ All applications are developed following the Secure Development Lifecycle (SDL), with security taken into consideration from the requirements analysis phase, so as to ensure strict compliance with secure coding standards.
- ▶ Regular security scans are conducted on existing applications to identify and fix potential vulnerabilities.
- ▶ For third-party applications, vendors are required to provide the latest security patches, and their security policies are regularly reviewed to ensure compliance with the Group's high standards.

#### Network Isolation

- ▶ Network segmentation is implemented for deployment of different business applications in separate network segments, ensuring strict logical isolation.
- ▶ Detailed network access rules are set to limit unnecessary cross-network communication, minimizing potential security risks.

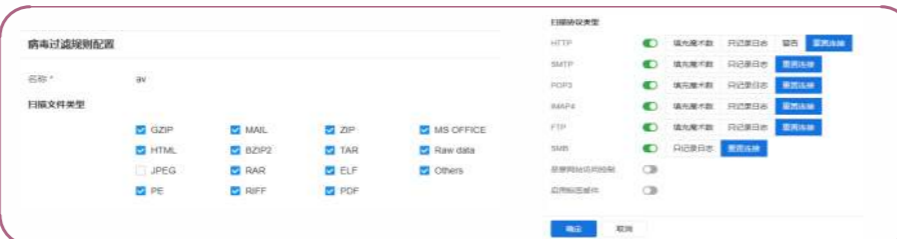
#### Virtual Machine Monitoring and Protection

- ▶ Specialized security software designed for virtualization environments is installed to deeply analyze virtual machine activities, identify abnormal behavior patterns, and promptly issue alerts or take action to prevent threat propagation.

#### High Availability

- ▶ With vSPHERE HA enabled, if a physical host fails, the affected virtual machines will automatically migrate to other healthy hosts for continuing operation, thereby minimizing the downtime.

#### Firewall and Anti-Virus Strategies



## Information Security Training

Tayho places great importance on enhancing employees' awareness of information security and organizes no fewer than two group-wide data security training sessions each year. The training covers topics such as cybersecurity trends and the identification and prevention of social engineering attacks, and incorporates real-world case studies to strengthen employees' ability to prevent data leakage risks in their daily work.

### Confidentiality Training

In July 2025, Tayho conducted a training session themed "Strengthening Confidentiality Safeguards to Protect Information Security". Using five typical cases—including a university teacher losing confidential materials, the sharing of sensitive documents in a WeChat group, and a project manager losing a computer containing confidential information—the training analyzed the causes of information leaks and highlighted corresponding lessons learned, effectively enhancing employees' awareness of confidentiality and their practical capabilities in safeguarding information.



Confidentiality Training

## Emergency Incident Management

In accordance with laws and regulations such as the *Cybersecurity Law of the People's Republic of China* and the *National Cybersecurity Incident Emergency Response Plan*, the Group has established a comprehensive emergency response mechanism for information system incidents and formed dedicated emergency response teams responsible for handling and managing such events. These measures ensure the secure and stable operation of information systems and mitigate the impact of emergencies.

To enhance its capability to respond to data security attacks, the Group regularly conducts information security emergency drills, continuously improves its emergency response mechanisms, and strengthens its capacity to prevent and manage information security risks.

### Information Security Emergency Drill

From August to September 2025, the Group organized an information security emergency response drill, in which simulated systems were subjected to various types of attacks, including SQL injection, DDoS attacks, and social engineering attacks. The emergency technical support team responded promptly, mitigating the attacks by blocking attack ports, patching system vulnerabilities, and activating emergency protection measures. This drill simulated real-world data attack scenarios, effectively strengthening the practical response capabilities of the Group's emergency teams, enhancing cross-departmental coordination, and identifying as well as improving deficiencies in the emergency response plan, thereby elevating the Group's overall information security incident response capability.

# 05

## Uniting Employees to Build Synergy, Advancing Public Welfare for Sustainable Impact

### Our Actions

- Protection of Employees' Rights and Interests
- Employee Democratic Governance
- Employee Training and Development
- Occupational Health and Safety
- Giving Back to Society Through Concrete Actions

### SDGs



## Protection of Employees' Rights and Interests

### Provide Diverse and Equitable Employment

#### Recruitment Management

To further improve the employee recruitment mechanism and standardize recruitment management, the Group has formulated the *Recruitment Management System*, with the Human Resources Department responsible for the annual recruitment plan and related recruitment activities. Additionally, the Group organizes recruitment-related training to enhance the skills of the HR team and hiring managers, supporting the optimization of the Group's recruitment process.

The Group utilizes a diversified recruitment strategy, leveraging campus recruitment, social hiring and internal promotions to attract talents.

In terms of campus recruitment, the Group actively participates each year in university job fairs and presentations related to its business specialties. It also maintains campus recruitment channels by enhancing brand visibility through scholarships and collaborating with universities to establish tailored Tayho Classes for customized enrollment. During the reporting period, the Group participated in five presentations and recruited a total of 63 employees through campus recruitment channels.

In terms of social recruitment, the Group recruits professionals through online job platforms, headhunting agencies, and internal referrals. During the reporting period, it participated in three offline recruitment events and recruited a total of 171 employees through social recruitment channels.

#### Key Performance

During the reporting period, the Group hired **301** new employees ( **35** female, **266** male).

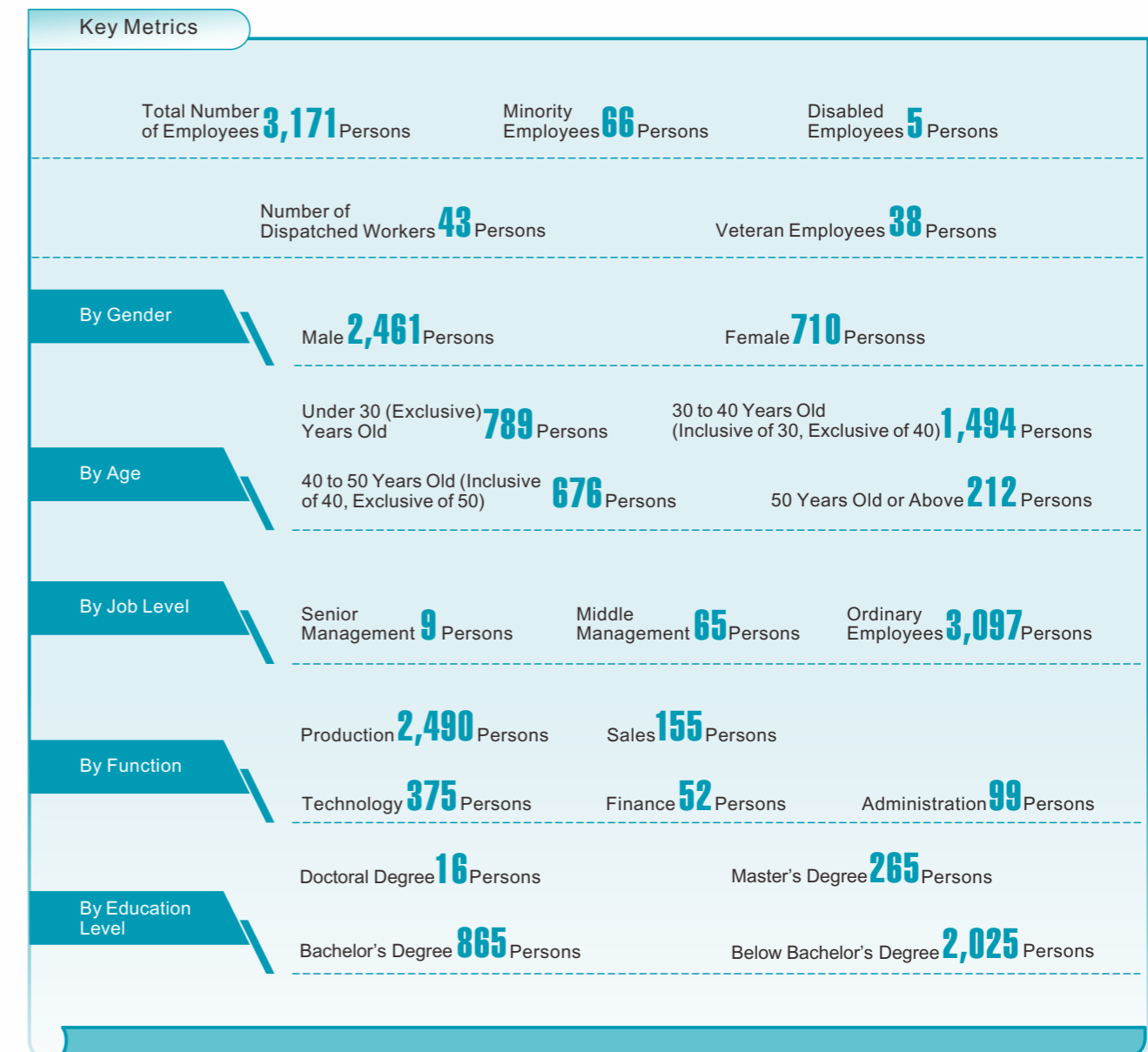


## Diversity, Equality, and Inclusion

### 01 Equality and Diversity

Tayho upholds a governance philosophy centered on diversity, equality, and inclusion, respecting individual differences among employees. The Group firmly opposes all forms of discrimination and ensures fairness and impartiality in key processes such as recruitment, training, and promotion, without any bias based on religion, gender identity, or other personal characteristics. Tayho actively attracts, develops, and retains a diverse workforce, striving to build a workplace founded on mutual respect, free from harassment and discrimination.

During the reporting period, no labor discrimination event occurred in connection with the Group.



## 02 Prohibition of Forced Labor and Child Labor

To effectively safeguard employees' rights to rest and leave, the Group has revised and improved relevant policies, including the *Employee Handbook*, *Attendance* and the *Leave Management Measures*, and the *Regulations on Paternity, Parental, and Care Leave*. Tayho ensures that employment relationships are established on a voluntary and equal basis, strictly prohibiting any form of forced labor. The Group implements an 8-hour workday and a 5-day workweek, guaranteeing employees adequate rest. In cases where overtime is necessary, the Group strictly follows approval procedures and arranges compensatory leave or overtime pay in accordance with the law, thereby fully protecting employees' legal rights.

In addition, the Group strictly implements regulations such as the *Regulations on Prohibiting the Use of Child Labor* and other relevant laws, resolutely preventing the employment of child labor in any position. During recruitment and onboarding, the Group rigorously verifies and reviews the authenticity of employee identity information to ensure that the hiring process is lawful and compliant, effectively avoiding any accidental hiring of minors.

During the reporting period, the labor contract signing rate remained at **100%**.

## 03 Protection of Women's Rights

Tayho places high importance on safeguarding the rights of female employees, strictly complying with the *Law of the People's Republic of China on the Protection of Rights and Interests of Women*, the *Labor Contract Law of the People's Republic of China*, and other relevant laws and regulations. The Group fully implements statutory benefits such as maternity leave and childbirth allowances, providing solid protection for female employees. It adheres to the principles of equal pay for equal work and gender equality, ensuring that female employees enjoy equal opportunities and treatment in recruitment, promotion, training, and compensation and benefits.

Meanwhile, the Group's labor union has established a Women's Committee dedicated to representing and protecting the lawful rights and interests of female employees. The Group continues to promote a gender-friendly workplace culture, striving to create a respectful environment that supports the development of women.

Key Metrics			
Number of Female Managers	<b>20</b> Persons	Proportion of Female Managers	<b>27.03%</b>
Number of Employees Who Took Maternity Leave	<b>44</b> Persons	Number of Employees Who Took Parental Leave	<b>120</b> Persons
Return Rate from Maternity Leave	<b>100%</b>	Total Number of Employees Taking Parental Leave	<b>109</b> Persons
Return Rate from Parental Leave	<b>100%</b>	Return Rate from Parental Leave	<b>100%</b>

Women's Day "Dancing with Flowers · Celebrating Elegance" Flower Arrangement Activity



## Employee Compensation and Benefits

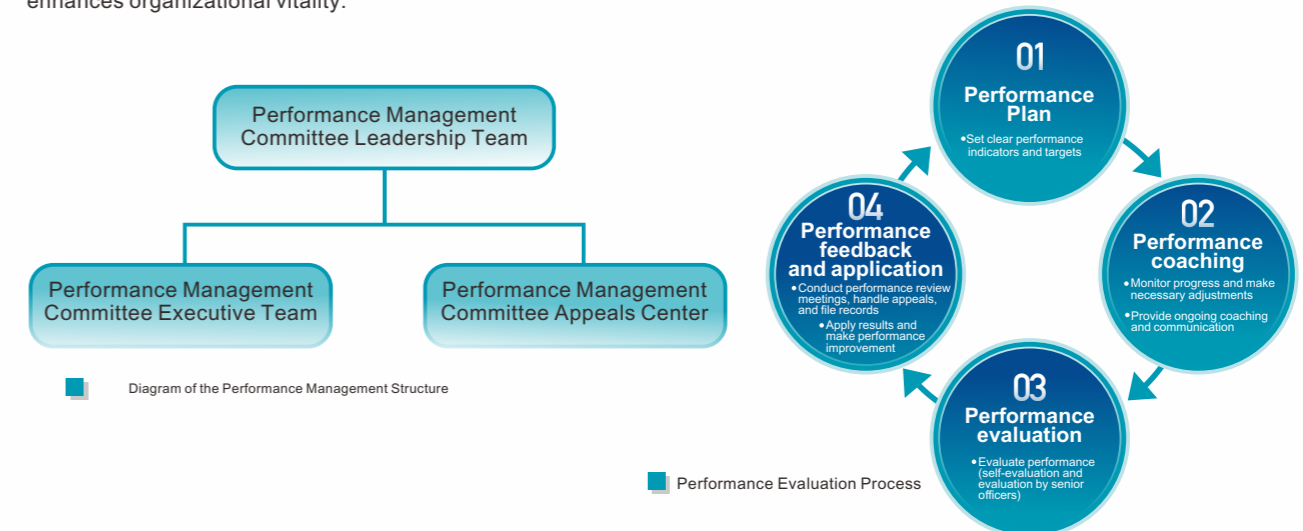
### Compensation Management

Tayho adheres to the compensation principles of "external competitiveness, internal fairness, total salary control, and confidentiality", and has established management systems such as the *Compensation Management System* to build a scientific and standardized salary and performance management framework. The Group's compensation structure consists of base salary, efficiency bonuses, performance bonuses, year-end bonuses, overtime pay, individual bonuses, and benefits and allowances. By benchmarking against market salary levels and making dynamic adjustments, the Group ensures the competitiveness and rationality of its compensation system. Through continuously optimizing its incentive mechanisms, the Group effectively safeguards the stability and development of human resources, providing solid support for promoting high-quality corporate growth.

### Performance Management

#### 01 Performance Appraisal

To further improve the performance management system, the Group has established and implemented the *Performance Management System* and set up a Performance Management Committee responsible for reviewing the system and supervising its implementation, ensuring that the performance management framework operates in a standardized and orderly manner. The Group closely links performance results to performance bonus payouts, year-end bonus distribution, salary grade adjustments, and promotions, forming a scientific mechanism for applying performance outcomes, which effectively motivates employees and enhances organizational vitality.



The Group has established a comprehensive performance management system covering four key stages: performance planning, performance coaching, performance evaluation, and performance feedback & application. Through a systematic management process, the system promotes continuous improvement and development of employees, providing strong support for the Group's stable growth.

#### Key Performance

During the reporting period, **100%** of employees underwent regular performance and career development assessments.

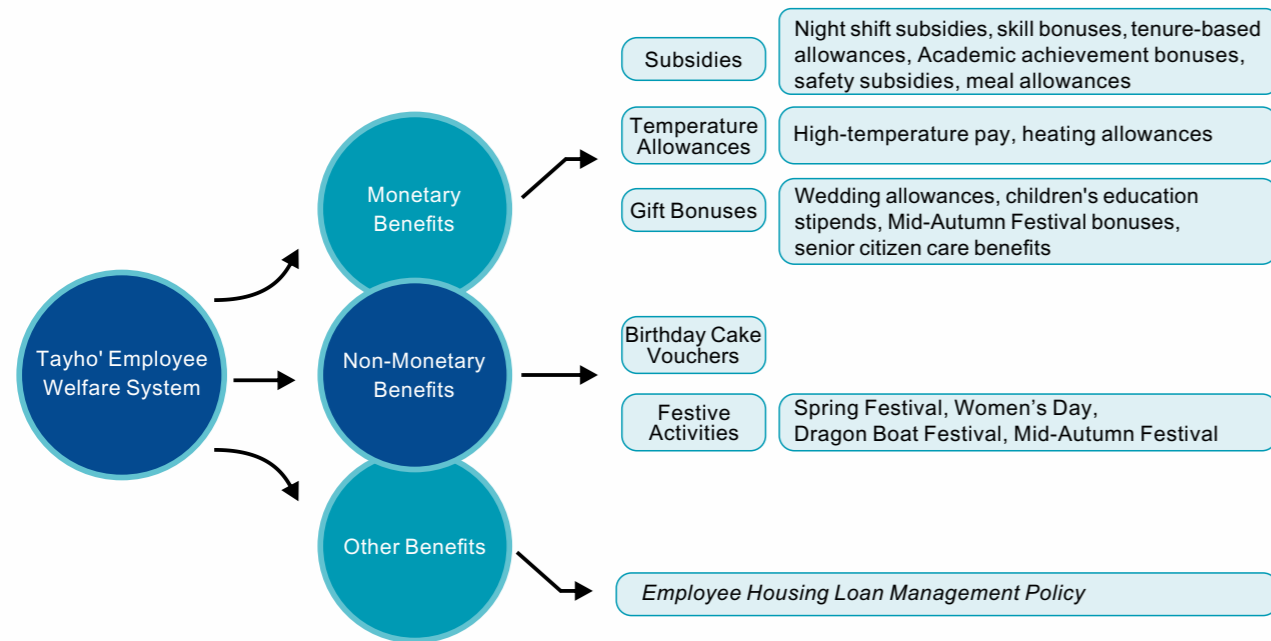
#### 02 Performance Appeals

The Group has established a performance feedback and appeal mechanism. An employee disputing relevant performance evaluation results may appeal in writing to a leader above the immediate supervisor or the Human Resources Department within three (3) working days after corresponding performance review meeting. Within five (5) working days after receipt, the Human Resources Department will call the Performance Management Committee leadership team or the affiliated department to address the appeal, so as to ensure the performance evaluation is fair and just.

## Welfare System

Tayho is committed to providing comprehensive employee benefits. The Group strictly complies with relevant national laws and regulations, legally contributes to social insurance and housing provident funds for employees, and fully implements all statutory holidays, ensuring that employees enjoy a standardized and well-established benefits and welfare system.

The Group provides employees with multiple benefits, including dormitories, free shuttle buses, meal allowances, and high-temperature subsidies. It has also established the *Measures for the Administration of Benefits for Employees on Assignment*, offering relocated employees settlement allowances, housing subsidies, offsite work allowances, and home visit leave during their assignment period. These measures effectively enhance employee job satisfaction and sense of belonging, laying a solid foundation for the Group's sustainable development.



### Key Performance

During the Reporting Period, we achieved a **100%** social insurance coverage.

## 01 Equity Incentives

To continuously improve its incentive mechanism, fully motivate employees' initiative and creativity, and enhance corporate cohesion, the Group implemented a restricted stock incentive plan in 2022. Under this plan, the first lock-up period of the reserved portion of the 2022 restricted stock grant expired on August 16, 2025.

During the reporting period, a total of **65** eligible participants met the conditions for lifting the lock-up, with **377,600** restricted shares eligible for release. The implementation of the incentive plan further promotes the long-term shared development of employees and the Group.

## Care for Employee Life

### Employee Activities

Tayho attaches great importance to employees' mental health and work-life balance, actively organizing a variety of cultural and sports activities to enrich employees' lives. By continuously improving the employee care system, the Group enhances employees' sense of belonging and overall well-being.



"Moving Toward the Mountains - Gathering at Heart" Autumn Hiking Activity



"Fragrant Zongzi for the Dragon Boat Festival" Activity



Pickleball Training Activity

### Employee Support

The Group actively implements a support mechanism for employees facing difficulties, providing targeted and timely assistance to help alleviate their financial or personal pressures. This initiative contributes to building a harmonious, caring, and supportive corporate environment.

During the reporting period, the Group assisted **5** employees in need, distributing a total of RMB **0.121** million in aid.

## Employee Democratic Governance

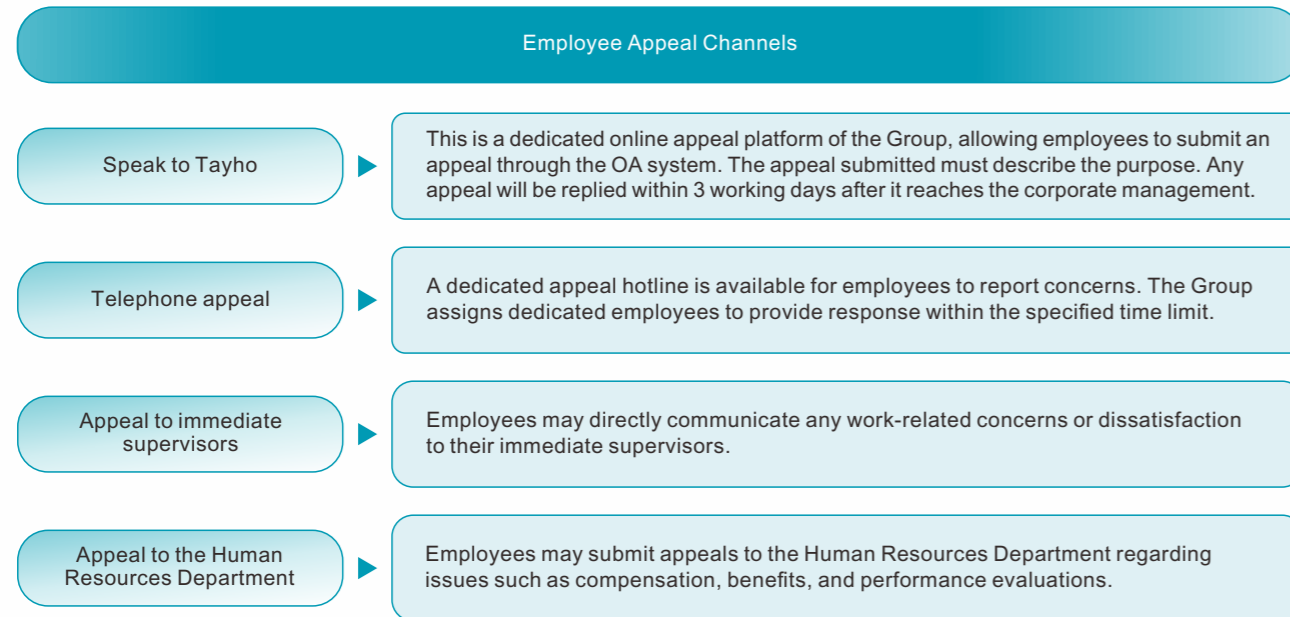
### Democratic Governance

In accordance with the *Trade Union Law of the People's Republic of China* and the *Labor Law of the People's Republic of China*, the Group has legally established a Labor Union Committee and formulated the *Charter of the Labor Union Committee* to effectively safeguard employees' lawful rights and interests. The Group regularly convenes employee representative meetings to ensure employees' rights to information, participation, expression, and supervision. During the reporting period, the Group held employee representative meetings, attentively considered employee opinions and suggestions, and reviewed and approved three motions, including the *Special Collective Wage Agreement*.

### Employee Appeals

Tayho continuously strengthens communication mechanisms with employees and actively establishes multi-channel platforms for interaction, further standardizing internal grievance procedures. The Group encourages employees to express their opinions candidly, fostering an equitable, open, and trust-based work environment. A systematic employee grievance procedure is in place: if an employee believes they have been treated unfairly or disagrees with a related decision, they may submit a grievance to their direct supervisor or department head.

#### Employee Appeal Channels



### Employee Satisfaction Survey

The Group conducts an annual employee satisfaction survey covering multiple dimensions, including career development, workload, management systems, work environment, recreational activities, training, and labor protection. Each indicator is scored, analyzed, and summarized, and specific improvement measures are formulated for areas of dissatisfaction. This continuous optimization of management practices aims to enhance overall employee satisfaction.

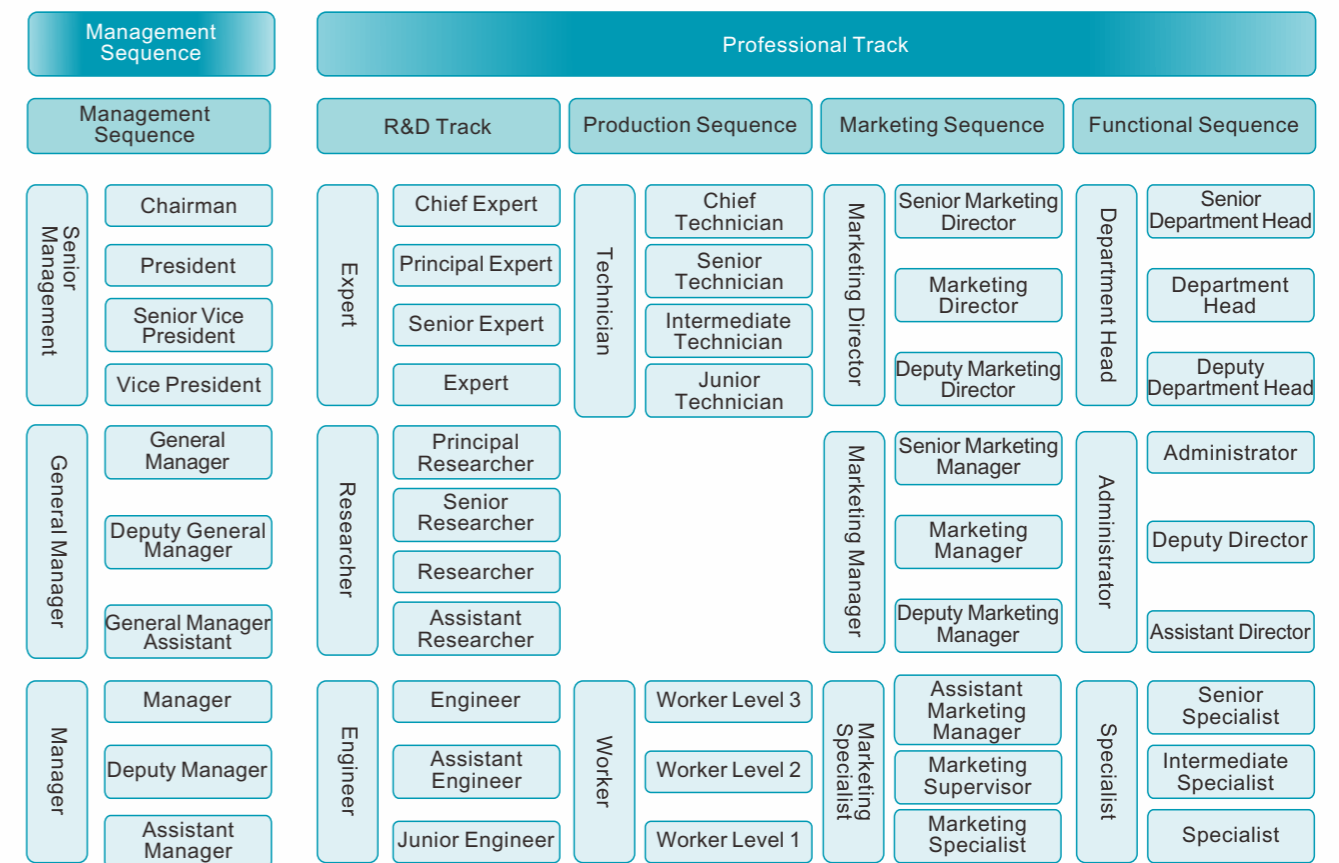
During the reporting period, the Group achieved an employee satisfaction rate of **80.2%**.

## Employee Training and Development

### Establishing Career Development Paths

#### Career Development and Promotion

The Group continuously improves its employee career development system, aligning it with business characteristics and job requirements. Policies such as the *Measures for Certification of Qualification Levels for Skilled Personnel in the Production Sequence (Trial)* and the *Dual-Track Job Level Promotion Management System* have been established to clarify career development paths and promotion standards. Based on job functions, the Group provides two main promotion tracks—management and professional sequences—offering employees clear and diverse career paths, fostering talent growth and organizational vitality, and driving high-quality corporate development.



#### Internal Job Competition

To further optimize personnel allocation and leverage existing talent, the Group has established the *Internal Job Competition Management Measures* and set up a Competition Committee, comprising the Competition Management Group, Competition Assessment Group, and Competition Supervision Group, to comprehensively standardize the procedures and evaluation mechanisms for internal job competitions. Notifications for competitions are issued through a combination of online and offline channels. Following qualification review, comprehensive testing, and public announcement, positions are adjusted accordingly, ensuring the competition process is transparent, fair, and impartial, thereby promoting rational talent allocation and efficient utilization.

## Employee Training and Development

### Training System

The Group attaches great importance to employee training and development, aiming to continuously enhance employees' professional skills and overall competencies. To standardize the training management process, the Group has established the *Training Management System*, systematically integrating high-quality internal and external training resources to build a comprehensive training framework. Upon completion of training, the Group conducts thorough evaluations of training effectiveness through on-site observation, questionnaires, and learning action reports, ensuring continuous improvement in training quality and ongoing optimization of the training system to support employee growth.

Types of Training	Training Content
Induction Training	This is intended for new employees, covering the corporate culture, product knowledge, regulations and workplace safety, and aiming to help them quickly integrate into the organization.
Training on General Ability	This is intended for general employees, aiming to enhance their basic professional skills and essential work competencies.
Training on Professional Competency	This is intended for general employees, aiming to help them develop professional abilities required for their roles.
Management Proficiency	This is designed for managers at all levels to enhance their leadership and decision making skills.
Specialized Training	This relates to management systems, including the quality management system, customs regulations and other specialized knowledge.
External Training	External training includes external skill enhancement programs, seminars and workshops employees are encouraged to attend.
Educational and Qualification Support	For employees pursuing a second degree while in service or professional certification training, the Group reimburses related expenses according to established standards, supporting employees in enhancing their professional competencies.

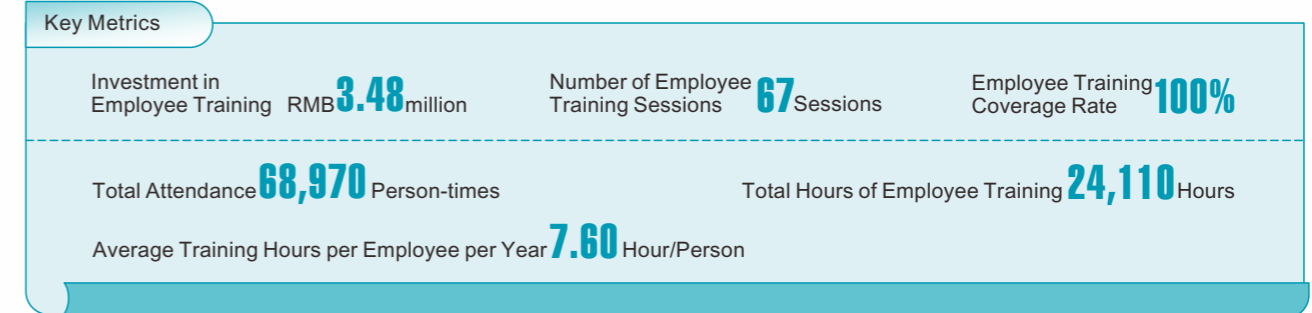
### Tayho 2025 "Seedling Program"

Tayho has meticulously designed a strategic talent development initiative for fresh graduates—the "Seedling Program". This program establishes a comprehensive empowerment system spanning the entire career development cycle, integrating corporate culture with professional skills enhancement across multiple dimensions. It provides full support for graduates in transitioning from campus life to the workplace. Additionally, through a mentorship system, the program helps graduates rapidly improve their overall capabilities and workplace competitiveness, injecting fresh talent into the Group's high-quality development.



### Internal Trainers

To enhance training quality and improve the training system, the Group adheres to the principles of "fairness and impartiality, merit-based selection, focused development, and prioritized utilization", selecting internal instructors from among management personnel, key business staff, and outstanding talents to build a professional internal instructor team. At the same time, the Group actively introduces high-quality external instructors, incorporating cutting-edge industry knowledge and practical experience, continuously enriching training content and teaching methods, and driving the ongoing improvement of the training system, thereby laying a solid talent foundation for the Group's long-term development.



## Occupational Health and Safety

### Governance

#### Safety Management System

The Group continuously establishes and improves its safety management organizational system to fully ensure the implementation and supervision of work safety. It has formulated the *Compilation of Work Safety Management Systems*, implementing responsibilities at all organizational levels to ensure the effective operation of the Group's safety management.

The Group has established a Work Safety Committee (WSC) as the highest decision-making and leadership body, chaired by the Board Chairman, to comprehensively coordinate the Group's safety production work. Under the WSC, four specialized subcommittees have been set up: the Safety Culture Subcommittee, Process Safety Subcommittee, Equipment Subcommittee, and Contractor Management Subcommittee, each responsible for safety strategy formulation and specialized management in their respective areas. The Group has also established a Safety Management Department as the designated department for overall safety management. Each business division and subsidiary is equipped with dedicated safety management personnel to ensure that safety management is conducted in a standardized, orderly, and efficient manner across all business units.

At the same time, the Group implements a full-staff work safety responsibility system, enforcing the *Annual Safety Target Management Responsibility Agreement*, which clearly defines each employee's job objectives, safety duties, and assessment criteria. The fulfillment of these responsibilities is strictly evaluated, with assessment results linked to individual performance and eligibility for awards or promotion.

#### Key Performance

During the reporting period, the Group invested RMB **14.15** million in work safety, accounting for **0.39%** of its operating revenue.

During the reporting period, the Group signed a total of **3,421** Work Safety Responsibility Statements, achieving a **100%** signing rate.

During the Reporting Period, the Group and its subsidiaries have passed the certification of the ISO 45001:2018 Occupational Health and Safety Management System.



### Occupational Health and Safety Culture Development

Adhering to the principle of "prevention first, education foremost", the Group has established and implemented a systematic occupational health and safety training system that combines online and offline formats, covering all employees and key positions. Leveraging the flexibility and efficiency of online platforms, the Group offers courses on the work safety responsibility system, occupational health management, and control of major hazards, with a focus on practical skills and specialized capability enhancement. During the reporting period, the Group organized 11 offline specialized training sessions and 12 group-wide online training sessions, with a total of approximately 30,000 participant attendances, and achieved an average pass rate of 98.5% in the safety knowledge assessment for all employees.

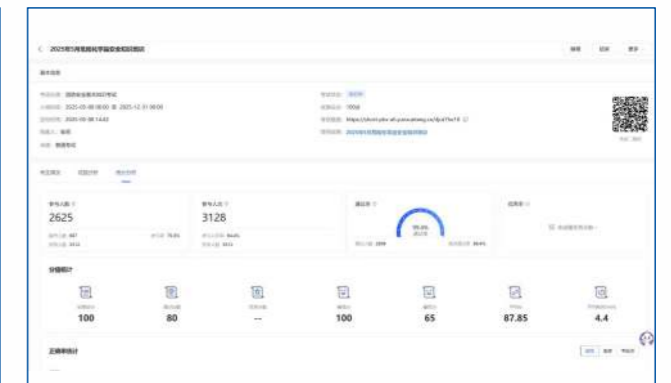
Warning and Compliance Education Training



Safety Laws and Regulations Training



Tayho Cloud Classroom



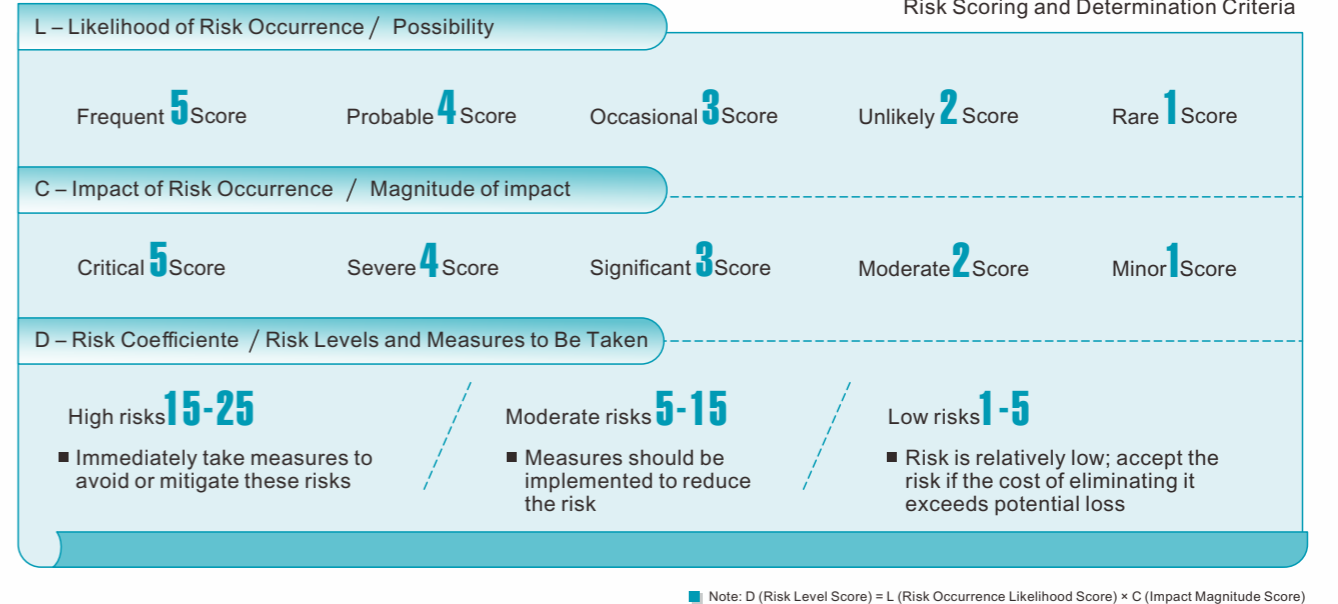
Occupational Health Online Training

## Strategy

Tayho strictly complies with national occupational health and safety laws and regulations and, based on its actual production and operational conditions, conducts comprehensive identification and assessment of health hazards and safety risks in the production process. The Group defines key areas for improvement and formulates and implements targeted risk prevention and health management strategies, effectively safeguarding employees' occupational safety and physical and mental well-being, thereby providing solid support for the sustainable development of the enterprise.

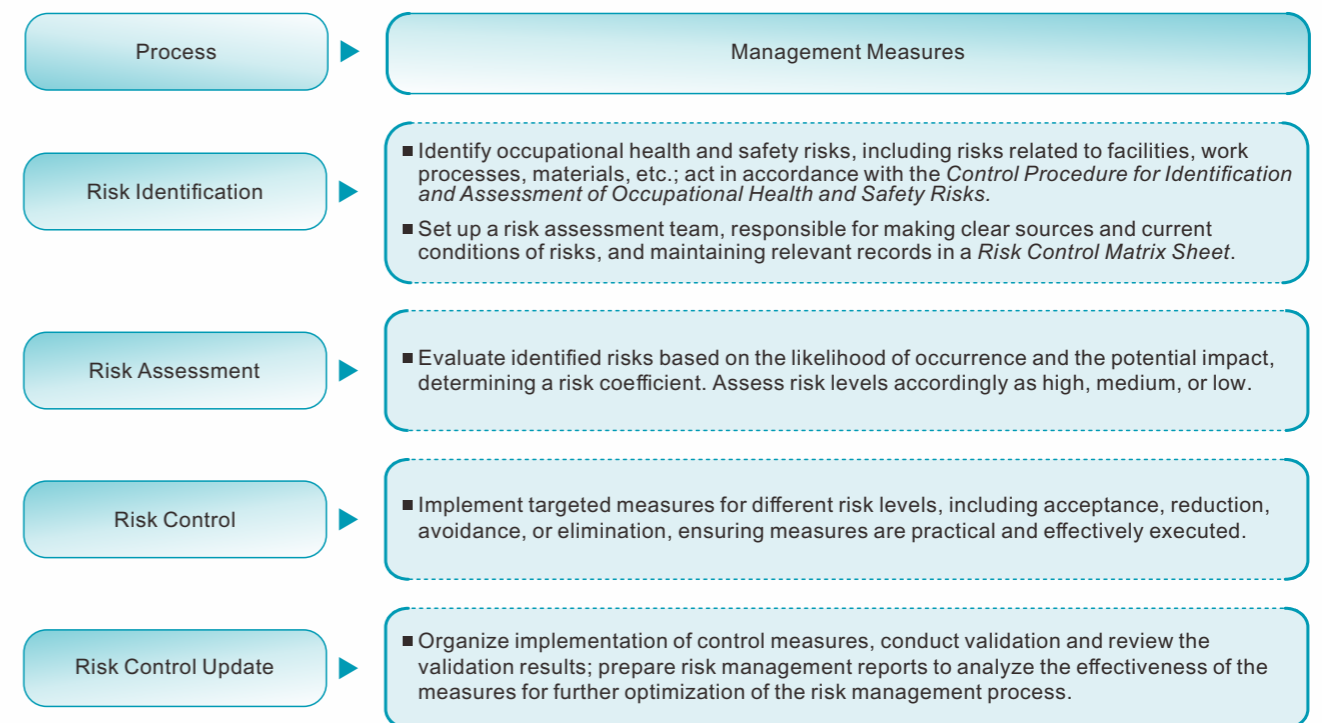
Risk Type	Risks and Opportunities	L – Likelihood of Risk Occurrence	C – Impact of Risk Occurrence	D – Risk Coefficient	Risk Levels	Explanation of Financial Impact	Control Measures
External factors	<p><b>Legal and regulatory risks</b></p> <ul style="list-style-type: none"> <li>■ Risks: Inadequate or untimely awareness of updates to occupational health and safety (OHS) regulations, leading to gaps in translating them into internal policies, creating potential OHS management hazards.</li> <li>■ Opportunities: Compliance with OHS management requirements can effectively safeguard employees' occupational health and safety, build a positive social image, and enhance Group reputation.</li> </ul>	3	3	9	Moderate risks	Potential fines and compensation	<ul style="list-style-type: none"> <li>■ The Safety Management Department organizes all departments to collect and evaluate national OHS laws and regulations as required;</li> <li>■ Each unit is responsible for implementing the requirements of OHS laws and regulations.</li> </ul>
	<p><b>New technology risks</b></p> <ul style="list-style-type: none"> <li>■ Risks: Newly developed projects, processes, or upgraded production equipment may pose significant OHS risks due to insufficient understanding or incomplete safety measures.</li> <li>■ Opportunities: Introducing new production equipment and improving processes can enhance technological capabilities and reduce OHS risks.</li> </ul>	4	3	12	Moderate risks	Cost increases	<ul style="list-style-type: none"> <li>■ The Group formulates technology research and equipment upgrade plans based on current technical levels and actively operates advanced equipment and process technologies.</li> </ul>
	<p><b>Daily management risks</b></p> <ul style="list-style-type: none"> <li>■ Risks: If departmental compliance with OHS requirements is not ensured, it may pose certain risks to the Group's OHS operations.</li> <li>■ Opportunities: Improving OHS management processes and enforcement can enhance overall OHS performance.</li> </ul>	3	3	9	Moderate risks	Cost reduction	<ul style="list-style-type: none"> <li>■ All departments must strictly follow OHS process requirements in daily operations, promptly address any nonconformities, and maintain the operability of OHS processes;</li> <li>■ The Group regularly organizes reviews of OHS management requirements.</li> </ul>

### Risk Scoring and Determination Criteria



## Impact, Risk, and Opportunity Management

To minimize factors that may pose safety and occupational health risks during production and operations, the Group has established the *Occupational Health and Safety Risk Identification, Assessment, and Control Procedure*. The Safety Management Department is responsible for the overall identification, assessment, and control of safety risks in production and business operations, and organizes relevant departments to carry out risk management activities. This approach ensures effective management of risks and opportunities related to employee safety and health.



## Emergency Drills

The Group strictly implements the principle of “safety first, prevention-oriented, and comprehensive management”, standardizing its emergency management practices. It has revised the *Emergency Plan for Production Safety Accidents* to further clarify emergency response responsibilities and task assignments, and developed special emergency plans and on-site response plans applicable to various types of incidents across the Group. Additionally, the Group establishes an annual emergency drill plan and organizes drills accordingly. Through regular, realistic, and practical exercises, the Group continuously enhances its risk response and accident prevention capabilities, effectively safeguarding both employee safety and company assets.



### Comprehensive ammonia leak emergency drill

In June 2025, Tayho organized a group-level comprehensive emergency drill simulating a liquid ammonia leak scenario, aiming to thoroughly test the Group’s emergency response, coordinated handling, and on-site rescue capabilities under sudden incident conditions.

## Hazard Identification

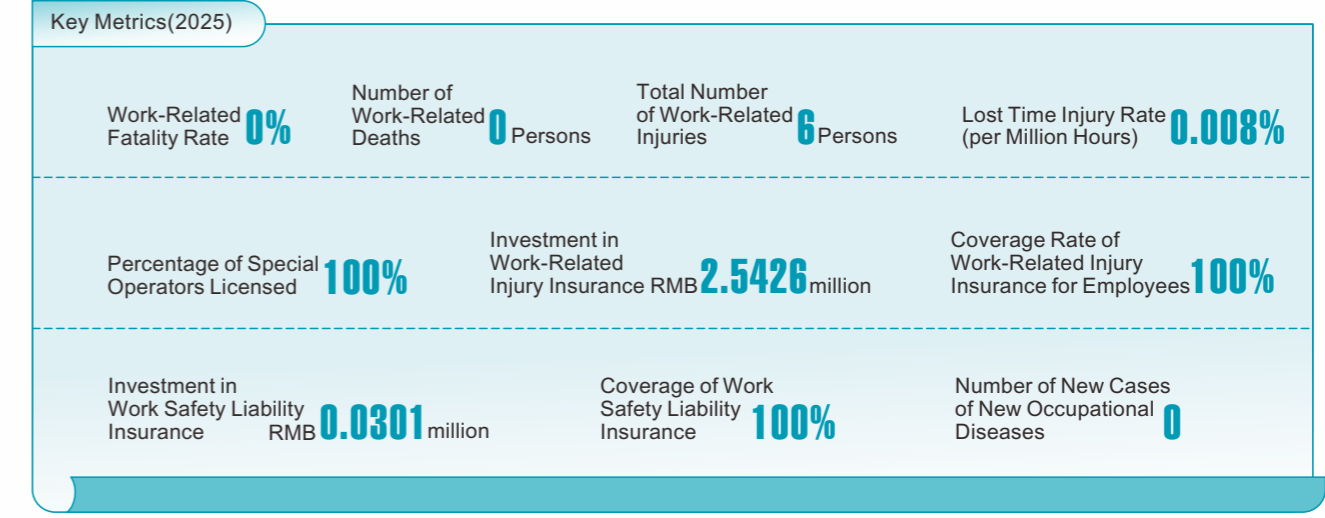
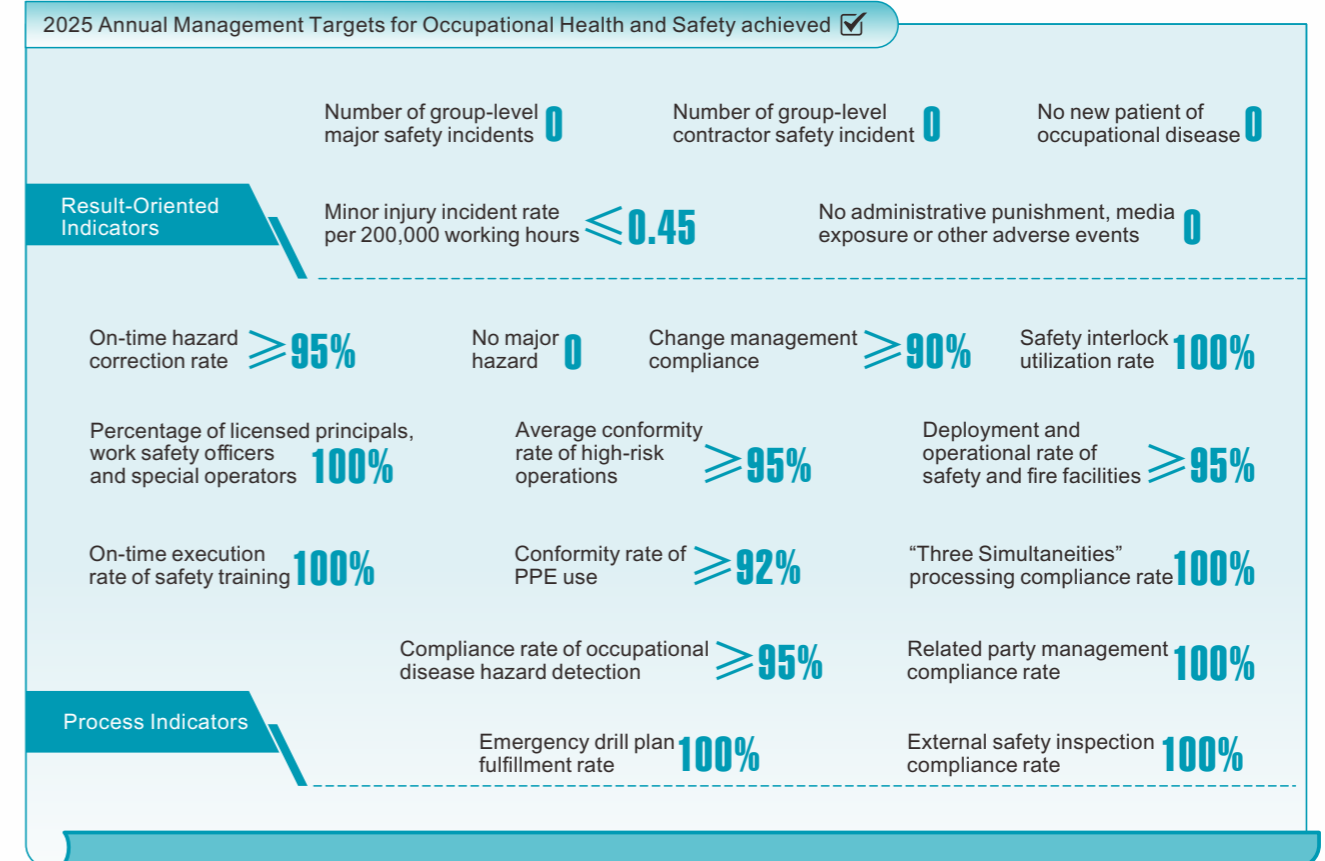
The Group has established a multi-tiered inspection system covering daily patrols, special inspections, seasonal inspections, holiday inspections, and comprehensive safety audits. During the reporting period, a total of 30 group-level hazard inspections were conducted, covering all production workshops, storage areas, hazardous chemical warehouses, auxiliary facilities, office and living areas, and contractor work sites. A total of 1,093 safety hazards and issues were identified. The Group strictly follows the “Five Definites” Principle for rectification of identified hazards. As of the end of the reporting period, 1,085 items had been rectified, achieving a rectification completion rate of 99.27%. For the few rectification items affected by equipment shutdowns or procurement cycles, temporary protective measures and clearly defined rectification plans were implemented.

### Identification of Hidden Hazards



## Metrics and Targets

To prevent and reduce occupational safety incidents and ensure the safe and sustainable operation of the Group’s production and business activities, the Group has established its 2025 Occupational Health and Safety Management Objectives.



## | Safety Production Management Measures

### Safety Management for Related Parties

To establish an effective contractor management mechanism and prevent construction-related safety incidents, the Group has formulated the *Contractor Safety Management System*. The project supervisory departments are responsible for informing contractors of EHS management requirements, providing safety education and training, and conducting daily supervision, inspections, and evaluations. Meanwhile, the Group signs the *Safety and Environmental Management Agreement* and the *Safety and Environmental Red Line Commitment Letter* with contractors, further clarifying the respective safety management responsibilities and boundaries, strengthening contractors' accountability, and jointly ensuring construction safety and a stable operational environment.

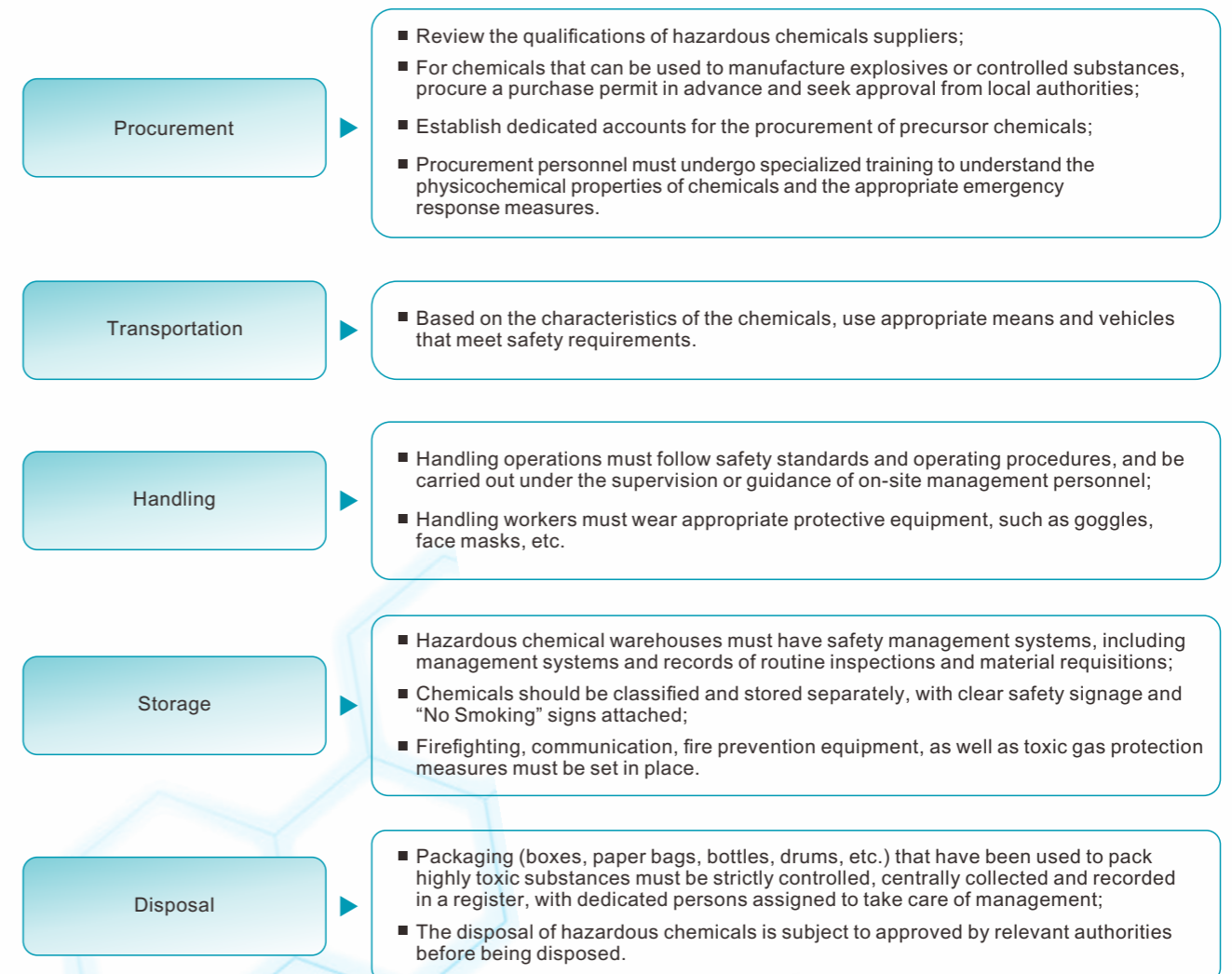
Contractor Safety Training



### Chemical Use Management

Tayho has established management systems such as the *Hazardous Chemicals Safety Management System*, *Explosive Precursor Chemicals Safety Management System*, and the *Controlled Toxic Chemicals Management System*, specifying responsibilities and handling requirements for all stages of hazardous chemical management, including procurement, transportation, use, storage, and waste disposal. Relevant employees receive training to enhance their awareness and capability in safe handling, aiming to ensure standardized and secure management of hazardous chemicals.

#### Hazardous Chemicals Lifecycle Management Procedure



## Occupational Health Protection

Tayho continuously improves its occupational health management system by establishing relevant policies, such as the *Occupational Disease Hazard Management System*, and conducting annual identification and assessment of occupational hazard factors. The Group regularly organizes occupational health examinations for employees before, during, and after employment to safeguard their health rights. By implementing and reinforcing multi-level occupational health protection measures, the Group has built a comprehensive health protection system covering hazard prevention at the source, process management, and individual protection, effectively maintaining employees' physical and mental well-being.

### Occupational Health Protection Measures

#### Health Monitoring and Assessment

- The Group establishes dynamic and comprehensive individual occupational health records for all employees exposed to occupational hazard factors, achieving "one file per person" digital management.
- The records fully document employees' job histories, historical exposure levels to hazard factors, occupational health examination results, and recommended interventions, forming a monitoring and assessment ledger that provides precise data for early detection of health abnormalities and evaluation of protective measures' effectiveness.

#### Implementation of Engineering Modifications and Management Controls

- Engineering facility upgrades and optimization: Based on the annual hazard factor assessment results, the Group continuously invests in technical modifications of production facilities. During the reporting period, the local ventilation and dust removal system in the powder addition area was upgraded, and the spinning coagulation bath area was enclosed, effectively reducing the dispersion concentration of dust and chemical toxins at the source.
- Dynamic management of job risks: During the reporting period, based on occupational health examination results and job risk assessments, employees with occupational contraindications or those requiring temporary reassignment were appropriately relocated in accordance with regulations, achieving proactive risk control and alignment between employees and job requirements.

#### Personal Protective Equipment (PPE)

- Standardized provision and use of PPE: The Group strictly follows job risk analyses to mandatorily provide employees with, and regularly update, individual occupational disease protective equipment that meets national standards, including but not limited to noise-canceling earplugs, gas masks, chemical protective goggles, protective gloves, and specialized workwear. During the reporting period, the Group organized 6 specialized training sessions and inspections on proper usage to ensure employees correctly use and maintain their protective equipment.

#### On-site Warnings

- Comprehensive implementation of hazard notification and warnings: The Group has clearly established occupational disease prevention bulletin boards, warning signs, warning lines, and hazard notification cards in all workplaces with occupational disease hazards. New hires and employees undergoing position changes are required to sign the written *Occupational Hazard Notification* and receive training to ensure full awareness of the hazards, potential consequences, and protective rights associated with their positions.

#### Key Performance

During the reporting period, the Group organized occupational health examinations for employees, achieving a **100%** coverage rate. Additionally, on-site monitoring was conducted in workplaces involving occupational disease hazards.

The parent company established **458** representative sampling/measurement points, all of which met compliance standards, achieving a **100%** pass rate.

## Giving Back to Society Through Concrete Actions

### Social Public Undertakings

To continuously promote the development of social welfare, the Group has formulated the *Administrative Measures for External Donations* to standardize donation practices and properly fulfill its social responsibilities. During the reporting period, Tayho participated in tripartite support visits and care activities, focusing on vulnerable groups, and organized public welfare tree-planting events.

By conducting targeted assistance at the grassroots level and engaging in ecological public welfare practices, the Group continuously spreads warmth, supports community development, and promotes green growth, further demonstrating its commitment to social responsibility and sustainable development.

During the reporting period, the Group employees participated in volunteer activities a total of **70** person-times.



■ Tripartite Pairing Assistance Visits



#### Public Welfare Tree Planting

In June 2025, Tayho simultaneously launched the "Tayho Breathing Forest, Building Green Dreams with New Materials" tree-planting public welfare activity at its Yantai and Ningdong parks. More than 1,000 saplings were planted, creating over 7,000 square meters of new green space. This initiative deeply embodies the concept that "lucid waters and lush mountains are invaluable assets" and reflects the Group's sense of responsibility and commitment under the motto "Beautiful China, I Take the Lead".



■ Cable Donation

### Contributing to Rural Revitalization

In response to the national rural revitalization strategy and to actively fulfill its corporate social responsibility, Tayho continues to focus on the infrastructure development and livelihood improvement needs of supported areas.

Due to severely aging power facilities in the pear orchards of Yejiapo Village, which posed significant safety risks—particularly frequent power outages during peak irrigation periods that directly affected pear growth and fruit quality—Tayho donated cables to the village and carried out a power line renovation project. Approximately 25,000 meters of wiring and cabling were newly installed, effectively enhancing local power supply stability, eliminating safety hazards, and safeguarding the lives and property of villagers. This initiative not only improved production conditions in the pear orchards but also contributed Tayho's efforts to the ongoing development of rural infrastructure such as water, electricity, roads, and networks.

In addition, the Group donated RMB 300,000 to Wushan County to support the development of local specialty cash crop industries. Through industry-focused assistance, this initiative aims to strengthen local development capacity, increase farmers' income, and further deepen the Group's commitment to rural revitalization.

During the reporting period, the Group's total investment in supporting rural revitalization amounted to RMB **0.5677** million.

## Appendix

## Performance Chart

Corporate Governance					
Topics	Indicator Name	Benchmark Units	2023	2024	2025
Corporate Governance	General Meeting of Shareholders				
	Number of General Meetings of Shareholders Held	Times	3	5	4
	Number of Interim General Meeting of Shareholders	Times	2	4	3
	Number of Resolutions Approved	Item	21	20	20
	Board of Directors				
	Number of Board Members	Persons	11	11	11
	Number of Male Directors	Persons	10	11	10
	Number of Female Directors	Persons	1	0	1
	Number of Independent Directors	Persons	4	4	4
	Number of Non-independent Directors	Persons	7	7	7
	Meetings of the Board of Directors Convened	Times	9	6	7
	Number of Resolutions Approved	Item	72	48	66
	Remuneration Policies				
	Remuneration of Directors, Supervisors and Officers (Including Current and Departed)	RMB 10,000	1,462.23	866.44	554.90
	Operating Performance Indicators of the Group	Operating Income	RMB 10,000	392,527.97	392,936.26
Net Profit		RMB 10,000	36,180.23	2,856.79	539.38
Total Taxes		RMB 10,000	8,456.54	8,256.67	26,844.45
Party Building	Number of Party Committees (Including the Current Level) of the Group	Entity	1	1	1
	Number of General Party Branches	Entity	1	0	0
	Number of Party Branches	Entity	12	13	17
	Number of Party Committee Meetings Held	Times	24	17	20
	Number of Party Members	Persons	261	289	305
Business Ethics	Training on Anti-commercial Bribery and Anti-Corruption for Directors, Management, and Employees				
	Total Number of Participants in Anti-Bribery and Anti-Corruption Training	Persons	29	27	25
	Including: Number of Directors and Senior Management Personnel Who Participated in Anti-Bribery And Anti-Corruption Training	Persons	15	15	15

Business Ethics	Percentage of Directors and Senior Management Personnel Who Participated in Anti-Bribery And Anti-Corruption Training	%	54	56	60	
	Total Duration of Anti-Commercial Bribery and Anti-Corruption Training Provided	hour	40	49	25	
	Including: Total Duration of Anti-Bribery and Anti-Corruption Training Provided Specifically to Directors and Senior Management Personnel	hour	26	37	15	
	Average Duration of Anti-Commercial Bribery and Anti-Corruption Training Received	hours/person	1.38	1.81	1	
	Including: Average Duration of Training on Anti-Commercial Bribery and Anti-Corruption for Directors, and Senior Management	hours/person	1.73	2.47	1	
	Business Ethics Agreement and Complaints					
	Signing rate of Integrity Agreements and Other Business Conduct Commitments	%	100	100	100	
	Anti-monopoly and Fair Competition					
	Number of Training on Anti-Monopoly and Fair Competition	Times	1	1	1	
	Number of Participants in Training on Anti-Monopoly and Fair Competition	Persons	18	21	20	
	Total Training Hours of Training on Anti-Monopoly and Fair Competition	hour	1	1.5	1.5	
	Amount of Money Involved in Lawsuits or Major Administrative Penalties due to Unfair Competition by the Group	RMB 10,000	0	0	0	
	Investor Relations Management	Communication with Investors				
		Number of On-Site Investor Research Visits Received	Times	50	20	28
		Number of Investors Paying On-Site Research Visits	Person-time	560	63	106
Total Number of Investor Inquiries on "irm.cninfo.com.cn" platform		Times	212	312	310	
Number of Responses to Investor Inquiries on "irm.cninfo.com.cn" platform		Times	210	312	310	
Response Rate on "irm.cninfo.com.cn" platform		%	99.06	100	100	
Number of Online Performance Briefings Held		Times	1	1	2	
Number of Research Reports Uploaded		Copy	51	21	29	
Information Disclosure						
Total Number of Public Disclosures		Copy	97	85	79	
Including: Number of Periodic Reports		Copy	4	4	4	
Including: Number of Ad Hoc Announcements		Copy	93	81	75	
Number of Penalties for Violations in Information Disclosure		Times	0	0	0	
Annual Cash Dividend Distribution (2025 Dividend Subject to Approval of General Meeting of Shareholders)						
Dividend per 10 Shares (Including Tax)		RMB	3	0.5	0.2	
Dividend Distribution Proposal and Share Capital Base	Shares	856,968,357	854,121,660	848,233,060		
Amount of Distributed Cash Dividends (Including Tax)	RMB	257,090,507.10	42,706,083	16,964,661.20		
Proportion of Distributed Cash Dividends in the Total Amount of Profit Distribution	%	100	100	100		

Environmental Protection					
Topics	Key Metrics	Benchmark Units	2023	2024	2025
Response to Climate Change	Total GHG Emissions	tCO <sub>2</sub> e	500,000	320,623	537,156
	GHG Emission Intensity	tCO <sub>2</sub> e/RMB million in revenue	127.38	81.60	149.41
	Direct GHG Emissions (Scope 1)	tCO <sub>2</sub> e	116,000	21,375	89,987
	Indirect GHG Emissions (Scope 2)	tCO <sub>2</sub> e	346,000	278,896	447,169
	Other Indirect GHG Emissions (Scope 3)	tCO <sub>2</sub> e	38,000	20,353	0
Environmental Management	Total Environmental Investment	RMB 10,000	13,038.02	12,642	17,191.38
	Penalty Incidents Caused by Serious Administrative Penalties by Relevant Departments Such as the Ecological Environment Department due to Environmental Incidents	Case	0	0	0
	Amount of Major Administrative Penalties Imposed by Ecology and Environment Departments or Other Relevant Authorities due to Environmental Incidents	RMB 10,000	0	0	0
	Number of Environmental Training Sessions	Times	8	17	18
	Number of Participants in Environmental Training	Person-time	6,866	28,043	38,142
	Total Hours of Environmental Training	hour	17	20	20
Energy Management	Coal	Tonnes	62,400	57,300	38,176
	Natural Gas	10,000 m <sup>3</sup>	540	204	241
	Total Purchased Electricity	kWh	450,000,000	428,620,000	375,400,260
	Total Purchased Heat	GJ	3,093,000	2,946,000	2,580,000
	Total Direct Energy Consumption	tce	58,166.64	49,869.39	34,501.11
	Total Indirect Energy Consumption	tce	160,838.16	153,194.92	134,166.29
	Total Energy Consumption	tce	219,004.80	203,064.31	168,667.40
	Energy Consumption Intensity	tce/RMB million in revenue	55.79	51.68	46.91
	Total Renewable Energy Consumption	tce	49.16	640.56	561.00
	Including: PV Generation	kWh	400,000	5,212,012	4,564,680
	Proportion of Renewable Energy Consumption	%	0.02	0.31	0.33

Water Resource Utilization	Total Freshwater Consumption	Tonnes	1,580,015	1,505,045	1,318,118
	Total Water Consumption	Tonnes	64,580,015	64,285,510	56,301,183
	Including: Fresh Water Consumption	Tonnes	1,580,015	1,505,045	1,318,118
	Including: Total Water Recycling and Re-use Volume	Tonnes	63,000,000	62,780,465	54,983,065
	Water Consumption Intensity	ton/RMB million in revenue	16,452.33	16,360.29	15,660.20
Pollution and Waste Management	Wastewater Discharges				
	Wastewater Discharges	Tonnes	1,347,690	1,095,500	857,644
	Wastewater Treatment Volume	Tonnes	2,147,690	2,424,706	2,250,033
	Wastewater Discharge Intensity	ton/RMB million in revenue	343.34	278.80	238.55
	Wastewater Reuse Volume	Tonnes	800,000	1,329,206	1,392,389
	Wastewater Reuse Rate	%	37	55	62
	Types of Wastewater Discharge				
	Chemical Oxygen Demand (COD)	Tonnes	121.4	61.52	28.39
	Five-Day Biochemical Oxygen Demand (BOD5)	Tonnes	6.08	30.96	12.26
	Ammonia Nitrogen (NH3-N)	Tonnes	11.39	10.54	0.63
	Total Nitrogen	Tonnes	8.11	39.76	28.27
	Total Phosphorus (P)	Tonnes	0.11	0.32	1.51
	Waste Gas Emissions				
	Total Emissions of Air Pollutants	Tonnes	134.49	101.31	71.90
	Nitrogen Oxides (NOx) Emissions	Tonnes	75.56	49.65	31.30
	Sulfur Oxides (SOx) Emissions	Tonnes	42.82	27.75	17.51
	VOC Emissions	Tonnes	4.73	13.43	16.38
	Particulate Matter (PM) Emissions	Tonnes	11.38	10.48	6.71
	Waste Discharges				
	Waste Generated	Tonnes	135,616.76	185,571.00	171,822.36
Including: Hazardous Waste	Tonnes	4,384.77	5,078.00	3,829.62	
Including: General Waste	Tonnes	131,231.99	180,493.00	167,992.74	
Waste Disposal Quantity	Tonnes	87,540.31	63,988.63	66,623.56	
Including: Hazardous Waste	Tonnes	3,909.18	5,026.74	3,256.55	
Including: General Waste	Tonnes	83,631.13	58,961.89	63,367.01	
Total Recycled Waste	Tonnes	47,746.76	121,650.37	105,198.80	
Including: Hazardous Waste	Tonnes	350.75	51.26	573.07	
Including: General Waste	Tonnes	47,396.01	121,599.11	104,625.73	
Waste Production Intensity	ton/RMB million in revenue	34.55	47.23	47.79	
Including: Hazardous Waste	ton/RMB million in revenue	1.12	1.29	1.07	
Including: General Waste	ton/RMB million in revenue	33.43	45.93	46.73	
Waste Recycling Rate	%	35	66	61	
Including: Hazardous Waste	%	8	1	15	
Including: General Waste	%	36	67	62	

Industry Value						
Topics	Indicator Name	Benchmark Units	2023	2024	2025	
Research and Innovation	Investment in R&D	RMB 10,000	19,928.81	21,529.41	23,764.11	
	Percentage of R&D Investment in Operating Income	%	5.08	5.48	6.61	
	Number of New Product Development Projects	Entity	35	41	32	
	R&D Team					
	Total R&D Team Members	Persons	329	391	375	
	Proportion of R&D Personnel to Total Employees	%	11	12	12	
	By Academic Qualification					
	Below Bachelor's Degree	Persons	128	131	120	
	Bachelor's Degree	Persons	115	144	130	
	Master's Degree	Persons	78	104	114	
	Doctoral Degree	Persons	8	12	11	
	By Gender					
	Male	Persons	243	280	273	
	Female	Persons	86	111	102	
	By age					
	Under 30 (Exclusive) Years Old	Persons	121	94	111	
	30 to 40 Years Old (Inclusive of 30, Exclusive of 40)	Persons	129	179	170	
	40 to 50 Years Old (Inclusive of 40, Exclusive of 50)	Persons	64	93	79	
	50 (Inclusive) to 60 (Exclusive) Years Old	Persons	15	25	15	
	Innovation Achievements					
	Cumulative Number of Authorized Patents (Number of Valid Patents)	Item	264	366	481	
	Number of Patent Applications	Item	104	129	120	
	Patents by Type					
	Cumulative Number of Authorized Invention Patents	Item	122	197	290	
	Cumulative Number of Authorized Utility Model Patents	Item	142	166	188	
	Cumulative Number of Granted Design Patents	Item	0	3	3	
	Number of Valid Patents Per Million Yuan in Revenue	patents/RMB million in revenue	0.067	0.093	0.134	
	Other Intellectual Property					
	Cumulative Number of Software Copyrights	Item	19	27	2	
	Total Number of Trademarks	Item	45	138	138	

	Number of Software Copyrights per Million Yuan in Revenue	copyrights/RMB million in revenue	0.005	0.007	0.001	
	Total Number of Published Papers	Pieces	147	146	166	
Enterprise Innovation Capability Certification						
	Specialized and Sophisticated Enterprise that Produces Novel and Unique Products	Entity	3	3	3	
	National High-Tech Enterprise	Entity	5	7	10	
	National Enterprise Technology Center	Entity	1	1	1	
Product Quality and Safety						
	Product Percent of Pass	%	/	95.11	96.83	
	Number of Internal Quality Audits Annually	Times	15	16	16	
	Number of Risk Assessments Conducted	Times	1	1	1	
	Number of Product Recalls	Case	0	0	0	
	Percentage of Products Withdrawn or Recalled for Health and Safety Reasons	%	0	0	0	
	Number of Products Withdrawn or Recalled for Health and Safety Reasons	Case	0	0	0	
	Amount Involved in Accidents with Major Safety or Quality Responsibilities Related to Products or Services	RMB 10,000	0	0	0	
	Negative Public Opinion	Times	0	0	0	
Quality Culture Training						
	Number of Participants in Quality Culture Training	Person-time	8,505	9,220	4,250	
	Total Hours of Quality Culture Training	hour	4,252	4,610	4,293	
	Sessions of Quality Culture Training	Times	12	12	9	
Customer Service						
	Customer Complaint Resolution Rate	%	/	100	100	
	Customer Satisfaction	%	96.34	91.60	90.75	
Product and Service Quality	Total Number of Suppliers	Entity	490	610	717	
	Total Number of Domestic Suppliers	Entity	483	603	710	
	Total Number of Overseas Suppliers	Entity	7	7	7	
	Supplier Audit					
		Number of Suppliers Certified under Quality Management Systems	Entity	12	32	79
		Number of Suppliers Certified under Environmental Management Systems	Entity	8	21	57
		Number of Suppliers Certified under Occupational Health and Safety Management Systems	Entity	7	16	42
		Number of Suppliers Suspended due to Non-compliance	Entity	0	0	0
		Number of Prospective Suppliers Rejected due to Non-compliance	Entity	0	0	0
	Supplier ESG-related Performance					
		Supplier Integrity Agreement Signing Rate	%	100	100	100

Local Supplier Performance						
	Ratio of Expenditure on Procurement from Local Suppliers	%	35	31.2	56	
	Percentage of Local Suppliers	%	44.3	45.1	62	
Data Security Training						
Information Security and Privacy Protection	Number of Training Sessions Related to Data Security/Customer Privacy Protection	Times	/	1	1	
	Total Duration of Training Related to Data Security/Customer Privacy Protection	hour	/	24	26	
	Number of Participants in Training Related to Data Security/Customer Privacy Protection	Persons	/	24	26	
	Data Security Management					
	Specific Amount Involved in Data Security Incidents	RMB 10,000	0	0	0	
	Specific Amount Involved in Customer Privacy Breach Incidents	RMB 10,000	0	0	0	
	Number of Customer Information Leakage Incidents	Case	0	0	0	
	Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data	Case	0	0	0	
	Total Number of Confirmed Incidents Involving Leakage, Theft, or Loss of Customer Data	Case	0	0	0	

Human Resources					
Topics	Key Metrics	Benchmark Units	2023	2024	2025
Employee Recruitment and Employment					
	Signing Rate of the Labor Contracts	%	100	100	100
Diversity and Equal Opportunity					
	Number of Labor Discrimination Incidents	Case	0	0	0
	Number of Incidents Involving the Use of Child Labor	Person-time	0	0	0
	Number of Incidents of Forced Labor or Harassment	Case	0	0	0
	Total Number of Employees	Persons	3,048	3,281	3,171
	Number of Minority Employees	Persons	55	78	66
	Number of Disabled Employees	Persons	3	4	5
	Number of Veteran Employees	Persons	36	37	38
	Proportion of Ethnic Minority Employees	%	2	2	2
	Number of Dispatched Workers	Persons	56	51	43
Number of Employees by Gender					
	Female	Persons	721	755	710
	Male	Persons	2,327	2,526	2,461

Number of Employees by Job Level						
Labor Relations Management	Senior Management	Person	8	9	9	
	Middle Management	Person	65	62	65	
	Ordinary Employees	Person	2,975	3,210	3,097	
	Number of Employees by Function					
	Production	Person	2,385	2,585	2,490	
	Technology	Person	329	391	375	
	Sales	Person	151	148	155	
	Finance	Person	54	56	52	
	Administration	Person	129	101	99	
	Number of Employees by Age					
	Under 30 (Exclusive) Years Old	Person	1,243	958	789	
	30 to 40 Years Old (Inclusive of 30, Exclusive of 40)	Person	1,146	1,507	1,494	
	40 to 50 Years Old (Inclusive of 40, Exclusive of 50)	Person	513	626	676	
	50 Years Old or Above	Person	146	190	212	
	Number of Employees by Education Level					
	Doctoral Degree	Person	13	16	16	
	Master's Degree	Person	194	260	265	
	Bachelor's Degree	Person	640	910	865	
	Below Bachelor's Degree	Person	2,201	2,095	2,025	
	New Employees					
	Number of New Employees	Person	919	408	301	
	Number of New Employees by Gender					
	Female	Person	176	85	35	
	Male	Person	743	323	266	
	Number of New Employees by Age					
	Under 30 (Exclusive) Years Old	Person	610	235	207	
	30 to 40 Years Old (Inclusive of 30, Exclusive of 40)	Person	282	143	74	
	40 to 50 Years Old (Inclusive of 40, Exclusive of 50)	Person	25	27	17	
50 Years Old or Above	Person	2	3	3		
Employee Departed						
Number of Employees Departed	Person	368	450	408		
Including: Number of Employees Departed Voluntarily	Person	328	386	267		
Employee Turnover						
Employee Turnover Rate	%	13.02	14.22	12.65		
Protection of Female Employees' Rights and Interests						
Number of Female Managers	Person	16	17	20		
Proportion of Female Managers	%	21.92	23.94	27.03		

Labor Relations Management	Number of Employees Who Took Maternity Leave	Persons	39	55	44	
	Return Rate from Maternity Leave	%	100	100	100	
	Number of Employees Who Took Parental Leave	Persons	14	114	120	
	Return Rate from Parental Leave	%	100	100	100	
	Benefits and Compensation					
	Social Insurance Coverage Rate	%	100	100	100	
	Welfare Expenditure	RMB 10,000	2,702.93	2,899.47	1,514.85	
	Number of Employees in Difficulty Receiving Assistance	Persons	5	7	5	
	Amount of Assistance for Employees in Difficulty	RMB 10,000	1.1	2.0	12.1	
	Percentage of Employees Underwent Regular Performance and Career Development Assessments	%	100	100	100	
	Employee Democratic Governance					
	Number of Projects Approved by the Employee Congress	Item	11	6	3	
	Proportion of Trade Union Members to In-Service Employees	%	100	100	100	
	Employee Satisfaction					
	Number of Employee Complaints Received	Case	0	0	0	
	Employee Satisfaction	%	98	89	80.20	
	Number of Employees Participating in the Satisfaction Survey	Persons	2,816	2,861	3,031	
	Employee Participation Rate in the Satisfaction Survey	%	92	87	96	
Development and Training	Employee Training					
	Investment in Employee Training	RMB 10,000	265.1	198.3	348	
	Number of Employee Training Sessions	Session	149	78	67	
	Total Attendance	Person-time	18,143	50,357	68,970	
	Employee Training Coverage Rate	%	100	100	100	
	Total Hours of Employee Training	hour	268	20,933	24,110	
	Average Training Hours per Employee per Year	hours/person	0.09	6.38	7.60	
Occupational Health and Safety	Work Safety					
	Number of Work Safety Accidents	Case	10	6	7	
	Number of Work-Related Deaths	Persons	0	0	0	
	Including: Employees	Persons	0	0	0	
	Including: Contractor Employee	Persons	0	0	0	
	Work-Related Fatality Rate	%	0	0	0	
	Total Number of Work-Related Injuries	Persons	9	6	6	
	Including: Employees	Persons	8	5	5	
	Including: Contractor Employee	Persons	1	1	1	
	Working Hours Lost due to Work-Related Injuries	hour	1,368	3,784	516	
	Number of Rectified Hazards	Item	752	914	1,085	
Total Number of Hazards Identified	Item	779	914	1,093		

Occupational Health and Safety	Potential Hazard Investigation and Rectification Rate	%	96.53	100	99.27	
	Number of Security Emergency Drills	Session	45	48	88	
	Investment in Work Safety	RMB 10,000	1,420	694	1,415	
	Proportion of Work Safety Investment to Operating Revenue	%	0.36	0.18	0.39	
	Safety Training					
	Safety Education and Training Sessions	Sessions	65	28	23	
	Number of Participants in Safety Education and Training Sessions	Person-time	12,065	14,243	28,811	
	Total Hours of Safety Education and Training	hour	26,406	27,108	28,539	
	Average Hours of Safety Education and Training per Employee	hours/person	9	8	9	
	Coverage Rate of Safety Education and Training	%	100	100	100	
	Occupational Health					
	Percentage of Special Operators Licensed	%	100	100	100	
	Investment in Work-Related Injury Insurance	RMB 10,000	167.71	262.49	254.26	
	Coverage Rate of Work-Related Injury Insurance for Employees	%	100	100	100	
	Investment in Work Safety Liability Insurance	RMB 10,000	4.87	3.5	3.01	
	Coverage of Work Safety Liability Insurance	%	100	100	100	
	Occupational Health Checkup Coverage Rate	%	100	100	100	
Detection Rate of Occupational Disease Hazards	%	100	100	100		
Number of New Cases of New Occupational Diseases	Case	0	0	0		
Contribution to Society	Total Public Welfare Input	RMB 10,000	118	50.9	59.17	
	Number of Participants in Volunteer Activities	Person-time	63	65	70	
	Volunteer Activity Duration	hour	7	7	7	
Rural Revitalization	Investment in Rural Revitalization	RMB 10,000	87.71	31.2	56.77	

## Indexes

Chapters and Sections		Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards)	General Framework of China Enterprise Sustainable Development Report Guidelines (CASS-ESG 6.0)	Self-Regulatory Guidelines No.17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation)
About This Report		2-1,2-2,2-3	P1.1-1.2	/
Message from the Chairman		2-22	P2.1	/
About Tayho		2-6	P3.1-3.3	/
Sustainable Development Governance		2-9,2-22,2-27,2-29,3-1,3-3	G1.1.1,G1.1.2,G1.1.5-G1.1.9,G1.3.2	Articles 2, 12, 53
Strengthening the Rule of Law at Tayho, Upholding Integrity to Embark on a New Journey	Adherence to the Leadership of Party Building	/	/	/
	Orderly and Standardized Governance	2-9,2-10,2-12	/	Article 12
	Optimizing Internal Control and Compliance	2-27,207-2	/	Article 12
	Strengthening Investor Relations Management	2,27,2-29	/	Article 12
	Upholding of Business Ethics	205-2,205-3	G2.1.1-G2.1.3,G2.1.8	Article 55
Leading with a Green Vision, Building a Blueprint for Sustainable Materials	Response to Climate Change	2-27,3-3,305-1,305-2,305-3,305-4,305-5	E1.1.1-E1.1.4,E1.1.7-E1.1.9,E1.1.12-E1.1.14,E1.1.16	Articles 11, 20, 21, 22, 24
	Environmental Compliance Management	2-27,303-4,304-1,304-2,306-1,306-2,306-3,306-4,306-5	E2.1.1-E2.1.6,E2.2.1-E2.2.6,E2.3.2-E2.3.3,E2.4.1-2.4.4	Articles 11, 29, 30, 31, 32, 33
	Rational Resource Allocation	2-9,2-27,3-3,	E3.1.1-E3.1.5,	Articles 11, 34, 35, 36, 37

		312-3,302-1,302-3,302-4,303-3,303-4,303-5	E3.2.1,E3.2.2,E3.2.4,E3.3.2-E3.3.5	Articles 35, 36, 37
Optimizing Supply with Innovation, Expanding Market through Quality Service	Leading with R&D Innovation	203-2	S2.1.1-S2.1.11	Article 11, 42
	Building Chains of Responsibility	308-1,414-1	S3.1.1-S3.1.4	Articles 11, 45
	Ensuring Robust Quality Control	417-1	S3.3.1-S3.3.3	Articles 11, 47
	Offering Outstanding Quality and Service	418-1	S3.3.4,S3.3.6	Articles 47
	Properly Protecting Information Security	2-27,3-3	S3.4.1-S3.4.2	Articles 48
Uniting Employees to Build Synergy, Advancing Public Welfare for Sustainable Impact	Protection of Employees' Rights and Interests	401-1,401-2,401-3,405-1,406-1	S4.1.1,S4.1.3-S4.1.7,S4.1.11	Articles 50
	Employee Democratic Governance	2-30	S4.1.12	Articles 49
	Employee Training and Development	404-2,404-3	S4.3.1-S4.3.6	Articles 50
	Occupational Health and Safety	403-1,403-2,403-3,403-5,403-7,403-8	S4.2.1-S4.2.6	Articles 11, 50
	Giving Back to Society Through Concrete Actions	203-1	S1.1.2,S1.1.3,S1.2.1,S1.2.2,S1.2.6	Articles 39, 40
Appendix	Performance Chart	/	A2	/
	Indexes	/	A3	Articles 57
	Feedback Form	/	A6	/

Research on Compilation of ESG Reports by Central SOE-Controlled Listed Companies Indicator Index			
Disclosed Content		Chapter and Page of Location and Others Descriptions	
Basic information of the enterprise and the report		About This Report	
ESG Management		Sustainable Development Governance	
ESG-related risks and opportunities		Response to Climate Change, Environmental Compliance Management, Rational Resource Allocation, Leading with R&D Innovation, Building Chains of Responsibility, Ensuring Robust Quality Control, Occupational Health and Safety	
Communications with Stakeholders		Sustainable Development Governance	
Materiality Assessment		Sustainable Development Governance	
Environmental Indicators			
Primary Level	Secondary Level	Tertiary Level	Chapter of Location
Resource Consumption	Water Resource	E.1.1.1 Fresh Water Consumption	Rational Resource Allocation
		E.1.1.2 Recycled Water Consumption	Rational Resource Allocation
		E.1.1.3 Ratio of Recycled Water Consumption	Rational Resource Allocation
		E.1.1.4 Water Resource Consumption Intensity	Rational Resource Allocation
	Materials	/	/
	Energy	E.1.3.1 Fossil Energy Consumption	Rational Resource Allocation
		E.1.3.4 Total Energy Consumption	Rational Resource Allocation
		E.1.3.5 Energy Consumption Intensity	Rational Resource Allocation
	Packaging Materials	/	/
	Prevention and Control of Pollution	Wastewater	E.2.1.1 Up-to-Standard Wastewater Discharge
E.2.1.3 Wastewater Discharges			Environmental Compliance Management

Prevention and Control of Pollution	Waste Gases	E.2.2.1 Up-to-Standard Exhaust Gas Emissions	Environmental Compliance Management
		E.2.2.2 Exhaust Gas Pollutant Emissions	Environmental Compliance Management
	Solid Waste	E.2.3.1 Legal Compliance of Solid Waste Disposal	Environmental Compliance Management
		E.2.3.2 General Industrial Solid Waste Management	Environmental Compliance Management
		E.2.3.3 Disposal Capacity of General Industrial Solid Wastes	Environmental Compliance Management
		E.2.3.4 Hazardous Waste Management	Environmental Compliance Management
E.2.3.5 Disposal Capacity of Hazardous Wastes	Environmental Compliance Management		
Climate Changes	Greenhouse Gas (GHG) Emissions	E.3.1.2 Greenhouse Gas Emission Management	Response to Climate Change
		E.3.1.3 Scope I Emission	Response to Climate Change
		E.3.1.4 Scope II Emission	Response to Climate Change
		E.3.1.6 Greenhouse Gas Emission Intensity	Response to Climate Change
	Emission Reduction Management	E.3.2.1 Greenhouse Gas Emission Reduction Management	Response to Climate Change
		E.3.2.2 Greenhouse Gas Emission Reduction	Response to Climate Change
	Climate Risk Management	E.3.4.1 Climate Risk Management	Response to Climate Change

Biodiversity	Impact of Production, Services and Products on Biodiversity	E.4.1.1 Impact of Production, Services and Products on Biodiversity	Environmental Compliance Management
Resource and Environmental Management Systems and Measures	Formulation of Low-Carbon Development Goals and Strategic Initiatives	E.5.1.1 Formulation of Low-Carbon Development Goals and Strategic Initiatives	Response to Climate Change, Rational Resource Allocation
	Resource Management Measures	E.5.2.1 Water Resource Use Management	Rational Resource Allocation
		E.5.2.2 Materials Management	Rational Resource Allocation
		E.5.2.3 Energy Consumption and Conservation Management	Rational Resource Allocation
	Green and Environmentally Responsible Initiatives and Measures	E.5.4.4 Green Office Work and Operation	Environmental Compliance Management
	Green and Low Carbon Certification	E.5.5.1 Environmental Management System Certification	Environmental Compliance Management
		E.5.5.3 Certification of Green and Low-Carbon Products and Services	Environmental Compliance Management
	Legal Compliance in the Environmental Area	E.5.6.1 Emergency Response Plan for Environmental Emergencies	Environmental Compliance Management
Social Indicators			
Primary Level	Secondary Level	Tertiary Level	Chapter of Location
Employees' Rights and Interests	Employee Recruitment and Employment	S1.1.1 Enterprise Recruitment Policies and Execution	Protection of Employees' Rights and Interests
		S1.1.2 Employee Structure	Protection of Employees' Rights and Interests
		S1.1.3 Avoiding Use of Child Labor or Forced Labor	Protection of Employees' Rights and Interests

Employees' Rights and Interests	Salary and Welfare	S1.2.1 Compensation Concept and Policy	Protection of Employees' Rights and Interests
		S1.2.2 Work Hours, Breaks and Holidays	Protection of Employees' Rights and Interests
		S1.2.3 Compensation and Benefit Security	Protection of Employees' Rights and Interests
		S1.2.4 Employee Democratic Governance	Employee Democratic Governance
	Employee Health and Safety	S1.3.1 Employee Occupational Health and Safety Management	Occupational Health and Safety
		S1.3.2 Employee Safety Risk Prevention and Control	Occupational Health and Safety
		S1.3.3 Response to Safety Incidents and Work-Related Injuries	Occupational Health and Safety
		S1.3.4 Employee Care and Support	Protection of Employees' Rights and Interests
	Employee Development and Training	S1.4.1 Employee Incentive and Promotion Policy	Employee Training and Development
		S1.4.2 Employee Education and Training	Employee Training and Development
	Employee Satisfaction	S1.5.1 Employee Satisfaction Survey	Employee Democratic Governance
	Product Safety and Quality	S2.1.1 Production Standardization Management Policies and Measures	Ensuring Robust Quality Control
			S2.1.2 Quality Management
		Customer Service and Interests	S2.2.1 Customer Satisfaction
S2.2.2 Customer Complaints and Handling	Offering Outstanding Quality and Service		
S2.2.3 Customer Information and Privacy Protection	Properly Protecting Information Security		

	Innovation-Driven Development	S2.3.1 R&D and Innovation Management System	Leading with R&D Innovation
		S2.3.2 R&D Investment	Leading with R&D Innovation
		S2.3.3 Innovations	Leading with R&D Innovation
		S2.3.4 Protection of Intellectual Property Rights	Leading with R&D Innovation
Supply Chain Security and Management	Supplier Management	S3.1.1 Supplier Selection and Management	Building Chains of Responsibility
		S3.1.2 Number and Distribution of Suppliers	Building Chains of Responsibility
	Management of Supply Chain Links	S3.2.1 Supply Chain Management Policy and Measures	Building Chains of Responsibility
Contribution to Society	Tax Contributions	S4.1.1 Tax Contributions	/
	Joint Community Building	S4.2.1 Policies and Measures for Participation in Local Community Building	Giving Back to Society Through Concrete Actions
	Social Welfare Activities	S4.3.1 Policies and Measures for Participation in Social Welfare Activities	Giving Back to Society Through Concrete Actions
		S4.3.2 Investment in and Effectiveness of Participation in Social Welfare Activities	Giving Back to Society Through Concrete Actions
	Response to National Strategies	S4.4.2 Rural Revitalization and Regional Coordinated Development	Giving Back to Society Through Concrete Actions
Governance Indicators			
Primary Level	Secondary Level	Tertiary Level	Chapter of Location
Governance Strategy and Organizational Structure	Governance Strategy and Process	G1.1.4 Leading and Steering Role of Party Building	Adherence to the Leadership of Party Building
	Organizational Composition and Functions	G1.2.2 Organizational Structures and Functions of the Board of Directors, the Board of Supervisors and the Management	Orderly and Standardized Governance
		G1.2.3 Appointment Procedure and Composition of the Board of Directors, the Board of Supervisors and the Management	Orderly and Standardized Governance

	Compensation Management	G1.3.2 Transparency of Board Remuneration	/
Standardized Governance	Internal Control	G2.1.1 Internal Audit	Optimizing Internal Control and Compliance
		G2.1.2 Internal Control Structure, Mechanism and Flow	Optimizing Internal Control and Compliance
	Construction with Integrity	G2.2.1 Integrity Building System and Specification	Upholding of Business Ethics
		G2.2.2 Integrity Building Measures and Effectiveness	Upholding of Business Ethics
Fair Competition	G2.3.1 Standardization of Fair Competition Systems	Upholding of Business Ethics	
Investor Relations Management and Shareholders' Rights and Interests	Investor Relations Management	G3.1.2 Investor Engagement	Strengthening Investor Relations Management
	Rights and Interests of Shareholders	G3.2.1 General Meeting of Shareholders	Strengthening Investor Relations Management
		G2.2.2 Communication with Shareholders	Strengthening Investor Relations Management
	Creditors' Rights and Interests	G3.3.2 Performance of Contracts at the Bonds Market	/
Transparency of Information Disclosure	Information Disclosure System	G4.1.1 Financial Information Disclosure	Optimizing Internal Control and Compliance
	Quality of Information Disclosure	/	/
Compliance Operation and Risk Management	Compliant Operations	G5.1.1 Compliant Operation System	Optimizing Internal Control and Compliance
		G5.1.2 Compliance System Building	Optimizing Internal Control and Compliance
	Risk Management	G5.2.1 Risk Identification and Warning	Optimizing Internal Control and Compliance

## Feedback Form

Dear reader,

Thank you for reading this report. We highly value and look forward to hearing your feedback on this report. Your comments and suggestions are crucial for us to continuously improve our information disclosure, management and practices in connection with ESG. We welcome and sincerely appreciate your valuable comments!

1. Your overall assessment of our performance in ESG:

Very Good  Good  Average  Below Average  Poor

2. What is your overall evaluation of this report?

Very Good  Good  Average  Below Average  Poor

3. How do you evaluate our performance in communications with stakeholders?

Very Good  Good  Average  Below Average  Poor

4. How do you think we have fulfilled our product responsibilities?

Very Good  Good  Average  Below Average  Poor

5. How do you think we have performed in terms of environmental, safety, and occupational health?

Very Good  Good  Average  Below Average  Poor

6. How do you think we have fulfilled our employee responsibilities?

Very Good  Good  Average  Below Average  Poor

7. How do you think we have performed in terms of ESG?

Very Good  Good  Average  Below Average  Poor

8. Any comments or suggestions on our ESG performance and this report?

You can contact us through the following modes:

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