



Stock code: 300037

2025

Environmental, Social and Governance (ESG) Report



Table of Contents

01 Governance

| | |
|----------------------|----|
| ESG Management | 12 |
| Corporate Governance | 19 |
| Business Ethics | 22 |
| Risk Management | 26 |
| Information Security | 27 |

02 Responsibility

| | |
|--------------------------------|----|
| Innovation-driven | 30 |
| Product Quality | 40 |
| Chemical Safety | 46 |
| Occupational Health and Safety | 53 |
| Customer Service | 64 |

| | |
|------------------------|---|
| About the Report | 2 |
| Message From Chairman | 4 |
| About Capchem | 6 |
| ESG Highlights in 2025 | 8 |

03 One-earth

| | |
|-------------------------------------|----|
| The "Four Green" Concept | 72 |
| Combating Climate Change | 76 |
| Optimizing the Energy Structure | 83 |
| Environmental Compliance Management | 86 |
| Emissions and Waste | 91 |
| Resource and Ecological Protection | 94 |

04 Win-win

| | |
|---|-----|
| Responsible Supply Chain | 98 |
| Human Rights of Employees | 105 |
| Talent Development and Incentive | 107 |
| Employee Rights, Interests and Benefits | 112 |
| Community Contributions | 115 |

| | |
|------------------------------------|-----|
| ESG Quantitative Performance Table | 118 |
| Indicators Index | 128 |
| Independent Assurance | 133 |
| Readers Feedback Form | 136 |

About the Report

Introduction

Welcome to the 2025 Environmental, Social and Governance (ESG) Report of Shenzhen Capchem Technology Co., Ltd. ("Capchem") (hereinafter referred to as the "Report"). Since 2020, the Company has consistently disclosed its performance in sustainability and social responsibility. In 2023, the Company upgraded its social responsibility report to an ESG report and has consecutively published the 2023 and 2024 Environmental, Social, and Governance (ESG) reports.

Reporting Scope

The reporting period of this Report is from January 1, 2025, to December 31, 2025 (hereinafter referred to as the "Reporting Period"). To ensure the comprehensiveness of the Report, some content may extend beyond this period. Reporting scope: Unless otherwise specified, this Report covers Shenzhen Capchem Technology Co., Ltd. (hereinafter referred to as "Capchem," the "Company," or "we") and its controlled subsidiaries, consistent with the scope of the consolidated financial statements of Capchem (300037.SZ).

Basis of Preparation

The Report is compiled in accordance with the *Self-Regulatory Guidelines No.17 for Companies Listed on Shenzhen Stock Exchange - Sustainable Development Report (for Trial Implementation)*, the *Shenzhen Stock Exchange Self-Regulatory Guidelines No. 3 for ChiNext-Listed Companies — International Financial Reporting Sustainable Disclosure Standard S1 — General Requirements for Disclosure of Sustainability-related Financial Information(IFRS S1)*, *International Financial Reporting Sustainable Disclosure Standard S2 — Climate-related Disclosures(IFRS S2)*, the *Global Reporting Initiative Standards (GRI Standards)*, the *Sustainability Reporting Standards (Version 2021)*, the *Sustainability Accounting Standards Board Standards (SASB Standards)*, the *UN Sustainable Development Goals (UN SDGs)*, and the *Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-ESG 6.0) of the Chinese Academy of Social Sciences*.

Reporting Principles

Materiality

The Company identifies, based on the characteristics of its industry and business operations, the expected significant impacts of each ESG topic on its business model, operations, development strategy, financial position, operating results, cash flow, financing methods, and costs in the short-, medium-, and long-term. It also assesses whether the Company's performance on each topic may have significant impacts on the economy, society, and the environment.

Impartiality

The content disclosed in the Report is objective in nature, ensuring the impartial reporting of the Company's ESG performance during the Reporting Period.

Quantification

The Report discloses the ESG quantitative performance indicators during the Reporting Period and strives to explain the criteria, calculation methods and parameters used to disclose the data.

Consistency

Any changes to the statistical methods or disclosure approaches used in this report will be fully explained in the Report notes.

Glossary

For ease of reference and readability, "Shenzhen Capchem Technology Co., Ltd." is also referred to as "Capchem" or the "Company" in this Report. The above references may also include the wholly-owned subsidiaries and controlled subsidiaries of Shenzhen Capchem Technology Co., Ltd. that are consolidated in its financial statements. The following are some of the subsidiaries covered in this Report, abbreviated as follows:

- Shenzhen Capchem refers to Shenzhen Capchem Technology Co., Ltd.
- Huizhou Capchem refers to Huizhou Capchem Chemicals Co., Ltd.
- Nantong Capchem refers to Nantong Electronic Materials Co., Ltd.
- Nantong Capchem Technology refers to Nantong Capchem Technology Co., Ltd.
- Nantong Top refers to Nantong Top Electronic Materials Co., Ltd.
- Sanming Hexafluo refers to Sanming Hexafluo Chemicals Co., Ltd.
- Shanghai Hexafluo refers to Hexafluo Chemicals (Shanghai) Co., Ltd.
- Fujian Heptafluo refers to Fujian Heptafluo New Materials Co., Ltd.
- Hunan Fluopont refers to Hunan Fluopont New Materials Co., Ltd.
- Jiangsu Hicomer refers to Jiangsu Hicomer New Materials Co., Ltd.
- Shenzhen Semicomat refers to Shenzhen Semicomat Electronic Materials Co., Ltd.
- Suzhou Novolyte refers to Novolyte Battery Materials (Suzhou) Co., Ltd.
- Jiangsu Seals refers to Jiangsu Seals Electronic Materials Co., Ltd.
- Jingmen Capchem refers to Jingmen Capchem New Materials Co., Ltd.
- Tianjin Capchem refers to Tianjin Capchem Electronic Materials Co., Ltd.
- Chongqing Capchem refers to Chongqing Capchem New Materials Co., Ltd.
- Yichang Capchem refers to Yichang Capchem Technology Co., Ltd.
- Capchem Supply Chain refers to Shenzhen Capchem Supply Chain Management Co., Ltd.
- Capchem Hong Kong refers to Capchem (Hong Kong) Co., Ltd.
- Capchem USA refers to Capchem Technology USA Inc.
- Capchem Poland refers to Capchem Poland Sp.zo.o.
- Capchem Europe refers to Capchem Europe B.V.
- Capchem Singapore refers to Capchem Singapore PTE.LTD.
- Capchem Korea refers to Capchem Korea Co., Ltd.
- Novolyte Malaysia refers to Novolyte Technology Sdn. Bhd.
- Capchem Japan refers to Capchem Japan Co., Ltd.

Sources of Information

All information and data disclosed in the Report are sourced from our statistical data or official documents.

Confirmation and Approval

The Report is prepared by the ESG reporting team of Capchem, and is released after confirmation by management and approval by the Board of Directors.

Access and Response to the Report

The Report is available in both Simplified Chinese and English. If there is any discrepancy between the two versions, the Simplified Chinese version shall prevail.

Message From Chairman



Johnson Qin
 Chairman



Looking back on 2025, the global economy explored new paths amid uncertainty, while China demonstrated strong development resilience, achieving steady growth in annual economic output. Our industry—electronic chemicals and functional materials, particularly the lithium battery materials sector—entered a pivotal cyclical turning point. On the one hand, the global new energy vehicle and emerging energy storage markets continued to expand rapidly, driving sustained demand for upstream materials. On the other hand, industry competition shifted from scale-driven expansion to high-quality competition focused on technological iteration, product performance, and sustainable capabilities.

Against this macro backdrop and industry dynamics, Capchem advanced its ESG practices throughout 2025. We consistently adhered to our ESG strategic vision of "Green Drives Sustainable Business," continuously implementing the four strategic pillars of GROW (Governance, Responsibility, One-earth, Win-win), and steadily enhancing the "value, green, and intelligence" of our development. While achieving sustainable growth in our own business, we also contributed to high-quality development of the industry.



Enhancing Sustainability Governance (Governance)

We continued to respond to the UN Sustainable Development Goals and integrated sustainable development deeply into our business operations and governance processes. In 2025, the Company advanced the management of 27 material topics, with particular focus on analyzing the impacts of financially material topics, assessing related risks and opportunities, and developing corresponding response measures, thereby continuously improving topic management and stakeholder engagement.

Prioritizing the interests of all shareholders, we optimized the internal governance system and further clarified the organizational structure as well as the scope of responsibilities and powers. During the Reporting Period, the Company completed the term renewal of the 7th Board of Directors and senior management. The members of the 7th Board of Directors and senior management have pledged to perform their duties with due diligence, keep CAPCHEM at the forefront of industry development, reward shareholders and employees with better operating performance, and jointly create a more splendid future for the Company. We have continued to advance the development of the four-in-one business ethics system featuring *prevention, supervision, disciplinary action and improvement*, and effectively implemented compliance management, risk management and information security initiatives, which provides a solid guarantee for the efficient operation of the Company through sound corporate governance. In 2025, the Company achieved a 100% signing rate of the *Integrity Agreement* or integrity clauses with its suppliers, a 100% participation rate of all employees in anti-corruption training and advocacy activities, and a 100% signing rate of the *Integrity Commitment Letter*.

Building a Responsible R&D, Production, and Sales Operation System (Responsibility)

We adhered to an "innovation-driven" approach. In 2025, the Company invested RMB 536.89 million in R&D, deeply integrating AI to enhance R&D efficiency and product quality, and promoting industry-chain collaborative innovation through high-level R&D investment. We adhered to "quality above all," continuously optimizing the quality management system and implementing full-process, lifecycle quality management, producing high-standard products with a first-pass yield of 99.88%. We also adhered to a "customer-centric" approach, exploring key technologies in electronic chemicals and functional materials to provide customers with high-quality, environmentally friendly products and services.

We maintained a "safety-first" principle, regarding safety as the lifeline, red line, and bottom line of our development. Safety risks were managed from the source, with comprehensive chemical lifecycle management and gradual implementation of SVHC and PFAS reduction and substitution plans. Building on a robust health and safety management system, the Company integrated elements of

chemical process safety management (PSM), embedding work safety standardization, hierarchic control of safety risks, and hazard identification and mitigation requirements, with the goal of achieving intrinsic safety throughout the entire process, value chain, and lifecycle of electronic chemicals and functional materials.

Exploring Green and Low-Carbon Development Paths (One-earth)

We actively responded to global climate actions. In 2025, we advanced the "dual carbon" targets of "operational carbon peaking by 2029; operational carbon neutrality by 2049." While strengthening climate risk management, we seized climate-related opportunities and promoted green, low-carbon transition. We received a "B" rating in our first CDP Climate Change assessment. We increased the proportion of clean energy, improved energy efficiency, and achieved 100% green electricity usage in multiple battery electrolyte production bases. We optimized waste (waste water, waste gas, solid waste) and resource management, set targets for wastewater discharge, hazardous waste generation, and water consumption per unit of product, and improved recycling of waste and water, contributing to a circular economy. By 2025, 100% of our operating production bases had obtained ISO 14001 environmental management system certification.

Creating a Collaborative and Value-Driven Ecosystem (Win-win)

Collaboration and mutual benefit remained our unwavering pursuit. We worked with stakeholders to create a shared future, advancing ESG management and practices across the supply chain, and building a responsible, resilient, green, and traceable supply chain. We regarded talent as the core driver of sustainable development, fostering a diverse and inclusive working environment under the philosophy of "Participate · Develop · Undertake · Share," developing international talent pipelines, implementing talent localization strategies, and promoting the execution of our international strategy. Comprehensive development, incentive, and welfare systems protected employee rights and interests. We remained committed to giving back to society: in 2025, the Company invested RMB 3.36 million in public welfare and community initiatives, deepening connections with domestic and international communities.

Looking ahead to 2026, the Company will celebrate its 30th anniversary and begin the implementation of its Seventh Five-Year Strategic Plan. We firmly believe that only responsible enterprises can achieve sustainable success, and only companies aligned with the times can secure their future. Capchem is committed to working with all stakeholders to build a green, harmonious, and sustainable future, opening the next glorious 30 years.

About Capchem

Shenzhen Capchem Technology Co., Ltd. ("Capchem") is committed to becoming a leading global enterprise specialized in electronic chemicals and functional materials. Founded in 1996, Capchem was listed on the Shenzhen Stock Exchange (stock code: 300037) in 2010, with its headquarter in Shenzhen, China.

Since establishment, Capchem is committed to creating a better future with electronic chemicals and functional materials. Its main products include battery chemicals, organic fluorine chemicals, capacitor chemicals and semiconductor chemicals, which are widely used in fields such as new energy vehicles, consumer electronics, urban rail transit, biomedicine, digital infrastructure, photovoltaic energy storage and industrial manufacturing.

The vision of Capchem is to become a global leader in electronic chemicals and functional materials. All employees uphold the core values of "Innovation for Application, Progress with Integrity" as well as the business philosophy of "STEP" meaning "Solid, Thorough, Excellent, Professional", step by step, and persevere in pursuit of excellence.

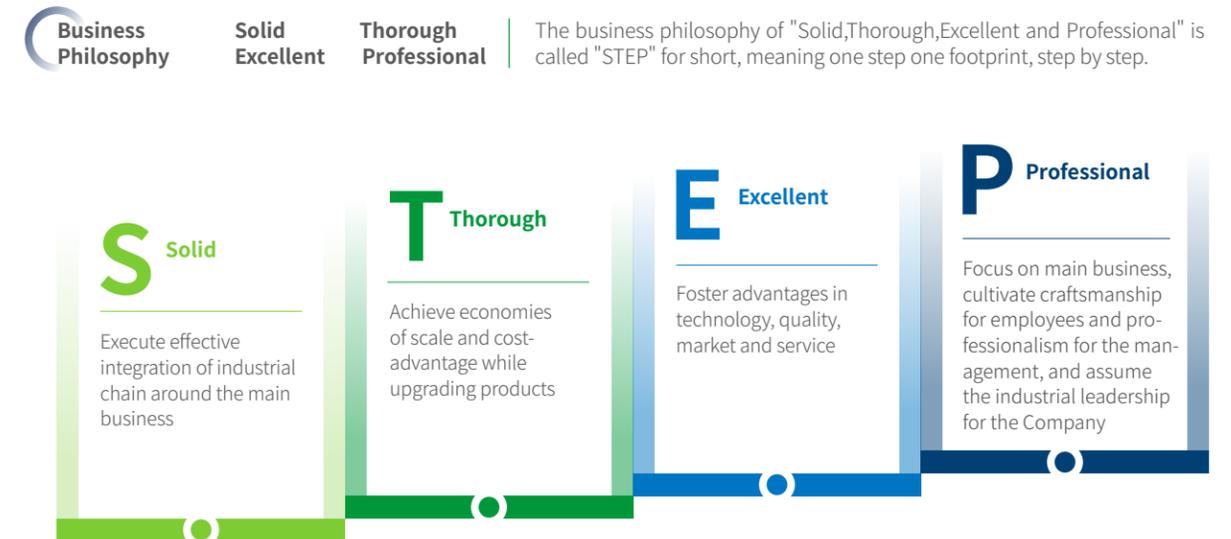
The Company is headquartered in Pingshan District, Shenzhen. To respond quickly to customer needs and ensure local supply, Capchem has established multiple production bases across Guangdong, Jiangsu, Fujian, Hubei, Hunan, Tianjin, Chongqing, and other provinces and municipalities, as well as in Poland, the United States, Malaysia, and other countries. The Company currently has 31 wholly-owned or controlled subsidiaries and sub-subsidiaries, including Huizhou Capchem, Nantong Capchem, and Sanming Hexaflu. Additionally, Capchem has wholly-owned or controlled subsidiaries in Hong Kong, the United States, Poland, Singapore, and South Korea, Japan, and Saudi Arabia, enabling timely, local service for customers.



20+ Sites Worldwide



4,000+ Employees



Mission

Electronic Chemicals and Functional Materials for a Better Future

Vision

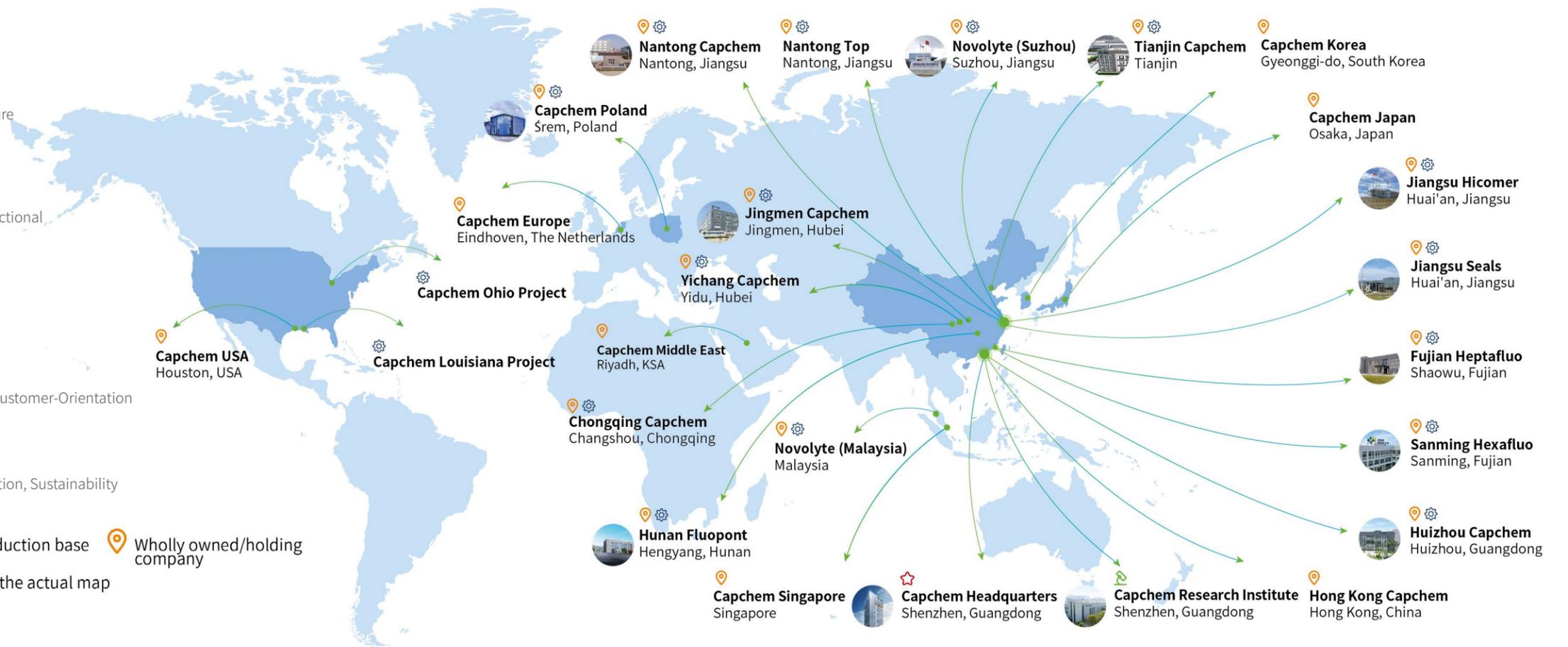
To Become a Global Leader of Electronic Chemicals and Functional Materials

Core Value

- "Innovation for Application"
- Truth-Seeking, Sustaining Innovation, Customer-Oriented and Value-Creation
- "Progress with Integrity"
- Safety & Compliance, Sharing, Globalization, Sustainability

- Head office
- Research institute
- Production base
- Wholly owned/holding company

* This map is a schematic diagram, please refer to the actual map



ESG Highlights in 2025

Economic Performance

Operating income

RMB **9,639.17** million

Net profit

RMB **1,099.11** million

Earnings per share

RMB **1.46** per share

Total assets

RMB **19,797.53** million

Weighted average return on equity

10.74%

Environmental Performance

Environmental investment

RMB **43.26** million**100%**

of operating bases have obtained the ISO 14001 environmental management system certification

Carbon dioxide emissions

4,345,580.92 tCO₂e¹

Consumption of purchased green electricity

19,448,701 kWh

Water reuse rate

38.62%

Integrated recycling of general waste

253.37 ton

Social Performance

R&D investment

RMB **536.89** million

R&D investment as a percentage of total revenue

5.57%

Cumulative domestic and international patent granted

670 patents

Cumulative investment in ensuring occupational health and safety

RMB **59.69** million

Total workforce

4,465

Percentage of female employees

23%

Employee training hours

Over **212,196** hours

Corporate Governance

Number of independent directors

3

Number of female directors

2

Coverage of integrity and compliance training

100%Signing Rate for Suppliers' *Integrity Agreement* or *Integrity Clause***100%**

Number of board meetings

9

Directors participation rate

100%

¹ For details on the statistical criteria, please refer to the appendix: ESG Quantitative Performance Table.



01 | Governance

Capchem Poland

Capchem regards sustainable governance (Governance) as key to ensuring continuous growth and long-term prosperity. Guided by its sustainable development strategy, the Company builds on a sound and efficient governance framework, continuously embedding compliance and integrity culture throughout the organization, and steadily enhancing privacy and information security protection. Through high-quality governance, Capchem injects strong momentum into its sustainable operations.

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Corporate Governance

- Cumulatively held **5** shareholders' meetings, **9** Board meetings, and **6** supervisory board meetings.
- Awarded "AAA" Huazheng ESG rating (November 28, 2025), and received A-grade information disclosure rating from Shenzhen Stock Exchange for the fourth consecutive year.
- Completed a total of **222** information disclosure documents covering meeting resolutions, periodic reports, profit distributions, and other significant matters, and completed insider information management **4** times.
- Organized **1** investor reception, **5** performance briefings, **1** online investor collective reception day, and responded to **180** investor inquiries via social media platforms such as "Easy Interaction," with a **100%** response rate.

Business Ethics

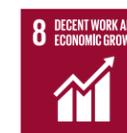
- No corruption-related violations occurred, nor were there legal proceedings arising from corruption, unfair competition, antitrust, or monopolistic practices committed by the Company, its directors, management, or employees.
- **100%** of employees participated in anti-corruption training or awareness sessions, and **100%** signed the *Commitment Letter of Integrity*.
- All suppliers signed the *Integrity Agreement* or integrity clause.

Risk Management

- Fully implemented the internal **"three lines of defense"** risk management.

Information Security

- Capchem and its subsidiaries, Huizhou Capchem and Nantong Capchem, have completed the ISO 27001:2022 transition and recertification and passed third-party annual audits.



ESG Management

Capchem upholds the concept of sustainable development and has established an ESG strategy aligned with its business development. The Company continues to improve its governance system, deeply integrates ESG management into all aspects of operations, and actively promotes communication with stakeholders. Capchem focuses on ensuring stable operations, fulfilling social responsibilities, and enhancing governance to achieve its sustainable development objectives.

ESG Strategy

Rooted in its strategic vision of "Green Drives Sustainable Business," Capchem has established a top-down "ESG Strategy House" to systematically plan its sustainable development pathway. The carefully developed GROW model is built on four pillars—Sustainable Governance (Governance), Responsible Operations (Responsibility), Protecting the Planet (One-earth),

and Win-win Collaboration (Win-win)—translating sustainability concepts into a structured action blueprint and clearly articulating the Company's solid commitments and implementation pathways across all ESG dimensions. Capchem looks forward to working side by side with all partners to grow together and jointly create a greener, more harmonious, and sustainable future.

ESG Strategy House: the "GROW" Model, symbolizing the Company's continuous growth and progress toward sustainable development



ESG Strategic House

ESG Governance

Capchem deeply integrates the concept of sustainable development into its business operations and governance processes, establishing a three-tier ESG governance framework covering "decision-making level, management level, and execution level." The decision-making level is composed of the Board of Directors and the Strategy and Sustainable Development Committee, responsible for planning the Company's sustainable development and making decisions on major matters. The management level is composed of the ESG Management Office, responsible for developing and coordinating the Company's sustainability management plans and action plans. The execution level is composed of ESG Working Groups established

at headquarters and production bases, responsible for implementing sustainability initiatives.

Through strategic guidance from the Board, overall planning and coordination by the ESG Management Office, and task execution by the ESG Working Groups, the Company has formed a tightly linked and efficiently coordinated governance chain that ensures top-down responsibility delegation and oversight. In addition, Capchem has established the *Capchem Sustainability Management System*, which clearly defines the responsibilities of each organizational level in ESG governance, ensuring effective implementation of ESG management strategies.



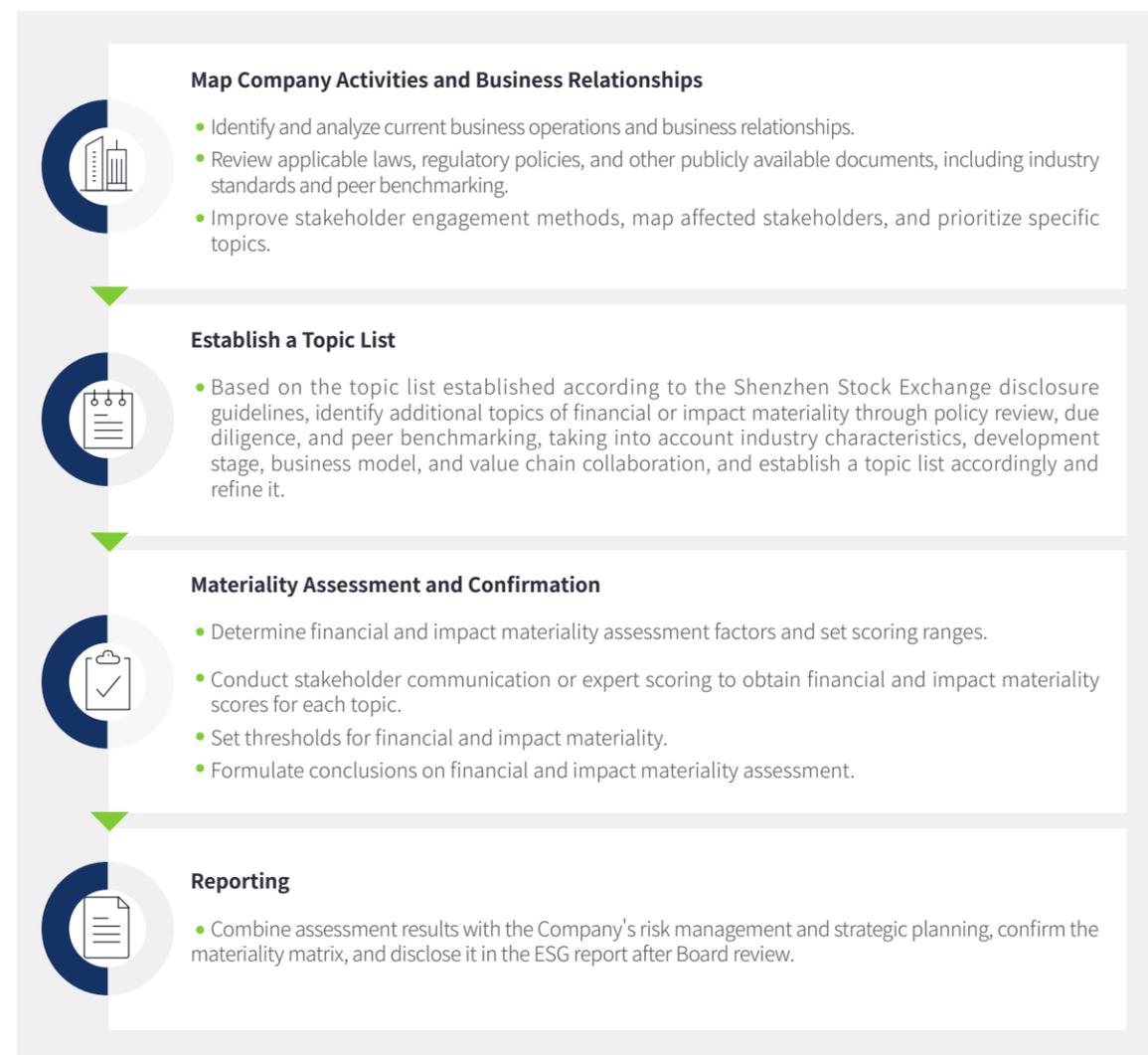
ESG Governance Structure and Responsibilities

Materiality Management

Implementing ESG materiality management is the foundation for Capchem to carry out its ESG strategy, manage risks and opportunities, and disclose information. The Company conducts periodic, comprehensive materiality assessments of sustainability topics based on its business operations. The 2025 materiality assessment work was primarily carried out on the basis of the 2024 materiality assessment results.

Based on its business characteristics and industry trends, Capchem engaged in in-depth dialogue to fully understand stakeholders' opinions. The Company conducted a double materiality assessment of identified ESG topics, analyzing

and identifying those closely related to its sustainable development from two dimensions: impact materiality and financial materiality. For impact materiality, Capchem conducted a comprehensive assessment of each topic from four dimensions: magnitude of impact, scope, likelihood, and irremediability. For financial materiality, the Company evaluated the financial impact of each topic based on the likelihood of risks and opportunities, the continuity of resource use, and the dependence on ongoing business operations. The findings were consolidated to form Capchem's materiality assessment conclusions.



Materiality Analysis Process

Capchem identified 27² material topics, including 9 environmental topics, 12 social topics, and 6 corporate governance topics. The Company integrated impact and financial materiality assessment results to form the Capchem materiality matrix. Topics considered financially

material included addressing climate change, environmental compliance, occupational health and safety, and supply chain security.



Capchem Materiality Matrix

Capchem continuously improves the management responsibilities and indicator system for ESG material topics. Performance on key topics, such as environmental compliance, occupational health and safety, and chemical safety, has been incorporated into executive compensation evaluation, with other critical ESG performance metrics gradually integrated into incentive mechanisms. Moreover, leveraging the general manager accountability system under the Board, employee performance incentive plans, and ESG-aligned assessment mechanisms, the Company mobilizes

management and employees to jointly advance its ESG management and sustainable development.

As of the end of the Reporting Period, Capchem headquarters and the Huizhou, Nantong, Sanming, Tianjin, and Jingmen bases have implemented the RBA management system, effectively enhancing social responsibility management capabilities.

² The issue of "Technological Ethics" is not applicable

Stakeholder Communication

Capchem always aims to build strong, collaborative, and mutually beneficial relationships, working together with internal and external stakeholders to foster sustainable, win-win partnerships. By actively identifying stakeholders and mapping their key concerns, the Company defines appropriate communication channels to understand stakeholder needs and expectations in a timely manner, continuously enhancing sustainability performance.

During the Reporting Period, Capchem actively established communication channels with investors, regulators, customers, employees, suppliers and partners, communities and the public, as well as the media, fully understanding their needs and expectations regarding the Company's development and proactively responding through concrete actions.

| Stakeholders | Priority Topics | Communication Channels |
|--|---|---|
|  <p>Investors</p> | Corporate Governance Risk Management and Compliance Anti-Bribery and Anti-Corruption Anti-Unfair Competition Stakeholder Communication | Investor Research Activities General Meeting of Shareholders Performance Briefings Roadshow Company Announcements Interaction Platform Hotline Email |
|  <p>Regulators</p> | Corporate Governance Risk Management and Compliance Anti-Bribery and Anti-Corruption Anti-Unfair Competition Stakeholder Communication Due Diligence Equal Treatment of SMEs Environmental Compliance Addressing Climate Change Energy Use Pollutant Emissions Waste Treatment Water Resource Utilization Chemical Safety Ecosystem and Biodiversity Conservation | Ad Hoc Communication Information Disclosure The Company's Official Website |

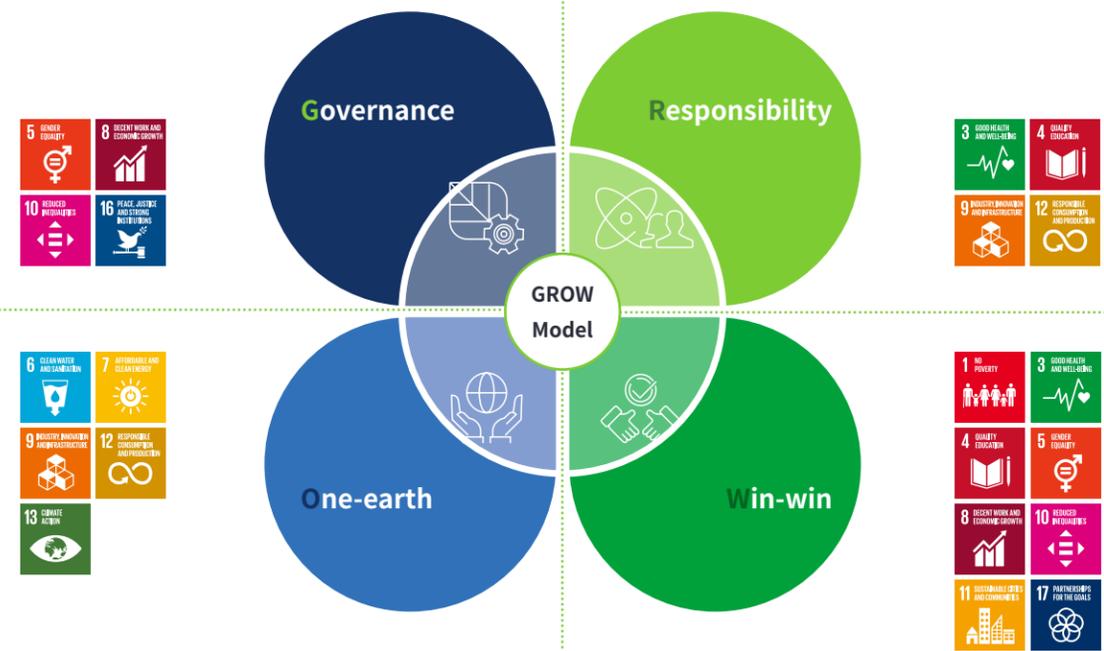
| Stakeholders | Priority Topics | Communication Channels |
|--|---|---|
|  <p>Customers</p> | Green Product Safety and Quality of Products and Services Customer Service and Satisfaction Innovation-driven Data Security and Customer Privacy | Hotline Customer Visit Sales and Customer Service Coordination Satisfaction Survey Email WeChat Official Account The Company's Official Website |
|  <p>Suppliers and Partners</p> | Supply Chain Security Due Diligence Innovation-driven Risk Management and Compliance Anti-Bribery and Anti-Corruption Equal Treatment of SMEs Stakeholder Communication | Supplier Management Training Business Visit The Company's Official Website WeChat Official Account Hotline Whistleblowing and Complaints |
|  <p>Employees</p> | Employee Rights and Benefits Employee Career Development Occupational Health and Safety Risk Management and Compliance Anti-Bribery and Anti-Corruption | Workers' Congress Employee Forum Executive Meet-and-Greet Employee Activities Employee Satisfaction Survey Whistleblowing and Complaints |
|  <p>Communities and the Public</p> | Pollutant Emissions Waste Treatment Ecosystem and Biodiversity Conservation Social Contribution Circular Economy Rural Revitalization | Whistleblowing and Complaints Public Welfare Activities Community Outreach Activities |
|  <p>Media</p> | Addressing Climate Change Green Product Circular Economy Rural Revitalization Social Contribution Innovation-driven | Public Welfare Activities Media Coverage Public Open Day |

UN SDGs Performance and Response

Capchem actively embraces the United Nations Sustainable Development Goals (SDGs), continuously enhances its sustainability accountability, and works diligently to create a more sustainable future, demonstrating the Company's commitment and corporate responsibility.

Capchem is committed to building an efficient, accountable, and transparent governance system, continuously strengthening compliance and integrity culture, and firmly preventing and resisting all forms of corruption and commercial bribery. By continuously enhancing risk identification, management, and response capabilities, and reinforcing data privacy and information security mechanisms, the Company internalizes high-standard governance as a core driver of sustainable development, laying a solid foundation for long-term, stable growth.

Capchem leverages technological innovation to drive core industry competitiveness while maintaining strict control over chemical use and end-to-end quality management, aiming to deliver safe, green, and reliable innovative products. We continuously enhance the customer experience, shaping a strong brand through professional and efficient service. At the same time, the Company prioritizes work safety, creating a healthy and secure working environment for all employees, and ensuring intrinsic safety across the entire process, value chain, and lifecycle of electronic chemicals and functional materials.



Capchem actively addresses global climate change, steadily improving its resilience and adaptability to climate-related risks. We integrate environmental sustainability throughout all production and operational processes, actively explore green product development and clean process applications, and vigorously promote energy conservation, emissions reduction, and efficient resource use. By advancing a circular economy, the Company fulfills its environmental responsibilities and drives harmonious development between its operations and the ecosystem.

Capchem works closely with suppliers to promote sustainable and responsible procurement, jointly enhancing the green and resilient performance of the supply chain. The Company also fosters an equitable, diverse, and inclusive working environment, supporting employee growth and well-being. In addition, Capchem actively participates in social welfare and community initiatives both domestically and internationally, fulfilling its corporate citizenship and demonstrating its commitment to sustainable development.

UN SDGs Performance and Response

Corporate Governance

Anchored in the Company's eight strategic "commitments," Capchem balances shareholder interests with corporate performance, continuously strengthening its governance system and structure. The Company actively responds to investor concerns and expectations, and ensures information disclosure is conducted in a standardized, timely, and comprehensive manner, steadily advancing on its path toward sustainable development.



Corporate Governance

In accordance with applicable laws and regulations, including the *Company Law of the People's Republic of China*, the *Shenzhen Stock Exchange Self-Regulatory Guidelines No. 2 for ChiNext-Listed Companies – Standardized Operations*, as well as the *Articles of Association* and other internal guidelines, Capchem safeguards the interests of all shareholders by continuously improving its internal management mechanisms. Through multiple internal meetings, the Company effectively fulfills its management responsibilities and ensures efficient and compliant operations. During the Reporting Period, the Company convened a total of 5 shareholders' meetings, 9 Board meetings, and 6 supervisory board meetings. The governance responsibilities of these bodies are detailed in the *Articles of Association*.³

In response to the latest requirements of the *Company Law of the People's Republic of China*, the *Guidelines for Articles of Association of Listed Companies*, the *Shenzhen Stock Exchange Self-Regulatory Guidelines No. 2 for ChiNext-Listed Companies – Standardized Operations*, and other applicable laws and regulations, the Company optimized its governance structure, unifying the term "General Meeting of Shareholders" as "Shareholders' Meeting," and dissolving the supervisory board, with its statutory duties transferred to the Audit Committee under the Board of Directors. Through these revisions to the *Articles of Association* and internal governance system, the Company further clarified its organizational structure and division of responsibilities, laying a solid foundation for enhanced governance effectiveness and long-term standardized operations.



Corporate Governance Structure of Capchem

Building a Professional and Diversified Board of Directors

To enhance professionalism in deliberation and decision-making, the Board of Directors has established four specialized committees that provide consultation and recommendations: the Audit Committee, the Remuneration and Evaluation Committee, the Nomination Committee, and the Strategy and Sustainable Development Committee.

December 30, 2025. The term of Ms. Li Shengnan (female independent director) commenced on that date. Following the re-election, the number of female directors on the Board increased to two (Ms. Zhong Meihong and Ms. Li Shengnan), and this improvement will be reflected in the performance indicators of subsequent reporting periods.

Capchem places strong emphasis on Board diversity, comprehensively considering candidates' educational backgrounds, professional expertise, management experience, and overall competencies. The Company is committed to building a Board and senior management team with forward-looking perspectives and strong professional capabilities. During the Reporting Period, the Board comprised 9 directors from diverse professional fields and backgrounds, including accounting, law, chemical engineering, and risk management. The Board included 3 independent directors and 1 female director. The Board of Directors completed its re-election on

Capchem also enhances Board capacity through internal learning initiatives and external corporate compliance governance training programs organized in collaboration with institutions such as CITIC Securities. These programs help align directors with the latest regulatory developments and industry best practices. During the Reporting Period, directors and senior management participated in training sessions covering topics such as stock trading during sensitive periods, new regulations on raised funds, and transitional arrangements related to the supervisory board, providing guidance and direction for further strengthening Board governance.

Organizing Directors and Senior Management to Participate in the Training Program for Directors, Supervisors, and Senior Management of Shenzhen-listed Companies

In June 2025, Capchem organized its directors and senior management to participate in the 2025 training program for directors, supervisors, and senior management of Shenzhen-listed companies, reinforcing internal governance constraints and supporting the Company's high-quality development.

³ [Articles of Association of Capchem](#)

Improving the Operation of Subsidiary Boards of Directors

Capchem integrates its pursuit of excellent governance into the management and decision-making processes of its subsidiaries. Guided by internal policies such as the *Subsidiary Compliance Governance Operating Guidelines*, the Company supports and guides key and newly established subsidiaries in improving the operation of their governance bodies and conducting regular compliance training. These

efforts comprehensively enhance compliance governance standards at the subsidiary level, ensure lawful and compliant decision-making, and promote stability and sustainability in business development and strategy execution. During the Reporting Period, Capchem assisted and guided more than 14 subsidiaries in completing key governance and risk control matters.

During the Reporting Period, Capchem received multiple honors in recognition of its strong governance performance, including the "2025 Golden Bull Award for Technological Innovation of Listed Companies." The Company was awarded "AAA" Huazheng ESG rating, and received an A-grade information disclosure rating from the Shenzhen Stock Exchange for the fourth consecutive year.

During the Reporting Period

The Company was awarded

AAA

Huazheng ESG rating



2025 Golden Bull Award for Technological Innovation

Information Disclosure and Investor Relations Management

Guided by the *Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange*, the *Shenzhen Stock Exchange Self-Regulatory Guidelines No. 2 for ChiNext-Listed Companies – Standardized Operations*, and the internal *Information Disclosure Management Policies*, Capchem continuously enhances the quality and transparency of its information disclosure.

Capchem attaches great importance to investor relations. Based on the *Management Systems for Investor Relations*, the Company continuously strengthens interaction and communication with shareholders and investors through diversified channels to create long-term value. During the Reporting Period, Capchem organized 1 investor reception, 5 performance briefings, 1 online investor collective reception day, and responded to 180 investor inquiries on social media platforms such as "Easy Interaction," with a 100% response rate.

The Company also ensures orderly confidentiality management for directors, senior management, and insiders in line with disclosure requirements for significant events and transactions. During the Reporting Period, Capchem completed a total of 222 information disclosure documents, including meeting resolutions, periodic reports, profit distributions, and other significant matters, and conducted insider information management 4 times.

During the Reporting Period

The interactive response rate of investors reaching

100%

Business Ethics

Capchem always upholds integrity as its foundation, actively implements compliance management and business ethics culture, and strives to deliver high-standard compliance governance that benefits all stakeholders.

Anti-Corruption and Integrity

Capchem adheres to laws and regulations related to business ethics and conducts anti-corruption and compliance management in accordance with internal policies such as the *Anti-Corruption Regulations*⁴ and the *Whistleblower Protection and Reward Policy*⁵. The Company resolutely prohibits all forms of corruption, bribery, money laundering, and fraud, and implements a compliance assurance mechanism combining culture promotion with integrity audits, embedding the principles of "daring not to corrupt, being unable to corrupt, and having no desire to corrupt" deeply across the organization.

During the Reporting Period, Capchem optimized internal regulations, enhanced supervisory personnel management, carried out diverse integrity education and training activities, properly handled whistleblowing cases, improved issue remediation processes, and actively exchanged experiences with external professional institutions. Through a four-in-one mechanism of "prevention, supervision, punishment, and improvement," the Company safeguards its integrity culture and ensures sustainable development

Anti-Corruption and Compliance Management

In terms of anti-corruption and integrity, Capchem's Audit Committee and Compliance Committee under the Board oversee the Company's anti-corruption, compliance management, and supervision work. The Audit and Supervision Department and the Compliance Office serve as execution bodies to ensure compliant and ethical operations. During the

Reporting Period, the Company did not encounter any corruption-related violations⁶, nor any legal proceedings arising from corruption, unfair competition, antitrust, or monopolistic practices committed by the Company, its directors, management, or employees.



⁴ [Anti-Corruption Regulations](#)

⁵ [Whistleblower Protection and Reward Policy](#)

⁶ Including dismissal or disciplinary action against directors, management, or employees for bribery or embezzlement, investigations by competent authorities, or termination/non-renewal of contracts with business partners.



Anti-Corruption and Compliance Management Structure

The Company has established an independent audit and supervision system directly led by the Board's Audit Committee, with centralized management of audit and supervision work at headquarters. During the Reporting Period, the Company optimized the audit and supervision processes of the Audit and Supervision Department, revised the *Anti-Corruption Regulations and Whistleblower Protection and Reward Policy*, and enhanced the overall management and professional assessment of audit and supervision personnel, ensuring efficient compliance management.

Whistleblowing, Complaints, and Whistleblower Protection

To strengthen integrity and anti-corruption efforts, Capchem has implemented diversified and robust whistleblowing and complaint mechanisms and communication channels, with clear guidelines on the scope and acceptance of whistleblowing cases. The Company encourages employees, suppliers, and other stakeholders to report any violations or misconduct

encountered during daily operations, either anonymously or by name, fostering a culture of integrity. During the Reporting Period, the Audit and Supervision Department conducted investigations based on whistleblower reports and addressed any internal control issues identified during the process.



Capchem's Whistleblowing Handling Process

The Company strictly implements the *Whistleblower Protection and Reward Policy*, providing a cash reward of up to RMB 200,000 to eligible real-name whistleblowers and cooperating entities based on the case. Throughout the entire whistleblowing process, the Company assigns dedicated personnel, encrypts information, and maintains strict confidentiality of all materials to effectively protect the identity and rights of whistleblowers, preventing any form of retaliation.

Whistleblowing Channels

- Wechat Official Account: Integrity Capchem
- Tel: +86 0755-89923410
- Email: audit@capchem.com
- Internal OA Platform: G-13.2-03 Integrity Reporting (AU-05)
- Address: Audit and Supervision Department, 20/F, Capchem Science and Technology Building, Changye Road, Pingshan District, Shenzhen, China
- Zip Code: 518118
- In-person Visits: Whistleblowers may schedule an appointment to report in person

Promotion of Anti-Corruption and Compliance Culture

Capchem enriches its anti-corruption and compliance management through diverse training and cultural promotion activities. The Company lists anti-corruption and compliance training as mandatory annual courses of the Capchem Management College, organizes participation in training conducted by the Anti-Fraud Alliance of Guangdong Enterprise Internal Control Association, and continuously disseminates anti-corruption and compliance culture via OA, WeChat official account, company bulletin boards, and multimedia platforms.

The Company also strictly enforces the integrity supervision mechanism for leaders by conducting annual performance and integrity reviews and exit integrity audits for leaders, and special anti-fraud and compliance training for senior management, ensuring that leaders fulfill their duties and jointly fostering a clean and upright business environment. During the Reporting Period, 100% of employees signed the *Commitment Letter of Integrity*, and 100% participated in anti-corruption training or awareness-raising activities, with a total of 7,659 training hours throughout the year.



| Type | Content |
|---------------------------|--|
| Audit and Supervision | <ul style="list-style-type: none"> Conduct integrity audits of directors, supervisors, and senior management, substantively reviewing declared related-party transactions and conflicts of interest, and handle any false declarations or violations according to regulations. Perform exit audits of departing senior management, focusing on integrity compliance. Include integrity promotion sessions in kickoff meetings for internal control audit projects. |
| Systematic Training | <ul style="list-style-type: none"> Integrity training is a mandatory part of onboarding for new employees, and all current employees receive at least one online integrity course annually. Actively participate in offline supervision training organized by authoritative institutions, learning from peers' best practices in compliance supervision and risk response. Conduct offline anti-fraud and integrity education for managers and key positions. |
| Promotion | <ul style="list-style-type: none"> Organize senior management to take an integrity pledge and sign a commitment letter. Launch integrity promotion and signing of commitment letters at the start of investment projects; conduct integrity checks during construction; provide on-site supervision for high-risk processes such as procurement bidding and project settlement. Use the OA system, internal publication, Integrity Capchem WeChat account, SRM system, etc., to issue integrity notices during holidays or key periods, and share compliance knowledge irregularly. Conduct an internal control and anti-fraud survey among all employees to proactively identify potential operational risks. |

Capchem's Anti-Corruption and Compliance Culture Promotion Campaign in 2025

Capchem regards integrity in collaboration as a key foundation for establishing long-term partnerships with suppliers. All suppliers are required to sign the Company's version of the *Integrity Agreement* or integrity clause. The Audit and Supervision Department conducts ad hoc spot checks, and targeted integrity reminders are sent to suppliers ahead of key holidays. During the Reporting

Period, the Company further clarified the principles, frequency, versions, review and archiving requirements for signing the *Integrity Agreement*, and designated department heads as the primary responsible persons for the signing of the *Integrity Agreement*, thereby reinforcing accountability in integrity management.

Anti-Unfair Competition

Capchem strictly prevents risks and acts of unfair competition, including infringement of intellectual property, false advertising, improper disclosure, and monopolistic practices, in accordance with the *Civil Code of the People's Republic of China*, the *Law Against Unfair Competition of the People's Republic of China*, the *Criminal Law of the People's Republic of China*, and relevant regulatory requirements.

training programs. Confidential areas and assets are subject to strict hierarchical controls, including classification labels, physical protection, and technical safeguards, which protect the Company's trade secrets from infringement.

The Company has established and continuously improved internal policies such as the *Trade Secrets Management System*, *Confidential Personnel Management System*, *Confidential Area Management System*, and *Confidential Assets Management System*. The Confidentiality Office centrally manages company-wide confidentiality, defining trade secrets, classification levels, and protection scope, while implementing strict approval processes for access permissions. Employees handling confidential information are required to sign confidentiality agreements and participate in awareness-raising and

Capchem has also formulated and continuously optimizes internal policies such as the *Compliance Management System*, *Press and Publicity Management Measures*, *External Information Reporting Management Measures*, and *Contract Management System*. The Legal Affairs and Compliance Department, the Operations Management Department and the Board of Directors' Office oversee compliance management, media communications, and publicity activities, reviewing business processes rigorously. Standardized procedures for news releases and external announcements are implemented to mitigate risks such as monopolistic practices, false advertising, or improper disclosure, ensuring compliant business operations.

Risk Management

Risk management is one of the key areas for ensuring the Company's long-term sustainability. Capchem continuously improves its internal risk management framework, implements processes for risk identification, assessment, response, and monitoring, and conducts internal training. Through these measures, the Company tightly controls potential risks in daily operations, safeguarding business vitality and competitiveness.

Internal Control

During the reporting period, the Company formulated and released the Risk Management System, continuously improving the system and management document framework. We organize rolling updates of the risk list annually, conduct semi-annual tracking, and generate risk reports to achieve closed-loop management. Capchem has depolyed risk identification, assessment, response, and monitoring measures both internally and externally, in a top-down manner. The Company has established and continuously improved a "Three Lines of Defense" risk management framework. The Legal Affairs and Compliance Department serves as the risk management department, while the Audit Committee, the Audit and Supervision Department, external independent directors, and audit institutions act as risk oversight bodies, ensuring robust risk management throughout the organization.



"Three Lines of Defense" Risk Management System

| Risk Management Process | Key Initiatives |
|-------------------------|---|
| Risk Identification | <ul style="list-style-type: none"> The Legal Affairs and Compliance Department annually organizes all business and functional departments to identify potential risks, including business ethics, safety and environmental protection, product quality, accounting and taxation, labor and employment, intellectual property, trade control, overseas operations, corporate governance, privacy protection, information security, and cross-border data transfer risks. |
| Risk Assessment | <ul style="list-style-type: none"> Business and functional departments systematically assess the identified risks, classifying and prioritizing them based on likelihood and potential impact. Factors including risk level, response cost, and resolution time are considered to develop appropriate emergency response plans and mitigation plans. |
| Risk Response | <ul style="list-style-type: none"> Based on risk identification and assessment, business and functional departments continuously optimize internal policies and control processes and implement mitigation and prevention measures according to the corresponding emergency response plans and mitigation plans. |
| Improvement | <ul style="list-style-type: none"> During the reporting period, the Company carried out specialized compliance improvement initiatives for identified key risk areas, including export control and economic sanctions compliance and labor compliance. We comprehensively reviewed management processes and implemented corresponding control requirements. Business and functional departments incorporate internal and external audit feedback and improvement recommendations, applying practical experience to continuously enhance risk management, reduce risks, and resolve identified issues. |

Capchem's Risk Management Initiatives

Risk Oversight and Culture Promotion

Internally, the Legal Affairs and Compliance Department organized the "Legal and Compliance Month" series of activities and oversees the cultural promotion of compliance risk management policies, specialized training, and management experience sharing, continuously instilling risk awareness and response strategies among employees. This enhances employee awareness of risks and ensures effective implementation of compliance risk policies and management requirements. Simultaneously, the Audit Committee coordinates risk supervision, and independent directors actively participate in corporate governance and risk control processes and provide recommendations for risk mitigation and process improvement, ensuring the smooth execution of major projects.

Externally, the Company's specialized committees collaborate with third-party audit firms to conduct risk identification and internal control audits across all business areas, compiling an internal control risk register. Periodically or on an ad hoc basis, third-party professional consulting institutions are invited to deliver regulatory interpretation and process optimization training, providing direction and guidance for the Company to enhance its management effectiveness.

Information Security

Guided by the principle of "compliance with laws, prevention first; focus on priorities, strict enforcement," Capchem attaches great importance to both corporate and personal information security and privacy protection. The Company strictly complies with domestic and international laws and regulations, including the *Data Security Law of the People's Republic of China* and the *General Data Protection Regulation (GDPR)*, and follows internal policies such as the *Information System Security Management Rules* and the *Trade Secrets Management System*. Combining the needs of its international business operations with industry best practices, Capchem has established a comprehensive management system for information security and privacy protection, with the Confidentiality Office coordinating with various departments and subsidiaries to implement information security management measures, ensuring the integrity, confidentiality, and transparency of business data both domestically and internationally. We pursue legal measures to hold accountable criminal acts such as infringement of trade secrets and intellectual property rights (including both civil and criminal liability), thereby safeguarding the company's legitimate rights and interests.

Capchem has built a company-wide network security management platform that monitors network traffic in real time. The Company continuously upgrades information security and data protection technologies, implements and regularly tracks the effectiveness of measures such as access controls, computer assets encryption, and malware protection, safeguarding the stable and secure operation of its business.

| Information Security Management Measures | Description |
|--|---|
| Access Control | <ul style="list-style-type: none"> Deploy internet access management systems, such as network access control, visitor appointment, and Active Directory (AD) domain management, to implement access control in routine work. |
| Computer Assets Encryption | <ul style="list-style-type: none"> Deploy file encryption systems to restrict unauthorized access, use, and storage of internal confidential documents. |
| Malware Protection | <ul style="list-style-type: none"> Continuously upgrade network protection technologies and deploy Tianqing antivirus software to prevent potential malware threats. |
| Network Security Platform | <ul style="list-style-type: none"> Deploy LAN network security management platform to dynamically monitor, analyze, alert on, and coordinate responses to real-time network traffic, ensuring a secure and controllable network environment. |
| Emergency Drills | <ul style="list-style-type: none"> Attack-defense exercises: Regularly engage third-party professional security service providers to conduct attack-defense exercises, identify potential IT asset vulnerabilities, and implement corrective actions. Phishing simulations: Regularly engage third-party professional security service providers to conduct phishing simulations, effectively strengthening employees' awareness of information security and privacy protection across departments. |

Additionally, the Company continues to advance information security culture-building initiatives by organizing and delivering information security training programs for all employees. Through the sharing of real-world information security cases and management requirements, the Company reinforces the importance of information security across the organization. During the Reporting Period, the Company conducted company-wide information security training sessions, including specialized training on phishing prevention.

At the same time, Capchem extends its high standards for information security and data privacy to supplier management. The Company requires 100% of core material suppliers to sign confidentiality agreements, thereby continuously enhancing

suppliers' information security management capabilities and jointly safeguarding data security across the industry chain.

Capchem is committed to establishing a compliant and effective information security system and actively cooperates with customers in information security audits. In 2025, the Company completed the ISO/IEC 27001:2022 transition and recertification and passed third-party annual audits. During the Reporting Period, the certification covered Shenzhen Capchem, Huizhou Capchem, and Nantong Capchem. During the Reporting Period, the Company recorded no information security incidents and received no complaints related to customer privacy infringement or loss of customer data.



02 | Responsibility

Responsible operations (Responsibility) form the foundation of Capchem's sustainable development. The Company continuously expands its green product portfolio, drives process upgrades through R&D innovation, emphasizes intellectual property protection, ensures a safe and healthy production environment, and delivers green and reliable products and service solutions. In daily operations, we uphold a customer-centric philosophy, actively respond to customer needs, and continuously improve our service system to enhance service quality and customer satisfaction.

Emergency Drill

Innovation-driven

- R&D investment reached **RMB 536.89 million**
- Conducted **445** sessions of R&D and intellectual property training
- Obtained **95** newly authorized domestic patents and **28** newly approved domestic and overseas registered trademarks

Product Quality

- First-pass yield of finished products reached **99.88%**, an increase of **0.38%** from last year
- Introduced the SRM system for systematic supplier management, improving raw material qualification rates from **96.8%** to **97.83%**
- No major product quality incidents occurred
- Quality management training covered **13,650** participants, with a total of **44,173.03** training hours

Chemical Safety

- Implemented a reduction plan targeting SVHCs
- Completed PFAS identification across the Group's full product portfolio, actively advanced PFAS substitution, and continued to monitor developments related to PFAS proposals

Occupational Health and Safety

- Invested a total of RMB **59.69 million** in occupational health and safety management
- **12** operating production bases obtained ISO 45001 certification, representing a coverage rate of **80%**
- No work safety incidents of moderate or higher severity occurred, and no suspected or confirmed occupational disease cases were reported
- Conducted **714** safety drills and **956** safety training sessions, achieving 100% coverage of production employees, with a total of **115,727** training hours

Customer Services

- Overall customer satisfaction scores remained above **90** for several consecutive years
- Customer complaint resolution rate reached **100%**
- No customer privacy breach incidents



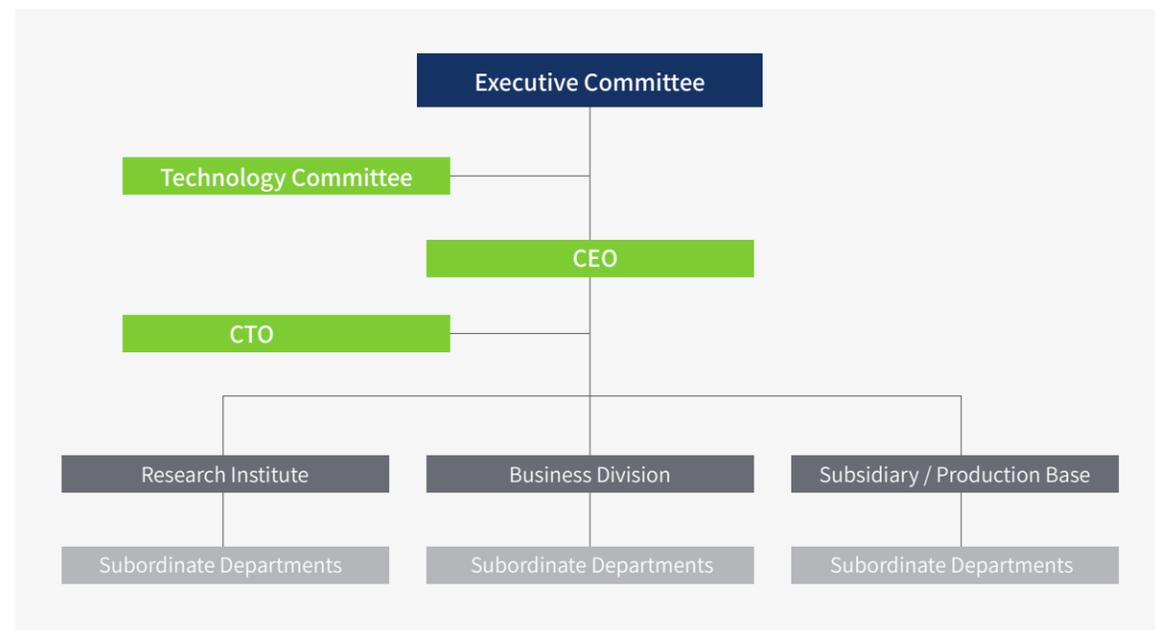
Innovation-driven

Capchem is committed to becoming a global leader in electronic chemicals and functional materials. The Company continuously builds a world-class R&D system and high-performing R&D teams, deeply integrates AI technology to improve R&D efficiency and product quality, and drives industry chain collaborative innovation through significant R&D investments. At the same time, Capchem strengthens intellectual property protection to effectively stimulate R&D innovation and commercialization of R&D outcomes.

R&D Innovation

Capchem places great emphasis on establishing a robust R&D innovation system. The R&D management structure is led by the Executive Committee, supported by the Technology Committee, and managed by the CEO and CTO. It encompasses the Research Institute, business divisions, subsidiaries, production bases, and their subordinate departments, collaboratively conducting research on new

technologies, product R&D, technical support, testing and verification, and information management. During the Reporting Period, Capchem further optimized the organizational structure of the Research Institute, providing stronger organizational support for the Company's high-quality development in the field of electronic chemicals and functional materials.



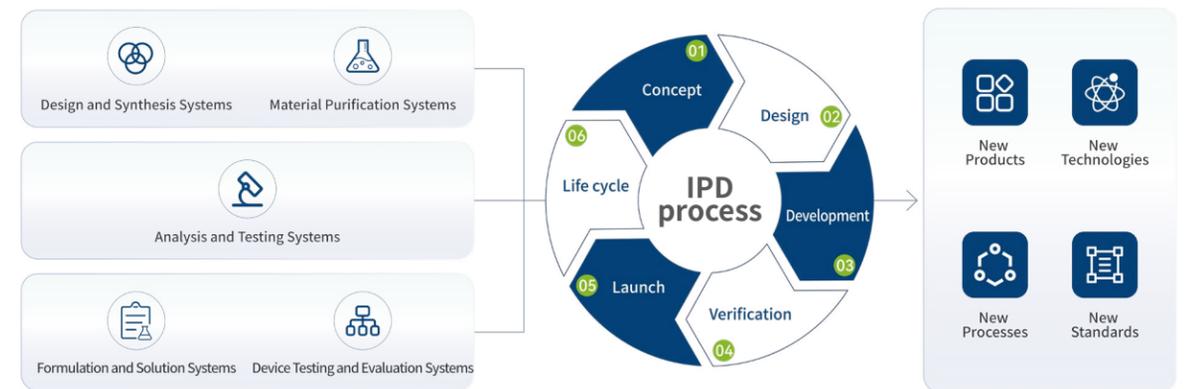
R&D Management Structure

Capchem has embarked on a full-chain innovation model, establishing a comprehensive R&D platform encompassing "functional material synthesis technology - material purification and refining technology - microanalysis and testing technology - mechanism research and formula development - component design and testing". This has

formed a global R&D landscape consisting of the Shenzhen Research Institute, the Daya Bay Research Institute and pilot-scale base (Huizhou, Guangdong), the Fluorine New Material Research Center (Sanming, Fujian), the Hongze Lake Hicomer Laboratory and the pilot-scale incubation platform (Huai'an, Jiangsu).



Shenzhen Research Institute |
 Daya Bay Research Institute and Pilot-Scale Base |
 Fluorine New Material Research Center |
 Hongze Lake Hicomer Laboratory and Pilot-Scale Incubation Platform



R&D Innovation Mechanism

Capchem focuses on building an integrated innovation platform for technology R&D and product iteration and upgrade. Centered on four management objectives—frontier exploration, product development, product quality control, and intellectual property enhancement—the platform prioritizes three core business segments: battery chemicals, organic fluorine chemicals, and electronic information chemicals. By deeply integrating R&D resources, Capchem achieves close collaboration between technology R&D and product iteration, accelerating the efficient transformation and application of scientific research outcomes into engineering and industrial practice.

Professional Training for R&D Personnel

Capchem offers professional courses covering R&D and design, product performance, laboratory management, and industry development trends, and provides comprehensive internal and external training for R&D personnel. This

equips them with comprehensive and professional knowledge to spark innovative ideas and solutions. By the end of the Reporting Period, the Company had launched 380 courses, with over 128 employees.



By the end of the Reporting Period, the Company had launched

380 courses

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Training on "New Materials Development Methods"



Training on "Electrolyte from Lab to Mass Production"



Training on "Impact of Electrolyte Price on End-Product Costs"



Training on "Customer Complaints or Internal Process Non-conformance Analysis (FTA)"

To accelerate digital transformation and innovation, Capchem has introduced a low-code platform deeply integrated with AI technology. By combining agile development model with intelligent data insights, the platform enables end-to-end innovation in product R&D and project execution, creating a smart, collaborative, efficient, and data-driven R&D ecosystem. This initiative enhances R&D efficiency and product quality while continuously strengthening the Company's market competitiveness.

Case: AI-driven Low-Code Platform Reshaping the R&D Paradigm

New model accelerating product development efficiency

Using the platform, the Company implements an agile development model for product R&D and project execution. This approach significantly shortens the cycle from product concept to experimental validation, improving overall R&D efficiency by over 30% compared with traditional development methods.

Seamless system integration breaking down information silos

The platform efficiently consolidates workflows across product, R&D, and laboratory teams, clarifies task priorities and dependencies, and reduces rework caused by miscommunication, delays, or misunderstandings. This enables seamless collaboration and optimizes communication costs.

Data-driven decisions replacing experience-based decisions

By deeply mining and analyzing historical project data, the platform can intelligently identify R&D patterns, predict potential risks, and continuously optimize processes, significantly improving product development success rates and return on investment. It provides objective and reliable decision support for new product initiatives, technology route selection, and resource allocation, effectively mitigating the risks of subjective decision-making.

AI models guiding product optimization

Leveraging historical R&D data accumulated on the platform, the Company has developed high-precision AI models for predicting product performance (e.g., predicting conductivity & viscosity from design parameters with $R^2 > 96\%$). These models provide key guidance for front-end technology selection and solution decisions, reducing trial-and-error costs and significantly accelerating product iteration.

Note: A low-code development platform is a technology tool that enables rapid application building through visual modeling and drag-and-drop components. It lowers development barriers, improves development efficiency, and is widely applied in enterprise digital transformation, supporting development ranging from simple forms to complex business systems.

Capchem actively builds an open and collaborative industrial ecosystem. By engaging with industry partners, the Company keenly captures emerging trends, forges industry-wide consensus on development, and jointly drives collaborative innovation across the value chain and the transition to a green, low-carbon economy.

Launching a New Strategic Chapter, Shaping the Industry's Future Together — Capchem Reached Deep Strategic Cooperation with CORNEX

In August 2025, Capchem and CORNEX New Energy Co., Ltd. signed a strategic cooperation agreement, establishing a deep partnership. Capchem will leverage its technological innovation strengths, vertically integrated supply chain system, and globally distributed intelligent manufacturing capacity in the electrolyte field to provide CORNEX with customized, high-safety, long-life, low-impedance green electrolyte solutions.

Both parties will focus on their respective core strengths and collaborate around key areas such as supply stability, quality assurance, industry chain synergy, and technological innovation. Together, they will plan and implement projects to advance global new energy battery initiatives, leading the industry into a new stage of development.



Signing ceremony of the strategic cooperation agreement between Capchem and CORNEX

Representative Industry Engagement Activities in 2025

- In April 2025, Capchem showcased at the RENE International Trade Exhibition for Renewable Energies in Hungary, highlighting integrated solutions addressing next-generation battery technologies and market challenges, and engaging with global players across the new energy industry chain to explore green energy technology innovation and sustainable development pathways.
- In June 2025, Capchem participated in the Battery Show Europe in Germany. With a stable production capacity of 60,000 tons per year at its Poland facility, Capchem ensures strong localized supply support for its European market presence, while effectively reducing CO₂ emissions from transportation, aligning with global sustainable development trends.



- In October 2025, Capchem participated in the Battery Show North America, showcasing its full range of core products and solutions. The Company focused on next-generation battery technologies emphasizing "high safety, high quality, and sustainability," while addressing key market pain points.
- In October 2025, Capchem participated in the WESEMiBAY Semiconductor Ecosystem Expo 2025 (WESEMiBAY), showcasing its semiconductor chemical R&D achievements and providing core material support for the semiconductor industry.



Capchem Worked with Experts to Produce an Authoritative Guide in the Field of Electrolytes

In May 2025, the Chinese edition of the authoritative electrochemistry work *Electrolytes, Interfaces, and Interphases: Fundamentals and Applications in Batteries* was officially released, with deep involvement and support from Capchem. The book was authored by renowned electrochemistry expert Professor Xu Kang, with translation contributions from scholars including Deng Yonghong, Xing Lidan, and Wang Fei. Capchem leveraged its extensive expertise in battery chemicals to participate thoroughly in the translation and professional proofreading process.



Authoritative electrochemistry work *Electrolytes, Interfaces, and Interphases: Fundamentals and Applications in Batteries*

This authoritative work consolidates the insights of top experts in electrochemistry, providing the industry with critical technical references and research guidance, while also offering strong theoretical and practical support for the growth of the new energy sector. Its release and application are expected to further drive technological innovation and industry collaboration, and contribute to the high-quality, sustainable development of the new energy industry.

Capchem collaborates with leading universities, research institutes, and industry chain partners to jointly build an integrated "industry-academia-research-application" mechanism, spanning the full chain from R&D and design to technology commercialization and manufacturing. The goal is to accelerate the efficient transformation and application of technological achievements, injecting strong "Capchem momentum" into the development of new quality productive forces.

Innovation Commercialization—CBS, a New Additive for Lithium Battery Electrolytes

In August 2025, Capchem achieved a major breakthrough in fundamental research on high-voltage lithium batteries. The Company published a research paper in Small on an innovative electrolyte additive (CBS) in collaboration with Southern University of Science and Technology.

thermally stable passivation films on the surfaces of various commercial anode and cathode materials. This technology not only significantly improves battery storage and cycling performance under high-temperature conditions but also enhances safety in high-voltage LCO battery applications. Currently, CBS has successfully entered China's mid- to high-end digital market. A new production line for CBS was commissioned in Q3 2025, with an annual capacity of 500 tons, to meet market demand at scale.

CBS is a universally compatible, independently developed functional additive with "multi-purpose" versatility. It can precisely form electrochemically and

New Path for Ionic Liquid "Carbon" — Dual Transformation Driven by Green Technology

The project "Green and Low-Carbon Complete New Technology and Industrialization of Carbonate Synthesis from CO₂ Catalyzed by Ionic Liquids", developed by Huizhou Capchem, has been awarded the First Prize for Technological Invention by the China Petroleum and Chemical Industry Federation. Based on this technology, the company has implemented two key energy-saving renovations:

hour, resulting in an annual cost reduction of over 10 million yuan.

The first is the energy-saving retrofit of the solvent device through thermal coupling. By efficiently utilizing waste heat and optimizing the system, the heat of the material at the top outlet of the tower is recovered, reducing the amount of cooling water used, and thus lowering the energy consumption per unit product of the solvent device. This saves about 5 tons of low-pressure steam per

Secondly, the energy-saving transformation of the purification process for electronic-grade ethylene carbonate has improved the traditional steam distillation process, significantly reducing the energy consumption for the purification of ethylene carbonate products. Each single set of equipment saves over 2,000 tons of standard coal per year. The product purity is consistently higher than 99.99%. Currently, production facilities with a total capacity of 110,000 tons have been established using this technology, achieving dual improvements in carbon emission reduction and economic benefits.

During the Reporting Period, Capchem actively engaged in standards development, driving the standardization of the industry through leading-edge technological practices. Over the year, the Company led and participated in the formulation of multiple key standards, fully demonstrating its technological leadership.

Standards Development

- Leading industry standards innovation: Capchem took the lead in advancing industry standards by defining a unified testing method for metal impurities in electrolytes, setting a new benchmark for quality control across the lithium battery value chain.
- In August 2025, the industry standard *SJ/T 11995-2025 Test Method for Metal Impurity Content in Electrolyte Used in Lithium-ion Battery*, led by Capchem, was officially released and implemented.
- Advancing group standards in emerging fields: Capchem proactively expanded its involvement in group standards covering frontier areas such as semiconductors, solid-state batteries, and humanoid robotics, strengthening its competitive position globally.
- In January 2025, the group standard *TCIESC 77—2024 Lithium Difluoro(oxalato)borate for Industrial Use*, in which Capchem participated as a drafting organization, was officially released and implemented.
- In March 2025, the group standard *T/CIET 1127—2025 Fluorinated Fluids for Semiconductor Processes—Perfluoropolyethers and Hydrofluoroethers*, led by Capchem, was officially released and implemented.
- In August 2025, the group standard *T/EJCCCS E 379-2025 Technical Requirements for Polymer Electrolytes for Solid-state Batteries*, drafted with Capchem's participation, was officially released and implemented.
- In November 2025, Capchem participated as a drafting organization in the application for two group standards: *Technical Specifications for Lithium-ion Batteries for Humanoid Robots*, and *Technical Specifications for Solid-state Batteries for Unmanned Aerial Vehicles*.
- In December 2025, the group standard *T/SZMMA 07-2025 AI Data Governance Guidelines for the Advanced Materials Sector*, drafted with Capchem's participation, was officially released and implemented.

Science and Technology Awards

In April 2025, Capchem, in collaboration with Southern University of Science and Technology and South China University of Technology, jointly applied for the project "Key Technologies and Applications of High-Energy-Density and Long-life Lithium-ion Battery Electrolytes", which won the Second Prize of Science and Technology Progress Award in Shenzhen.

The project developed core additives that addressed key bottlenecks in the electrolyte industry. The development of TPP provided an effective alternative to the high-voltage, high-temperature film-forming additive PS, which is subject to the EU's REACH restrictions. In addition, the development of electrolyte formulations for high-energy-density, long-cycle lithium-ion batteries significantly enhanced the overall technological level of China's lithium-ion battery sector, generating notable economic, environmental, and social benefits. The project promoted scientific and technological progress in the new energy sector and made a positive contribution to improving people's livelihood and achieving the "dual-carbon" goals.



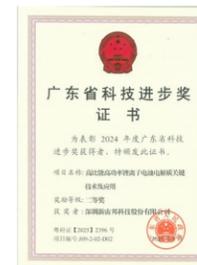
Second Prize of Science and Technology Progress Award in Shenzhen



China Patent Excellence Award

In May 2025, Capchem's independently developed invention patent "A Non-aqueous Electrolyte for Lithium-ion Batteries and a Lithium-ion Battery (Patent No. ZL201910002263.9)" won the China Patent Excellence Award.

Capchem continued to deepen the cultivation and strategic deployment of high-value patents. As a representative high-value patent of the Company, this invention patent stood out for its significant innovative value and application prospects, earning the "China Patent Excellence Award." The award recognized the advanced nature of the technology and highlighted Capchem's leading R&D capabilities and intellectual property strengths in lithium battery materials.



Guangdong Science and Technology Progress Award

In May 2025, Capchem, in collaboration with Southern University of Science and Technology and South China University of Technology, developed the project "Key Technologies and Applications of High-Energy and High-Power Lithium-ion Battery Electrolytes", which won the Second Prize of Science and Technology Progress Award in Guangdong Province.

The development of new functional additives and electrolyte formulations for the project has addressed technical issues such as insufficient thermal stability faced by high-voltage, high-nickel ternary cathode materials. This has significantly enhanced the fast-charging performance, energy density, and service life of lithium batteries, providing crucial material support for the development of downstream industries such as high-end new energy vehicles and green energy storage systems.

In July 2025, Capchem's independently developed project "R&D and Industrialization of Electrolytes for High-Energy-Density Lithium Iron Phosphate Batteries for New Energy Vehicles" won the 7th Shenzhen Industrial Award—Project Award.

In response to bottlenecks faced by high-energy-density battery systems and longstanding issues with traditional electrolyte additives—such as poor structural stability, interfacial side reactions, inconsistent quality, and environmental concerns—the project delivered practical and feasible solutions. It injected strong momentum into the new energy vehicle industry and promoted the entire industry chain toward greater efficiency, environmental friendliness, and sustainability.



Shenzhen Industrial Award - Project Award



First Prize of Science and Technology Progress Award from the China Petroleum and Chemical Industry Federation

In December 2025, the project "Multifunctional Electrolyte for Sodium-Ion Batteries and Its Application Key Technologies", jointly tackled by Capchem, Shanghai Jiao Tong University, Zhejiang Sodium Innovation Energy Co., Ltd., and Zhejiang Zhongxin Fluorine Materials Co., Ltd., won the First Prize of Science and Technology Progress Award from the China Petroleum and Chemical Industry Federation.

The project has broken through the bottleneck of synthesis technology for electrolyte salts and their additives, as well as condensed electrolytes, and established a three-link technology chain of "functional electrolyte design for sodium-ion batteries - synthesis of sodium salts and additives - engineering application of electrolytes". This achievement not only effectively fills the key technical shortcomings in China's sodium-ion battery electrolyte industry chain, but also lays the foundation for core materials for the large-scale application of next-generation high-safety and cost-effective sodium batteries, further accelerating the advent of the "sodium-ion battery era".



| | |
|--|--|
|  Capchem Capchem was named one of the "Top 100 Key Enterprises in China's Electronic Components Industry 2025." |  Capchem In May 2025, Capchem ranked among the "Top 15 High-growth Companies in China." |
|  Capchem In October 2025, Capchem was once again awarded the title of a "National Manufacturing Single Champion Enterprise" for its capacitor chemicals business." |  Capchem In October 2025, Capchem ranked 143rd in the "Top 500 Enterprises of Shenzhen." |
|  Sanming Hexafluo In April 2025, Sanming Hexafluo was honored as an "National Advanced Collective in the Industrial and Information Technology System." |  Sanming Hexafluo In September 2025, Sanming Hexafluo ranked among the "Top 100 Innovative Private Enterprises in Fujian Province 2025." |
|  Sanming Hexafluo In October 2025, Sanming Hexafluo was once again recognized as a National "Little Giant" Enterprise. | |
|  Nantong Capchem In May 2025, Nantong Capchem was selected as an "Advanced Smart Factory" in Jiangsu Province. |  Huizhou Capchem In March 2025, Huizhou Capchem was recognized as the "Huizhou Key Laboratory of Electronic Chemicals." |
|  Huizhou Capchem In January 2025, Huizhou Capchem was awarded as an excellent "Waste-Free Factory" in Huizhou City. | |

Intellectual Property Protection

Capchem integrates intellectual property protection into its business management objectives, following the intellectual property management principle of "Forward-Looking Layout, Scientific Management, Strict Protection and Efficient Operation." The Company enhances the standardization and effectiveness of intellectual property management from the dimensions of system improvement, risk monitoring and management, and awareness promotion.

In 2025, Capchem continued to refine its intellectual property management system, strengthening information-based, Group-wide, and systematic management through

the Intellectual Property Management System, and positioning intellectual property work as a key means to maintain and enhance the competitiveness of the Group's products.

Capchem actively promotes an intellectual property culture by regularly conducting training and organizing exchange activities, helping employees better understand intellectual property laws and requirements, raising awareness of intellectual property protection and risks, and improving the intellectual property competency of R&D teams and other employees.

| Target Audience | Training Topic | Training Frequency |
|---|---|---------------------|
| New employees | Basic intellectual property knowledge | Once a year |
| Key functional and business personnel of business divisions | Awareness of intellectual property risks | Once a year |
| Subsidiaries and operating units | Basic intellectual property knowledge Intellectual property practice | Once a quarter |
| R&D departments | Patent strategy training | Once a month |
| Intellectual property department | Intellectual property practice | 1-2 times per month |

Training on "Artificial Intelligence and Intellectual Property"

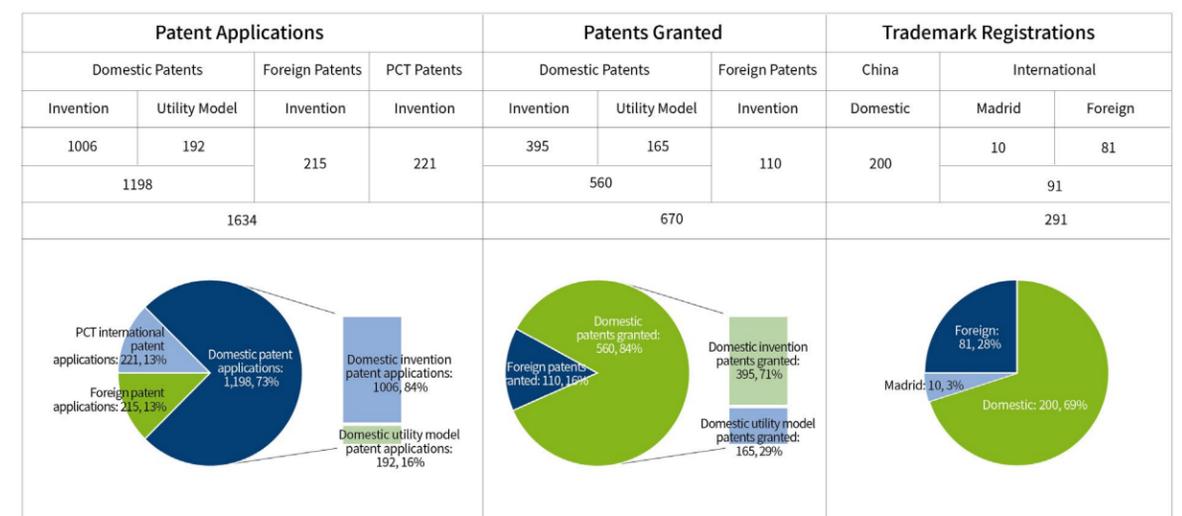
On the 25th World Intellectual Property Day, Capchem organized a thematic training on "Artificial Intelligence and Intellectual Property" in alignment with the National Intellectual Property Publicity Week's focus on "Intellectual Property and Artificial Intelligence," exploring the cutting-edge applications and practical pathways of AI technology and high-value patents.

The training focused on multiple dimensions, including AI-driven innovation and patent protection, compliant data utilization, and intellectual property of algorithms. By analyzing typical industry cases, it effectively enhanced the R&D team's understanding of intellectual property and risk prevention capabilities, further strengthening the Company's independent innovation capability and core competitiveness.



Thematic Training on "Artificial Intelligence and Intellectual Property"

As of December 31, 2025



Product Quality

Guided by its commitment to responsible operations, Capchem consistently upholds its quality policy of "accurately understand customer needs, strictly adhere to quality standards, continuously improve service quality, ensure doing it right the first time, and pursue complete customer satisfaction." The Company has established a comprehensive quality management ecosystem to earn customer trust through high-quality products and superior services.

Quality Management System

Capchem focuses on improving its quality management system to ensure efficient operations and management. The Company has established a quality management structure comprising the Quality Assurance Center, Business Department Quality Control, Quality Control in Supply Chain, and Base Quality Control, with clearly defined responsibilities and coordinated efforts to support and oversee quality management across the Company. The Quality Assurance Center formulates quality management strategies and plans aligned with the Company's overall business strategy. The Business Department Quality Control develops requirements for quality strategy planning based on the actual needs of respective products. The Quality Control in Supply Chain oversees supplier and raw material quality management. The Base Quality Control implements production control and quality compliance testing at production bases.



Capchem Quality System

Capchem has established a comprehensive set of policies and procedures, including the *Non-conforming Product Management Procedure*, *Internal Audit Management Procedure*, *Customer Quality Complaint Management Procedure*, *Regulation on Quality Incident Escalation and Accountability Management*, *Business Continuity Management Handbook*, and *BCM Business Continuity Management Procedures*, enabling the Company to proactively respond to internal and external changes.

The Company has built a resilient and responsive Business Continuity Management (BCM) system by optimizing

resource allocation and developing emergency response and recovery strategies, thereby minimizing the potential impact of unexpected events on product delivery and product quality. In addition, Capchem continues to strengthen ESG management capabilities at its integrated management base by introducing the Responsible Business Alliance (RBA) Code of Conduct management system. This initiative enhances the Company's social responsibility management capabilities across labor practices, occupational health and safety, environmental protection, supply chain due diligence, and business ethics, further reinforcing Capchem's international competitiveness.

Capchem Supported Subsidiaries in Obtaining Quality Management System Certifications

In 2025, Capchem supported its subsidiaries in implementing quality management systems, enhancing their quality management capabilities, strengthening market competitiveness, and promoting supply chain collaboration and shared growth. Jiangsu Seals successfully obtained ISO 9001 certification, while Chongqing Capchem obtained both ISO 9001 and IATF 16949 certifications.

The Company continuously improves its quality system assessment mechanisms to achieve dynamic monitoring of quality management effectiveness. Key quality indicators, such as raw material pass rate, first-pass yield of finished products, and customer complaints, are established. Monthly or annual quality assessments are conducted, and responsible departments are required to analyze the causes of any underperformance and develop corrective action plans, continuously enhancing overall quality management.



Jiangsu Seals

Digital Empowerment of the Quality Management System

Capchem actively promotes the digital transformation of product quality management by building a comprehensive information platform to achieve precise control over quality data across the full supply chain from suppliers to customers. The Company has deployed multiple information systems, including CRM, SRM, LIMS, MES, OA, and SAP, to construct a comprehensive digital quality management system. This system ensures product quality across multiple stages, including raw material control, dynamic monitoring of the production process, product inspection, and sales data analysis. In 2025, Capchem

continued to enhance digital management efficiency, breaking down information barriers, eliminating data silos, and promoting integrated data system.

In 2025, the SRM system was further optimized, focusing on supplier onboarding progress tracking, supplier audits, and 8D report overdue management. Systematic monitoring of raw material quality was strengthened, along with targeted initiatives to improve supplier quality. As a result, the raw material pass rate increased from 96.8% to 97.83%, further reinforcing supplier quality management capabilities.

Quality System Certification

Capchem ensures comprehensive product quality through a combination of internal and external audits. The Company follows ISO 9001 and IATF 16949 standards, conducting regular internal audits of its quality management system to evaluate compliance, adequacy, and effectiveness, with the aim of control the current state of the system and driving continuous improvement. Additionally, third-party institutions are engaged for external audits. During

the Reporting Period, the Company obtained multiple authoritative certifications, including ISO 9001 Quality Management System, IATF 16949 Automotive Quality Management System, QC 080000 Hazardous Substance Process Management System, and CNAS National Laboratory Management System.

| ISO 9001 Quality Management System | IATF 16949 Automotive Quality Management System | QC 080000 Hazardous Substance Process Management System | CNAS National Laboratory Management System | BCM Business Continuity System |
|------------------------------------|---|---|--|--------------------------------|
| Shenzhen Capchem | Shenzhen Capchem | Shenzhen Capchem | Shenzhen Capchem | Shenzhen Capchem |
| Huizhou Capchem | Huizhou Capchem | Huizhou Capchem | Huizhou Capchem | Jingmen Capchem |
| Nantong Capchem | Nantong Capchem | Nantong Capchem | Nantong Capchem | Sanming Hexaflu |
| Suzhou Novolyte | Suzhou Novolyte | Tianjin Capchem | Tianjin Capchem | Huizhou Capchem |
| Jingmen Capchem | Jingmen Capchem | Jingmen Capchem | | Nantong Capchem |
| Sanming Hexaflu | Sanming Hexaflu | | | Tianjin Capchem |
| Hunan Fluopont | Tianjin Capchem | | | |
| Jiangsu Hicomer | Jiangsu Hicomer | | | |
| Tianjin Capchem | Capchem Poland | | | |
| Fujian Heptaflu | Chongqing Capchem | | | |
| Capchem Poland | Hunan Fluopont | | | |
| Nantong Top | | | | |
| Chongqing Capchem | | | | |
| Jiangsu Seals | | | | |

Capchem Quality System Construction

Quality Management Enhancement

End-to-End, Full Lifecycle Quality Management

Capchem implements the whole process, full lifecycle quality management, covering six key dimensions: systems, R&D, production processes, suppliers, customer quality management, and continuous improvement. Through process optimization and technological innovation, the Company is committed to delivering high-quality products and services, driving robust operations and sustainable development across all business processes.

Quality System Management

- Conduct annual evaluations of quality objectives, internal audits, external system audits, and management reviews to ensure the suitability, adequacy, and effectiveness of the quality management system.

Process Quality Management

- Apply SPC statistical tools combined with MES, DCS, PLC, LIMS, and other information systems to comprehensively control personnel, equipment, materials, methods, environment, and measurement factors, ensuring product consistency.

R&D Quality Management

- Based on real R&D scenarios and aligned with the APQP development process, utilize quality management tools such as design matrices, DFMEA, PFMEA, and special characteristics management. Implement five key quality gate inspections to ensure R&D quality.

Supplier Quality Management

- Implement full lifecycle supplier quality management through supplier qualification, small-batch trials, PPAP, anomaly handling, performance evaluation, change control, targeted improvement, corrective actions, and exits.
- Require all raw material suppliers to sign the "Quality and Environmental Agreement," "Environmental Compliance Declaration," and "Environmental Controlled Substances Survey Form," ensuring compliance with EU RoHS, REACH, and customer requirements.

Customer Quality Management

- Establish a "triangular" customer service team composed of quality, technical, and sales professionals, dedicated to providing customized solutions and continuously improving customer satisfaction.

Continuous Improvement Management

- Apply lean management principles through QCC improvement projects, TPM (Total Productive Maintenance) for all employees, and team-building initiatives, enhancing overall quality awareness and innovation capabilities to raise product quality levels.

Product Lifecycle Quality Management

Product Testing and Non-conformance Management

Capchem strictly follows procedures such as *Raw Material Testing Management*, *In-process Control Testing Management*, and *Finished Product Testing Management* to inspect materials at every production stage, ensuring they meet quality standards and customer requirements.

To further strengthen product quality management, the Company has established dedicated improvement teams and implemented a regular quality issue analysis mechanism, applying the QCC methodology to promptly address and resolve internal and external issues.



Product Testing Process



Non-conformance Control Procedures

Supplier Quality Management and Improvement

Capchem implements differentiated management of suppliers according to their tiers, following the evaluation, qualification, classification, and elimination measures set forth in the *Supplier Management Procedure and Systems*. The Company emphasizes quality management during supplier onboarding and performance assessment, continuously optimizing evaluation mechanisms and assessment indicators based on standards such as CSR, VDA 6.3, and IATF 16949. Furthermore, Capchem conducts daily monitoring of suppliers' basic qualifications, contract performance, EHS compliance, CSR initiatives, and continuous improvement. An annual on-site audit plan

is established to cover quality management elements including system operation and process control. For critical suppliers that fail audits, Capchem supports and follows up on improvement actions through online training, technical benchmarking, or on-site assistance, driving enhanced supplier delivery quality.

During the Reporting Period, Capchem provided quality-related training to 92 core material suppliers, covering 863 participants, representing a significant increase compared with 2024.

Quality Culture Development

A robust quality culture provides sustained momentum for the efficient operation of Capchem's quality management system. To continuously enhance quality management effectiveness, the Company actively integrates internal and external resources, optimizes quality management training programs, and strengthens employees' theoretical knowledge and practical capabilities in product quality management.

During the year, Capchem conducted a series of quality management training programs covering quality improvement tools, operating standards, supplier quality management, and management system standards. These programs reached 13,650 participants, with total training hours of 44,173.03, averaging 3.24 hours per employee.

Capchem Lean Exchange and Sharing Event

Capchem Group's 2025 Lean Exchange and Sharing Event was held from June 10 to 11 at the Jiangsu Hicomer Electronic Materials Base. The event brought together core personnel in lean management from 11 production bases. Through experience sharing, thematic discussions, and on-site observation, participants focused on four core modules, including 7S management and equipment management. The event resulted in multiple key resolutions, including: establishing a unified Group-level visual standards manual, optimizing 7S management standards, promoting online management of improvement proposals and key topics, designing standardized templates for equipment management KPI statistics, and establishing a cross-base horizontal deployment mechanism. These initiatives laid a solid foundation for the standardization and digital upgrading of lean management across the Group, advancing lean management from "decentralized exploration" to "collaborative progress."



Content of Capchem's Lean Exchange and Sharing Event

Capchem "Quality Season" Campaign

In response to China's national initiative to strengthen comprehensive quality management and advance the building of a nation of quality, and to further enhance overall quality control capabilities, 12 units, including Shenzhen Capchem and Huizhou Capchem, carried out the 2025 "Quality Season" campaign from September 1 to November 30 under the theme "Leveraging Lean Quality Tools to Power Capchem Forward." Positioned around tool deepening, full participation, and continuous improvement, the campaign aimed to elevate quality management to higher standards and efficiency through systematic and ongoing quality improvement actions. Building on the 2024 review outcomes, the 2025 "Quality Season" campaign featured more targeted and innovative design, focusing on five core modules, and for the first time included the Poland base, achieving coordinated quality development across global production bases. To fully mobilize employee participation, the campaign introduced a points-based incentive system for the first time, adopting a goal-oriented and results-driven approach to drive quality improvement initiatives across the entire production and operational process.

From an overall effectiveness perspective, the 2025 Quality Season campaign achieved a leapfrog breakthrough compared with 2024, with all core indicators exceeding their targets. The quality accountability initiative covered the entire Group system, translating the concept of "quality is everyone's responsibility" into concrete actions and measurable assessment criteria. Quality benchmarks, selected through multiple rounds of strict evaluation, created a demonstrative effect of "establishing one benchmark to drive broader improvement." The "Quality in Action" knowledge competition strengthened quality knowledge across the workforce and fostered a strong culture of "learning, understanding, and upholding quality." The "Quality Improvement for All" initiative encouraged employees to engage in quality improvement in their respective roles, achieving a dual win of enhanced quality and economic benefits. The "Quality at Capchem" experience-sharing initiative invited employees to share practical cases and insights from their quality work, embedding quality values through vivid, relatable examples and enriching the Group's quality culture.

The 2025 "Quality Season" campaign took lean quality tools as its practical foundation and quality excellence as its core objective. It not only effectively addressed existing quality gaps but also established a new quality development framework characterized by full participation, continuous improvement, and global collaboration. As the campaign concluded successfully, Capchem will use this as a new starting point to further deepen comprehensive quality management and contribute corporate strength to the building of China into a nation of quality.



Poster for the 2025 Quality Season

The Company remains firmly committed to high standards and stringent control of product quality, empowering industrial development through quality excellence. As of the end of the Reporting Period, Capchem recorded no product recalls due to quality issues. In addition, Shenzhen Capchem received the Shenzhen Mayor's Quality Award (Nomination Award), Huizhou Capchem received the Huizhou City Quality Award, and Sanming Hexafluor received the Sanming City Quality Award.

Chemical Safety

Capchem firmly believes that strict chemical safety management is a key foundation for the Company's stable development and fulfillment of social responsibility. Upholding the principles of green development and safety first, Capchem consistently implements the chemical safety management policy of "accurately identifying risks, reducing harmful effects, and eliminating safety and environmental hazards," strengthening the chemical safety management system, practicing green chemistry, and laying a solid foundation for sustainable development.

Chemical Management System

Adhering to the principles of risk control at the source and strict management, Capchem standardizes the full lifecycle management of chemical substances—from raw materials to in-process materials, final products, and packaging—through internal regulations such as the *Environmental Management Substance Control Procedure*, *Environmental Substance Management Guidelines*, *Hazardous Substance Management in R&D*, *Supplier Environmental Compliance Declaration*, and *Supplier Environmental Management Substance Survey Form*, with continuous efforts to optimize the control procedures. In 2025, Capchem further updated and

improved the *Capchem Hazardous Substance Management Standard* in line with laws, regulations, industry standards, international conventions, and customer requirements, and communicated these updates to suppliers. Externally, the Company conducts hazardous substance surveys in accordance with regulatory requirements. Internally, Capchem continuously identifies hazardous substances, maintains and updates the internal hazardous substance management register, and develops countermeasures based on the risk levels and application scenarios of hazardous substances.

Domestic laws, regulations and standards

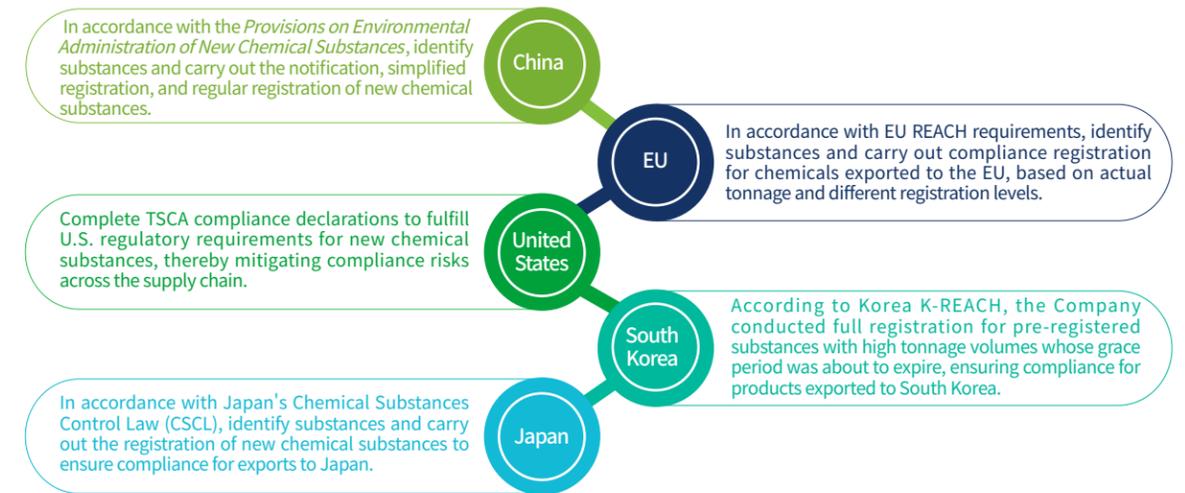
- *Work Safety Law of the People's Republic of China*
- *Regulations of the People's Republic of China on Administration of Chemicals Subjected to Supervision and Control*
- *Regulations on the Safe Management of Hazardous Chemicals*
- *Identification of Significant Sources of Hazardous Chemicals*
- *Implementation Guidelines for the Investigation and Management of Hidden Accidents in Hazardous Chemical Enterprises*
-

International laws and regulations, international conventions and standards

- *EU RoHS - Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment*
- *GHS (Globally Harmonized System of Classification and Labelling of Chemicals)*
- *EU REACH (Registration, Evaluation, Authorization and Restriction of Chemicals)*
- *Regulation (EU) 2023/1542 on batteries and waste batteries*
- *USA TSCA-PBT (Toxic Substances Control Act)*
- *Regulation (EU) 2019/1021 on persistent organic pollutants (POPs)*
- *Proposed REACH restrictions issued by the European Chemicals Agency (ECHA)*
- *REACH ANNEX XVII Entry 79 (EU 2024/2462)*
-

Capchem exercises strict management over all chemicals throughout its production and operations to ensure compliance with internal policies, relevant laws and regulations in the countries of its customers, and industry standards. In accordance with the *Regulations on New Chemical Substances Compliance Declaration and REACH Registration* and leveraging the SAP system, the Company conducts quarterly monitoring of chemical usage and

identification of new substances, develops compliance registration plans, tracks the status of completed registration certificates, collaborates with internal and external professional teams to review and verify compliance, and discloses relevant chemical registration information to customers, thereby ensuring that chemical production, use, and export comply with regulatory requirements.



Procurement Evaluation Preparation

- Require raw material suppliers to conduct regular third-party testing on supplied materials and share the test results
- Conduct ad hoc investigations of all suppliers to continuously monitor the introduction of hazardous substances, as well as the investigation and control of restricted or banned substances
- Ensure that all supplier products comply with the EU RoHS restrictions on ten key hazardous substances, as well as relevant regulations and industry standards in the countries where customers are located

R&D Design Evaluation Preparation

- Environmental impact assessment
- Preliminary safety assessment
- Preliminary occupational hazard assessment
- Dedicated report on safety facility design
- Dedicated report on occupational disease protection facility design and environmental impact assessment approval
- Other approvals from competent authorities

Pre-Trial Production Evaluation Preparation

- Review trial production plan
- Verify the implementation of all measures

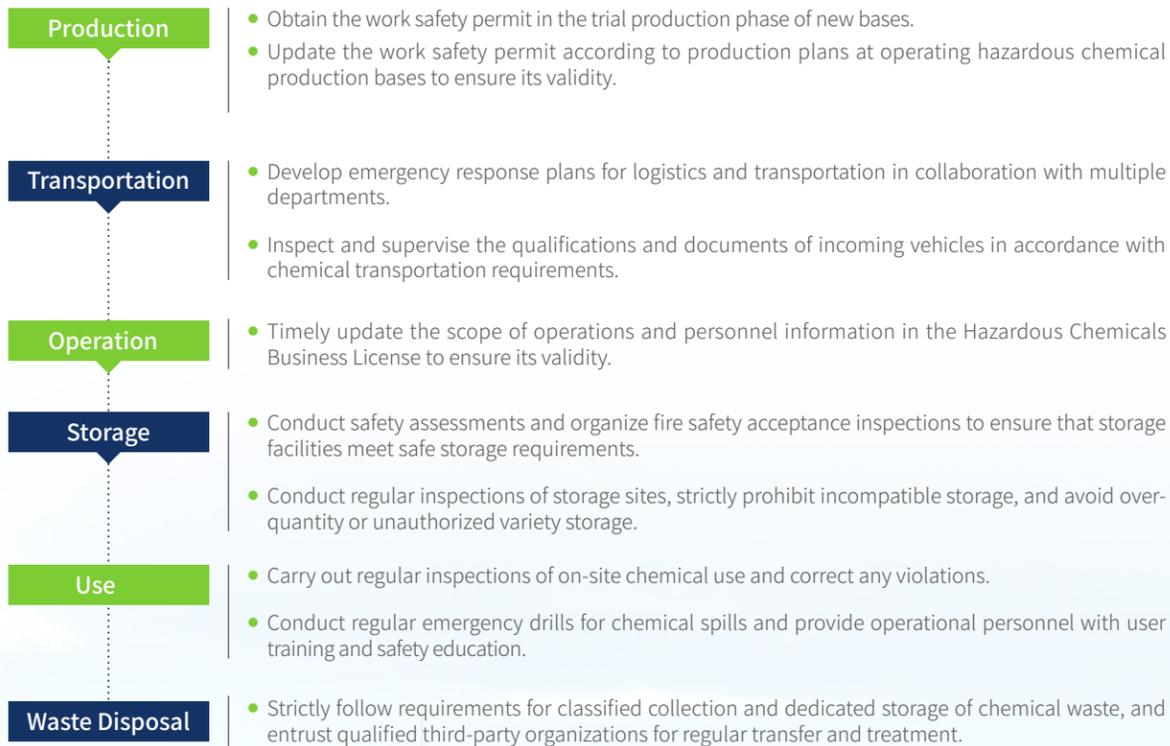
Pre-Production Evaluation Preparation

- Environmental acceptance inspection upon completion of construction projects
- Safety acceptance evaluation
- Evaluation on the effectiveness of occupational disease hazard control

Preparation for Chemical Safety Assessment at Various Stages

Full Lifecycle Management of Chemicals

Capchem fully implements lifecycle management of chemicals, focusing on three key dimensions: risk identification, reduction and substitution of hazardous chemicals, and chemical safety assurance. Following the "one document, one label" management mechanism, the Company strictly controls the entire lifecycle of chemicals—including production, transportation, operation, storage, use, and waste disposal—forming an efficient closed-loop management system that minimizes potential risks and adverse impacts.

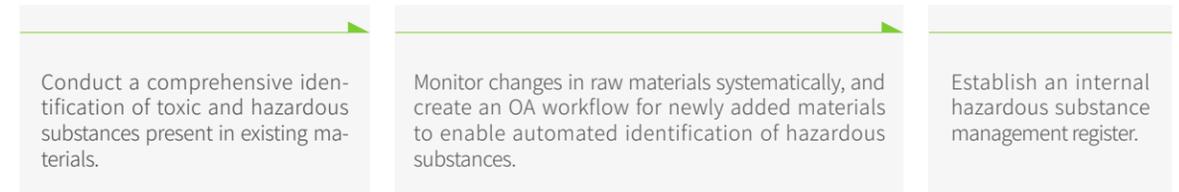


Full Lifecycle Management of Chemicals



Chemical Risk Identification

Capchem attaches great importance to hazardous substance risk identification. Following the *Hazardous Substance Management in R&D*, the Company has established an OA workflow integrated with the HS platform and developed a *Process and Packaging Hazardous Substance Risk Assessment Form* to assess risks across multiple key stages, including raw materials, processes, packaging, and new product introduction.



Chemical Risk Identification Process

Chemical management requirements are integrated into the supplier management system. In addition to compliance verification during new material introduction and raw material supplier selection, suppliers are required to conduct annual third-party testing on supplied materials and share the test results in a timely manner to ensure effective hazardous substance management.

Reduction and Substitution of Hazardous Chemicals

Capchem consistently follows an environmentally friendly product development approach, systematically reducing and eliminating hazardous chemicals to provide customers and society with safe, high-quality, and eco-friendly products. The Company strictly manages Substances of Very High Concern (SVHCs) and other environmentally regulated substances such as PFAS (per- and polyfluoroalkyl substances) across core stages including R&D, registration, and production. By applying different measures to high-, medium-, and low-risk substances, Capchem gradually implements SVHC and PFAS reduction and substitution plans while facilitating client-side certification of alternative substances. Capchem actively monitors and complies with PFAS-related regulatory requirements. In particular, in response to REACH restriction proposals on PFAS, the Company continuously screens new raw materials during the introduction stage, identifies applicable exemption categories and their validity periods based on the characteristics and applications of different products, and keeps track of regulatory developments on PFAS management across regions and countries.

Capchem's SVHC and PFAS Elimination Actions

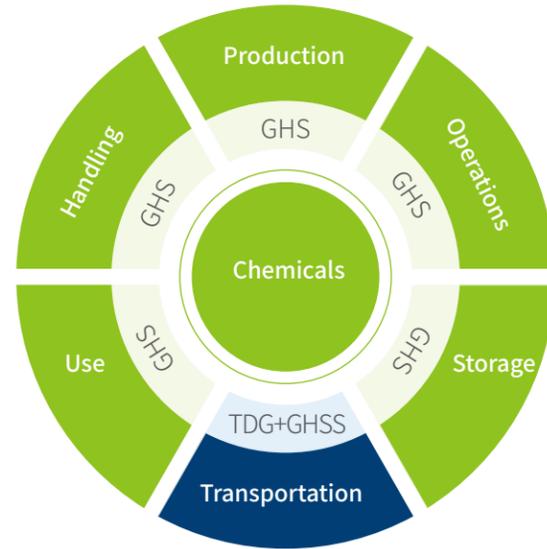
- The Company has phased out the SVHC substance chlorofluorocarbon 1,1,2-trichloro-1,2,2-trifluoroethane (F-113) and prohibited the use of ethylene glycol monomethyl ether and N,N-dimethylacetamide in its products.
- The Company developed new material SCT2584 to partially replace the SVHC substance 1,3-PS; new products incorporating this material have reached mass production.
- The Company developed a new material to gradually replace the SVHC substance 2-ethoxyethyl acetate. As of the end of the Reporting Period, the material has passed customer certification, and customers are in the process of transitioning.
- The Company has phased out the following PFAS substances: trifluoroacetamide (LT121), 1,1,2,3,3,3-hexafluoropropyl-2,2,2-trifluoroethyl ether (LT129), bis(2,2,2-trifluoroethyl) carbonate (LT159), tris(2,2,2-trifluoroethyl) phosphite (LT55), and lithium 4,5-dicyano-2-(trifluoromethyl)imidazolidine (LT153). In addition, Capchem has prohibited the use of 1,1,2,2-tetrafluoroethyl-2,2,3,3-tetrafluoropropyl ether (LT56), methyl 2,2,2-trifluoroethyl carbonate (LT160), trifluorotoluene (LT195), and 3,3,3-trifluoropropene carbonate (LT186) in new products.
- The company has continuously developed environmentally friendly fluorinated surfactants as substitutes for new PFAS pollutants (such as PFOA and PFOS) and has achieved mass production.

Chemical Safety

Capchem has established a chemical safety control mechanism covering R&D and design, procurement and logistics, trial production, production, storage and transportation stages. The mechanism focuses on key materials such as new chemical substances, environmentally regulated substances (SVHCs and hazardous substances), and highly toxic chemicals for risk identification. The Company has introduced advanced digital and intelligent systems including LIMS, SRM, DCS, PLC, SIS, and GDS, and developed emergency response plans for potential chemical incidents such as chemical spills, poisoning, fires, or explosions. Employees are provided with professional personal protective equipment (PPE), and comprehensive emergency supplies are deployed on-site to safeguard employees' health and safety.

The Company has implemented a "one document, one label" mechanism in accordance with laws, regulations, and related requirements, specifying the hazardous characteristics, handling, storage, transportation, precautions, and emergency response methods for all types of chemicals. This provides standardized guidance for the entire process of chemical use, ensuring downstream customers can safely and correctly use

and store chemicals, thereby protecting occupational health and safety of customers and employees.



Management Initiatives

Operational Specifications

Detailed Description

- Established chemical management policies strictly regulating chemical use, storage, and disposal.



Chemical Management Systems

Detailed Description

- R&D and production operations follow standard operating procedures.



Safe Operating Procedures

Management Initiatives

Personal Protective Equipment (PPE)

Detailed Description

- Employees directly handling chemicals in laboratory operations, analysis and testing, production, and material handling are provided with personal protective equipment including professional gloves, goggles, face shields, protective clothing, and safety shoes.



Proper Use of PPE

Management Initiatives

Emergency Supplies

Detailed Description

- Based on the hazardous properties of chemicals on-site, positive-pressure air respirators, firefighting suits, emergency medicine kits, and other materials are provided.



Safety and Rescue Equipment

Management Initiatives

Training and Drills

Detailed Description

- Regular safety inspections, hazard reporting, and remediation are conducted. Daytime and nighttime safety drills are organized both regularly and irregularly.



Safety Drills

Detailed Description

- Various on-site safety drills, training sessions, and assessments are organized regularly.



Various Safety Activities

Capchem continuously conducts chemical safety training to enhance personnel awareness and improve chemical handling and management skills, ensuring that employees are proficient in emergency response procedures.

Chemical Management Training

To strengthen employees' chemical safety awareness, and ensure all personnel understand chemical compliance requirements, have a thorough understanding of chemical properties and adhere to standardized procedures for their uses, Capchem regularly organizes chemical safety training for all personnel, including chemical purchasers, business operations staff, warehouse personnel, heads of user departments, safety officers, and end users. For controlled chemicals such as precursor chemicals for drugs and explosives, the training provides full-process guidance on supplier qualifications, procurement, operations, usage, storage, inbound/outbound management, and transportation, ensuring compliant chemical use and stable business operations.



Chemical Management Training

Occupational Health and Safety

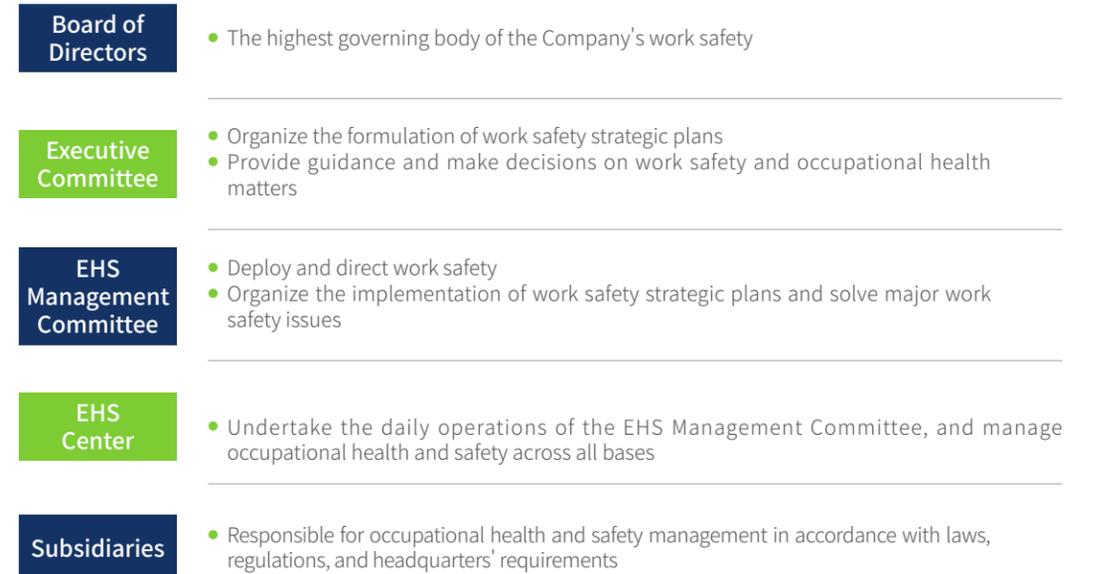
Capchem consistently regards work safety as the lifeline, red line, and bottom line of its development. Upholding the safety development philosophy of "people-oriented and life supremacy," the Company emphasizes source control by adopting green materials, green processes, and advanced technical equipment, and continues to invest in improving the working environment. Capchem equips and enforces the use of high-standard labor protective equipment, and conducts occupational health examinations on a regular basis to prevent and control occupational disease hazards, thereby safeguarding employees' occupational health. Leveraging advanced technologies and scientific management approaches, the Company is committed to building intrinsic safety across the entire process, value chain, and lifecycle of electronic chemicals and functional materials.

Governance

Organizational Structure

Capchem strictly complies with laws and regulations such as the *Work Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, and has established a five-tier management structure at the Group level, consisting of the Board of Directors - Executive Committee - EHS Management

Committee - EHS Center - Subsidiaries, to provide robust organizational assurance for intrinsic safety throughout the entire process, value chain, and lifecycle of production and operations.



Capchem's Five-tier Occupational Health and Safety Management Structure



Capchem links occupational health and safety performance to management compensation assessments and continuously strengthens the company-wide EHS responsibility system by clearly defining responsibilities at all levels, ensuring accountability at each level and promoting the participation of all employees in occupational health and safety management.

In strict accordance with the *Work Safety Law of the People's Republic of China*, and ISO 45001 standards, and in alignment with its operational realities, Capchem continuously improves

its occupational health and safety management processes and systems, including, among others, the *EHS Change Management Procedure*, *EHS Risk Management System for R&D Projects (Trial)*, *EHS Reward, Punishment and Performance Assessment Management System*, and *EHS Incident (Event) Classification, Reporting, Investigation and Handling Management System*. Through clear and effective internal management mechanisms, the Company strengthens control over occupational health and safety risks and ensures responsibility implementation at all levels.

| Processes/Systems | 2025 Updates |
|--|--|
| EHS Change Management Procedure | Enhanced risk identification and assessment in the change management process in line with Process Safety Management (PSM) implementation, with clear requirements for post-change training, etc. |
| EHS Risk Management System for R&D Projects (Trial) | To further strengthen EHS risk identification and control before R&D project initiation, the Company standardized EHS risk assessment requirements and identification content for key milestones in 2025. |
| EHS Reward, Punishment and Performance Assessment Management System | To reinforce the work safety responsibility system and implement primary EHS responsibility, the assessment standards and scope were further revised and clarified in 2025. |
| EHS Incident (Event) Classification, Reporting, Investigation and Handling Management System | Based on regulatory updates and lessons learned from external incidents, and to enhance proactive prevention and clarify the EHS responsibilities of each business unit, the Company revised EHS incident (event) classification standards and optimized requirements for incident reporting, investigation, and handling in 2025. |

Selected Occupational Health and Safety Process and System Documents

Strategy

Adhering to a people-centered development philosophy, Capchem has established an occupational health and safety policy of "Compliance with laws and regulations, life above all; Safety first, with prevention as the focus; People-oriented, striving for green excellence; Scientific management for continuous improvement." The Company has built an integrated, comprehensive, and multi-level occupational health and safety management system at the Group level, exercising rigorous control over all value-chain activities involved in its operations—including production, storage, use, operation, transportation, and waste treatment—to ensure safe and orderly business operations.



Core Dimensions of Capchem's Occupational Health and Safety Management

Impact, Risk and Opportunity Management

Safety Risk Control System

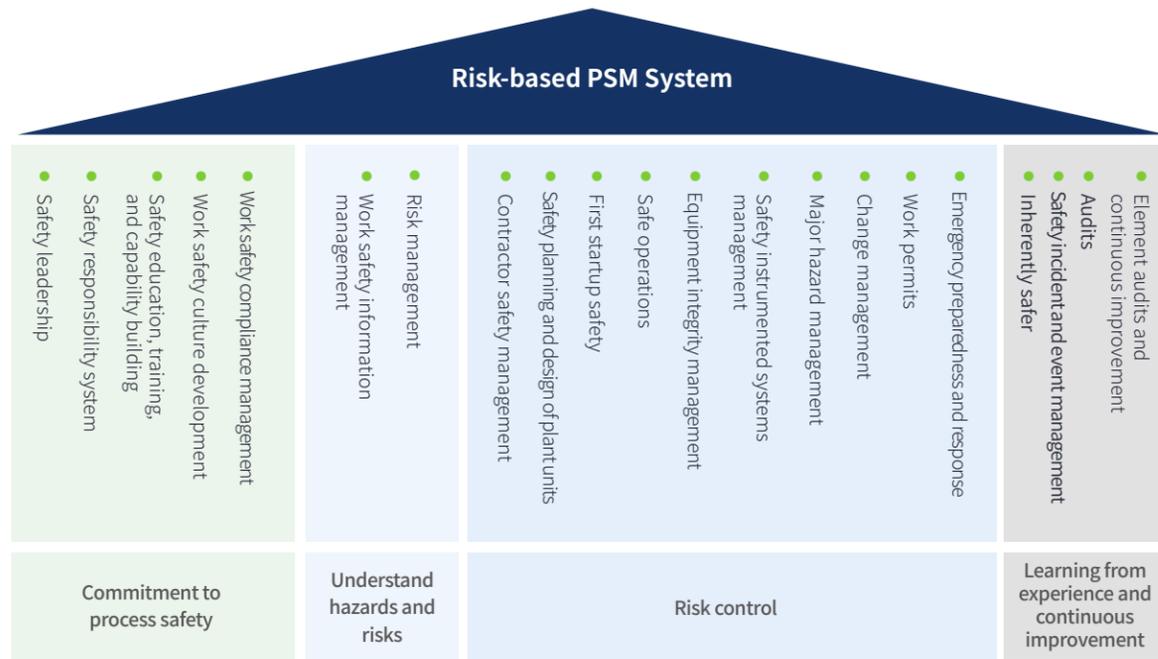
Capchem firmly establishes a risk-based safety management philosophy, integrating elements of the Process Safety Management (PSM) system and embedding requirements for work safety standardization, graded safety risk control, and hazard identification and remediation. Using professional tools and methods such as Hazard and Operability Study (HAZOP) and Job Safety Analysis (JSA), the Company conducts regular safety risk assessments to systematically identify risks and hazards related to materials, processes, equipment, and personnel operations. During the Reporting Period, 100% of identified risks had control or improvement measures implemented, and 100% of hazards were closed with corrective actions.

| Risk Content | Risk Management | Risk Control Measures | Opportunities |
|---|--|---|---|
| R&D Risks | <ul style="list-style-type: none"> Risk management for project introduction Lab & pilot operation risk management | Pioneering: <ul style="list-style-type: none"> "Four New" (New Products, New Processes, New Equipment, New Materials) introduction risk management system Pilot production risk assessment and controls Strengthen lab & pilot systematic safety management | Systematic identification of "Four New" risks helps eliminate potential hazards at the source and enhances intrinsic safety of materials, processes, equipment, and automation. |
| Process Risks | <ul style="list-style-type: none"> New process introduction risk management Process safety risk assessment Change risk management | Process: <ul style="list-style-type: none"> Process safety reliability verification Regular HAZOP analysis Change management procedures | Build a process safety database, and introduce internationally recognized and advanced risk assessment tools and methods, enabling the development of new business growth points by providing product consulting services and technical solutions to upstream and downstream customers across the industry chain. |
| Production Risks | <ul style="list-style-type: none"> Key equipment & instrumentation risk management Utility engineering risk management Operational risk management Special/specialized operations risk management Start-up/shutdown risk management | Produce: <ul style="list-style-type: none"> Regular risk identification and hazard control & improvement Application of safety information system Implementation of Process Safety Management (PSM) | Centering on the principles of "Safety, Stability, Full-load Operation, Long-term Reliability, and Excellence," implement specialized and process-driven scientific management to build an industry-leading "safe factory." |
| Storage & Transportation Risks | <ul style="list-style-type: none"> Sample transportation risk management Product transportation risk management Product packaging risk management | Packing: <ul style="list-style-type: none"> Hazardous materials packaging and transportation safety management system Periodic and ad hoc audits | Enhance supply chain resilience and reliability, enabling the delivery of fully traceable, safe, and controllable customized logistics solutions, thereby increasing customer loyalty. |
| Delivery Risks | <ul style="list-style-type: none"> Customer usage risk management | Pay: <ul style="list-style-type: none"> MSDS preparation Product safe-use training and guidance | Proactively meet global regulatory requirements, collaboratively manage product use risks, improve customer satisfaction, and strengthen market competitiveness. |
| Environmental Risks | <ul style="list-style-type: none"> Site selection risk management Occupational health management | Place: <ul style="list-style-type: none"> Scientific site layout to avoid NIMBY (Not In My Back Yard) effect Workplace environmental controls | Integrate natural disaster, community relations, and sensitive area risks into core decisions, and gain support from authorities and communities, building a foundation for sustainable development. |

Capchem 6P Safety Risk Control Measures and Opportunities

Capchem Implemented the PSM System for Risk Control

In 2025, building upon existing PSM elements such as Process Safety Information and Operating Procedures management, Capchem introduced Asset Integrity Management at the Huizhou base and implemented Safety Instrumented Systems management and Management of Change at the Sanming base. The Company also rolled out self-inspections and assessments for these three elements at other bases. Based on the results, Capchem optimized its management processes to control risks related to equipment, processes, and changes more systematically and professionally, thereby enhancing intrinsic safety.



PSM System Architecture

Capchem continues to advance the Business Continuity Management (BCM) system, dynamically identifying risks related to materials, processes, utilities, and extreme weather, and developing contingency plans for water, electricity, steam, wind outages, production control system failures, and typhoon scenarios to fully ensure the continuous operation of production.

Capchem has established a full-lifecycle risk management system covering R&D, project construction, pilot production, and production operations. The system starts at the R&D stage, with comprehensive EHS risk assessments conducted across multiple dimensions, including safety, occupational health, environmental protection, and energy consumption. Drawing on experience from previous pilot production, Capchem proactively integrates EHS control checkpoints into the design and construction stages, enabling early risk prevention. Building on this foundation, the Company has further consolidated a standardized EHS management system spanning R&D, new project initiation, and pilot production, significantly enhancing the systematic nature and effectiveness of overall EHS risk management.

Capchem has established a comprehensive safety performance monitoring and assessment system, revising and publishing the *EHS Reward, Punishment and Performance Assessment Management System*.

Subsidiaries

- Subsidiary specialists record respective safety performance and report regularly.
- Subsidiary EHS departments analyze performance, conduct assessments, and provide improvement recommendations.
- Subsidiary boards and safety committees supervise safety performance regularly and make improvement decisions.

Construction and Operation Oversight

- Performance reviews are conducted based on the internal safety audit mechanism.
- Organized cross-checks and inspections are carried out systematically for projects under construction and in operation.

Group-level

- The headquarters EHS Center collects and analyzes monthly EHS performance data.
- The center conducts EHS assessments across production bases through monthly meetings, quarterly on-site audits, semi-annual and annual inspections, so as to promote the improvement of EHS performance.

Capchem Safety Performance Monitoring and Assessment System



Safety Digitalization

Capchem emphasizes technology empowerment to strengthen safety digitalization. In 2025, the Company invested approximately RMB 1.5 million to enhance safety digitalization across its production bases, including modules for graded risk control, hazard identification and remediation, special operations management, and personnel tracking, with the addition of a module for critical pump condition monitoring.

By leveraging digital technologies, the Company improves the timeliness, accuracy, and efficiency of risk monitoring and early warning, graded risk control, hazard identification and remediation, and employee safety awareness and skills, thereby ensuring operational safety.

Hicomer Electronic's "Work Safety Digitalization" System

In September 2025, Hicomer Electronic officially launched the "Work Safety Digitalization" system. The system integrates modules for on-duty personnel tracking, graded risk control, hazard identification and remediation, detection and early warning, special operations, and personnel training. It enhances comprehensive, digital, and precise management of major hazard sources, personnel safety, and daily safety operations across the company.



Hicomer Electronic's "Work Safety Digitalization" System

Occupational Health Management

Capchem earnestly implements the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases* and the ISO 45001 *Occupational Health and Safety Management System* guidelines, establishing a comprehensive occupational health and safety management system and processes.

In terms of process and system development, the Company has developed full-process policies including the *Responsibility System for Occupational Disease Hazard Prevention*, the *Occupational Disease Hazard Monitoring and Evaluation Management System*, and the *Workers' Occupational Health Monitoring and File Management*

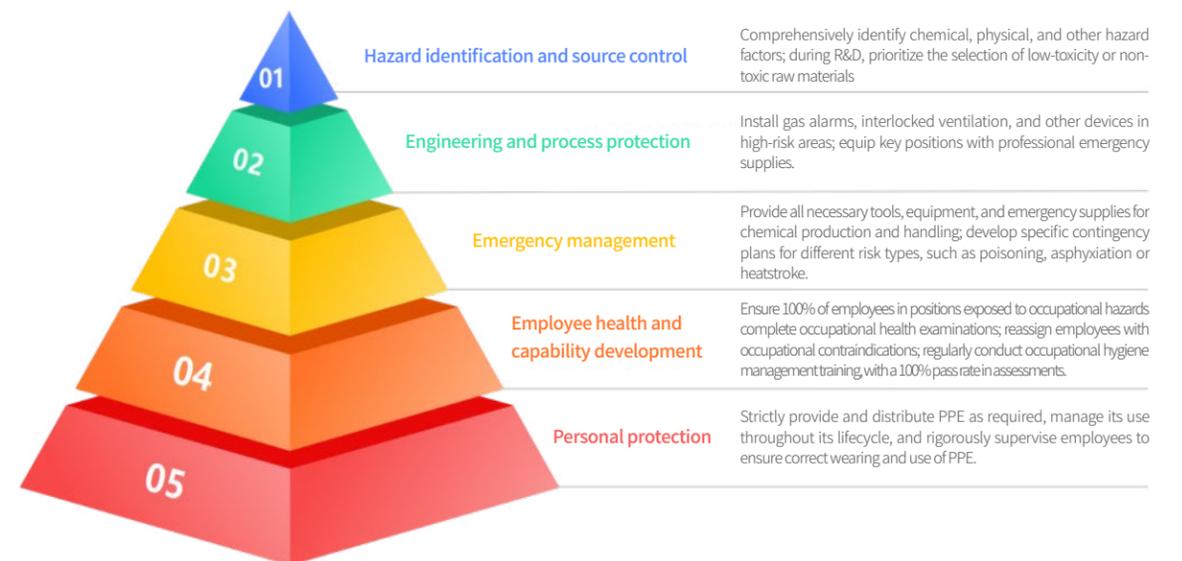
System. In accordance with the *EHS Reward, Punishment and Performance Evaluation Management System*, Capchem strengthens assessments and accountability, forming a whole-process management of "system standardization + assessment mechanism" to ensure effective monitoring and scientific evaluation of occupational disease risks and potential hazards.

occupational hazard factor testing, with 100% of results meeting standards. In addition, all new, current, and departing employees in positions exposed to occupational hazards completed occupational health examinations.

In terms of risk control, by the end of the Reporting Period, all Capchem production and operation projects had completed

2025 Occupational Health Improvement Initiatives

In 2025, Capchem continued targeted occupational health improvement initiatives. The Company conducted comprehensive assessments of raw material hazards, employee exposure levels, workplace conditions, and existing control measures. Based on these assessments, job-specific hazard controls were implemented across multiple layers, including hazard identification and source control, engineering and process protection, emergency management, employee health and capability development, and personal protection.



Full-process Risk Control Measures

Construction Project Safety Management

Capchem strictly implements the "Three Simultaneities" system for construction project safety (i.e., safety facilities are designed, constructed, and commissioned simultaneously with the main project). Targeted control measures are carried out in light of the characteristics of temporariness, cross-operation, and high personnel mobility during the construction phase. In the preliminary stage, the Company collaborates with design entities to develop the Special Construction Safety Chapter, conducts targeted risk assessment for high-risk operation scenarios during construction, and clarifies the safety technical standards and control requirements for the construction phase.

An access review mechanism for contractors has been established to rigorously verify the legal qualifications of construction contractors and the validity of certificates held by special operation personnel. The "site safety induction briefing + daily pre-shift safety meeting" system is implemented; targeted safety control plans are formulated for construction-specific high-risk operation links (e.g., cross-operation, high-altitude hoisting), with full-process on-site supervision of their implementation.

Simultaneous construction management and control of safety facilities are carried out; interim acceptance is conducted for facilities (e.g., fire protection, explosion protection, emergency rescue passages) during the construction process, and

installation deviations are rectified promptly. At the Group level, a dedicated project safety supervision team has been formed, focusing on identifying construction-phase-specific safety hazards (e.g., safety compliance of temporary facilities, protective measures in on-site operation areas) to ensure closed-loop disposal of identified issues.



Construction drawings for the Yidu project



Construction Project of Sanming Hexafluoro Fluorine New Material Research Center

Safety Culture Development

In 2025, Capchem further promoted safety culture development, focusing on the themes of risk control, responsibility implementation, capability enhancement, and intrinsic safety. Special initiatives were carried out to strengthen organizational structure, enhance safety

leadership, and reinforce employees' safety execution. These activities help employees fully understand and embrace the Company's safety philosophy, put safety commitments into practice in their respective roles, and foster a strong safety culture.

Development of the Work Safety Responsibility System

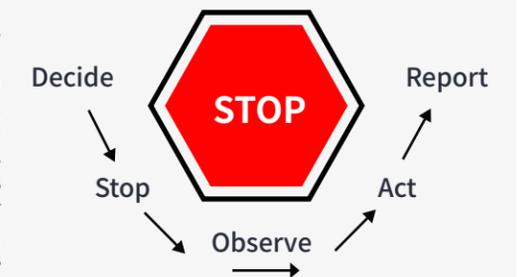
Capchem continues to improve its work safety responsibility system, strengthening responsibility implementation at all levels, clarifying work safety responsibilities for relevant personnel, and reinforcing responsibility awareness through regular education, training, and management assessments. This establishes a company-wide safety responsibility system where everyone has a responsibility, each performs their own duties, and each bears their own responsibilities.

| | |
|--|---|
| Signing the EHS Responsibility Letter | <ul style="list-style-type: none"> From principal leaders to frontline employees, work safety responsibility agreements are signed at every level, clearly defining the safety targets and responsibilities for each position. |
| Strengthening Education and Training | <ul style="list-style-type: none"> Capchem develops and implements company-wide work safety education and training programs to effectively enforce the work safety responsibility system. |
| Reinforcing Management Assessment | <ul style="list-style-type: none"> Capchem links work safety responsibilities to employee performance, implementing supervision and assessment mechanisms. Safety performance is evaluated based on employee safety assessment results. |
| Sharing Experiences and Practices | <ul style="list-style-type: none"> Best practices and positive experiences from annual work safety efforts are shared and promoted across the Group. |

Capchem's Initiatives to Implement the Work Safety Responsibility System

Behavioral Safety Observation Activities

Capchem introduced behavioral safety observation activities, starting from principal leaders and involving everyone. Through these activities, employees are trained to identify and take action on unsafe behaviors and surrounding conditions in their daily work, helping to correct unsafe practices, raise safety awareness, and develop safe habits. At the same time, the Company implements sense of leadership initiatives to ensure leaders at all levels pay closer attention to safety, while helping employees better understand safety standards and compliance requirements, and adopt standardized, safe behaviors. In 2025, 126 managers participated in 3,287 behavioral safety observation activities.



Safety Education and Cultural Promotion

Capchem has established a three-tier safety education system: factory-level, workshop-level, and team-level, targeting all employees with tailored safety training. Activities include safety lectures by principal leaders, Safety Month campaigns, "119" safety events, "Anti-Three Violations" initiatives, and

lean safety practices. This stepwise approach strengthens employees' safety awareness, risk identification, and response capabilities, fostering a shared commitment to Capchem's safety culture.

| | |
|----------------|--|
| Factory-level | <ul style="list-style-type: none"> Emphasize the importance and necessity of work safety for the Company's development. Provide an overview of the Company's work safety situation, including production characteristics, factory equipment distribution, work safety targets, and major tasks for the year. |
| Workshop-level | <ul style="list-style-type: none"> Organize the study of work safety system documents, standard operating procedures, and emergency response procedures relevant to different job levels and positions. |
| Team-level | <ul style="list-style-type: none"> Based on the specific circumstances of each job role, further enhance job responsibilities and arrange for seasoned veteran employees to provide demonstrations of safe operational practices. |

Capchem's Three-Tier Safety Education System



New Employee Orientation

Capchem continuously monitors changes in policies and regulations, improves the themes and content of safety and health education, and explores diverse forms of promotion, thereby enriching its safety culture. During the Reporting Period, Capchem conducted a total of 956 safety training sessions, achieving 100% coverage of production employees, with a cumulative training duration of 115,727 hours. In addition, 714 safety drills were carried out.



Safety Training Themes

Capchem "Law on Prevention and Control of Occupational Diseases" Awareness Week

In 2025, Capchem held themed training sessions for the "Law on Prevention and Control of Occupational Disease" Awareness Week. Activities included poster and slogan campaigns, expert-led training on occupational disease prevention, and interactive initiatives such as occupational health quizzes and skill competitions. These efforts fostered a strong culture of occupational health management where "everyone talks about, participates in, and practices occupational health and safety."



Capchem's Occupational Health and Safety Training

Capchem's Work Safety Month Campaign

In 2025, Capchem conducted a Work Safety Month campaign across its domestic and international bases. Focusing on implementing primary responsibility, strengthening risk control, and enhancing crisis awareness, the Company organized initiatives such as safety lectures by principal leaders, accident and incident review sessions, and company-wide identification of major hazards. The headquarters and production bases, and projects in progress carried out a variety of tailored activities, effectively raising employees' safety awareness and embedding safety concepts throughout every aspect of operations.



Work Safety Month Activities

Capchem's Fire Safety Month Campaign

In 2025, all Capchem production bases actively launched Fire Safety Month activities. By means of diversified forms including skills competitions, on-site drills, skills training and facility inspections, these bases effectively enhanced employees' fire safety awareness as well as their emergency response and handling capabilities.



Fire Safety Month Activities

Safety Hazard Reporting System

In 2025, Capchem implemented a dual-prevention mechanism, improving the hazard reporting incentive system and rewarding employees who proactively report hazards, fostering a corporate safety culture where "everyone is a safety officer." The Company strictly enforces a closed-loop

remediation process to ensure that every reported hazard is addressed promptly and effectively, thereby building a strong safety defense for production operations. As of the end of the Reporting Period, a total of 29,389 hazards were reported, with a 100% remediation rate.

Indicators and Targets

Capchem remains committed to deepening occupational health and safety management. Through multi-dimensional, comprehensive measures and strategies, the Company strives to achieve its annual occupational health and safety objectives, safeguarding stable operations and employee well-being.

| Short- and Medium-Term Targets | Long-Term Targets |
|--|---|
| <ul style="list-style-type: none"> Reduce Total Recordable Incident Rate (TRIR) year by year Zero occupational diseases Zero fire or explosion incidents Zero major administrative penalties by the government 100% reassignment of employees with occupational contraindications 100% health examination completion for employees exposed to hazards 100% compliance in testing for positions exposed to occupational hazards Zero leakage of hazardous chemicals | <ul style="list-style-type: none"> Zero accidents, zero injuries |

Capchem's Occupational Health and Safety Targets

As of the end of the Reporting Period, 12 operating production bases had obtained ISO 45001 certification, with a coverage rate of 80%. Additionally, each production base actively pursued work safety standardization certification

based on local regulatory requirements and industry characteristics. By the end of the Reporting Period, 7 units had obtained Level 2 certification, and 3 had obtained Level 3 certification.

| As of December 31, 2025: | |
|---|---|
| Occupational Health and Safety Targets | <ul style="list-style-type: none"> No work safety incidents of moderate or higher severity occurred No suspected or confirmed occupational disease cases occurred No work-related fatalities occurred |
| System Certifications | <ul style="list-style-type: none"> ISO 45001: 12 operating production bases certified, with a coverage rate of 80% Work Safety Standardization Level 2: 7 units certified Work Safety Standardization Level 3: 3 units certified |
| Safety Investments | <ul style="list-style-type: none"> Total investment: RMB 59.69 million |
| Safety Culture Promotion | <ul style="list-style-type: none"> Safety training sessions: 956 Production employee coverage: 100% Total training hours: 115,727 hours Safety drills: 714 |

Customer Service

Capchem adheres to a "customer-centric" service philosophy, continuously improving its customer service management system through digital and intelligent systems. The Company standardizes service processes, innovates service models, deeply identifies customer needs, responds efficiently to customer requests, proactively increases communication frequency, and comprehensively enhances customer experience. These efforts help shape an outstanding corporate service brand and achieve long-term, mutually beneficial relationships with customers.

Customer Service Management System

Capchem is committed to establishing a robust customer service management system. The Company has formulated management policies and processes such as the *Management of Customer Grading and Classification*, *Customer Relationship Management*, *Management of Customer Technical Solutions*, *Management of Technical Services for Customers*, *Management of Customer Special Needs*, *Customer Satisfaction Survey and Follow-up*, *Staff Training*, and *Internal Evaluation and Continuous Improvement Mechanism*, enabling standardized operation of customer service.

Based on its business layout, Capchem has built a global marketing and service network. By leveraging innovative products, proximity advantages, international-standard quality, professional hazardous chemicals temperature-controlled logistics and warehousing, and on-site services, the Company provides customers with comprehensive, multi-dimensional product lifecycle services. This approach ensures precise alignment with and efficient fulfillment of diverse customer needs and strengthens the market competitiveness of Capchem's products and services.

Customer Service Capability Enhancement

Digital Empowerment and Customer Insight

Capchem is dedicated to enhancing its customer-centric 360-degree management system by deeply expanding the application scenarios of digital intelligence systems in customer service to achieve precise perception of customer needs. The Company has established a series of information platforms, including CRM, SRM, LIMS, DCS, MES, PLC, and SAP, enabling data integration and information sharing between CRM and ERP, OA, and RDM. This integration creates a unified management platform covering the entire process of archives, opportunities, and sales.



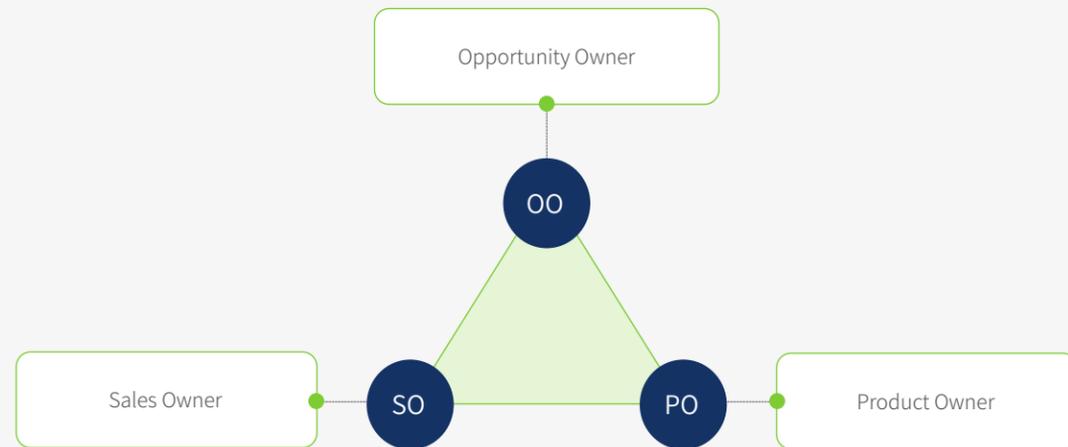
In 2025, Capchem implemented a CRM system upgrade project. Leveraging a self-developed low-code platform and multi-system integration, the project empowers sales teams through guided sales processes, enables dynamic visual data analytics to support decision-making, and improves efficiency through mobile operations. Combined with multi-scenario AI capabilities, the project achieves "standardized processes, intelligent operations, and data-driven decision-making." It supports the redesign of marketing workflows and consolidates the outcomes of marketing transformation, enabling sales teams to better understand customer needs, enhance internal communication efficiency, facilitate rapid cross-department collaboration, respond quickly to customer requests, deliver more precise solutions, and ultimately improve customer satisfaction.

Customer Segmentation and Differentiated Services

Capchem classifies and segments customers based on a scientific and rational model, and delivers tailored strategies and differentiated services with precision. During the customer needs identification stage, the Company innovates its management model and optimizes opportunity management processes, leveraging a project development mechanism and team collaboration model to improve opportunity conversion rates. During the product delivery stage, Capchem pursues operational excellence by optimizing delivery processes, enhancing operational efficiency, ensuring supply chain order commitments and execution, and providing high-quality technical support to improve customer experience and satisfaction.

Innovation in Customer Service Model

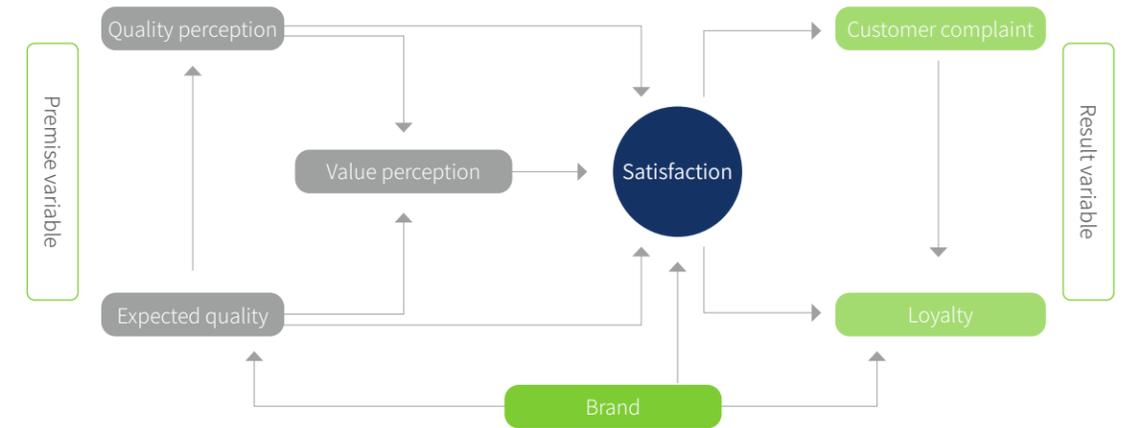
In 2025, Capchem continued to deepen the optimization and upgrading of its customer service model, achieving notable results through innovative practices. The Company has fully implemented a sales team structure centered on the Opportunity Owner (OO), effectively integrating the entire value chain—including sales, technology, R&D, quality, and logistics—to provide customers with integrated, end-to-end service support throughout the full cooperation lifecycle. Meanwhile, Capchem further strengthened its Product Owner (PO) system by deeply identifying customers' core technical needs and efficiently translating them into solutions, continuously delivering more precise, application-specific technical solutions and enhancing the customer collaboration experience and perceived value.



Capchem's OO-Centered Customer Service Model

Customer Experience and Satisfaction Enhancement

Through continuous exploration and improvement, Capchem has established a comprehensive, customer-centric, and highly actionable customer satisfaction evaluation system. The Company has formulated the *Management of Customer Satisfaction and Engagement* to guide customer satisfaction surveys and related management practices. Based on analysis of the survey results, Capchem gains insights into customers' current and future needs and expectations, reviews gaps in existing management practices, and makes timely adjustments, thereby continuously enhancing customer satisfaction and engagement.



Capchem Customer Satisfaction Survey Model

To continuously optimize product and customer service quality and improve customer satisfaction, Capchem has developed short-, medium-, and long-term improvement plans, together with corresponding indicators and targets. Through enhancements to its service system, full-process mechanism optimization, and digital empowerment, the Company strives to deliver high-quality, full-process service experiences and build an excellent Capchem brand image.

In 2025, Capchem remained firmly committed to its "customer-centric" approach and achieved tangible results in customer service optimization and operational upgrading. By setting internal customer satisfaction indicators from the customer perspective, the Company effectively guided downstream functions—including the supply chain, production bases, and functional centers—to better meet customer needs. Capchem further strengthened the Product Owner role, deepened customer needs assessment and product improvement, and provided customized products and solutions. In addition, the Company formulated and implemented an end-to-end tiered customer management strategy, while continuously optimizing business processes to enhance internal operational efficiency. As a result, Capchem successfully achieved a satisfaction score of ≥ 90 for top-tier customers and a process compliance rate of $\geq 80\%$, realizing simultaneous improvements in customer service quality and operational effectiveness.

| Target Period | Improvement Plan | Targets |
|------------------------------|---|--|
| Short term (2026-2027) | <ul style="list-style-type: none"> Fully optimize pre-sales, in-sales, and after-sales processes and management mechanisms to enhance full-cycle customer service and satisfaction management. Revamp the Customer Relationship Management (CRM) system to support efficient business operations and improve customer service. Expand the marketing network and deploy key account on-site representatives at each base and customer site. | <ul style="list-style-type: none"> Process compliance rate $\geq 95\%$ Customer satisfaction ≥ 90 points |
| Mid-to-long term (2028-2030) | <ul style="list-style-type: none"> Add sample bases/production lines (Suzhou/Huizhou) to further improve delivery efficiency for samples and small-batch orders. Establish marketing networks in Poland and the U.S. to provide sales and technical services, meeting the development needs of the European and U.S. new energy markets and the overseas expansion requirements of domestic companies. | <ul style="list-style-type: none"> Sample delivery timeliness rate 100% Perfect order fulfillment rate – on standard lead time (global) $\geq 90\%$ |

Capchem Customer Service Enhancement Program

In 2025, Capchem adopted an online questionnaire survey to collect customer needs and expectations. In addition to the survey, the Company conducted comprehensive statistical analyses of sampled customers covering daily operations, quality, delivery, and customer feedback. These analyses measured the quality of Capchem's products and services, identified low-scoring areas, and informed corrective measures. By the end of the Reporting Period, the Company's overall customer satisfaction score had consistently remained above 90 for several consecutive years. Capchem earned high recognition and trust as a "Best Partner" from leading domestic and international customers such as LGES, Samsung SDI, and Murata Manufacturing, establishing a professional, innovative, and trustworthy brand image.

Team Professional Capability Development

Focusing on improving customer service quality, Capchem established competency certification systems for marketing, technical service, and customer service personnel, defining job qualification standards and competency model framework for each role. The Company also leveraged the "Capchem Management College" platform to build an online course system, combined with offline expert training, job rotation, and mentorship programs, forming a differentiated capability enhancement system.

Customer Service Empowerment Program

In 2025, Capchem designed a comprehensive training program tailored for the sales team led by OO (Opportunity Owner). Through systematic training and practical exercises, Sales Owners (SO) and Product Owners (PO) became better equipped to understand customer needs and deliver more precise and personalized solutions. During the Reporting Period, Capchem conducted a total of 24 product and marketing skills training sessions, combining online and offline formats.

As of the end of the Reporting Period, Capchem conducted a total of 24 customer service-related training sessions, with a cumulative employee training duration of 946.5 hours.

Customer Communication and After-Sales Service

Customer Privacy Protection

Capchem strictly complies with relevant laws and regulations in the countries and regions where the Company operates, including the *Personal Information Protection Law of the People's Republic of China*, the *Personal Information Protection Management System*, and the *ISO 27001 Information Security Management System*. The Company has also established internal policies, including the *Trade Secrets Management System*, to ensure effective protection of customer privacy throughout all business interactions. In 2025, Capchem successfully passed the recertification audit for the ISO 27001 Information Security Management System transition.

Capchem actively upgrades the permission management of its digital systems, finely segmenting user permissions according to system functions and business modules, and flexibly assigning system roles as needed. Some systems implement field-level access control to enhance customer data security. With overseas business expansion, the Company signs confidentiality agreements with international customers to safeguard data security of both parties, and Capchem's Poland base has obtained TISAX certification, strengthening customer data protection according to international standards and establishing a global customer data defense.

Capchem provides employee training on trade secret protection through the Capchem Management College platform and incorporates privacy awareness into onboarding programs. In daily operations, the Company enforces data desensitization and approval processes, as well as online and offline confidentiality access controls. The Confidentiality Office regularly audits internal information security, while brand specialists conduct routine inspections of external communication materials to minimize the risk of customer data leakage.

Customer Complaint Management

Capchem has established a comprehensive after-sales service system and customer complaint management mechanism. The Company has developed the *Customer Complaint Handling* management system, and immediately initiates the *Customer Complaint Handling Procedure* upon receiving complaints. Through a closed-loop management process, Capchem ensures efficient response to and resolution of customer needs. The Company commits to responding to customer concerns within 0.5 days and implement appropriate actions within 24 hours.

Based on its business realities and focusing on key business divisions, Capchem sets diversified management targets, including major and critical customer complaints, rate of minor and general customer complaints, and total financial loss due to customer complaints. The Company dynamically optimizes the closed-loop customer complaint management mechanism to ensure timely response to and efficient resolution of customer needs, fully supporting the achievement of customer management objectives.



During the Reporting Period, Capchem reported no incidents of customer privacy infringement or leakage.

03 | One-earth

Capchem fully integrates the concept of environmental sustainability into all aspects of production and operations. The Company actively participates in global climate action, seizes opportunities, and embraces the "Four Green" concept to vigorously promote energy conservation and emission reduction, continuously optimize the management of "three wastes" (wastewater, waste gas, solid waste) and resources, and practice green and low-carbon operations, earnestly fulfilling its environmental protection responsibilities.



"Four-Green" Concept

- A new green factory was added, bringing the total number of such facilities within the Group to three, namely: Huizhou Capchem, Sanming Hexafluor, and Jingmen Capchem.

Addressing Climate Change

- CDP Climate Change rating: B.
- Established an action plan, reducing greenhouse gas emissions by **6.72%** year-on-year within the same operational boundary, compared with the baseline year.
- Supported **10** suppliers in obtaining a total of **18** carbon footprint certificates.
- A total of **12** in-house products completed ISO 14067 product carbon footprint certification.

Energy Structure Optimization

- Implemented **40** carbon reduction projects throughout the year, achieving total emission reductions of **11,949 tons**.
- Constructed distributed photovoltaic systems with a total installed capacity of approximately **2.3 MW**.
- Suzhou Novolyte achieved **100%** green electricity usage, and the Group's overall green electricity ratio has risen to **7.2%**.

Environmental Compliance

- **100%** of operating production bases obtained ISO 14001 Environmental Management System certification.
- Environmental protection investment reached **RMB 43.26 million**.

Emissions and Waste

- Targets for hazardous waste and wastewater reduction were achieved.
- Total general waste recycled and reused reached **253.37 tons**.

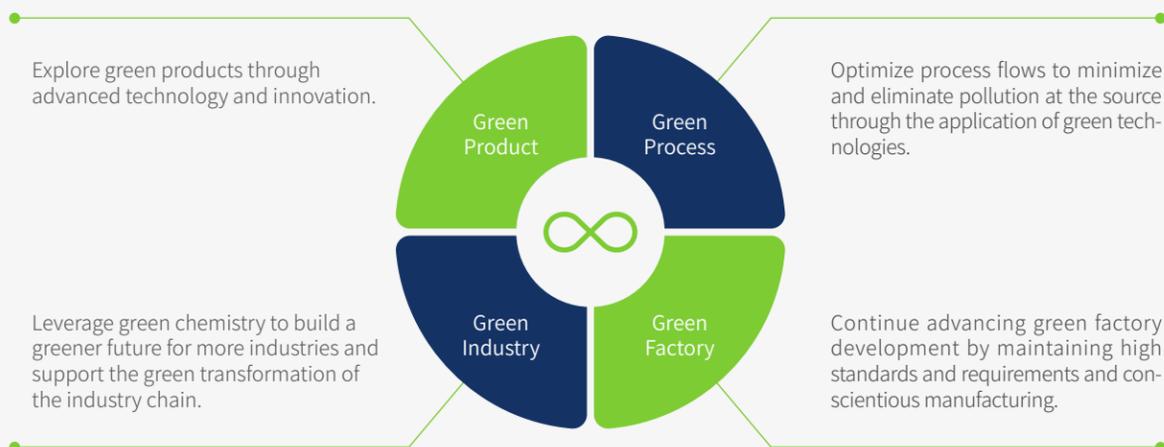
Resource and Ecological Protection

- Total reclaimed water usage reached **453,109 tons**.
- The reclaimed water reuse rate reached **38.62%**.



"Four Green" Concept

Sustainable development and operations are an enduring priority for Capchem. Throughout the product lifecycle, the Company continuously implements the "Four Green" development concept—Green Product, Green Process, Green Factory, Green Industry—driving green development through technological innovation and promoting global sustainable transformation.



The "Four Green" Development Concept

Green Product

Capchem integrates "green, health and safety, energy conservation and emission reduction, and resource- and environment-friendliness" throughout the entire product lifecycle, using high-quality green products to support green transformation and low-carbon development.

The Company's main products include battery chemicals, organic fluorine chemicals, capacitor chemicals, and semiconductor chemicals, which are widely used in new energy vehicles, consumer electronics, urban rail transportation, biomedicine, digital infrastructure, photovoltaic energy storage, and industrial manufacturing.

| | |
|--|--|
| <p>Battery chemicals</p> | <ul style="list-style-type: none"> Mainly include lithium-ion battery chemicals (including lithium-ion battery electrolytes, additives, new lithium salts, carbonate solvents), supercapacitor chemicals, and primary lithium battery chemicals, which are widely used in new energy vehicle battery, digital battery, distributed energy storage, and other fields. Carbonate is the main material for electrolyte of lithium-ion battery in the new energy industry. Capchem converts the carbon dioxide to carbonate through the Ethylene Oxide to Carbonate Solvents Integrated Process (ECOSIP™). In 2025, this project achieved a total carbon dioxide absorption of 80,755 tons. |
| <p>Organic fluorine chemicals</p> | <ul style="list-style-type: none"> Guided by the "dual carbon" targets, Capchem practices a green development philosophy, driven by technological innovation and oriented toward customer needs. The Company accelerates the transformation of innovative achievements and has launched multiple green products, including eco-friendly insulating gases for electrical insulation, fluorine-containing coolants, and environmentally friendly fluorinated surfactants, providing excellent decarbonization solutions for power, semiconductors and other industries. Fluorine-containing coolant is a highly stable perfluorinated liquid that isolates water and air, preventing device oxidation and corrosion. It features high thermal conductivity, low viscosity, high latent heat of vaporization, low global warming potential, and zero ozone depletion potential. Immersing servers or data centers in fluorine-containing coolant enables precise temperature control, reduces energy consumption, and lowers carbon emissions. Capchem enhances reliability in the pharmaceutical and healthcare sectors through its high-quality inhalant anesthetic intermediates. |
| <p>Capacitor chemicals</p> | <ul style="list-style-type: none"> Main products include chemicals for aluminum/tantalum electrolytic capacitors, aluminum foil chemicals, and functional materials, which are widely used in the aluminum/tantalum electrolytic capacitor industry. Capchem has achieved breakthroughs in low ESR, high-voltage tolerance, and long-life performance of aluminum/tantalum electrolytic capacitors, meeting the high-reliability, long-lifespan, and high-temperature resistance requirements of products in AI, new energy vehicles, smart home, and other fields. |
| <p>Semiconductor chemicals</p> | <ul style="list-style-type: none"> Main products include high-purity chemicals and functional chemicals, which are widely used in display panels, solar photovoltaic, integrated circuits and other fields. With more than 20 years of technical accumulation and innovative processes in fine electronic chemicals, Capchem improves its product quality and supply stability, helping customers realize green and sustainable development goals. |

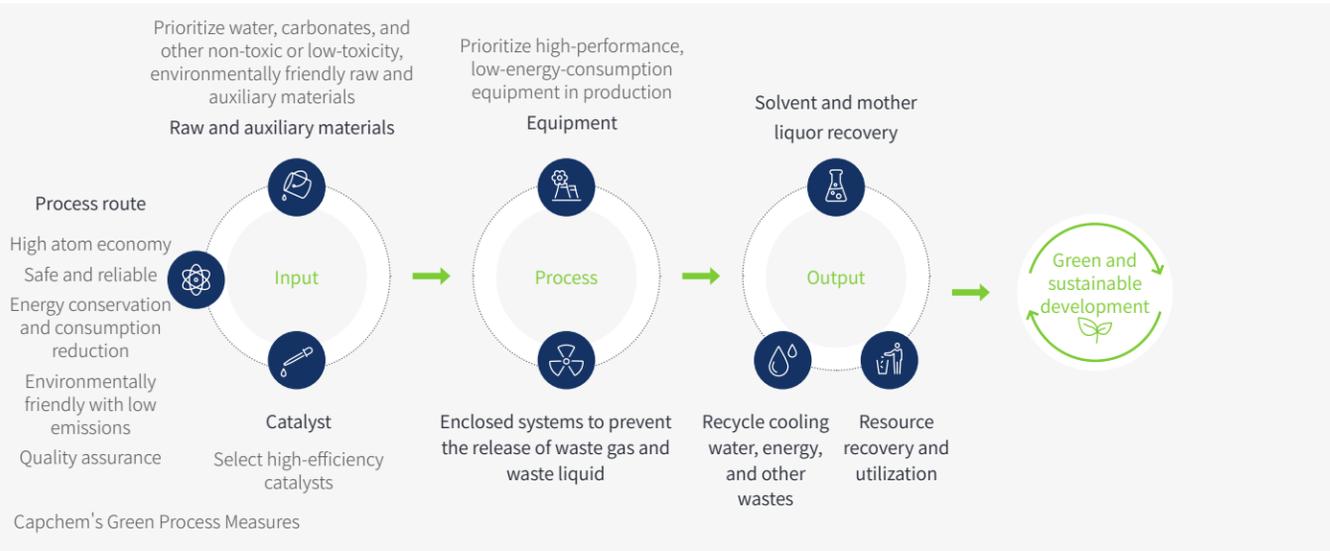
China's First 1,000-ton-level Perfluoroisobutyronitrile Production Line Built in Sanming Hexafluo

Sanming Hexafluo has established the nation's first 1,000-ton-level industrial production line for perfluoroisobutyronitrile, forming an integrated full-chain service system covering synthesis, gas blending, testing, and waste gas recovery. As a next-generation, low-GWP (Global Warming Potential) environmentally friendly electrical insulating gas, perfluoroisobutyronitrile reduces the greenhouse impact by over 98% compared with sulfur hexafluoride, providing a greener solution for gas-insulated switchgear and other high-voltage power transmission and transformation systems.

To further increase the "green content" of its products, the Company implements green product design and optimizes manufacturing processes, aiming to reduce, recycle, and render harmless the use of raw materials. Regarding raw material supply, the Company requires suppliers to adopt environmentally friendly, recyclable, and reusable packaging materials, and actively supports them in carrying out energy-saving and carbon-reduction initiatives.

Green Process

Capchem fully integrates environmental principles into new product development and production processes. By applying advanced green processes, the Company reduces carbon dioxide and pollutant emissions, achieving a balance between economic and environmental benefits.



Green Factory

Capchem actively implements the dual-carbon strategy and continues to advance green factory development in line with the principles of intensification of land use, harmlessness of raw materials, cleanliness of production, resourcefulness of waste, and low-carbonization of energy to enhance its green manufacturing capabilities. During the Reporting Period, the Company identified a total of 40 technical retrofit projects, with a cumulative investment of over RMB 30 million, achieving a total carbon reduction of 11,949 tons.

| | |
|--|---|
| <p>Intensification of land use</p> <ul style="list-style-type: none"> In new, renovated, or expanded projects, Capchem optimizes plant layout and process design in compliance with national laws, regulations, and local regulatory requirements, improving land input-output ratio, land allocation, and overall land use efficiency, and continuously enhancing intensive land use. | <p>Cleanliness of production</p> <ul style="list-style-type: none"> Optimize inbound logistics to reduce transportation-related carbon emissions Continue upgrading energy-intensive equipment Improve production processes to save energy Upgrade waste gas treatment facilities to reduce emissions Optimize drum washing process to reduce solvent consumption |
| <p>Harmlessness of raw materials</p> <ul style="list-style-type: none"> Guided by green development principles, the Company continuously promotes green substitution and reduction of toxic and hazardous raw materials, minimizing their use and reducing impacts on products and the environment (see the section "Chemical Safety" for details). | <p>Resourcefulness of waste</p> <ul style="list-style-type: none"> Upgrade the wastewater treatment facility to boost reclaimed water reuse volume Recover steam condensate to reduce freshwater consumption Reuse packaging materials to minimize resource consumption Improve solid waste treatment and increase resource recovery rates |
| | <p>Low-carbonization of energy</p> <ul style="list-style-type: none"> Continuously increase the share of clean energy use Construct 2.3 MWh distributed photovoltaic facilities Promote the use of solar-powered street lighting |

As of the end of the Reporting Period, Huizhou Capchem, Sanming Hexafluoro, and Jingmen Capchem were awarded the title of "Green Factory," while the Capchem Science and Technology Building was awarded the two-star rating for the Green Building Label.



As of the end of the Reporting Period

Huizhou Capchem, Sanming Hexafluoro, and Jingmen Capchem

Green Factory

and Capchem Science and Technology Building was awarded the

two-star rating for the Green Building Evaluation Label

Green Industry

Driven by technological innovation, Capchem continuously explores the potential of green technologies. This is achieved through product technology innovation and participation in drafting standards such as the *Carbon Management Guide for Battery Manufacturing Companies (T/CIET 265-2023)*, *General Principles for Green Enterprise Evaluation (T/CIET 237-2023)*, and *Quantitative Methods for Carbon Footprint of Products - Electric Vehicle Lithium-ion Batteries*. Furthermore, Jingmen Capchem is involved in the local pilot program for lithium-ion battery carbon footprint labeling and certification. These efforts collectively provide safer, more efficient, and greener solutions to support the green upgrading of the industry chain.

| Application Industries (Encouraged) | Product Advantages |
|-------------------------------------|---|
| New energy | <ul style="list-style-type: none"> Capchem's battery chemicals, capacitor chemicals, and organic fluorine chemicals are widely used in solar inverters. The perfluoropolyether lubricants and vacuum pump oils produced by Capchem are widely used in the chemical, electronics, electrical appliances, and machinery sectors. In addition, its vulcanized fluorine rubber products offer excellent properties, including resistance to compression and deformation, chemical corrosion, and high thermal stability. Sanming Hexafluoro has launched environmentally friendly fluorinated gases for electrical insulation and other green products (see the section "Green Product" for details). Huizhou Capchem has built an industrial facility using ionic liquids to catalyze CO₂ into carbonates, enabling green utilization of greenhouse gas CO₂. |
| New materials | <ul style="list-style-type: none"> Among the solid-state battery materials and binders developed and marketed by Capchem, except for solid electrolytes that have already achieved stable mass production, other types of solid electrolytes have entered the sample delivery and collaborative testing stage. Capchem's FEC additive for lithium battery electrolytes improves electrochemical performance of electrolytes, contributing to electrolyte stability, flame retardancy, overcharge protection, and rate performance. |
| Information industry | <ul style="list-style-type: none"> Capchem's solid capacitor dispersions are water-based, environmentally friendly polymer chemicals that enhance capacitor performance and reduce energy consumption, with applications in new energy vehicles, industrial power supplies, laptops, and televisions. Capchem's supercapacitor chemicals are primarily used in supercapacitors, which feature high discharge power, wide operating temperature ranges, and long cycle life, and are widely applied in smart meters, wind power, hybrid vehicles, and high-speed rail. Capchem's fluorinated polyimide (FPI) and its core monomers are widely used in digital infrastructure, new displays, separation membranes, and liquid crystal materials. |

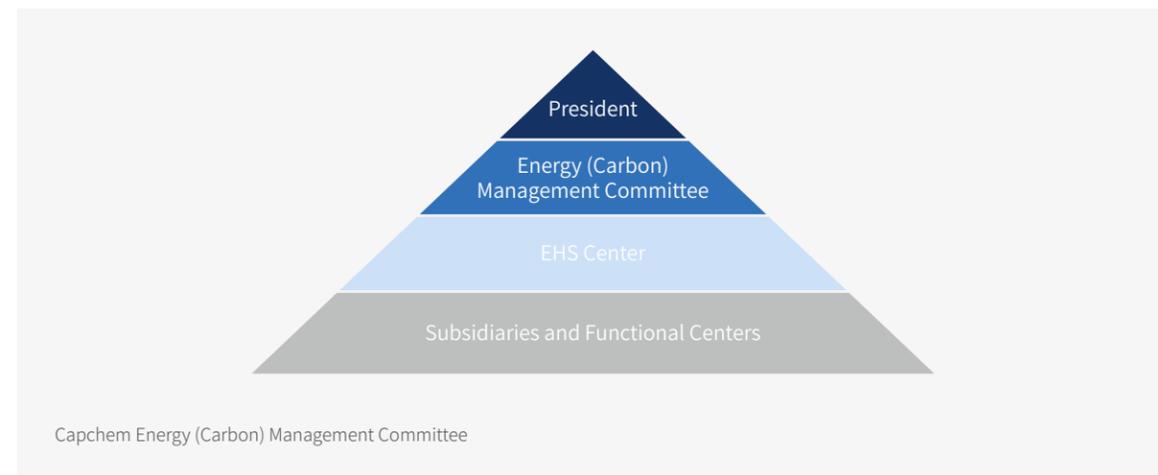
Combating Climate Change

Over its 30-year history, Capchem has remained steadfast in promoting a green and low-carbon transformation of its operations. The Company continuously enhances its capacity to address climate-related risks, and actively seizes climate-related opportunities, committed to being a dedicated practitioner of clean and low-carbon energy transition. During the Reporting Period, in accordance with the *Sustainability Disclosure Standards for Business Enterprises No. 1 – Climate (Trial)*, the Company benchmarked itself across four dimensions—governance, strategy, risk and opportunity management, and indicators and targets—and mobilized internal and external professional resources to systematically identify and assess climate-related risks and opportunities, providing solid guidance for achieving its long-term carbon neutrality goals.

Governance

In terms of climate change governance, Capchem incorporates climate-related impact, risk and opportunity management as key considerations in its business strategy. The Company has established a Board-level Energy (Carbon) Management Committee, chaired by the President, operating in a "top-down, headquarters-driven" model. Management systems

including the *Capchem Energy (Carbon) Management Procedure* and the *Greenhouse Gas Emission Management System* are in place for comprehensive management of greenhouse gas emissions across production, procurement, and office operations.

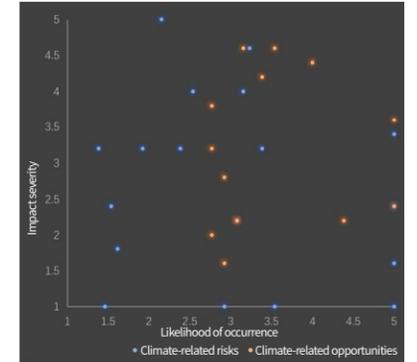


When selecting members of the Energy (Carbon) Management Committee, the Company prioritizes candidates with expertise in climate change and energy management, ensuring professional and international perspectives and capabilities to effectively drive climate initiatives. Annual training is provided to the Board of Directors, the Energy (Carbon) Management Committee and its members to strengthen their professional knowledge and skills in addressing climate change.

To ensure effective achievement of climate-related goals, Capchem has developed a carbon management information system and established robust communication and management mechanisms via monthly EHS meetings, monthly assessments, and quarterly work reports, enabling comprehensive oversight of greenhouse gas emissions and energy management performance across all bases. The headquarters EHS Center, serving as the Office of the Energy (Carbon) Management Committee, guides each base's energy conservation, pollution abatement, and carbon mitigation initiatives to ensure practical implementation.

Strategy

During the Reporting Period, based on changes in regulatory policies, overseas operations, and upstream and downstream supply chain requirements, the Company assessed the challenges that climate-related risks and opportunities pose to its operations. According to the classification of climate-related risks and opportunities and in consideration of its actual circumstances, Capchem actively identified climate-related risks and opportunities and developed corresponding response measures. The identified risks and opportunities were evaluated based on impact materiality, financial materiality, and likelihood of occurrence, resulting in the Company's climate-related risk and opportunity matrix.



List of Climate-related Risks and Opportunities

| List of Climate-related Risks | | | |
|-------------------------------|-----------------|-----------------------|---|
| No. | Risk Type | | Risk Description |
| 1 | Transition risk | Market | Changes in consumer behavior |
| 2 | Physical risk | Acute | Typhoon |
| 3 | Transition risk | Market | Increased availability and/or cost of raw materials |
| 4 | Transition risk | Technology | Transition to low-emission technologies and products |
| 5 | Physical risk | Acute | Cold wave/frost |
| 6 | Physical risk | Acute | Snowstorm |
| 7 | Physical risk | Chronic | Temperature changes (air) |
| 8 | Physical risk | Chronic | Water scarcity |
| 9 | Transition risk | Responsibility | Exposure to litigation risk |
| 10 | Transition risk | Responsibility | Non-compliance |
| 11 | Physical risk | Acute | Flood |
| 12 | Physical risk | Acute | Heatwave |
| 13 | Physical risk | Chronic | Heatstroke |
| 14 | Physical risk | Acute | Heavy rainfall |
| 15 | Transition risk | Policy and regulation | Carbon pricing mechanism |
| 16 | Transition risk | Reputation | Increased concerns and negative feedback from partners and stakeholders |
| 17 | Transition risk | Policy | Ineffective enforcement of environmental regulations |
| 18 | Transition risk | Policy | Changes in national legislation |

| List of Climate-related Opportunities | | | |
|---------------------------------------|------------------|-----------------------|--|
| No. | Opportunity Type | | Opportunity Description |
| 1 | Opportunity | Reputation | Improved rating via sustainability/ESG indices |
| 2 | Opportunity | Market | Improved supply chain engagement |
| 3 | Opportunity | Energy source | Use of renewable energy |
| 4 | Opportunity | Products and services | Shift in consumer preference |
| 5 | Opportunity | Energy source | Use of carbon capture and storage (CCS) |
| 6 | Opportunity | Market | Increased demand for certified and sustainable materials |
| 7 | Opportunity | Market | Adoption of public-sector incentives |
| 8 | Opportunity | Resilience | Improved resilience in upstream value chain |
| 9 | Opportunity | Energy source | Participation in carbon markets |
| 10 | Opportunity | Resource efficiency | Recovery and reuse |
| 11 | Opportunity | Energy source | Shift to distributed generation |
| 12 | Opportunity | Resource efficiency | Cost savings |
| 13 | Opportunity | Resource efficiency | Efficiency improvement in production and/or distribution processes |
| 14 | Opportunity | Resource efficiency | Reduced water use and consumption |

Response to Material Climate-related Risks

| Risk | Impact Period | Value Chain Impact | Impact Pathways and Affected Operations | Resilience-building Measures |
|------------------------------|---------------|--------------------|--|--|
| Changes in consumer behavior | Medium-term | Downstream | <ul style="list-style-type: none"> With growing consumer preference for green and low-carbon products, failure to meet demand may reduce sales. An increasing number of customers, influenced by their growing preference for green and low-carbon products, are gradually placing higher green and low-carbon requirements on upstream suppliers. | <ul style="list-style-type: none"> Establish a company-wide clean energy usage plan and continuously increase the share of clean energy in the energy mix. Implement comprehensive measures internally and externally, including cost reduction and efficiency improvement, lean management, energy conservation and carbon reduction, and upstream carbon footprint management to enhance green and low-carbon management capabilities. Dynamically develop and optimize the Company's low-carbon action plan. |
| | | | <ul style="list-style-type: none"> Typhoon may cause regional power shortages and damage plant facilities, leading to production stoppages. Typhoon damage to storage facilities and outdoor equipment may pose chemical leakage risks. Employee attendance may be affected, impacting production quality and efficiency. | <ul style="list-style-type: none"> Develop emergency response plans, fully identify typhoon-prone locations, areas, and equipment, conduct regular drills, and stock sufficient emergency supplies. Establish real-time weather forecast information sharing with meteorological agencies, monitor forecasts, activate the emergency response plan upon receiving warnings, and implement corresponding measures according to the warning level (e.g., reinforce potentially affected facilities in advance; regularly clear blockages in drainage systems to ensure unobstructed flow). |

| | | | | |
|--|----------------------------|------------------------|--|--|
| Increased availability and/or cost of raw materials | Medium-, long-term | Upstream, operations | <ul style="list-style-type: none"> Extreme typhoons threaten the health and safety of outdoor workers and frontline labor. Logistics disruptions may lead to delayed or missed deliveries from upstream raw material suppliers. | <ul style="list-style-type: none"> Set up communication mechanisms with supply chain and customers under typhoon conditions, providing advance notice of potential risks and the recovery plan. Purchase relevant insurance. |
| | | | <ul style="list-style-type: none"> Higher sourcing and procurement costs for raw material suppliers. To meet green and low-carbon development requirements, it is necessary to collaborate with upstream suppliers to ensure the use of clean energy, improve energy efficiency, develop low-carbon processes, and select low-carbon-footprint raw materials. | <ul style="list-style-type: none"> Improve supplier evaluation mechanisms, incorporate low-carbon and environmental indicators, establish and maintain a supplier backup database, and reasonably control procurement costs. Promote energy conservation, consumption reduction, pollution abatement, and carbon mitigation among suppliers through training, audits, and other measures. |
| Transition to low-emission technologies and products | Short-, medium-, long-term | Downstream, operations | <ul style="list-style-type: none"> With evolving regulations and market preference for low-carbon-footprint products, high-pollution and high-carbon-emission products will be gradually phased out. Under stricter ESG disclosure requirements, high-carbon-footprint products may struggle to meet the regulatory standards of relevant countries and regions. | <ul style="list-style-type: none"> Take a long-term approach in product R&D, conduct extensive market research, develop and timely update R&D strategy. Systematically consider raw and auxiliary materials, processes, equipment, and utilities in production, and actively develop and apply green and low-carbon technologies. Establish a carbon management organization, implement related policies, set energy-saving and carbon reduction targets, and continuously carry out energy-saving and carbon-reduction initiatives through cost reduction and efficiency improvement, lean management, energy conservation, consumption reduction, and upstream carbon footprint management. Identify risks and opportunities effectively, monitor regulations, policies, market trends, and customer requirements, and prepare responsive measures in advance. |

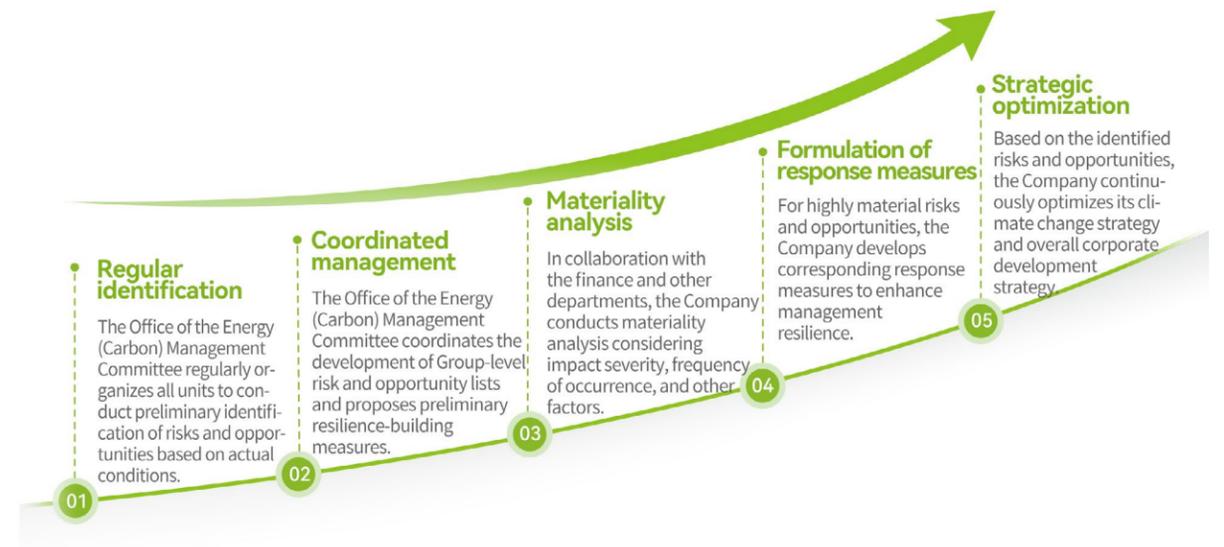
Response to Material Climate-related Opportunities

| Opportunity | Impact Period | Value Chain Impact | Impact Pathways and Affected Operations | Resilience-building Measures |
|--|---------------|------------------------|--|---|
| Improved rating via sustainability/ESG indices | Long-term | Operations, downstream | <ul style="list-style-type: none"> Improve sustainability/ESG ratings to attract sustainability-focused investment capital. Enhance market competitiveness and brand value to gain customer trust. Strengthen social influence, attract talent, and improve employee cohesion. | <ul style="list-style-type: none"> Systematically establish an ESG governance mechanism. Develop strategies for key topics, e.g., carbon neutrality roadmap, advanced carbon management, CDP ratings, and climate-related risk disclosure aligned with international standards. |
| | | | <ul style="list-style-type: none"> Upstream partners gradually improve their carbon management capabilities and awareness, leading to closer industry collaboration. Carbon emissions are reduced through upstream carbon footprint management, resource recycling, and optimized logistics and transportation distances. | <ul style="list-style-type: none"> Strengthen upstream supplier carbon footprint management. Promote collaboration and explore more improvement opportunities in resource recycling, low-carbon transportation, and clean energy initiatives. |

| Opportunity | Impact Period | Value Chain Impact | Impact Pathways and Affected Operations | Resilience-building Measures |
|---|----------------------------|------------------------|---|--|
| Use of renewable energy | Short-, medium-, long-term | Downstream, operations | <ul style="list-style-type: none"> Directly reduce Scope 2 emissions, improve overall carbon reduction efficiency, and indirectly support carbon footprint reduction. Meet customer low-carbon requirements and gain market preference, securing more stable orders. Enhance ESG rating and low-carbon image, attracting sustainability-focused investment capital. Long-term renewable energy power purchase agreements can mitigate fossil energy price volatility; self-generated solar power can effectively reduce energy costs. | <ul style="list-style-type: none"> Develop a company-wide renewable energy usage plan and continuously increase the share of renewable energy in the energy mix. Implement comprehensive measures internally and externally, including cost reduction and efficiency improvement, lean management, energy conservation and carbon reduction, and upstream carbon footprint management to enhance green and low-carbon management capabilities. Dynamically develop and optimize the Company's low-carbon action plan. |
| Shift in consumer preference | Medium-, long-term | Operations, downstream | <ul style="list-style-type: none"> Growing awareness of green and low-carbon concepts shifts consumer preferences, driving the entire industry chain toward low-carbon transformation. | <ul style="list-style-type: none"> Take a long-term approach in product R&D, conduct extensive market research, develop and timely optimize R&D strategy. Systematically consider raw and auxiliary materials, processes, equipment, and utilities in production, and actively develop and apply green and low-carbon technologies. Establish clean energy usage plans and continuously increase the share of renewable energy in the energy mix. Implement comprehensive measures internally and externally, including cost reduction and efficiency improvement, lean management, energy conservation and carbon reduction, and upstream carbon footprint management to enhance green and low-carbon management capabilities. Dynamically develop and optimize the Company's low-carbon action plan. Conduct carbon footprint assessments in a timely manner, monitor changes in carbon footprint, and disclose work results through public channels. |
| Use of carbon capture and storage (CCS) | Short-, medium-, long-term | Operations, downstream | <ul style="list-style-type: none"> Directly reduce organizational carbon emissions and effectively lower product carbon footprint. Implement comprehensive resource utilization of carbon dioxide, generating economic and social benefits. Improve CDP and ESG ratings, attracting sustainability-focused investment capital. | <ul style="list-style-type: none"> Increase investment in R&D and adoption of CCUS technology; implement CO₂ resource utilization projects (CCUS) when feasible. Conduct regular organizational and product carbon footprint accounting and verification to ensure effective carbon reduction. Disclose work results through ESG reports, company website, and other public channels. |

Impact, Risk and Opportunity Management

During the Reporting Period, Capchem developed response strategies based on identified climate-related risks and opportunities. Led by the Energy (Carbon) Management Committee, the Company regularly tracks the progress of climate-related actions and plans, conducts annual assessments of greenhouse gas reduction targets, and continuously explores working mechanisms to optimize the management of climate-related risks and opportunities.



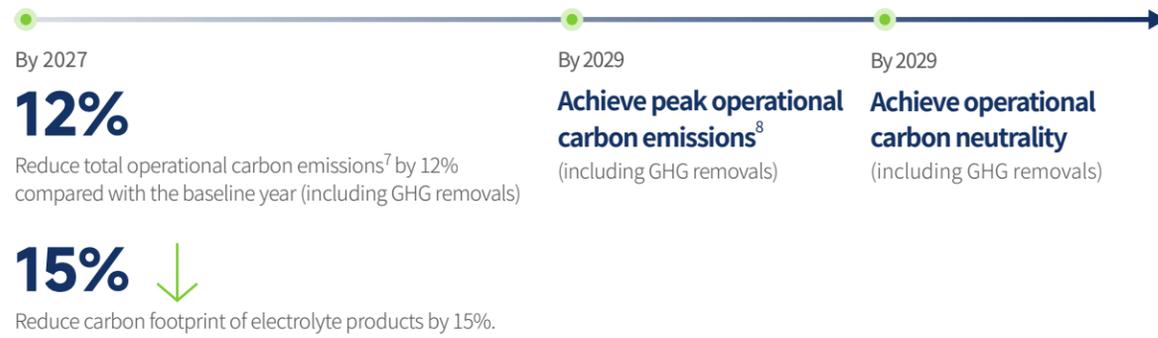
In 2025, to enhance the Company's adaptability to climate-related risks and opportunities and to capture potential growth opportunities arising from climate change, Capchem continued to advance climate-related initiatives. Key actions included quarterly greenhouse gas accounting and annual verification, expansion of ISO 14067 certified products, promotion of clean energy use, energy-saving and carbon-reduction technical retrofit projects, and implementation of accountability assessments. The Company also actively participated in domestic and international professional exchanges, strengthened customer communication, conducted supplier carbon footprint training, and promoted supply chain carbon footprint certification.

| | |
|--|--|
| Carbon footprint | By the end of the Reporting Period, Capchem completed carbon footprint certification for 12 products, covering solvents, electrolytes, additives, and fluorochemicals. |
| Supply chain carbon management | In 2025, Capchem supported 10 suppliers in completing carbon footprint certification for 18 products. |
| Enhancing digital capabilities | During the Reporting Period, Jiangsu Hicomer and Hunan Fluopont established online energy monitoring systems, continuously improving the informatization of energy and carbon management. |
| Increasing clean energy usage | Capchem continuously increased clean energy usage through self-built photovoltaic systems, green electricity trading, and green certificate trading. |
| Advancing energy-saving and carbon-reduction technical retrofits | All Capchem production bases implemented energy-saving and carbon-reduction technical retrofits to reduce carbon emissions during production (see the section "Energy Structure Optimization" for details). |
| Carbon capture and utilization | Sanming Hexafluor collaborated with relevant parties to establish a 158-mu carbon sink forest. Huizhou Capchem utilized 80,755 tons of carbon dioxide annually through the ECOSIP™ process. |
| CDP disclosure | CDP disclosure drives continuous improvement of internal management capabilities, and Capchem has been consistently conducting CDP disclosures. In the 2025 CDP Climate Change Assessment, Capchem's rating was upgraded to Grade B. |

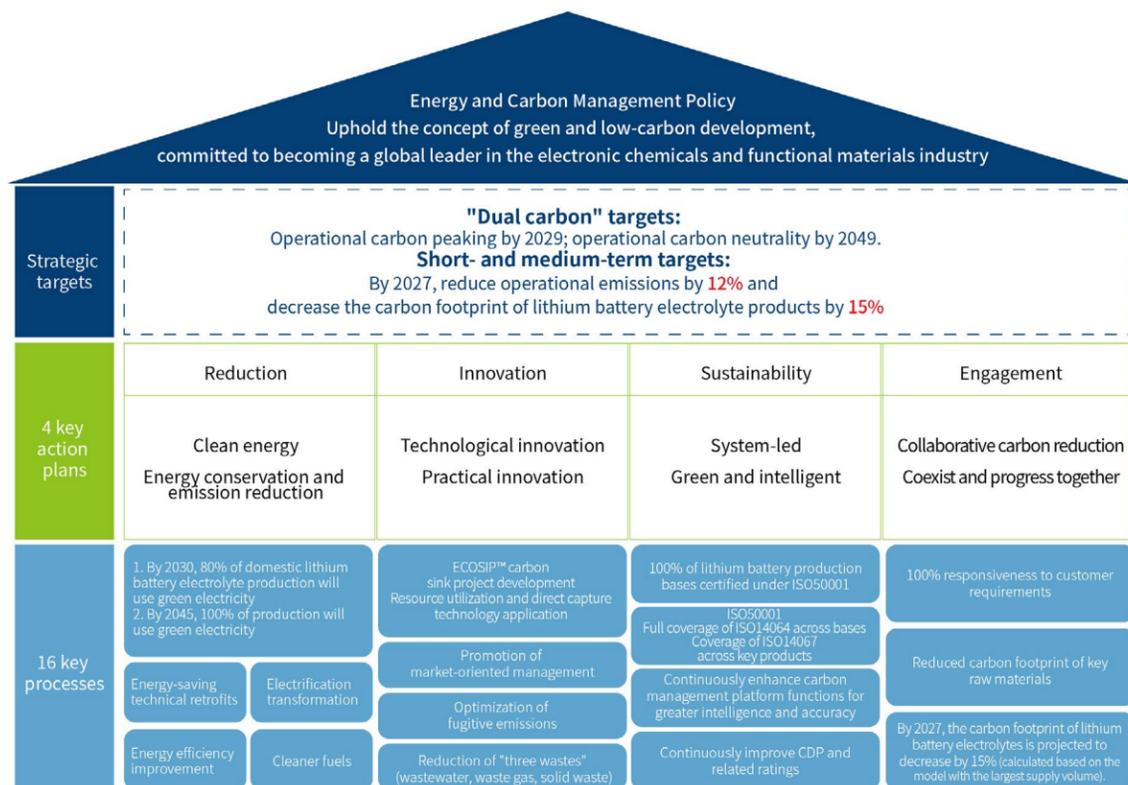
Indicators and Targets

To mitigate and adapt to climate change, Capchem has established climate-related targets based on the nation's "dual-carbon" policies and the Company's development plans, aiming to track and manage the effectiveness of climate actions.

2024 as the baseline year:



Capchem has implemented multiple supporting actions to ensure these targets are met.



⁷ The baseline year is 2024, and the target covers Scope 1 and Scope 2 GHG emissions (including GHG removals). We fully integrated the following factors into the GHG target-setting and annual target review process: In consideration of GHG inventory techniques and the potential influence of other factors on the baseline year data, the Company shall recalculate the baseline year when, due to the following changes, the change in the Company's total emissions (in CO₂e) compared to the baseline year exceeds a materiality threshold of ±5%: (1) Structural changes in reporting or organizational boundaries (e.g., mergers, acquisitions, or divestitures); (2) Changes in calculation methodologies or emission factors; or (3) Identification of one or several cumulative material errors.

⁸ The target covers Scope 1 and Scope 2 GHG emissions.

GHG emissions during the Reporting Period:

| Indicator | Unit | 2025 Data |
|--|---|--------------|
| Total GHG emissions | t CO ₂ e | 4,345,580.92 |
| CO ₂ removals | t CO ₂ e | 80,755.33 |
| Scope 1 emissions (including removals) | t CO ₂ e | 499.60 |
| Scope 2 emissions | t CO ₂ e | 344,317.76 |
| Scope 1 & 2 emissions intensity | t CO ₂ e/RMB 10,000 in revenue | 0.36 |
| Scope 3 emissions | t CO ₂ e | 4,000,763.56 |
| Purchased goods and services | t CO ₂ e | 3,830,139.05 |
| Upstream transportation and distribution | t CO ₂ e | 86,214.05 |
| Business travel | t CO ₂ e | 777.51 |
| Employee commuting | t CO ₂ e | 2,733.78 |
| Downstream transportation and distribution | t CO ₂ e | 62,399.22 |
| Disposal of solid and liquid waste | t CO ₂ e | 18,499.95 |

Compared with the baseline year, Capchem's total GHG emissions across comparable operations decreased by

6.72% ↓

Clean energy usage increased to

19,448,701 KWh

up

73.5% ↑

Optimizing the Energy Structure

Capchem is committed to promoting green and low-carbon development through the use of cleaner energy and more efficient energy utilization. The Company has established a comprehensive energy (carbon) management system and set up a dedicated Energy (Carbon) Management Committee (see the section "Addressing Climate Change" for details of the governance structure), which is responsible for coordinating energy management activities and overseeing the achievement of energy use targets.

Improving Energy Efficiency

During the Reporting Period, Capchem carried out a benchmarking initiative on energy management, engaging a professional institution to conduct an on-site energy audit at Nantong Capchem, with the key findings shared across other bases. Taking into account the actual conditions of each subsidiary, Capchem implemented a total of 40 energy-saving and carbon-reduction projects in 2025, achieving cumulative savings of 3,400 tons of coal equivalent (tce) and reducing carbon dioxide emissions by 11,949 tons.

Huizhou Capchem

Description: By recovering residual vapor-phase heat from the overheads of solvent processing units to generate low-pressure steam for reuse in production, the project reduced the consumption of steam from the pipeline network and lowered the load on the circulating water system.



Solvent thermal coupling retrofit project

Energy savings:
900 tce

Carbon reduction:
3,100 tCO₂

Fujian Heptafluo

Description: By optimizing the operating model of the brine/chilled water system, adding chilled water storage, and replacing refrigerants, the project achieved energy conservation and consumption reduction.



Refrigeration system retrofit

Energy savings:
800 tce

Carbon reduction:
3,500 tCO₂

During the Reporting Period, Capchem's total clean energy consumption amounted to 18,959,152KWh. Approximately 61% of the electricity used in the Company's electrolyte production was sourced from green electricity, while battery chemicals accounted for more than 70% of the Company's total annual output. The increased use of clean energy significantly reduced traditional energy consumption and carbon emissions across the Company's core businesses. Suzhou Novolyte and Nantong Capchem have achieved 100% green electricity use in lithium battery electrolyte production. Jingmen Capchem, Huizhou Capchem, Sanming Hexafluor, Tianjin Capchem, Hunan Fluopont, and Jiangsu Hicomer have partially adopted green electricity. In addition, Capchem Poland and Fujian Heptafluor increased their use of clean energy through the installation of solar panels, effectively reducing greenhouse gas emissions associated with purchased electricity.



Schematic of Green Power Equipment & Green Electricity Consumption Certificate



Energy Management System

As of the end of the Reporting Period, Shenzhen Capchem, Huizhou Capchem, Sanming Hexafluor, Nantong Capchem, Jingmen Capchem, Suzhou Novolyte, Fujian Heptafluor, Tianjin Capchem and Chongqing Capchem had obtained ISO 50001 certification. Among them, Fujian Heptafluor, Tianjin Capchem and Chongqing Capchem obtained ISO 50001 certification during the Reporting Period. These certifications provide standardized and systematic support for the Company's ongoing optimization of energy management.



Energy Management System Certificates of Capchem's Production Bases

Energy Conservation Awareness Initiatives

June 23–29, 2025 marked China's National Energy Conservation Week, themed "Energy Conservation and Efficiency Enhancement, Leading Renewal and Innovation." During this period, Capchem organized company-wide energy conservation awareness initiatives to enhance employees' awareness and capabilities in energy conservation and carbon reduction and encourage active participation at all levels. These initiatives fostered a positive atmosphere, and supported the Company's green and low-carbon development.



Themed Activities of National Energy Conservation Week

Environmental Compliance Management

Capchem strictly complies with national and local laws, regulations, and policies on environmental protection, and remains committed to selecting more environmentally friendly raw materials, adopting cleaner production processes, and deploying more energy-efficient equipment. By leveraging technologies to enable green development, Capchem effectively manages resource and energy consumption and continuously optimizes waste management practices.

Governance

Guided by the philosophy of "people-oriented, striving for green excellence," the Company has established a well-defined environmental management structure with clear roles and responsibilities, which is responsible for decision-making, supervision, and management of environmental topics, including pollutant emissions, waste treatment, and water resource utilization. The Company has also formulated environmental management procedures and systems—such as the *Environmental Factors Identification and Evaluation Control Program*, *Pollution Control Procedures* and *Emergency Response Plan for Sudden Environmental Incidents*—to guide environmental management across the organization.

The Board of Directors, as the highest governing body for the Company's operations and environmental management, is responsible for making major environmental protection decisions and overseeing the implementation of environmental initiatives. The Executive Committee under the Board is responsible for coordinating the execution of environmental protection decisions. Under the leadership of the Board and the Executive Committee, the EHS Management Committee implements environmental protection decisions and tasks, deploys and guides environmental protection activities, formulates environmental policies, and organizes audits and assessments.



The Company places strong emphasis on environmental performance management. To translate environmental responsibilities into intrinsic motivation across the entire organization, Capchem revised its *EHS Reward, Punishment and Performance Assessment Management System*. Capchem oversees and evaluates the environmental performance of all units through environmental target setting at the beginning of each year, quarterly Board reviews, and semi-annual or annual inspections. Additionally, environmental performance is linked to executive compensation as well as performance evaluations of management and first-tier units, thereby reinforcing accountability and ensuring seamless alignment from decision-making to execution.

During the Reporting Period, all production bases implemented daily environmental management in accordance with discharge permits and other statutory requirements, maintained environmental management records as required, conducted self-monitoring of environmental impacts, and submitted pollutant discharge implementation reports. No environmental non-conformities of moderate or higher severity were identified during the Company's regular environmental compliance audits, which included compliance reviews with laws and regulations, integrity checks on the implementation of environmental management systems and internal environmental management procedures, and monitoring and auditing of environmental emissions.

Strategy

Capchem consistently places the concept of green development at the core of its sustainable development strategy. Throughout the product lifecycle, the Company adheres to national and local laws, regulations, and policy requirements on environmental protection and green production. By continuously driving technological innovation and adopting major environmentally friendly technologies and equipment encouraged by national policies, Capchem aims to reduce pollution and resource consumption at the source, achieve resource recycling at the end of processes, and actively implement the principles of green development.



The Company follows the EHS policy of "people-oriented, striving for green excellence," deeply embedding it within the environmental management system. Capchem has established professional environmental protection management departments and developed core procedures and systems, including the *Environmental Factors and Hazard Management*, *EHS Operation Control Procedure*, *Pollution Control Procedures*, and *Guidelines for Standardized Environmental Protection Management (Trial)*, which enable comprehensive oversight and efficient execution of pollutant emissions, waste treatment, and water resource utilization, and ensure that key areas—such as pollutant control, resource recycling, and emergency response to environmental incidents—comply with regulatory standards, thereby translating the concept of green development into tangible actions and environmental performance.

During the Reporting Period, the Company developed a list of environmental compliance risks and opportunities by benchmarking against regulations and industry best practices. Multiple measures were implemented to manage these risks and opportunities, continuously strengthening the Company's capability to keep environmental compliance risks fully under control while seizing relevant opportunities to promote sustainable development.

| Risk Category | Risks and Potential Impacts | Risk Control Measures | Opportunities |
|----------------------------|--|--|--|
| Policy and regulatory risk | Compliance risks arising from the accelerated updates of domestic and international laws, regulations, and standards coupled with strengthened enforcement mean that the Company's global operations will face more stringent regulatory pressures in the medium to long term. | <ul style="list-style-type: none"> Conduct regular identification and assessment of regulations and standards. Perform regular compliance checks against regulations and standards and implement improvements. | Benchmarking global environmental regulations and standards helps enhance the Company's international environmental management capability. By regularly collecting and assessing environmental laws, regulations, and standards, the Company translates them into internal processes or policy documents, and produces environmentally friendly products, thereby further strengthening its corporate social responsibility image. |

| Risk Category | Risks and Potential Impacts | Risk Control Measures | Opportunities |
|-------------------------|---|--|--|
| Business impact risk | Failure to meet environmental regulatory requirements during production and operations may lead to administrative penalties and reputational damage. | <ul style="list-style-type: none"> Ensure new (or modified/expanded) environmental protection facilities comply with the "Three Simultaneities" principle. Strengthen the operation and management of pollution control facilities to ensure all emissions meet standards. | By continuously increasing investment and fulfilling its corporate responsibility to comply with laws and regulations, the Company further improves its environmental management processes, strengthens the execution capability of all departments, and enhances overall environmental management performance. Through a comprehensive approach encompassing engineering technology, standardized management, and work philosophy, the Company reduces the generation and discharge of "three wastes" at the source, lowers production costs, and ensures regulatory compliance, while simultaneously enhancing product competitiveness, thereby creating new business opportunities, and building a stronger corporate reputation. |
| Public supervision risk | Inadequate control of pollutant emissions during production and operations may lead to odor or other issues, causing public complaints and damaging the Company's image. | <ul style="list-style-type: none"> Adopt production processes that generate low pollutants and use low-toxicity, low-pollution raw materials. Strengthen process control to reduce fugitive emissions. | Following the requirements of "odor-free factories" and "green factories," the Company produces green products using green raw materials and processes, effectively avoiding environmental complaints and building harmonious community relations. |
| Financial risk | High operational costs of pollution control facilities may create financial risk and increase production costs. | <ul style="list-style-type: none"> Develop annual environmental investment plans based on annual targets and indicators and allocate expenditures accordingly. | Proper management of environmental investment ensures expenditures are justified and controlled, reducing the risk of uncontrolled costs and lowering production costs. |
| Competition risk | Downstream customers are placing increasingly high demands on the Company's environmental management. The Company may risk failing to fully meet these expectations regarding environmental management and performance. | <ul style="list-style-type: none"> Proactively identify customer demands and develop targeted environmental action plans to enhance environmental management capabilities and meet customer expectations. | Downstream customers' environmental management requirements help drive improvements in the Company's environmental management practices, creating more potential development opportunities and business prospects. |

During the Reporting Period, all of the Company's production bases carried out daily environmental management activities in accordance with statutory requirements and conducted self-monitoring of environmental impacts as required. In addition, the Company conducts annual environmental compliance audits covering all operational locations, including compliance reviews with applicable laws and regulations, integrity checks on the implementation of environmental management systems and internal environmental management procedures, as well as monitoring and audits of environmental emissions.

While preventing environmental compliance risks, the

Company also actively strengthened foundational capacity building through environmental awareness enhancement and capability development initiatives. National- and provincial-level experts were invited to provide specialized training on the operation and management of pollution control facilities for environmental management and operations personnel at each production base. These initiatives enhanced practical skills and improved the professional level in the operation and management of pollution control facilities. During the Reporting Period, the Company's production bases conducted a total of 133 environmental compliance training sessions, with a cumulative duration of 14,858 hours, covering all employees in production, environmental management, and

related departments. Training content included environmental laws, regulations and standards, operation and management of pollution control facilities, and environmental management systems.

In terms of emergency management for environmental incidents, the Company actively entered into the *Emergency Rescue Mutual Assistance Agreement for Environmental Pollution Sudden Incidents* with neighboring enterprises and professional organizations such as national hazardous chemicals emergency response bases. In response to specific scenarios including chemical spills, hazardous waste leaks, and environmental incidents arising from work safety accidents, the Company developed corresponding emergency response plans and regularly carried out internal and external drills. During the Reporting Period, Capchem's bases conducted a total of 148 environmental emergency drills, continuously strengthening emergency response capabilities and professional, effective handling of environmental incidents.

2025



During the Reporting Period, Capchem actively maintained communication and engagement with residents in surrounding communities. When initiating and constructing new projects, the Company solicited feedback from nearby residents. Additionally, the Company organized Resident Open Days at its operating plants, inviting residents to visit the sites and gain a comprehensive understanding of production operations, safety management, and environmental protection practices. These activities introduced the full process of production management,

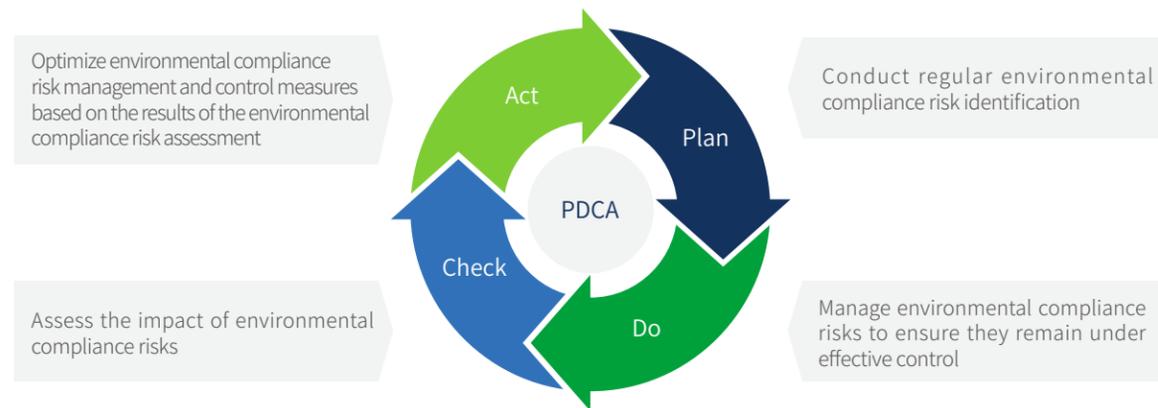
wastewater and exhaust gas treatment, and environmental compliance management, while addressing residents' concerns regarding project construction and environmental protection. Such initiatives have strengthened community confidence in Capchem's green development and environmental compliance efforts, enhanced Capchem's positive social image, and demonstrated Capchem's commitment to actively listening to public opinion and embracing community oversight as part of its social responsibility.



Resident Open Day at Hexafluoro

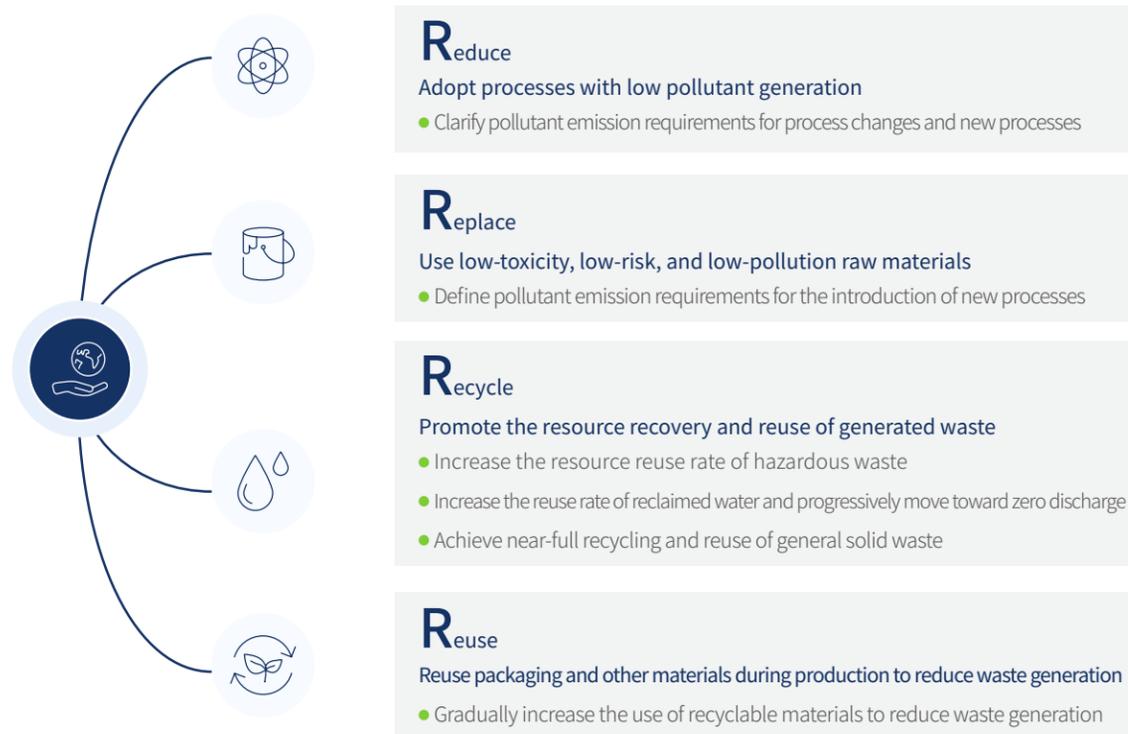
Impact, Risk and Opportunity Management

In accordance with environmental protection laws and regulations and risk management requirements under ISO 14001 and related standards, the Company fully integrates the identification and assessment of environmental compliance risks into its strategic decision-making and day-to-day operational management.



Environmental Compliance Risk Management Process

At the same time, based on environment-related compliance risks, reputational risks, financial risks, and market competition risks, the Company established a full life-cycle "4R" control principle, covering activities from R&D through to waste treatment.



Full Lifecycle 4R Control Principles for Environmental Protection

Indicators and Targets

During the Reporting Period, Chongqing Capchem, Hicomer Electronic Materials, and Seals Electronic Materials obtained ISO 14001 environmental management system certification. As of the end of the Reporting Period, all operating production bases had obtained ISO 14001 environmental management system certification.

During the Reporting Period, the Company did not incur any penalties imposed by competent authorities for violations of environmental management-related laws or regulations, nor were there any incidents in which pollutant emissions adversely affected employees or local communities.

During the Reporting Period

the Company's environmental protection investment amounted to

RMB **43.26** million

Emissions and Waste

Capchem strictly complies with national and local pollutant discharge standards and waste management requirements, establishing compliant and efficient procedures for managing pollutants and waste generated during construction and production. The Company is committed to minimizing environmental impacts of pollutants and waste.

Indicators and Targets

During the Reporting Period, no environmental violations or administrative penalties related to pollutant emissions or waste treatment occurred. Annual reduction targets were set for wastewater discharge and hazardous waste generation per unit of product, with the achievement status as follows:

| 2025 Target | 2025 Achievement |
|--|--------------------------|
| Using 2023 as the baseline, reduce wastewater discharged per unit of product by ↓ 10% year-on-year | ✓ Target achieved |
| Using 2023 as the baseline, reduce hazardous waste generated per unit of product by ↓ 10% year-on-year | ✓ Target achieved |

Resource and Ecological Protection

Capchem strictly controls pollutant emissions and waste disposal during production and operations. Green production is implemented from the source to reduce pollutant generation, and management and governance of wastewater, waste gas, and solid waste are continuously optimized to ensure compliance with emission standards and proper waste disposal.

Comprehensive internal procedures have been established to address pollutant emissions and waste disposal during both the construction and operational phases, including the *Pollution Control Procedures*, *Hazardous Waste Management Systems*, and *Solid Waste Classification Measures*. During the Reporting Period, the *Guidelines for Standardized Environmental Protection Management (Trial)* was revised, systemically clarifying lifecycle management requirements for hazardous waste.

| Pollutant | Key Management Procedures | Main Emission Types | Treatment Methods |
|-----------------|---|--|--|
| Wastewater | <i>Pollution Control Procedures</i> | Industrial wastewater, domestic sewage | <ul style="list-style-type: none"> Treated using biological, chemical, or other wastewater treatment processes to meet discharge standards; part of the treated water is further processed via ultrafiltration or RO membranes for reuse as reclaimed water |
| Waste gas | <i>Pollution Control Procedures</i> | Nitrogen oxides (NO _x), particulate matter (PM), sulfur oxides (SO _x), volatile organic compounds (VOCs), odors, sulfuric acid mist, hydrochloric acid mist, non-methane total hydrocarbons, etc. | <ul style="list-style-type: none"> Recovered or discharged in compliance with standards using condensation, absorption, adsorption, or regenerative thermal oxidation methods |
| Hazardous waste | <i>Hazardous Waste Management Systems</i> | Waste organic solvents, waste filter cartridges, waste packaging materials, spent activated carbon, waste molecular sieves, production waste liquids, wastewater treatment sludge, organic resin wastes, distillation residues, waste mineral oil, incineration residues, etc. | <ul style="list-style-type: none"> Handled harmlessly by qualified third-party institutions; some hazardous waste is treated by incineration |
| General waste | <i>Pollution Control Procedures</i> | Waste paper, scrap metal, waste plastics | <ul style="list-style-type: none"> Recycled by qualified third-party institutions |

Enhancement of Pollutant Emissions and Waste Treatment

The Company continuously works on source reduction, process control, and end-of-pipe treatment, following the principles of "minimization, resourcefulness and harmlessness," to minimize pollutant and waste generation and discharge and reduce environmental impacts of its operations. Recycling and reuse measures are implemented simultaneously to improve waste recycling rates and promote the circular economy.

By optimizing production methods, the Company achieved residue-free, ton-scale formulation containers. This advancement reduces the frequency of reactor cleaning required for product changeovers, leading to substantial decreases in water consumption, as well as hazardous waste and wastewater generation.

Capchem optimized the drum cleaning process and tools. The Company standardized rinsing times for both single lances and the complete set and replaced direct water flow with spray nozzles, thereby expanding cleaning coverage and reducing water consumption.

Activated carbon candle filters were replaced with plate-and-frame filters, reducing the generation of hazardous waste.

The Company implemented a zero-wastewater discharge project, which treats all process-generated wastewater and reuses it in the production line, achieving zero wastewater discharge.

Sludge was subjected to low-temperature drying, reducing its moisture content from 80% to 30%, allowing for the processing of over 300 tons of hazardous sludge annually.

The Company implemented an HFA wastewater recovery project, which leverages an extraction system to recover acetone, with an annual recovery capacity of 100 tons.

Measures to Improve Pollutant Emissions and Waste Treatment

In wastewater treatment, at each plant, Capchem develops specialized treatment processes based on the characteristics of the wastewater generated during production, in consultation with qualified third parties. This includes selecting specific filter media and microorganisms, and constructing targeted wastewater treatment facilities.

In waste gas treatment, at plants that generate organic emissions, Capchem strengthens process controls and enhances the airtightness and gas collection efficiency of storage tanks, loading/unloading operations, and pipelines. The Company has invested in Regenerative Thermal Oxidizer (RTO) facilities for efficient treatment and ensures their stable operation to minimize volatile organic compound (VOC) emissions. RTO systems have been installed at the Huizhou and Nantong plants, Hicomer New Materials, Hicomer Electronic Materials, Tianjin Capchem, Chongqing Capchem, and Suzhou Novolyte.

Guided by practical needs, for wastewater containing fluoride pollutants, the Company has established a closed-loop, full-chain management system covering "source reduction – precise process control – efficient end-of-pipe treatment" through a combination of independent R&D and integrated innovation. This enables advanced purification of fluoride-containing wastewater. At the same time, with a focus on solid waste reduction, Capchem has innovatively applied low-temperature heat pump drying technology to treat production sludge. By precisely controlling drying temperature and humidity, the sludge moisture content is reduced from approximately 80% (typical of conventional treatment) to around 30%, significantly decreasing the generation of hazardous waste.



Advanced Waste Gas Treatment Process

Resource and Ecological Protection

Capchem continuously optimizes the water use structure in production processes to reduce dependence on water resources and minimize the risk of soil and groundwater contamination. Meanwhile, the Company remains attentive to biodiversity conservation, considering ecological impacts from site selection to production and operations to ensure that its business development aligns with biodiversity conservation.

Water Resource Utilization

Capchem is committed to exploring water-saving and recycling potential in production. The Company promotes the innovation and application of water-saving technologies to reduce water consumption and improve water use efficiency. During the Reporting Period, the Company set targets for water consumption per unit of product and achieved the annual target of a 5% reduction in 2025 compared with the 2024 baseline.

In 2025, Capchem continued to implement water conservation initiatives across all subsidiaries and production bases. Water consumption was reduced through diversified water use, process optimization, and upgrades to water-saving equipment, saving 1,578,921 tons of tap water in 2025. At the same time, water reuse was enhanced through measures such as the installation of multi-stage RO systems and the implementation of zero-liquid discharge schemes, enabling the reuse of 453,109.00 tons of water throughout the year.



enabling the reuse of
453,109.00
 tons of water throughout the year

Reduction of water consumption

- Replace water-consuming fixtures with water-saving ones to conserve water.
- Optimize the packaging drum cleaning process to reduce production water usage.
- Optimize production methods to reduce cleaning water consumption.
- Optimize product washing water usage through cascading use to further reduce water consumption.

Water reclamation and reuse

- Collect and treat condensed steam and equipment jacket circulating water for recycling, achieving reclaimed water reuse.
- Install multi-stage RO systems to increase wastewater (concentrated water from the ultrapure water system) reuse rate.
- Implement a zero-wastewater discharge project, fully reusing wastewater through a multi-stage RO system.
- Repurpose concentrate from the tap water purification system as makeup water for the cooling tower, reducing circulating water consumption.

At the same time, the Company places strong emphasis on soil and groundwater protection. Systematic assessments are conducted at all stages of a project—prior to construction, after commissioning, and after the dismantling of equipment, facilities, buildings and structures. Appropriate soil and groundwater pollution prevention measures are implemented, and monitoring points for soil and groundwater are regularly checked.

During the Reporting Period, all water used by the Company was sourced from municipal supply. Water withdrawal, consumption, and wastewater discharge had no significant impact on water resources, and no soil or groundwater contamination incidents occurred. Looking ahead, the Company will further assess water-related risks in its existing operations and establish water-saving targets.

Ecosystem and Biodiversity Conservation

The Company is highly concerned about the impact of its operations on ecosystems and biodiversity. Capchem strictly complies with the *Environmental Protection Law of the People's Republic of China*, *Law of the People's Republic of China on Prevention and Control of Soil Contamination*, *Water Pollution Prevention and Control Law of the People's Republic of China*, *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*, *Yangtze River Protection Law of the People's Republic of China*, and other relevant local laws, regulations, and policies, and

rigorously adheres to the ecological conservation redlines.

During project approval and site selection, the Company conducts environmental surveys, compliance analyses, and researches to select areas with minimal ecological impact. In the construction phase, low-impact methods such as steel structures are preferred to minimize disturbance to local habitats. During production and operations, Capchem optimizes its energy mix to gradually reduce reliance on conventional energy and adopts advanced pollution control technologies to mitigate negative environmental impacts of its production activities.



The Company also strengthens ecological assessments at project sites to ensure that its business activities do not cause irreversible damage to local ecosystems. Capchem treats ecological and environmental protection as a key decision-making criterion, ensuring biodiversity conservation is fully considered throughout business development.

During the Reporting Period, none of the Company's production bases were located in key ecologically functional zones or ecologically sensitive and vulnerable areas. For plants and bases with potential ecological impacts, the Company has implemented relocation measures and ceased related hazardous chemical production, further reducing ecological risks.



Capchem Cup Football Tournament

04 | Win-win

Collaboration and shared success (Win-win) have always been Capchem's unwavering pursuit. The Company is committed to building a responsible supply chain ecosystem, placing great emphasis on talent development and incentives, and fully safeguarding employees' legitimate rights and benefits. Capchem also actively engages in public welfare and charitable activities, giving back to society through concrete actions and demonstrating the Company's sense of responsibility and commitment.

Responsible Supply Chain

- **100%** of core material suppliers have obtained ISO 9001 quality management system certification, and over **95%** have signed the latest version of the CSR Agreement.
- Provided **49** ESG training sessions to core material suppliers, covering **467** participants; **76** training sessions on basic knowledge of environmentally hazardous substances, covering **639** participants; and **92** quality training sessions, covering **863** participants, representing an increase of **564** participants compared with 2024.
- Safeguarded labor rights and occupational health and safety through ad hoc supplier audits.
- Conducted responsible mineral supply chain due diligence for lithium material suppliers and established a responsible minerals sourcing supply chain map.

Workplace Human Rights

- Total number of employees: **4,465**, including **792** new hires.
- Local employees at Capchem Poland account for **90%** of the workforce.
- No incidents of child labor or forced labor violations occurred.

Talent Development and Incentive

- Average training hours per employee exceeded **47.52 hours**
- **100%** of employees accepted performance evaluations.

Employee Rights and Benefits

- The Company invested a total of **RMB 48.07 million** to enhance employee well-being.
- Employee satisfaction surveys covered **100%** of full-time and part-time employees, with satisfaction rated at a good level.

Community Contributions

- During the Reporting Period, Capchem invested a total of **RMB 3.36 million** to support public welfare initiatives.
- As of 2025, Sanming Hexafluoro has donated to the student aid fund for five consecutive years, with cumulative contributions reaching **RMB 9.47 million**.



Responsible Supply Chain

Capchem upholds the core philosophy of "building a competitive supply chain and creating the optimal cost and service value for customers," integrating the Company's sustainable development strategy deeply into ESG management and practices across the supply chain. The Company aims to establish a responsible, resilient, green, and traceable supply chain, working closely with suppliers and their upstream partners to promote sustainability across the entire industry chain.

Governance

Capchem continuously improves its supply chain management system, establishing a three-tier management framework that clearly defines responsibilities at each level to ensure stable operations and efficient management of the supply chain. During procurement, the Company strictly adheres to the *Capchem Supplier Code of Conduct* and references the *Responsible Minerals Supply Chain Due Diligence Management Process* as well as the latest legal and regulatory requirements. Capchem continuously updates and optimizes policies and procedures, including the *Supplier Social Responsibility Management System*, *Supply Chain Due Diligence Grievance Mechanism*, *Capchem's Due Diligence Management Policy for Responsible Mineral Resources Supply Chains*, *Responsible Minerals Due Diligence Risks*, *Five-Step Framework for Due Diligence in Responsible Mineral Supply Chains*, and *Responsible Minerals Supply Chain Due Diligence Management Form*, thereby strengthening ESG management across the supply chain and ensuring full compliance throughout the procurement process.



Capchem's Supply Chain Governance Structure

Strategy

Based on its sustainable development strategy, Capchem integrates ESG management across the entire supply chain lifecycle. The Company conducts its operations responsibly and upholds its commitments to environmental protection, human rights equality, responsible sourcing of conflict minerals, and compliance governance. By systematically identifying potential risks and opportunities, Capchem seeks to build a resilient, green, and efficient responsible supply chain, working closely with supply chain partners to advance sustainable development.

Capchem has established a full lifecycle supplier management system and continues to refine its supplier development, management, and evaluation mechanisms across five core stages—resource development-certification-evaluation-maintenance-elimination. The Company also conducts regular ESG performance assessments of suppliers to mitigate supply chain risks.

| Supply chain management stage | Supplier Status | Key Activities |
|-------------------------------|-------------------------------------|---|
| Resource development | Enterprise registration | • Invite new suppliers to register basic information in the SRM system |
| | Sample submission for certification | • Conduct quality certification of supplier products |
| Certification | Potential supplier | • Basic qualification review |
| | | • Review of management systems, including quality, hazardous substances management, EHS, and carbon management, etc. |
| Evaluation | Trial supplier | • Sign agreements covering procurement, quality, integrity, and confidentiality, etc. |
| | | • Develop trial plans and validate product consistency and stability through multiple batches |
| Maintenance | Qualified supplier | • Conduct on-site system and process audits; upon passing, initiate qualified supplier admission review to determine inclusion in the qualified supplier pool |
| | | • Establish a supplier performance assessment model evaluating supplier performance across six dimensions: management, quality, cost, service, technology, and sustainability, publish assessment results and implement reward and penalty mechanisms |
| Exit | Eliminated supplier | • Classify and tier suppliers based on assessment results and mutual benefits between supply and demand |
| | | • Require underperforming suppliers to implement corrective actions or undergo improvement coaching. If the rectification fails to meet requirements, execute the supplier exit process |
| Exit | Supplier exit | • Eliminate non-compliant suppliers |

Supplier Full Lifecycle Management Stage Process Table

Capchem fully integrates ESG elements into the full lifecycle management of its suppliers, regularly assessing their performance across environmental protection, labor rights, health and safety, conflict minerals, and compliance governance, thereby encouraging suppliers to actively fulfill their ESG responsibilities. In 2025, Capchem incorporated requirements related to due diligence for conflict minerals and responsible minerals sourcing, and suppliers' adherence to the *Capchem Supplier Code of Conduct* and the *Capchem's Due Diligence Management Policy for Responsible Mineral Resources Supply Chains* into the *updated CSR Agreement*, and re-initiated the signing of the *updated CSR Agreement* with core material suppliers. By the end of the Reporting Period, over 95% of core material suppliers had signed the *updated CSR Agreement*, and CSR audits of suppliers had been gradually launched.

Environmental Responsibility

Green Product Design

- Suppliers progressively transition to green raw materials and renewable energy, reducing negative environmental impacts from product design and production stages.

Environmental Compliance Management

- Suppliers sign EHS management agreements at the onboarding stage and are encouraged to obtain relevant ISO certifications.
- Regular on-site supplier audits are conducted to monitor their environmental performance, including pollutant emissions and resource usage.

Carbon Emission Management

- Assist core suppliers in assessing their current carbon emissions and support them in implementing customized capacity-building initiatives.
- Implement digital systems to enable efficient carbon emission management.

Conflict Minerals

Supplier Whitelist

- Establish a supplier whitelist following RMI guidelines.
- 95% of core material suppliers signed the *updated CSR Agreement*.

Due Diligence

- Develop due diligence management procedures for responsible mineral supply chains, requiring relevant suppliers to perform traceability and due diligence.

Capchem Supply Chain ESG Management

Capchem continuously improves its responsible supply chain systems and standards. In line with the *Responsible Minerals Supply Chain Due Diligence Management Process*⁹, the Company conducted due diligence on all direct suppliers of lithium-containing raw materials engaged during 2025, and subsequently published the *2025 Responsible Minerals Supply Chain Due Diligence Report* on the Capchem's official website. The assessment mainly covered 4 countries, involving CHARAs identification and risk evaluation, followed by corresponding risk management measures. In addition, Capchem actively promotes RMI certification among suppliers during procurement, maintains a whitelist, strictly avoids sourcing minerals from conflict-affected areas and highly respects and safeguards the labor rights of mining workers.

⁹ [2025 Responsible Minerals Supply Chain Due Diligence Report](#). This report was published on Capchem's official website.

Labor Protection

Compliant Employment

- Prohibit child labor and forced labor.
- Conduct ad hoc supplier audits.

Labor Rights Protection

- Promote non-discrimination, prevent harassment, safeguard labor rights, and respect cultural diversity.
- Ensure reasonable working hours, wages, and benefits.

Health and Safety

- Provide occupational health and safety protection.
- Establish a comprehensive emergency management mechanism.

Compliance Governance

Business Ethics

- All suppliers sign the *Integrity Agreement*.
- Encourage suppliers and employees to report corruption or misconduct.
- Uphold fair trade, advertising, and competition standards.

Intellectual Property

- Suppliers shall protect all Capchem intellectual property.
- Suppliers shall respect third-party intellectual property rights.

Information Security

- Suppliers are required to sign procurement framework agreements incorporating confidentiality requirements.
- Suppliers are required to properly protect Capchem information and comply with confidentiality agreement requirements.

Conflict minerals and responsible minerals

- The term "conflict minerals" includes, but is not limited to, cassiterite, wolframite, coltan, and gold, as well as their derivatives and other rare metals originating from the Democratic Republic of the Congo (DRC) and its adjoining countries, or from any area under the control of armed groups within these countries. This specifically refers to the metallic ores of gold (Au), tantalum (Ta), tin (Sn), and tungsten (W).
- For "responsible minerals" (e.g., lithium), it must be determined whether the minerals originate from high-risk areas, which include such areas where any of the following activities or circumstances occur: armed conflict, the worst forms of child labor, forced labor and human trafficking, gross human rights violations (e.g., widespread sexual violence), or other high-risk activities based on reasonable and objective grounds, including serious health and safety hazards and adverse environmental impacts.

Specific actions

- Commit to implementing a conflict minerals policy and conducting due diligence on the sources of 3TG metals and cobalt used in products.
- Ensure that all products are free of or do not contain "conflict minerals."
- Commit to conducting due diligence on relevant minerals in the supply chain (e.g., lithium). With reference to the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* or equivalent and recognized due diligence frameworks, develop a dedicated due diligence policy and management system to identify associated risks and implement appropriate measures to mitigate them.

Key Content of the *Updated CSR Agreement*

As of the end of the Reporting Period, 95% of Capchem's core material suppliers have signed the *updated CSR Agreement*. The Company ensures that all conflict minerals involved in its operations are not sourced from non-governmental armed groups or illegal smuggling channels, nor obtained from mining or smuggling by illegal entities in conflict areas. Furthermore, the metals used by suppliers strictly exclude conflict minerals originating from the Congo mineral deposits, as designated by the United Nations Security Council.



Impact, Risk and Opportunity Management

Resilient Supply Chain

Capchem is committed to building and continuously optimizing a resilient supply chain system to ensure effective response to disruptions and rapid recovery, thereby addressing challenges posed by the VUCA (volatile, uncertain, complex, ambiguous) external environment. By integrating ESG management standards, the Company continuously develops localized supply chains and advances intelligent supply chain transformation, strengthening supply chain resilience to safeguard business continuity and explore new markets, thereby maintaining a competitive edge. At the same time, Capchem continuously improves its supply chain risk management mechanisms, starting with supplier onboarding assessments, implementing regular monitoring and tracking, and enforcing regular evaluations and improvement measures to effectively manage and mitigate supply chain risks.



Supply Chain Risk Management Mechanism

Furthermore, Capchem continuously improves its supply chain risk identification and management system. The Company enhances supply chain flexibility and resilience through structural optimization and maintains stable supply by setting appropriate safety stocks. Furthermore, the Company actively supports and treats small and medium-sized enterprises (SMEs) as equal partners. This approach strengthens supply chain diversity and stability, fostering a win-win outcome across the value chain.



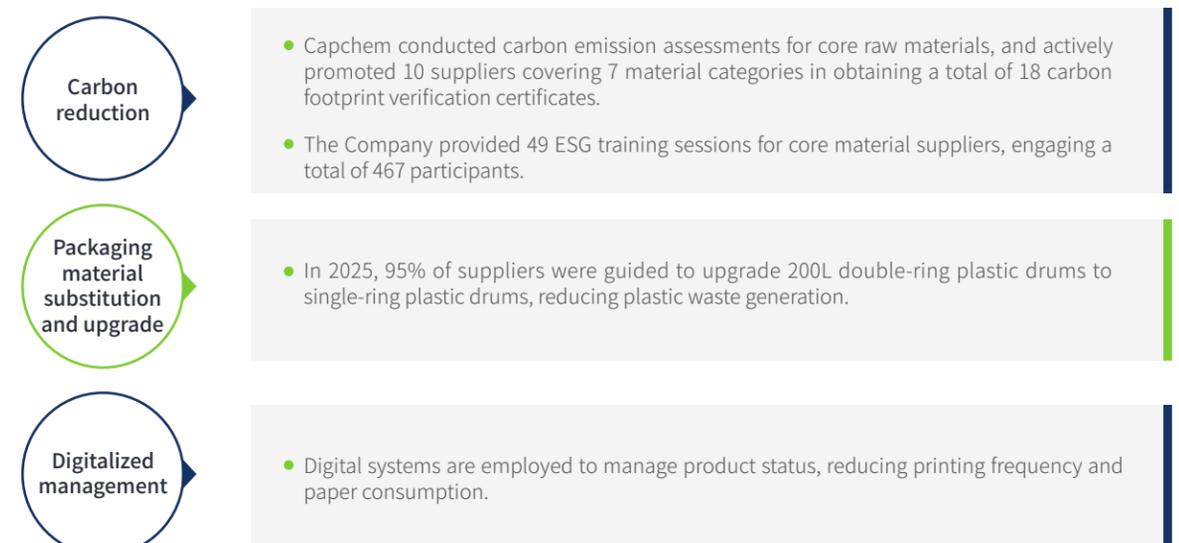
Huizhou Capchem

| | |
|---|--|
| Supply chain risk identification and management | <ul style="list-style-type: none"> Risk assessment during the supplier onboarding phase and routine risk monitoring. Develop BCM procedures, and conduct risk assessment and management for key resources and activities. Implement special risk disposal measures for projects with higher risk levels. Dynamically improve emergency response plans by integrating Recovery Time Objective (RTO) and corporate development requirements. |
| Structural optimization of supply chain | <ul style="list-style-type: none"> The Company has established a diversified supply chain. By pursuing local sourcing, Capchem shortens transportation distances and saves time, thereby accelerating supply chain response and enhancing overall agility. |
| Setting of appropriate safety stocks | <ul style="list-style-type: none"> Based on the production and sales conditions of various suppliers and bases, the Company coordinates with suppliers and internal departments to establish reasonable safety stocks, ensuring continuous and stable supply in case of material shortages or urgent demand. |
| Supply chain collaboration and industrial synergy | <ul style="list-style-type: none"> Deepen strategic cooperation with suppliers through measures such as long-term cooperation agreements and regular reviews of production capacity rationalization to ensure the stable supply of strategic resources. Respect and treat SME partners equally, safeguard their rights and interests, and support their development.¹⁰ |

Key Initiatives for Building a Resilient Supply Chain

Green Supply Chain Development

Capchem actively responds to the UN Sustainable Development Goals, with a strong focus on developing a green supply chain to demonstrate its commitment to sustainable development through concrete actions. The Company conducts carbon emission assessments for core raw materials (covering the top 80% of procurement volume) to identify decarbonization opportunities across the value chain, and works to enhance suppliers' carbon management capabilities. In 2025, the Company promoted 10 suppliers covering 7 kinds of material categories in obtaining a total of 18 carbon footprint verification certificates, supporting value chain decarbonization and facilitating suppliers' green and low-carbon transition. In addition, the Company actively practices circular economy principles by promoting greener and reusable packaging materials among suppliers, advancing digital management to reduce paper usage, and minimizing unnecessary resource consumption.



Green Supply Chain Development Initiatives

¹⁰During the Reporting Period, Capchem was not involved in any instances where the balance of accounts payable (including notes payable) exceeded RMB 30 billion or accounted for more than 50% of total assets.

Digital Empowerment for Supply Chain Management and Traceability

Capchem actively advances the deployment of digital systems, building and continuously upgrading ERP, SRM, and OA systems. By leveraging digital technologies to analyze procurement and quality data and generating regular management reports, the Company enhances supply chain traceability, management, and improvement. In addition, Capchem has integrated responsible mineral traceability processes into the SRM system to further unlock digital potential and continuously empower ESG management. System upgrades help optimize the efficiency of supplier agreement signing, on-site audits, and performance evaluations, strengthening the digital capability of the entire supply chain.

Indicators and Targets

Capchem is committed to building a sustainable supply chain ecosystem, fully supporting suppliers in improving ESG performance, consolidating progress in supply chain management, and advancing industry development together with partners.



Human Rights of Employees

Capchem regards talent as a core driver of sustainable development. Guided by the philosophy of "Participate · Develop · Undertake · Share," the Company empowers employees through a diverse and inclusive working environment, collaborating with staff to respond effectively to market changes and challenges. Capchem strictly complies with domestic and international labor laws, regulations, and sustainable development standards, striving to establish compliant, fair, harmonious and stable employment relationships across all operational locations globally.



Capchem's Talent Development Philosophy

Employee Selection and Recruitment

Capchem consistently upholds the employment principle of "prioritize virtue, combining morality and competence," adapting to market conditions and company development needs. The Company recruits talents through diversified channels, including social recruitment, campus recruitment, and university-industry collaboration, to attract top talent and support organizational efficiency enhancement and sustainable business development.

During the Reporting Period, the Company continued regular social recruitment activities, welcoming every like-minded and high-quality talent with an open approach. The Company also maintained collaboration with leading domestic universities in the chemical and chemical engineering fields, leveraging industry experience to support students' development and contribute to the robust growth of the chemical industry.

In advancing its global industrial layout, Capchem aims to build an international talent pipeline to support the rapid establishment and efficient operation of new plants in locations such as Malaysia. Through internal transfers, deployment of key technical staff to support new facility setup, and partnerships with professional institutions, the Company systematically attracts and cultivates talent with global perspectives and cross-cultural communication skills.

Capchem resolutely implements a localization strategy for talent. By the end of the Reporting Period, the workforce localization rate at the Poland base exceeded 90%. This model—primarily local staff supplemented by domestic experts—enhances operational efficiency and local market insight, promotes local employment, and facilitates deep community engagement, demonstrating the Company's respect for and contribution to cultural diversity.

Diverse and Equitable Employment

Capchem prioritizes employee rights and interests, upholding commitments to equal employment opportunities and compliant employment practices. The Company continuously optimizes internal HR management to provide all employees with opportunities and platforms to fully realize their potential.

The Company strictly prohibits any form of illegal employment, including but not limited to the use of child labor or forced labor, as well as discrimination or harassment based on race, gender, religion, physical condition, or other personal characteristics. During the Reporting Period, no incidents of child labor or forced labor were reported.



Equal Employment Opportunities

- Prohibit setting discriminatory recruitment criteria
- Prohibit any physical contact that may cause physical or mental harm to employees
- Prohibit any verbal threats detrimental to employees' physical or mental health
- Prohibit disciplinary actions similar to corporal punishment



Compliant Employment

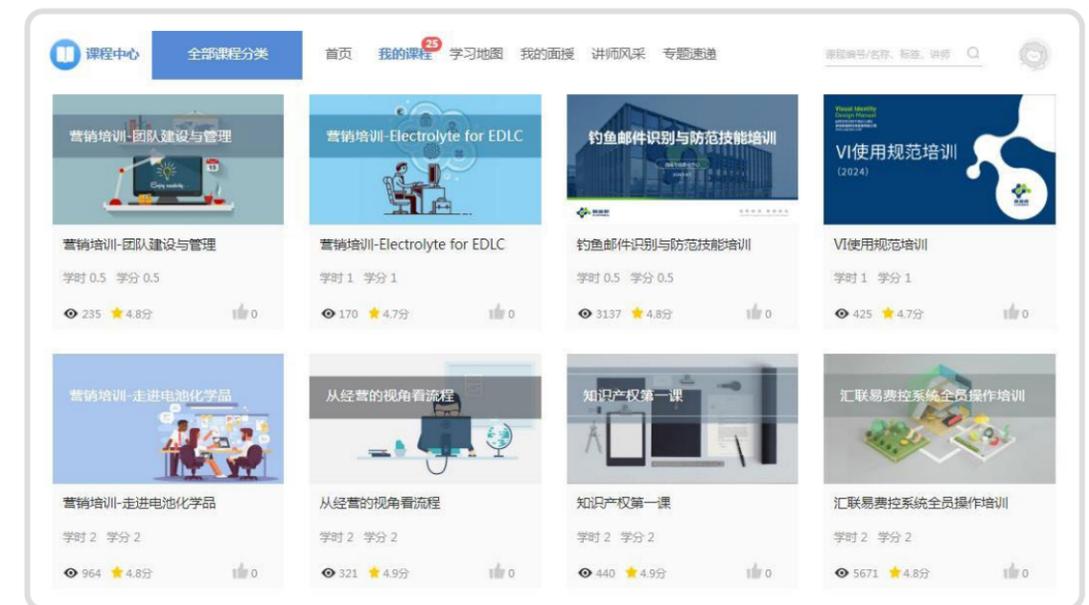
- Do not hire child labor
- Oppose any form of forced labor; assign work on a voluntary and lawful basis
- Strictly prevent illegal employment practices such as human trafficking

Talent Development and Incentive

Innovation and value co-creation are at the core of talent development. Capchem continuously advances its three-pronged strategy of Incentives, Development, and Culture, leveraging precise incentive mechanisms and multi-modal training systems to unlock employees' innovative potential. This approach fosters collaborative growth between individuals and the organization, creating a virtuous cycle of "talent drives innovation, innovation fuels development."

Staff Training

Capchem has established a systematic, multi-level, tiered employee development framework, incorporating the "721" talent development model, which emphasizes experiential growth and learning. Training is delivered through a flexible combination of online and offline formats, as well as internal and external programs, to match employees' knowledge, skills, and resource needs at different career stages. By decoding the Company's talent strategy layer by layer, the framework translates objectives into actionable training plans, effectively driving individual capability enhancement and overall team growth, while ensuring sustained talent support for organizational development.



Online Courses of Capchem Management College

Based on years of business experience and internal/external management system requirements, Capchem has distilled core competencies and continuously expanded its internal course offerings. By 2025, the Company has developed over 3,000 high-quality online courses covering management, R&D, professional skills, production, and career development. Capchem also actively cultivates internal trainers who are well-versed in corporate strategy and culture, with rich practical experience and expertise. To date, the Company has 30 experienced, hands-on internal trainers supporting its talent development initiatives.

In 2025, Capchem further clarified role profiles and established a job-person fit system. For employees at different levels and positions, the Company considers growth directions and required resources, and conducts capability assessments and performance analyses to provide personalized development paths for each employee, continuously enhancing job competence and professional skills. During the Reporting Period, Capchem invested RMB 1.86 million in training, delivering a total of 212,196 training hours, with an average of over 47.52 training hours per employee.



| | |
|----------------------------------|--|
| Strategic Momentum (Bangjie) | <ul style="list-style-type: none"> For middle and senior management: Clarify their mission, formulate and implement strategic execution objectives to facilitate management breakthrough. |
| Pathway to Excellence (Bangying) | <ul style="list-style-type: none"> For frontline and middle management: Develop and implement competency programs centered on "role transition, skill advancement, and team leadership." |
| The Rule of Profession | <ul style="list-style-type: none"> For functional staff: Continuously develop personal management capabilities to elevate the professionalism of the functional platforms. |
| The Art of Specialization | <ul style="list-style-type: none"> For R&D personnel: Formulate targeted training plans to enhance specialized skills such as project management, thereby boosting professional R&D capabilities. |
| The Edge for Success | <ul style="list-style-type: none"> For marketing & sales staff: Enhance negotiation techniques and market research capabilities through training to forge the sales force into an elite unit. |

Capchem Personalized Growth Map

In 2025, Capchem advanced talent pipeline development through various training programs, systematically supporting the career growth and skill enhancement of fresh graduates, international talent reserves, and frontline and middle managers. These initiatives ensure employees deeply understand and practice the corporate culture, fostering a highly professional and cohesive workforce.

Bangjing Training Camp

By 2025, Capchem had successfully conducted 15 sessions of the Bangjing Training Camp. Aligned with the Company's business development direction, the program combines quality development activities, centralized training, and on-the-job practice to help fresh graduates integrate into the Company and transition from "campus students" to "workplace professionals."



The 15th Cohort of the Bangjing Training Camp

Bangying Training Camp

Following the "721" talent development philosophy, Capchem adopts a combined training-and-practice approach covering strategic culture, business layout, management skills, professional literacy, practical projects, and on-the-job experience. The program helps frontline and middle managers transition from "task executors" to "team leaders." By 2025, four sessions of the Bangying Training Camp had been successfully completed.



The Fourth Cohort of the Bangying Training Camp

International Talent Development (E-Star) Program

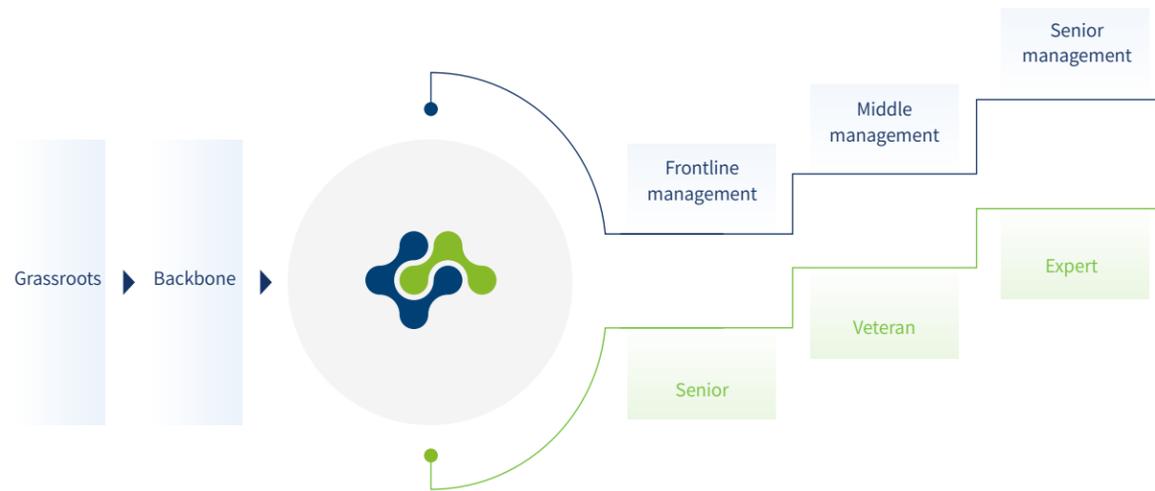
Designed to cultivate internationally competent professionals who are not only highly skilled in their specialization, but also possess a cross-cultural mindset, a global perspective, and the drive for continuous innovation, the E-Star Program launched its first cohort in 2025. Through a dual-track system combining internal expert mentoring and collaboration with external universities, the program strengthens participants' professional capabilities.



The First Cohort of the E-Star Program

Employee Development

Under the core philosophy of "global perspective, professional depth, and horizontal integration," Capchem has further optimized its dual career path system. Leveraging a comprehensive qualification system and supporting career progression system, the Company provides employees with multi-dimensional career and competence development paths, supporting long-term corporate development.



Capchem's Dual Career Path System

In 2025, the Company further refined its multi-track career development system, comprising four major job families and 56 career paths. Based on the attributes of talents across different business segments, job families, and specific role requirements, the standards for each path were continuously optimized, with extended criteria for the R&D technical track, gradually building a differentiated talent management mechanism to guide capability development and enhancement along specialized career paths.

Capchem also places employee capability assessment and performance outcomes at the core, providing clear career promotion paths and broad development opportunities, enabling a win-win between personal growth and corporate development.

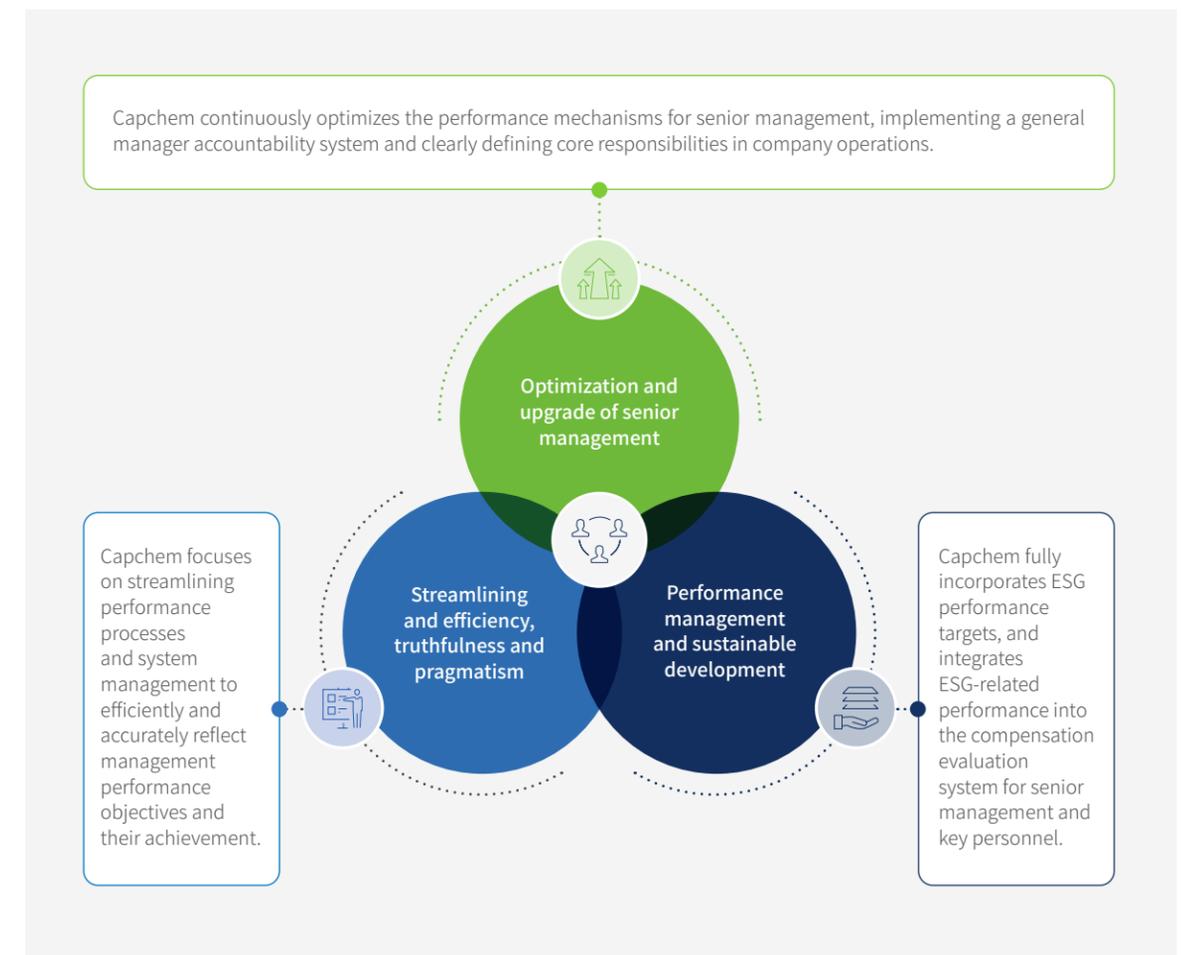
In 2025, Capchem enhanced its cadre management system by establishing a systematic cadre succession mechanism, strengthening the management of middle and senior cadres, and refining selection, appointment, and oversight mechanisms. These measures ensure full lifecycle management of cadres, a continuous supply of senior talent, and operational continuity and stability.

Talent Incentives

Capchem firmly believes that human resources are its most valuable asset and adheres to the value-sharing philosophy of "Participate, Develop, Undertake, Share." The Company has established a comprehensive talent management strategy that integrates "retaining talent through career opportunities, competitive compensation, and corporate culture." Through equity incentives and the career partner mechanism, core contributors are enabled to share in the benefits of the Company's growth. In 2025, considering changes in the external environment and the evolving needs of its business, Capchem optimized

its compensation and incentive system. By enhancing the stability and competitiveness of remuneration, the Company strengthened organizational resilience and motivated employees to collaboratively address market changes with the Company, providing solid talent support for its long-term sustainable development.

To effectively translate the Company's strategy into execution, Capchem's performance management system consistently adheres to two guiding principles "streamlining and efficiency, truthfulness and pragmatism". By establishing a differentiated performance appraisal framework, Capchem ensures that the Company's overall objectives are clearly cascaded and effectively implemented. In addition, baseline requirements for sustainable development—such as environmental protection, safety, and compliance—are set as mandatory metrics, thereby strengthening the foundation for high-quality and sustainable development.



Capchem maintains a culture of sharing business success with employees, offering a mixed variable compensation plan—including monthly performance bonuses and year-end awards—and leverages equity incentive policies to motivate key and core talent, positioning them as central drivers of the Company's long-term prosperity.

Employee Rights, Interests and Benefits

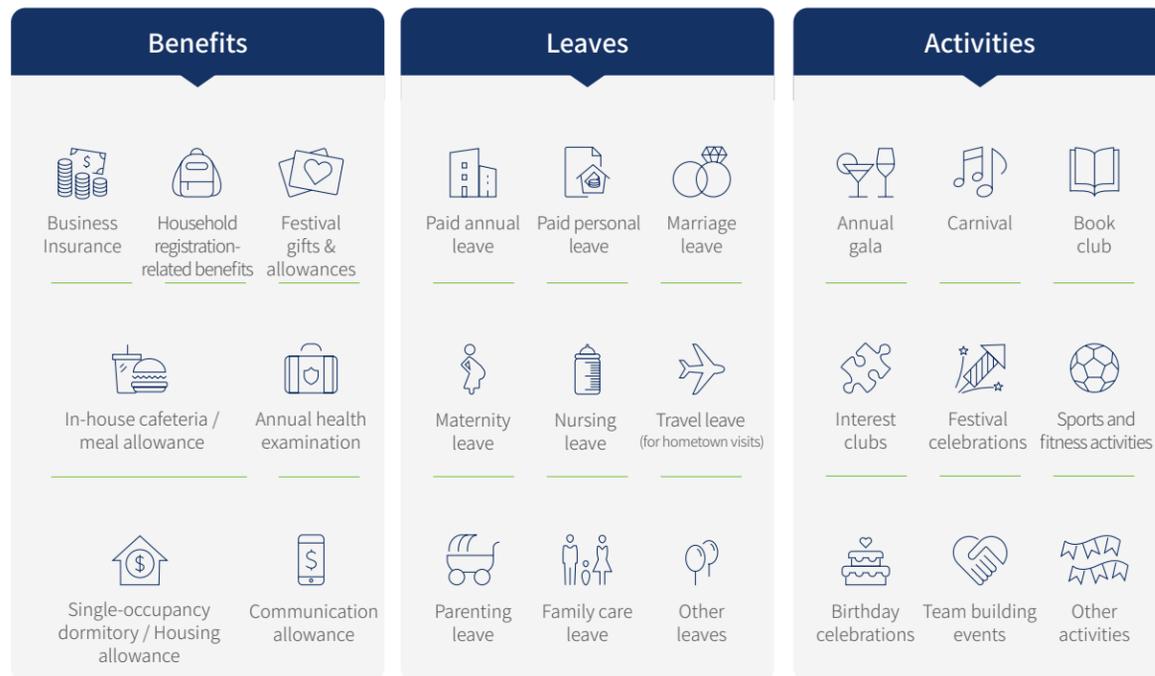
Capchem upholds a "people-oriented" philosophy in terms of employee rights and benefits, providing comprehensive support through sound systems and human-centered initiatives, and strives to build a harmonious, inclusive, and caring working environment.

Employee Benefits

Capchem regards employees as the core driving force for sustainable business development. Beyond statutory benefits, the Company has established a comprehensive welfare system covering health care, life support, and career development, aiming to create a safe, healthy, and balanced working environment while enhancing employees' sense of belonging and well-being.

In terms of health and safety, the Company regularly conducts risk assessments, implements safety measures, and provides protective equipment. Additionally, activities such as summer wellness initiatives, labor competitions, and mental health forums help monitor employees' physical and mental well-being, promoting a healthy work-life balance. For life support, the Company goes beyond traditional holiday benefits to gradually expand inclusive welfare programs, reflecting respect for individual differences.

These measures demonstrate Capchem's "people-oriented" management philosophy and strengthen the institutional foundation for fulfilling social responsibility and enhancing ESG performance.



Capchem's Employee Benefits System

In 2025, Capchem successfully organized a series of employee activities aimed at enhancing team cohesion, promoting physical and mental health, and integrating ESG concepts. These diverse activities not only focus on employee well-being and team building but also connect the Company's sustainability strategy with employees' personal growth and value creation, effectively supporting sustainable development practices.



Sanming Hexafluo "Summer Wellness Initiative" in August 2025



Huizhou Capchem Marathon in May 2025

Employee Communication

Capchem recognizes the importance of democratic management and emphasizes cultivating an open and inclusive corporate culture. Multiple channels are in place to ensure smooth employee communication, combining written and in-person methods so that employee feedback is promptly received and effectively addressed by senior management. Employees are encouraged to contribute to company management and cultural development through channels such as the workers' congress, trade union representative conference, and executive meet-and-greet, embedding individual insights into every aspect of the Company's growth.

| Main Communication Channels | Key Annual Initiatives |
|---------------------------------------|--|
| Workers' congress | Capchem fully leverages the workers' congress as a bridge to follow up on and address employee work and life concerns, promoting in-depth democratic management. |
| Trade union representative conference | In 2025, the trade union representative meeting became one of the core initiatives of Capchem's democratic management. Through elected staff representatives, the trade union gathers employee proposals and opinions, and implements enterprise development measures focused on key areas such as employee benefits, working environment, career development, and related policies. |
| New Employee-Executive Meeting | In 2025, Capchem organized executive meet-and-greet sessions for new hires, providing a platform for direct communication with senior management and effectively enhancing new employees' sense of belonging and recognition. |

Employee Forum

Shenzhen Capchem held tiered and categorized employee forums throughout the year. New employee forums were conducted quarterly, focusing on business vision, corporate culture awareness, career development planning and other topics. These sessions enabled friendly interaction between new employees and HR leaders, effectively translating the ESG principle of inclusive communication into tangible sense of gain among employees.



Group Photo of Employee Forum Participants

Capchem maintains a routine employee satisfaction survey system to continuously enhance the effectiveness of its democratic management. In 2025, in line with the system requirements, the survey analyzed seven key dimensions, including pay equity and career development. Based on the findings, the Company optimized the training and talent development system, established periodic employee communication platforms, and communicated improvement plans to employees through multiple channels, thereby forming a positive communication loop of "survey-improvement-feedback." By the end of the Reporting Period, among employees covered by the survey, overall employee satisfaction was rated as Good.

Community Contributions

Capchem remains firmly committed to giving back to society and closely integrates its corporate social responsibility philosophy into its overall development strategy. Focusing on key areas such as education, culture, and sports, the Company actively participates in and makes sustained investments in a wide range of public welfare and community development initiatives, leveraging its philanthropic efforts to support social well-being and promote harmonious, mutually beneficial growth between the Company and the communities it serves.

During the Reporting Period

Capchem invested a total of RMB

RMB **3.36** million

to support public welfare initiatives

Rural Revitalization

Rural revitalization is vital to improving local livelihoods and advancing sustainable socio-economic development. Capchem remains committed to supporting the growth and education of rural youth, firmly believing that knowledge is a key driver of intrinsic motivation and talent development. The Company implements a range of student support initiatives, including the establishment of a dedicated scholarship program in Yanpi Town, Hengyang County, to recognize students who achieve outstanding performance in high school and university entrance examinations, thereby contributing to rural revitalization through concrete actions.



Dedicated Scholarship Program in Yanpi Town, Hengyang County

Community Co-Prosperty

Capchem keeps social welfare at heart. The Company actively monitors and responds to the developmental needs of communities both in China and abroad, translating commitment into concrete actions that enhance residents' quality of life. By fostering prosperity in community education, culture, and related fields, Capchem continually deepens its emotional bond with local communities, achieving alignment between corporate performance and social impact.

Supporting Education

Capchem actively promotes the comprehensive development of education. By establishing scholarships, donating to student aid funds, and implementing other initiatives, the Company continuously fosters educational vitality and contributes to the cultivation of outstanding talent. In 2025, the Company donated RMB 1 million to Xiangtan University, earmarked for teaching development and talent cultivation. In addition, Capchem established Motivational Scholarships in collaboration with No. 2 Foreign Language School and China Star School in Pingshan District, Shenzhen, aiming to encourage students' diligent study and innovative spirit. During the Reporting Period, total education-related donations amounted to RMB 2.93 million. Among these donations, Sanming Hexafluo contributed RMB 1.89 million to a student aid fund, bringing its cumulative donations over the past five years to RMB 9.47 million.

During the Reporting Period

Sanming Hexafluo contributed

RMB **1.89** million

to a student aid fund, bringing its cumulative donations over the past five years to

RMB **9.47** million

Sanming Hexafluo Has Conducted Donations to a Student Aid Fund for Five Consecutive Years

In August 2025, Sanming Hexafluo and its senior executives donated RMB 1.89 million to the Mingxi Education Development Promotion Association to support local educational development. As of 2025, Sanming Hexafluo has made donations to a student aid fund in Mingxi County for five consecutive years, with the cumulative amount reaching RMB 9.47 million. This sustained commitment fully embodies the company's sense of corporate responsibility and its ethos of "contributing to public welfare when capable and giving back to society upon achieving success."



Donation Ceremony for the Student Aid Fund by Sanming Hexafluo and Its Senior Executives

Shenzhen Capchem Motivational Scholarship Award Ceremony

Shenzhen Capchem is committed to fulfilling its social responsibilities. In 2025, it donated RMB 50,000 each to No. 2 Foreign Language School and China Star School in Pingshan District. Through these concrete actions, the company affirms and encourages the academic efforts of local students, provides ongoing support for educational development, and contributes its corporate strength to talent cultivation and social progress.



Shenzhen Capchem Motivational Scholarship Award Ceremony

Fostering Community Harmony and Shared Prosperity

Capchem is dedicated to stimulating community cultural vitality through sponsoring initiatives such as the Pingshan District Basketball League. By engaging in these events, the Company deepens interaction and communication with local residents, jointly fostering a culture of health and a harmonious atmosphere within the community.



Shenzhen Pingshan District "Capchem Cup" Basketball League

Overseas Community Engagement

As a responsible corporate citizen, Capchem consistently implements community engagement and cultural exchange initiatives in its overseas locations. The Company actively participates in local cultural, sports, and charitable fundraising activities, contributing to local prosperity while achieving positive economic outcomes.

Capchem Sponsored the Finals of the Wesolek Taekwondo League in Śrem, Poland

In 2025, Capchem Poland strategically sponsored the 23rd Finals of the Wesolek Taekwondo League, which brought together 307 athletes from 22 clubs across Poland. As one of the largest martial arts competitions for children and youth in the region, the event highlights Capchem's ongoing commitment to supporting local sports development and actively fulfilling its corporate social responsibilities.



The 23rd Finals of the Wesolek Taekwondo League

WOŚP Charity Event

In January 2025, Capchem Poland continued its longstanding support by participating in the 33rd WOŚP Fundraiser. As Poland's largest charitable initiative, WOŚP focuses on childhood oncology and hematology, with all funds raised dedicated to supporting the treatment and rehabilitation of affected children, helping to safeguard a healthier future for them.



Donation at the WOŚP Charity Event

Capchem Cup Football Tournament

In June 2025, Capchem Poland continued its sponsorship and successfully hosted the 6th "Capchem Cup" football tournament. The event set a new participation record, attracting nearly 800 young football players and delivering thrilling matches at Śrem Stadium, with performances comparable to the UEFA Champions League. As one of the largest sports events in the region, the Capchem Cup remains committed to promoting youth football development, upholding its philosophy of "Energy, Sports, and Nature," and actively fostering community sports culture and cohesion.



Capchem Cup Football Tournament in Poland

Capchem's Overseas Community Engagement Activities during the Reporting Period

Appendix

ESG Quantitative Performance Table

Governance Data

Corporate Governance

| Disclosure indicator | Unit | 2024 | 2025 | |
|-------------------------|---|--------|------|-----|
| Number of meetings held | Number of shareholder meetings | / | 6 | 5 |
| | Number of board meetings | / | 9 | 9 |
| | Number of audit committee meetings | / | 6 | 6 |
| | Number of remuneration and evaluation committee meetings | / | 2 | 5 |
| | Number of nomination committee meetings | / | 0 | 3 |
| | Number of strategy and sustainable development committee meetings | / | 5 | 5 |
| | Number of supervisory board meetings | / | 8 | 6 |
| Number of directors | Total number of directors | Person | 9 | 9 |
| | Number of independent directors | Person | 3 | 3 |
| | Number of female directors | Person | 1 | 2 |
| Investor communication | Number of investor receptions | / | 1 | 1 |
| | Number of performance briefings | / | 5 | 5 |
| | Number of online investor collective reception day | / | 0 | 1 |
| | Number of investor interaction questions answered | / | 72 | 180 |
| | Response rate of investor interactions | % | 100 | 100 |

Anti-Corruption and Operation Compliance

| Disclosure indicator | Unit | 2024 | 2025 |
|---|--------|-------|-------|
| Total number of participants in anti-corruption training | Person | 4,197 | 5,415 |
| Rate of employee enrollment in anti-corruption training ¹¹ | % | 100 | 100 |
| Total hours of anti-corruption training | Hours | 2,434 | 7,659 |
| Signing rate of Commitment Letter of Integrity by employees | % | 100 | 100 |

¹¹ The statistics here cover directors, management and junior staff.

| Disclosure indicator | Unit | 2024 | 2025 | |
|----------------------|---|------|------|---|
| Corruption cases | Total number of confirmed incidents in which contracts with business partners were terminated or not renewed owing to corruption-related irregularities | Case | 0 | 0 |
| | Total number of incidents in which employees were dismissed or disciplined as a result of corruption that were confirmed | Case | 0 | 0 |
| | Cases of public litigation against organizations or their employees for acts of corruption during the Reporting Period | Case | 0 | 0 |

Environmental Data¹²

Combating Climate Change¹³

| Disclosure indicator | Unit | 2024 | 2025 | |
|---|--|--------------------|--------------|--------------|
| Total greenhouse gas emissions ¹⁴ | tCO ₂ e | 2,878,063.71 | 4,345,580.92 | |
| Greenhouse gas removals | tCO ₂ e | 68,627.37 | 80,755.33 | |
| Scope 1 greenhouse gas emissions (including Greenhouse gas removals) | tCO ₂ e | -1,249.18 | 499.60 | |
| Scope 2 greenhouse gas emissions | tCO ₂ e | 307,185.64 | 344,317.76 | |
| Scope 3 greenhouse gas emissions | Total greenhouse gas emissions | tCO ₂ e | 2,572,127.24 | 4,000,763.56 |
| | Purchased goods and services | tCO ₂ e | 2,455,783.73 | 3,830,139.05 |
| | Upstream transport and distribution | tCO ₂ e | 54,833.62 | 86,214.05 |
| | Business travel | tCO ₂ e | 697.26 | 777.51 |
| | Employee commuting | tCO ₂ e | 3,021.90 | 2,733.78 |
| | Downstream transport and distribution | tCO ₂ e | 48,551.32 | 62,399.22 |
| | Solid and liquid waste disposal | tCO ₂ e | 9,239.41 | 18,499.95 |
| Scope 1 and Scope 2 Greenhouse gas emission intensity (including Greenhouse Gas removals) | tCO ₂ e / RMB 10,000 in revenue | 0.39 | 0.36 | |
| Number of production sites that have been awarded the Green Factory | / | 2 | 3 | |

¹² Unless otherwise noted, the statistical caliber of environmental performance includes Shenzhen Capchem, Huizhou Capchem, Sanming Hexafluor, Nantong Capchem, Suzhou Novolyte, Jingmen Capchem, Jiangsu Hicomer, Hunan Fluopont, Tianjin Capchem, Fujian Heptafluor, Capchem Poland, Nantong Top, Chongqing Capchem, Hicomer Electronic Materials, Jiangsu Seals.

¹³ Total GHG emissions include Scope 1, Scope 2 and Scope 3 GHG emissions, and the types of gases emitted include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), and hydrofluorocarbons (HFCs); covering Shenzhen Capchem, Huizhou Capchem, Sanming Hexafluor, Nantong Capchem, Suzhou Novolyte, Jingmen Capchem, Jiangsu Hicomer, Hunan Fluopont, Tianjin Capchem, Fujian Heptafluor, Nantong Top, Chongqing Capchem, Hicomer Electronic Materials, Jiangsu Seals. The calculation of Scope 1, 2 and 3 greenhouse gas emissions refers to ISO14064 and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories (2006 IPCC Guidelines).

¹⁴ The rise in greenhouse gas emissions is due to the inclusion of Chongqing Capchem, Hicomer Electronic Materials, Jiangsu Seals in the greenhouse gas inventory for the first time this year.

Optimizing The Energy Structure¹⁵

| Disclosure indicator | Unit | 2024 | 2025 | |
|--|--|----------------|----------------|----------------|
| Total integrated energy consumption | tec | 101,951.36 | 112,254.50 | |
| Combined energy intensity | tec / RMB 10,000 in revenue | 0.13 | 0.12 | |
| Direct energy consumption | Natural gas | m ³ | 10,175,441.81 | 10,849,082.59 |
| | Diesel | kg | 90,701.89 | 64,672.79 |
| | Gasoline | kg | 114,088.61 | 110,133.55 |
| Indirect energy consumption | Purchased steam | GJ | 1,835,115.35 | 1,928,832.38 |
| | Purchased electricity | kWh | 196,278,324.20 | 268,499,199.58 |
| Clean energy consumption | Consumption of purchased green electricity | kWh | 11,207,181.05 | 19,448,701 |
| Financial investment in energy efficiency and technological improvements | RMB million | 525 | 3,844 | |

Environmental Compliance

| Disclosure indicator | Unit | 2024 | 2025 | |
|--|---|--------------|------------------------|--------|
| Investment in environmental protection | Ten thousand RMB | 3,405.20 | 4,325.73 ¹⁶ | |
| Environmental violations or administrative penalties for environmental protection | / | 0 | 0 | |
| Environmental compliance training and activities | Number of environmental compliance trainings and activities conducted | / | 139 | 133 |
| | Total hours of environmental compliance training and activities | Hours | 12,957 | 14,858 |
| Environmental emergency response exercise | Environmental emergency drills | / | 135 | 148 |
| | Number of participants in environmental emergency drills | Person-times | 1,137 | 2,323 |
| The percentage of stable operating bases have obtained the ISO 14001 environmental management system certification | % | 90.9 | 100 | |

Emissions and Waste¹⁷

| Disclosure indicator | Unit | 2024 | 2025 | |
|----------------------|-------------------------------|------|-------|-------|
| Waste gas emissions | Total air pollutant emissions | Ton | 34.28 | 38.67 |
| | VOCs | Ton | 11.50 | 16.57 |
| | PM | Ton | 4.08 | 5.10 |
| | NO _x | Ton | 16.30 | 16.09 |
| | SO _x | Ton | 2.40 | 0.91 |

¹⁵ Calculated with reference to the *General Principles for Calculation of Comprehensive Energy Consumption (GB/T 2589-2020)*, covering energy types including natural gas, diesel, gasoline, purchased steam, purchased electricity; statistical caliber including Shenzhen Capchem, Huizhou Capchem, Sanming Hexafluor, Nantong Capchem, Suzhou Novolyte, Jingmen Capchem, Jiangsu Hicomer, Hunan Fluopont, Tianjin Capchem, Fujian Heptafluor, Nantong Top, Chongqing Capchem, Hicomer Electronic Materials, Jiangsu Seals.

¹⁶ The statistical scope of environmental protection financial investment in 2025 includes Shenzhen Capchem, Huizhou Capchem, Sanming Hexafluor, Nantong Capchem, Suzhou Novolyte, Jingmen Capchem, Jiangsu Hicomer, Hunan Fluopont, Tianjin Capchem, Fujian Heptafluor, Nantong Top, Chongqing Capchem, Hicomer Electronic Materials, Jiangsu Seals.

¹⁷ The statistical scope for emissions and waste in 2025 includes Shenzhen Capchem, Huizhou Capchem, Sanming Hexafluor, Nantong Capchem, Suzhou Novolyte, Jingmen Capchem, Jiangsu Hicomer, Hunan Fluopont, Tianjin Capchem, Fujian Heptafluor, Nantong Top, Chongqing Capchem, Hicomer Electronic Materials, Jiangsu Seals.

| Disclosure indicator | Unit | 2024 | 2025 | |
|----------------------------|----------------------------------|---------------------------|------------|------------------------|
| Total wastewater discharge | Ton | 601,361.96 | 720,245.49 | |
| Hazardous waste | Total hazardous waste discharge | Ton | 11,949.08 | 19,680.26 |
| | Hazardous waste intensity | Ton/RMB 10,000 in revenue | 0.02 | 0.02 |
| General waste | Total general waste discharge | Ton | 876.46 | 1,831.93 |
| | Total recycling of general waste | Ton | 69.90 | 253.37 |
| | General waste intensity | Ton/RMB 10,000 in revenue | 0.001 | 0.002 |
| Packaging material | Recycling of packaging material | Ton | 4,531.8 | 83,390.2 ¹⁸ |

Resource and Ecological Conservation¹⁹

| Disclosure indicator | Unit | 2024 | 2025 |
|-----------------------------------|----------------------------|--------------|--------------|
| Total municipal water withdrawals | Ton | 1,467,917.30 | 1,578,921.72 |
| Total water withdrawals | Ton | 1,467,917.30 | 1,578,921.72 |
| Total water consumption | Ton | 866,555.34 | 858,676.23 |
| Water consumption intensity | Ton/ RMB 10,000 in revenue | 1.10 | 0.89 |
| Reuse of reclaimed water | Ton | 363,862.00 | 453,109.00 |
| Reuse rate of reclaimed water | % | 38 | 38.62 |

Social Data

Occupational Health and Safety²⁰

| Disclosure indicator | Unit | 2024 | 2025 |
|--|------------------|--------|----------|
| Total investment in health and safety | Ten thousand RMB | 5,545 | 5,969.39 |
| Lost days due to work injuries | Hours | 1,552 | 1,369 |
| Total recordable occupational health and safety incidents | / | 20 | 19 |
| The total recordable incident rate (TRIR) | N/A | 0.37 | 0.36 |
| Work-related fatalities | / | 0 | 0 |
| Occupational disease cases | / | 0 | 0 |
| Cumulative investment in work-related injury insurance and safety production liability insurance | Ten thousand RMB | 459.48 | 610.52 |
| Personnel coverage of work-related injury insurance and safety production liability insurance | % | 100 | 100 |
| Proportion of operational production bases certified to the ISO 45001 System | % | 72.7 | 80 |

¹⁸ Based on the 2024 figures, the volume of packaging materials recycled has increased with the inclusion of stainless steel drums from Huizhou Capchem, Jingmen Capchem, and Chongqing Capchem.

¹⁹ The statistical calibre of resources and ecological protection includes Shenzhen Capchem, Huizhou Capchem, Sanming Hexafluor, Nantong Capchem, Suzhou Novolyte, Jingmen Capchem, Jiangsu Hicomer, Hunan Fluopont, Tianjin Capchem, Fujian Heptafluor, Nantong Top Chongqing Capchem, Hicomer Electronic Materials, Jiangsu Seals.

²⁰ The statistical scope for the amount of health and safety investment in 2025, the cumulative amount of work-related injury insurance and work safety liability insurance, and the coverage rate includes Shenzhen Capchem, Huizhou Capchem, Sanming Hexafluor, Nantong Capchem, Suzhou Novolyte, Jingmen Capchem, Jiangsu Hicomer, Hunan Fluopont, Tianjin Capchem, Fujian Heptafluor, Nantong Top, Chongqing Capchem, Hicomer Electronic Materials, Jiangsu Seals.

| Disclosure indicator | Unit | 2024 | 2025 |
|------------------------------------|-----------------|---------|---------|
| Number of emergency drills | Number of Times | 544 | 714 |
| Number of safety training sessions | Number of Times | 565 | 956 |
| Total number of safety training | Hours | 118,474 | 115,727 |

Responsible Supply Chain

| Disclosure indicator | Unit | 2024 | 2025 |
|---|------|-------|-------|
| Total number of suppliers | / | 2,697 | 3,011 |
| Number of suppliers from Chinese mainland | / | 2,552 | 2,089 |
| Number of suppliers from Hong Kong, Macao, Taiwan regions and oversea suppliers | / | 145 | 922 |

Human Rights of Employees²¹

| Disclosure indicator | Unit | 2024 | 2025 | |
|--|--|-------|-------|----|
| Total number of employees | Person | 4,197 | 4,465 | |
| New employees | Person | 669 | 792 | |
| Number of employees by gender | Male employees | 3,202 | 3,454 | |
| | Female employees | 995 | 1,011 | |
| Number of employees by age | 30 below (excl.30) | 965 | 1,031 | |
| | 30-50 | 2,947 | 3,139 | |
| | 50 above (excl.50) | 285 | 295 | |
| Number of employees by rank | Executive management Team (EMT) | 9 | 9 | |
| | Other management (Basic-to-middle level, and middle-to-senior level) | 453 | 460 | |
| | Frontline employees | 3,735 | 3,996 | |
| Number of female employees by nationality | China | 4,077 | 4,343 | |
| | Overseas | 120 | 122 | |
| Percentage of female employees ²² | % | 24 | 23 | |
| Number of female employees by rank ²³ | Board of directors (Shenzhen Capchem only) | % | 11 | 11 |
| | Executive management Team (EMT) | % | 22 | 22 |
| | Other management (Basic-to-middle level, and middle-to-senior level) | % | 19 | 21 |
| | Frontline employees | % | 24 | 23 |

²¹ The figures here are the total number of full-time employees including Capchem Poland and Capchem Shenzhen.

²² Calculation formula: Percentage of female employees = (number of female employees/total number of employees in the respective category)*100%

²³ Percentage = Female employees in the group / Total number of employees in the group

| Disclosure indicator | Unit | 2024 | 2025 |
|------------------------------------|------|------|------|
| Employee turnover | | | |
| Active turnover rate ²⁴ | % | 6 | 9 |

Talent Development and Incentive

| Disclosure indicator | Unit | 2024 | 2025 | |
|---|--|--------------|------------|-------|
| Total investment in training | Ten thousand RMB | 117.61 | 186.1 | |
| Total hours for employees training | Hours | 173,145.99 | 212,196.00 | |
| Training hours per employee ²⁵ | Hours/Person | 41.25 | 47.52 | |
| Training per employee by gender | Male employees | Hours/Person | 41.72 | 45.87 |
| | Female employees | Hours/Person | 39.74 | 53.17 |
| Training per employee by rank | Executive management team (EMT) | Hours/Person | 84.67 | 84.67 |
| | Other management (Basic-to-middle level, and middle-to-senior level) | Hours/Person | 45.41 | 65.08 |
| | Frontline employees | Hours/Person | 40.65 | 45.42 |
| Percentage of employees covered by training ²⁶ | % | 100 | 100 | |
| Employee promotion rate ²⁷ | % | 18.9 | 18.4 | |
| Percentage of employees accepting performance evaluation | % | 100 | 100 | |

Employee Rights, Interests and Benefits

| Disclosure indicator | Unit | 2024 | 2025 |
|--|------------------|----------|----------|
| Total investment in employee care | Ten thousand RMB | 4,120.74 | 4,807.10 |
| Employee social insurance coverage | % | 100 | 100 |
| Percentage of employees entitled to variable performance-based pay | % | 100 | 100 |

²⁴ Calculation formula: active turnover rate = active turnover / [(number of employees at the beginning of the period + number of employees at the end of the period) / 2] * 100%

²⁵ Calculation formula: Number of training hours per employee = Total number of training hours for employees / Total number of employees in each category

²⁶ Calculation formula: Percentage of employees trained in each category = (number of employees trained in each category/number of employees in that category)*100%.

²⁷ Employee promotion rate: the proportion of full-time employees promoted by Capchem to all employees.

Community Engagement

| Disclosure indicator | Unit | 2024 | 2025 |
|------------------------------------|----------------------------------|------------------|--------|
| Total investment in social welfare | Ten thousand RMB | 261.37 | 336.23 |
| Investment by charitable fields | Education donation | Ten thousand RMB | 229.60 |
| | Support for disadvantaged groups | Ten thousand RMB | 3.60 |
| | Others | Ten thousand RMB | 28.17 |
| Voluntary services | Total hours | Hours | 142 |
| | Total participants | Person | 430 |

Innovation-driven

| Disclosure indicator | Unit | 2024 | 2025 |
|---|--|-----------------|-------|
| R&D innovation training | Total number of training sessions | Number of Times | 277 |
| | Training hours per employee | Hours | 37.93 |
| | Number of employees trained | Person | 116 |
| R&D investment | Amount of R&D investment | RMB100 million | 4.24 |
| | R&D workforce | Person | 967 |
| | R&D investment as a percentage of total revenue | % | 5.41 |
| Patent and trademark Applications | Cumulative number of filed and accepted patent applications | Items | 1,383 |
| | Cumulative number of domestic patent applications | Items | 993 |
| | Cumulative number of foreign invention patent applications | Items | 193 |
| | Cumulative number of PCT international patent applications | Items | 197 |
| | Cumulative number of domestic patent granted | Items | 446 |
| | Cumulative number of foreign invention patent granted | Items | 97 |
| | Cumulative number of domestic and foreign registered trademark granted | Items | 262 |
| Number of patents for inventions applied to the main business | Items | 404 | |
| Intellectual property training | Total number of training sessions | Number of Times | 37 |
| | Training hours per employee | Hours | 5.24 |
| | Number of employees trained | Person | 124 |

Glossary

| Nouns | Definitions |
|-----------------------------------|--|
| ESG | Environmental, Social and Governance |
| RBA | Responsible Business Alliance |
| GDPR | <i>General Data Protection Regulation</i> |
| AD domain control | The core service component of the Windows Server operating system, based on Active Directory (AD) technology, provides centralized authentication, permission management, and resource access control |
| SRM | Supplier Relationship Management, a system and process for managing and optimizing relationships with suppliers to ensure sustainability and efficiency |
| SVHCs | Substances of Very High Concern, chemical substances that pose a high risk and harm to human health or the environment |
| PFAS | Per- and polyfluoroalkyl substances, organic compounds with a series of carbon chains where hydrogen atoms are replaced by fluorine atoms and they are characterized by a large number of C-F bonds |
| LIMS | Laboratory Information Management System, an information management system that combines database based information technology with laboratory management requirements |
| MES | Manufacturing Execution System, a production information management system for the workshop execution layer of manufacturing enterprises |
| RDM | Research and Development Management system, a smart project management system that relies on the Advanced Product Quality Planning (APQP) project management process |
| CNAS | China National Accreditation Service for Conformity Assessment, a national accreditation body established and authorized by the Certification and Accreditation Administration of China in accordance with the provisions of the Certification and Accreditation Regulations of the People's Republic of China |
| IPMS | Intellectual Property Management System Platform, an integrated and digital system designed to manage intellectual property rights comprehensively, covering the entire lifecycle of intellectual property, including creation, registration, maintenance, and enforcement |
| SQE | Supplier Quality Engineer |
| BCM | Business Continuity Management, an integrated management process that enables organizations to recognize potential crises and associated impacts, and to develop response, business and continuity recovery plans |
| CRM | Customer Relationship Management, a strategy and set of tools designed to manage a company's interactions with current and potential customers, which involves using information technology to organize, automate, and synchronize sales, marketing, customer service, and technical support |
| OA | Office Automation, the integration of various technologies and software applications to streamline and automate routine office tasks and processes |
| SAP | System Applications and Products in Data Processing, a set of enterprise resource management software system, which provides reference opinions for the solution of enterprise management problems, and at the same time can make systematic planning for enterprise development |
| APQP | Advanced Product Quality Planning, part of the quality management system, a structured approach used to determine and develop the steps required to ensure customer satisfaction with a product |
| Design Matrix | A tool used in experimental design and statistical analysis to describe the combination method of factors (variables) and their levels (values) in an experiment |
| DFMEA | Design Failure Mode and Effect Analysis, a systematic approach used to identify and evaluate potential failure modes and their effects in the design phase |
| PFMEA | Process Failure Mode and Effect Analysis, a systematic approach used to identify and evaluate potential failure modes and their effects in the process phase |
| Special Characteristic Management | The process of identifying and managing critical characteristics that have a significant impact on product safety, regulatory compliance, functional performance or customer satisfaction |

| Nouns | Definitions |
|----------|--|
| SPC | Statistical Process Control, it is a method of monitoring and controlling production processes through statistical analysis, aiming to ensure process stability and produce products that meet quality standards |
| DCS | Distributed Control System, it is an automatic system used to monitor and control industrial production process, which is used to monitor and control various parameters and equipment in the production process in real time |
| PLC | Programmable Logic Controller, a ruggedized computer designed for use in industrial environments to automate and control various processes and machines |
| PPAP | Production Part Approval Process, a standardized procedure used in the automotive and manufacturing industries to ensure that production parts meet specified quality and performance requirements before mass production begins |
| RoHS | <i>Restriction of Hazardous Substances</i> |
| REACH | <i>Registration, Evaluation, Authorization and Restriction of Chemicals</i> , a European Union regulation that aims to improve the protection of human health and the environment from the risks posed by chemicals |
| QCC | Quality Control Circle, a team of employees who meet regularly to identify, analyze, and solve quality-related problems to improve quality |
| TPM | Total Productive Maintenance, a comprehensive, approach to maintaining and improving the integrity of production and quality systems through proactive and preventive maintenance strategies |
| MRB | Material Review Board, a committee responsible for reviewing and making decisions on non-conforming materials or products |
| EHS | Environment, Health and Safety |
| CSR | Corporate Social Responsibility |
| GHS | <i>Globally Harmonized System of Classification and Labeling of Chemicals</i> |
| TSCA-PBT | <i>Toxic Substances Control Act-Persistent, Bioaccumulative, and Toxic</i> |
| POPs | Persistent Organic Pollutants, organic compounds that are resistant to environmental degradation, can bioaccumulate, and pose significant health and environmental risks |
| ECHA | European Chemicals Agency, the agency responsible for the implementation of the REACH regulation and other chemical-related regulations in the European Union |
| HS | Hazardous Substances, refer to substances that can cause harm or adverse effects on human health, ecological environment, property, etc. under certain conditions |
| PFOS | Perfluorooctane Sulfonate, a type of perfluorinated chemical known for its environmental persistence and toxicity |
| PFOA | Perfluorooctanoic Acid, a type of perfluorinated chemical used in the production of non-stick coatings and other products, known for its environmental persistence and toxicity |
| SIS | Safety Instrumented System, a system designed to monitor safety-critical process variables and take appropriate action to prevent or mitigate hazardous events |
| GDS | Gas Detection System |
| MSDS | Material Safety Data Sheet, commonly known as the Chemical Safety Technical Specification, and internationally referred to as the Chemical Safety Information Card. |
| PSM | Process Safety Management, a systematic approach to preventing or mitigating the consequences of catastrophic releases of toxic, reactive, flammable, or explosive chemicals and highly hazardous substances in industrial processes |
| HAZOP | Hazard and Operability Analysis, a systematic and structured method used to identify potential hazards and operational issues in industrial processes and systems by examining deviations from design parameters |

| Nouns | Definitions |
|-------------------------|---|
| JSA | Job Safety Analysis, a procedure used to identify and mitigate hazards in specific job tasks by breaking down a job into steps and analyzing each step for potential hazards |
| Table lookup | A method of visualizing the occupational hazards that exist and arise in a company through a table of risk factors applicable to the chemical industry |
| Empirical judgment | A method for visually identifying occupational disease hazards of evaluation objects based on relevant professional knowledge and practical work experience |
| Analogy | A method of analogy using occupational health testing, monitoring and statistical analysis information of the same or similar works that have been completed and put into operation |
| ERP | Enterprise Resource Planning, an integrated software system that helps businesses manage various operations, including finance, supply chain, manufacturing, and human resources, by centralizing data and processes to enhance efficiency and decision-making |
| OO | Opportunity Owner |
| SO | Sales Owner |
| PO | Product Owner |
| TISAX | <i>Trusted Information Security Assessment Exchange</i> , an assessment and exchange mechanism for information security in the automotive industry, developed by the German Association of the Automotive Industry (VDA) and administered by the ENX Association |
| ECOSIP™ | Ethylene Oxide to Carbonate Solvents Integrated Process |
| GWP | Global Warming Potential |
| FPI | Fluorinated Polyimide, a type of fluorinated chemical used in various industrial applications |
| NO _x | Nitrogen oxides, a group of harmful gases that are primarily composed of nitric oxide (NO) and nitrogen dioxide (NO ₂) |
| SO _x | Sulfur oxides, a group of compounds that includes sulfur dioxide (SO ₂) and sulfur trioxide (SO ₃) |
| PM | Particulate Matter, a mixture of solid particles and liquid droplets suspended in the air, which can vary in size and composition. |
| VOCs | Volatile Organic Compounds, a group of carbon-containing chemicals that easily evaporate at room temperature |
| IC treatment technology | Internal Circulation treatment technology, a type of anaerobic wastewater treatment system that enhances the efficiency of treating high-strength industrial wastewater by utilizing internal circulation to improve mixing and mass transfer, resulting in better removal of organic pollutants and the production of biogas |
| RO | Reverse Osmosis, a water purification technology that uses a semipermeable membrane to remove ions, molecules, and larger particles from water, effectively producing purified water by applying pressure to overcome osmotic pressure |
| VUCA characteristics | Volatility, Uncertainty, Complexity and Ambiguity |
| RTO | Recovery Time Objective |
| EES Award | Research Excellence Award in Electrochemical Energy Storage, an award that recognizes and supports mid-career scientists (10-20 years from their last degree) who have demonstrated excellence in research in the field of electrochemical energy storage and are affiliated with the ACS Energy & Fuels Division |
| EMT | Executive Management Team |
| PCT | <i>Patent Cooperation Treaty</i> |
| ODS | Ozone-Depleting Substances, chemicals that contribute to the depletion of the stratospheric ozone layer, leading to increased ultraviolet radiation reaching the Earth's surface |
| HAPs | Hazardous air pollutants |
| TRIR | Total Recordable Incident Rate, a metric used to measure the number of work-related injuries and illnesses that occur within a certain period. It is often used to assess the safety performance of a workplace |
| PSIC | Process Safety Incidents Count |
| PSTIR | Process Safety Total Incident Rate |
| PSISR | Process Safety Incident Severity Rate |

Indicators Index

The Shenzhen Stock Exchange Listed Company Self - Regulatory Supervision Guidelines No. 17 - Sustainable Development Report (Trial) indicators Index

| Contents | Headings | Contents | Headings |
|------------|--|------------|--|
| Article 20 | The "Four Green" Concept Combating Climate Change | Article 38 | Chapter on Win-Win Responsible Operation Chapter |
| Article 21 | Combating Climate Change | Article 39 | Community Contributions |
| Article 22 | Combating Climate Change | Article 40 | Community Contributions |
| Article 23 | Combating Climate Change | Article 41 | Innovation-driven |
| Article 24 | Combating Climate Change ESG Quantitative Performance Table | Article 42 | Innovation-driven |
| Article 25 | Combating Climate Change ESG Quantitative Performance Table | Article 43 | N/A |
| Article 26 | ESG Quantitative Performance Table | Article 44 | Chapter on Win-Win |
| Article 27 | Combating Climate Change | Article 45 | Responsible Supply Chain |
| Article 28 | The "Four Green" Concept | Article 46 | Responsible Supply Chain |
| Article 29 | Resource and Ecological Protection | Article 47 | Product Quality |
| Article 30 | Emissions and Waste | Article 48 | Customer Service |
| Article 31 | ESG Quantitative Performance Table | Article 49 | Customer Service Information Security |
| Article 32 | Resource and Ecological Protection | Article 50 | Human Rights of Employees Employee Rights and Development Occupational Health and Safety |
| Article 33 | Environmental Compliance Management | Article 51 | Sustainable Governance Chapter |
| Article 34 | The "Four Green" Concept Resource and Ecological Conservation | Article 52 | ESG Management Responsible Supply Chain |
| Article 35 | Optimising the Energy Structure ESG Quantitative Performance Table | Article 53 | ESG Management |
| Article 36 | Resource and Ecological Protection ESG Quantitative Performance Table | Article 54 | Business Ethics |
| Article 37 | Emissions and Waste | Article 55 | Business Ethics |
| | | Article 56 | Business Ethics |

GRI Content Index

| | |
|-------------------------|---|
| Statement of use | Capchem has reported the information cited in this GRI content index for the period 2025.1.1 to 2025.12.31 with reference to the GRI Standards. |
| GRI 1 used | GRI 1: Foundations 2021 |

| GRI Standards | Disclosure | Headings |
|--------------------------------|------------|--|
| GRI 2: General Disclosure 2021 | 2-1 | Organizational details |
| | 2-2 | Entities included in the organization's sustainability reporting |
| | 2-3 | Reporting Period, frequency and contact point |
| | 2-4 | Restatements of information |

| GRI Standards | Disclosure | Headings | |
|---|--------------------------------|---|--------------------------------------|
| GRI 2: General Disclosure 2021 | 2-5 | External assurance | |
| | 2-6 | Activities, value chains and other business relationships | |
| | 2-7 | Employees | |
| | 2-8 | Workers who are not employees | |
| | 2-9 | Governance structure and composition | |
| | 2-11 | Chair of the highest governance body | |
| | 2-12 | Role of the highest governance body in overseeing the management of impacts | |
| | 2-13 | Delegation of responsibility for managing impacts | |
| | 2-14 | The role of the highest governance body in sustainability reporting | |
| | 2-16 | Communication of critical concerns | |
| | 2-18 | Evaluation of the performance of the highest governance body | |
| | 2-22 | Policy commitments | |
| | 2-27 | Compliance with laws and regulations | |
| | 2-28 | Membership associations | |
| | 2-29 | Approach to stakeholder engagement | |
| | GRI 3: Substantive issues 2021 | 3-1 | Process to determine material issues |
| | | 3-2 | List of material issues |
| | | 3-3 | Management of material issues |
| GRI 201: Economic Performance 2016 | 201-1 | Direct economic value generated and distributed | |
| | 201-3 | Defined benefit plan obligations and other retirement plans | |
| GRI 203: Indirect Economic Impacts 2016 | 203-1 | Infrastructure investments and services supported | |
| | 203-2 | Significant indirect economic impacts | |
| GRI 204: Procurement Practices 2016 | 204-1 | Proportion of spending on local suppliers | |
| | 205-1 | Operations assessed for risks related to corruption | |
| | 205-2 | Communication and training about anti-corruption policies and procedures | |
| GRI 205: Anti-Corruption 2016 | 205-3 | Confirmed incidents of corruption and actions taken | |
| | 206-1 | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | |
| GRI 301: Materials 2016 | 301-2 | Recycled input materials used | |
| | 301-3 | Reclaimed products and their packaging materials | |
| | 302-1 | Energy consumption within the organization | |
| GRI 302: Energy 2016 | 302-2 | Energy consumption outside of the organization | |
| | 302-3 | Energy intensity | |
| | 302-4 | Reduction of energy consumption | |
| | 302-5 | Reductions in energy requirements of products and services | |

| GRI Standards | Disclosure | Headings |
|---|---------------------|---|
| GRI 303: Water Resources and Wastewater 2018 | 303-1 | Interaction between organisations and water as a shared resource |
| | 303-2 | Management of water discharge-related impacts |
| | 303-3 | Water withdrawal |
| | 303-4 | Water discharge |
| | 303-5 | Water consumption |
| GRI 305: Emissions 2016 | 305-1 | Direct (Scope 1) GHG emissions |
| | 305-2 | Energy indirect (Scope 2) GHG emissions |
| | 305-4 | GHG emissions intensity |
| | 305-5 | Reduction of GHG emissions |
| | 305-6 | Emissions of ozone-depleting substances (ODS) |
| | 305-7 | Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions |
| | GRI 306: Waste 2020 | 306-1 |
| 306-2 | | Management of significant waste-related impacts |
| 306-3 | | Waste generated |
| 306-4 | | Waste diverted from disposal |
| 306-5 | | Waste directed to disposal |
| GRI 308: Supplier Environmental Assessment 2016 | 308-1 | New suppliers that were screened using environmental criteria |
| | 308-2 | Negative environmental impacts in the supply chain and actions taken |
| GRI 401: Employment 2016 | 401-1 | New employee hires and employee turnover |
| | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees |
| | 401-3 | Parental leave |
| GRI 402: Labour Relations 2016 | 403-1 | Occupational health and safety management system |
| | 403-2 | Hazard identification, risk assessment, and incident investigation |
| | 403-3 | Occupational health services |
| | 403-4 | Worker participation, consultation, and communication on occupational health and safety |
| | 403-5 | Worker training on occupational health and safety |
| | 403-6 | Promotion of worker health |
| | 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships |
| | 403-8 | Workers covered by an occupational health and safety management system |
| | 403-9 | Work-related injuries |
| | 403-10 | Work-related ill health |
| GRI 404: Training and Education 2016 | 404-1 | Average hours of training per year per employee |
| | 404-2 | Programs for upgrading employee skills and transition assistance programs |
| | 404-3 | Percentage of employees receiving regular performance and career development reviews |
| GRI 405: Diversity and Equal Opportunities 2016 | 405-1 | Diversity of governance bodies and employees |

| GRI Standards | Disclosure | Headings |
|--|------------|--|
| GRI 406: Anti-Discrimination 2016 | 406-1 | Incidents of discrimination and corrective actions taken |
| GRI 407: Freedom of Association and Collective Bargaining 2016 | 407-1 | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk |
| GRI 408: Child labour 2016 | 408-1 | Operations and suppliers at significant risk for incidents of child labor |
| GRI 409: Forced or Compulsory Labour 2016 | 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labor |
| GRI 411: Aboriginal Rights 2016 | 411-1 | Incidents of violations involving rights of indigenous peoples |
| GRI 413: Local Communities 2016 | 413-1 | Operations with local community engagement, impact assessments, and development programs |
| | 413-2 | Operations with significant actual and potential negative impacts on local communities |
| GRI 414: Supplier Social Assessment 2016 | 414-1 | New suppliers that were screened using social criteria |
| | 414-2 | Negative social impacts in the supply chain and actions taken |
| GRI 416: Client Health and Safety 2016 | 416-1 | Assessment of the health and safety impacts of product and service categories |
| | 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services |
| | 417-1 | Requirements for product and service information and labeling |
| GRI 417: Marketing and Labelling 2016 | 417-2 | Incidents of non-compliance concerning product and service information and labeling |
| | 417-3 | Incidents of non-compliance concerning marketing communications |
| GRI 418: Customer Privacy 2016 | 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data |

SASB Content Index

| Topic Metric | Topic Metric | Code | Headings |
|--------------------------|---|--------------|--|
| Greenhouse Gas Emissions | Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations | RT-CH-110a.1 | Combating Climate Change ESG Quantitative Performance Table |
| | Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets | RT-CH-110a.2 | Combating Climate Change |
| Air Quality | Air emissions of the following pollutants: (1) NO _x (excluding N ₂ O), (2) SO _x , (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs) | RT-CH-120a.1 | Emissions and Waste ESG Quantitative Performance Table |

| Topic Metric | Topic Metric | Code | Headings |
|---|---|--------------|---|
| Energy Management | (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable and (4) total self-generated energy | RT-CH-130a.1 | Combating Climate Change Optimising the Energy Structure ESG Quantitative Performance Table |
| | (1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress | RT-CH-140a.1 | Resource and Ecological Protection ESG Quantitative Performance Table |
| Water Management | Number of incidents of non-compliance associated with water quality permits, standards and regulations | RT-CH-140a.2 | None |
| | Description of water management risks and discussion of strategies and practices to mitigate those risks | RT-CH-140a.3 | Resource and Ecological Protection |
| Hazardous Waste Management | Amount of hazardous waste generated, percentage recycled | RT-CH-150a.1 | Emissions and Waste ESG Quantitative Performance Table |
| Community Relations | Discussion of engagement processes to manage risks and opportunities associated with community interests | RT-CH-210a.1 | Not applicable |
| Workforce Health & Safety | (1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees | RT-CH-320a.1 | Occupational Health and Safety ESG Quantitative Performance Table |
| | Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks | RT-CH-320a.2 | Occupational Health and Safety |
| Product Design for Use-phase Efficiency | Revenue from products designed for use-phase resource efficiency | RT-CH-410a.1 | The "Four Green" Concept Combating Climate Change Responsible Supply Chain |
| Safety & Environmental Stewardship of Chemicals | (1) Percentage of products that contain Globally Harmonised System of Classification and Labelling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances, (2) percentage of such products that have undergone a hazard assessment | RT-CH-410b.1 | Chemical Safety |
| | Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact | RT-CH-410b.2 | Chemical Safety |
| Genetically Modified Organisms | Percentage of products by revenue that contain genetically modified organisms (GMOs) | RT-CH-410c.1 | Not applicable |
| Management of the Legal & Regulatory Environment | Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry | RT-CH-530a.1 | Environmental Compliance Management |
| Operational Safety, Emergency Preparedness & Response | Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR) | RT-CH-540a.1 | Occupational Health and Safety |
| | Number of transport incidents | RT-CH-540a.2 | None |

Independent Assurance



Independent Assurance Statement

Introduction

TÜV Rheinland (Shanghai) Co., Ltd., a member of TÜV Rheinland Group (hereinafter "TÜV Rheinland" or "We"), was entrusted by Shenzhen Capchem Technology Co., Ltd. (hereinafter "Capchem" or "the Company") to conduct an independent third-party assurance of the 2025 Environmental, Social and Governance (ESG) Report (hereinafter, "Report"). The Report disclosed Capchem's ESG information for the fiscal year 2025 (from 1 January 2025 to 31 December 2025).

Responsibilities

Capchem is not only responsible for the preparation of ESG report and the collection and reporting of sustainability information in accordance with applicable reporting standards but also has the obligation to implement and maintain effective internal control of information and data to support the report compilation process.

TÜV Rheinland implements sustainability information assurance activities under a quality management system that complies with the requirements of the ISO/IEC 17029:2019 Standard and adheres to the TÜV Rheinland Global Code of Ethics and Compliance Program. Our assurance service follows the principles of independence and impartiality and does not participate in the preparation of Capchem's Report. The assurance project was implemented by a team with expertise and assurance experience in the corresponding sustainability issues. The role of TÜV Rheinland is to carry out independent assurance work in accordance with the assurance agreement and the agreed scope of assurance work, and to make independent and impartial professional judgments on sustainability reporting.

Assurance Standard

TÜV Rheinland undertook assurance work for the sustainability information disclosed in the Report of Capchem in accordance with the AccountAbility AA1000 Assurance Standard v3 (AA1000AS v3), Type 1 and Moderate level.

Assurance Objectives

The purpose of the assurance was to provide management of Capchem and stakeholders concerned with the Company's sustainability information and performance with an independent view of the assurance, including that we review and assess the content of the report adherence to the AA1000AP (2018) Assurance Principles (including inclusivity, materiality, responsiveness and impact).

Assurance Criteria

The following assessment criteria (including reporting frameworks or standards) were also used in undertaking the work:

- The Self-Regulatory Guidelines No.17 for Companies Listed on Shenzhen Stock Exchange - Sustainable Development Report (for Trial Implementation)
- The Shenzhen Stock Exchange Self-Regulatory Guidelines No. 3 for ChiNext-Listed Companies - Sustainability Reporting
- The Global Reporting Initiative Standards (GRI Standards), the Sustainability Reporting Standards (Version 2021)
- The General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1)
- The Sustainability Accounting Standards Board Standards (SASB Standards)
- The Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-ESG 6.0) of the Chinese Academy of Social Sciences
- Adherence to the AA1000AP AccountAbility Principles, i.e., *Inclusivity, Materiality, Responsiveness, and Impact*

Independent Assurance



Methodology

Our assurance activities and procedures include:

- Inquiring management to understand the company's business and reporting processes, including sustainability strategy, philosophy and management.
- Interviewing relevant executive personnel in key functions to understand and assess the processes, systems and controls related to sustainability management, including key management procedures, stakeholder engagement processes, topic materiality assessment processes, impact assessments, etc.
- Assessing available performance information based on sampling principles and document review.
- Collecting and inspecting supporting evidence to assess the extent to which relevant disclosures within the scope of the assurance engagement and sustainability reporting support and adherence to AA1000AP assurance principles.

Limitations

TÜV Rheinland planned and executed the verification in accordance with the scope of the assurance agreed upon and obtained evidence information and necessary explanations to provide the basis for the conclusion of the assurance in accordance with the moderate level of AA1000AS v3. The nature and extent (scope) of the procedures involved in moderate level assurance engagement are lower than those required to obtain high level assurance.

Forward-looking information relates to events and actions that have not yet occurred and may never occur. Actual results are likely to be different because expected events often do not occur as expected. We did not guarantee the availability of forward-looking information.

The information and performance relating to the assurance is limited to the disclosure of the contents of this Report. Our assurance work did not include financial report and its financial data, as well as other information not related to the subject matters of sustainability and beyond the scope of the assurance.

Conclusions

Based on the above assurance procedures and methodology performed and the evidence obtained, we conclude that there are no instances or information that would be contrary to the following statements:

- Capchem's 2025 ESG Report and its contents are in adherence to the AA1000AP AccountAbility Principles and ESG information is prepared in accordance with the Self-Regulatory Guidelines No.17 for Companies Listed on Shenzhen Stock Exchange - Sustainable Development Report (for Trial Implementation), and GRI Standards.
- Evidence of the use of relevant processes, systems and controls, and available performance information have been reviewed and assessed, and can reflect sustainability practices of the Company.

TÜV Rheinland shall not bear any liability or responsibility to a third party for perception and decision on Capchem based on this Assurance Statement.

Adherence to the AA1000AP AccountAbility Principles

Inclusivity

Capchem has identified its key stakeholder groups, including investors, regulators, customers, employees, suppliers and partners, the community and the public, etc., and established diversified communication channels. The Company has taken into account the opinions of stakeholders and included them in the "materiality assessment" process.

Materiality

Capchem has established a "double materiality" assessment matrix, which identified and prioritized financially material issues such as addressing climate change, environmental compliance management, occupational health and safety, and supply chain security. These issues are highly relevant to industry characteristics and business risks. The Board reviewed and approved the evaluation of the material issues.

Responsiveness

The diverse communication channels between Capchem and its key stakeholder groups usually included customer service, employee training, supplier training and audits, reporting and complaints, etc. The company adopted a four-element framework for disclosure of financially material issues, and has developed management policies, systems, objectives and action plans (e.g., the GROW model) for each material issue. This Report disclosed data on key performance indicators (e.g., carbon emissions, energy consumption, air pollutant emissions, work-related injuries, etc.) in response to significant concerns of stakeholders.

Impact

Evidence showed that Capchem focused on and controlled risks in areas such as environment and climate change, occupational health and safety, and supply chain. The company identified and assessed risks and opportunities for financially material issues (such as environmental compliance management, etc.) and conducted impact analysis on climate change issue. We recommend that Capchem make specific disclosures on impact assessments on other sustainability issues in the future.

Daniel Pan
 Technical Manager of Corporate Sustainability Services
 TÜV Rheinland (Shanghai) Co., Ltd
 Shanghai, China, 9 March 2026



Readers Feedback Form

Thank you for your time to read the 2024 Capchem ESG Report. In order to better provide valuable information to you and other stakeholders, and to enhance the capacity and performance of Capchem's ESG management, we welcome your comments and suggestions on the Report.

1.Which of the following categories of stakeholders do you belong to?

Investors Regulators Customers Employees Suppliers Industry associations External experts Media Others

2.What is your overall satisfaction rating with the Capchem ESG Report?

Very Satisfied Somewhat Satisfied Neither Satisfied nor Dissatisfied Somewhat Dissatisfied Very Dissatisfied

3.What is your satisfaction rating with the performance of Capchem in environmental, social and corporate development responsibility?

Environmental responsibility:

Very Satisfied Somewhat Satisfied Neither Satisfied nor Dissatisfied Somewhat Dissatisfied Very Dissatisfied

Social responsibility:

Very Satisfied Somewhat Satisfied Neither Satisfied nor Dissatisfied Somewhat Dissatisfied Very Dissatisfied

Corporate governance responsibility:

Very Satisfied Somewhat Satisfied Neither Satisfied nor Dissatisfied Somewhat Dissatisfied Very Dissatisfied

4.What is your satisfaction rating with the clarity, accuracy and completeness of the ESG disclosures in the report?

Clarity:

Very Satisfied Somewhat Satisfied Neither Satisfied nor Dissatisfied Somewhat Dissatisfied Very Dissatisfied

Accuracy:

Very Satisfied Somewhat Satisfied Neither Satisfied nor Dissatisfied Somewhat Dissatisfied Very Dissatisfied

Completeness:

Very Satisfied Somewhat Satisfied Neither Satisfied nor Dissatisfied Somewhat Dissatisfied Very Dissatisfied

5.What is your satisfaction rating with the content arrangements and design of the Report?

Very Satisfied Somewhat Satisfied Neither Satisfied nor Dissatisfied Somewhat Dissatisfied Very Dissatisfied

6. Other comments and suggestions:

Thank you for supporting our ESG work. If you have any other comments and suggestions on this report, please feel free to contact us through the following channels.

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