

Shanxi Taigang Stainless Steel Co., Ltd. Sustainability (ESG) Report

2025



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About This Report

This is the 18th annual Sustainability (ESG) report released by Shanxi Taigang Stainless Steel Co., Ltd. ("Taigang Stainless", "STSS", "the Company", or "we/our" for short), which is released simultaneously with the Company's annual report.

This report was approved and released at the 4th meeting of the 10th Board of Directors of the Company on April 24, 2026.

Reporting scope

The Report focuses on Shanxi Taigang Stainless Steel Co., Ltd. The Report covers Shanxi Taigang Stainless Steel Co., Ltd. and its subsidiaries.

Reporting period

The reporting period is from January 1, 2025 to December 31, 2025. To enhance the comparability and timeliness of the Report, some information dates back to previous years or refers to the first quarter of 2026.

Preparation Basis

This report is prepared mainly based on the *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation)*, *Self-Regulatory Guidelines No.3 for Companies Listed on Shenzhen Stock Exchange — Preparation of Sustainability Report* and the *Guidelines for the Preparation of CSR and ESG Reports for Subsidiaries of China Baowu Steel Group Corporation Limited (Baowu)*. It also references the United Nations Sustainable Development Goals (SDGs), the *GRI Sustainability Reporting Standards (GRI Standards)* issued by Global Sustainability Standards Board (GSSB), ISSB standards, the *China Corporate Sustainability Reporting Guidelines (CASS-ESG 6.0)* released by Chinese Academy of Social Sciences, and other guidelines and initiatives.

Data Information

The financial data in this report complies with the provisions of the *Chinese Accounting Law* and *Accounting Standards for Business Enterprises*, and has been audited in accordance with *National Auditing Standards*.

Preparation process

The preparation process for the Report covers team building, research on domestic and international policy trends, initiation training, data collection, stakeholder surveys, dual materiality analysis, framework establishment, report drafting, translation, design, review by departments and senior management, and report grading.

Reliability assurance

The Company ensures the completeness, materiality, balance, and comparability of the content disclosed in the Report, and systematically introduces the Company's philosophy, systems, actions, and performance in pursuing economic, environmental, and social development. The Company assures that this report is free of false records or misleading statements.

Reporting language and access

The Report is published in both Chinese and English versions. In the event of any discrepancies in understanding between the Chinese and English versions, the Chinese version shall prevail. Furthermore, this report is published in both print and electronic formats, with PDF version available on our website <http://tgbx.tisco.com.cn> for viewing or download.



Message from the Management

In 2025, we responded proactively to evolving industry trends and competitive dynamics, advancing high-end, intelligent, green, and efficient development. We focused on optimizing our structure, reducing costs, enhancing efficiency, strengthening the industrial chain, and mitigating risks. As a result, the value, innovation, and sustainability attributes of our steel products continued to rise, underpinning steady growth in operating performance.

During the year, we harnessed innovation as a key driver to drive breakthroughs in product and technology R&D.

Relying on the National Key Laboratory for Advanced Stainless Steel, we intensified efforts in tackling key core technologies, achieving five global first-to-market products and six domestic first-to-market products, alongside breakthroughs in ten landmark technologies. We also completed the domestic substitution of precision foils used in high-temperature superconducting substrates and photomasks. Our stainless steel for offshore photovoltaic mounting brackets has made its global debut, leading the material upgrade across the industry. In addition, our extra-thick stainless steel plates set a global delivery record among comparable products, effectively meeting increasingly differentiated and quality-driven demand.

During the year, we strengthened the synergy of value creation through organizational transformation.

A series of reform measures were implemented to reinforce fundamentals and invigorate operations, thereby accelerating efficiency gains. We deepened our customer-centered operating model and established a marketing structure of “headquarters + regional companies + branch offices.” This enables precise alignment of products and services with market demand, earning broad customer trust. At the same time, we advanced the reform of the “three institutional systems,” reinforcing the principle that value creation underpins value sharing and fostering the shared development of employees and the Company. We also stepped up reforms in primary-level management, building a lean, efficient, disciplined, and dynamic production environment and further enhancing lean manufacturing capabilities.

During the year, we advanced steadily on the path of green development while accelerating our transition toward intelligent manufacturing.

We continued to optimize our energy mix. Meanwhile, we actively promoted the industrial application of advanced technologies, including short-process steelmaking and carbon capture. Our full-process online carbon management platform obtained international certification, and our green steel products entered high-end European markets. We further expanded the application of “AI + steel,” with 324 industrial robots in operation and full remote online monitoring coverage of 77,300 units of equipment. Over 100 AI application scenarios were successfully implemented. Notably, our “Smart Cold-Rolled Stainless Steel Plant with Full-Process Closed-Loop Control” was recognized as a National Excellence-Level Smart Factory in 2025. The Company also obtained the China Manufacturing Maturity Model (CMMM) Level 3 certification and AAA-level certification for the integration of informatization and industrialization.

During the year, we fulfilled our mission by serving the broader national agenda.

Specifically, we demonstrated the responsibility of a “pillar of the country” in supporting national strategies, safeguarding industrial chain security, and contributing to regional development. We hosted industry-focused events, including launch conferences for “hand-torn steel” and silicon steel, to deepen collaboration across the industrial chain. We cultivated brand relationships built on quality trust, emotional resonance, and shared growth. In parallel, we advanced integrity culture development in close alignment with the customer-centered operating model. Leveraging the “three establishments and one manual” framework, we established an integrity management system covering all processes, positions, and dimensions, fostering the shared growth of the Company, customers, and employees.

Amid intensifying competition, those who press ahead with determination take the lead. Looking ahead, we will capitalize on momentum of high-quality economic and social development and ongoing industry transformation, and continue to pursue new breakthroughs. We will strengthen our leadership in advanced low-carbon stainless steel metallurgy and the deep integration of “AI + steel,” delivering more diversified products and solutions. By upholding value co-creation and shared success, we will lead industry transformation and upgrading and build a globally outstanding brand for China’s stainless steel industry, striving to become a global leader in the stainless steel industry.

Chairman

About Us

As a global stainless steel leader, Shanxi Taigang Stainless Steel Co., Ltd. boasts an annual production capacity of 14.56 million tons of steel, including 6.12 million tons of stainless steel. With total assets worth CNY 62.03 billion, the Company has 15,958 registered employees, 14,254 on-the-job employees and generates revenues of CNY 90.375 billion. During the reporting period, the Company produced 13.49 million tons of steel, including 5.61 million tons of stainless steel.

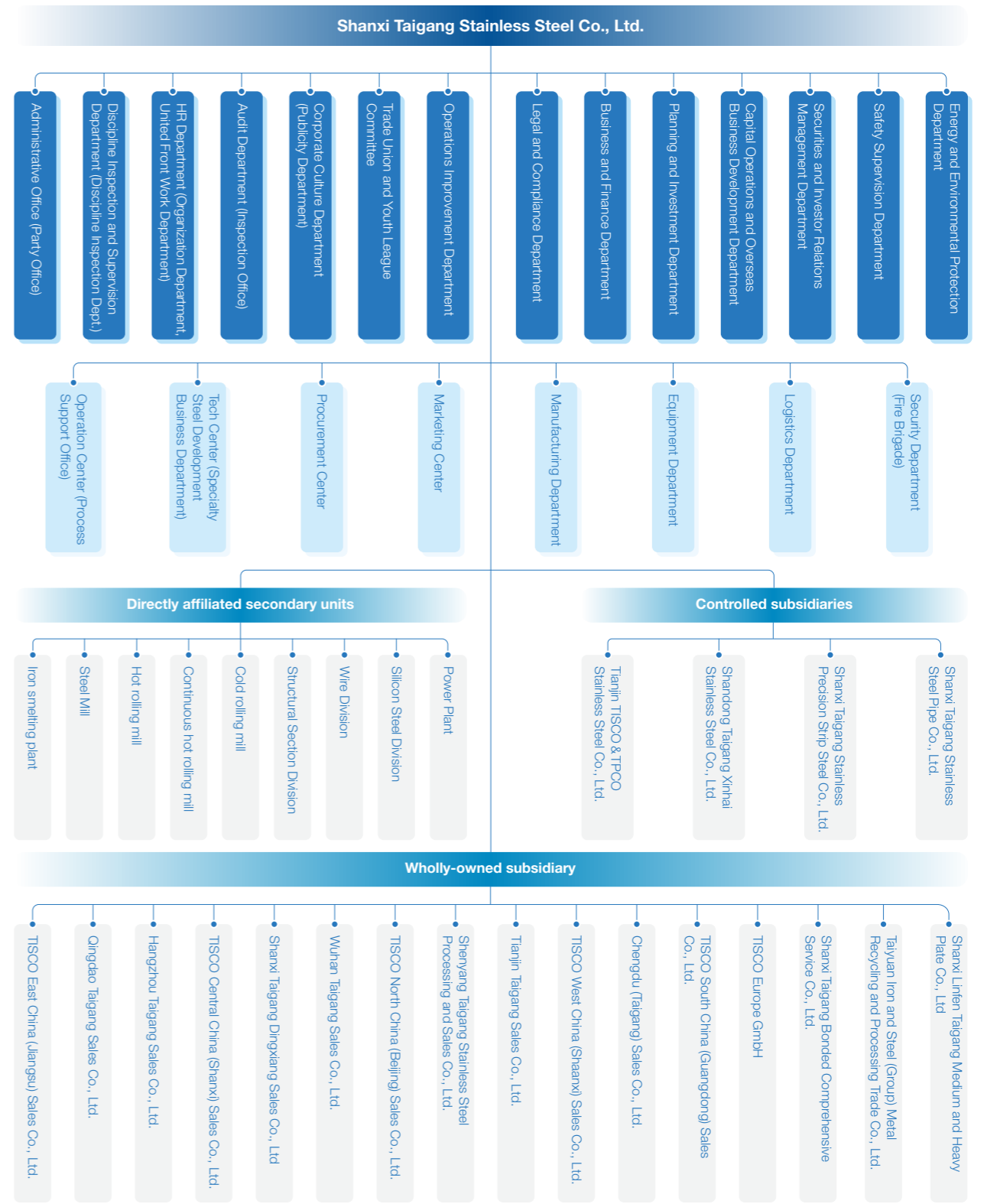
In October 1997, the Company was founded, which was solely initiated by Taiyuan Iron & Steel (Group) Co., Ltd. (TISCO) with additional capital raised through public funding. The Company was listed on the Shenzhen Stock Exchange in June 1998 (Stock Code: 000825). In June 2006, STSS acquired TISCO's core steel assets, bringing the Company a complete steel production process and supporting facilities. In December 2020, Shanxi State-owned Capital Investment and Operation Co. Ltd., which held 100% equity in TISCO, transferred 51% of it to China Baowu Group at no cost. As a result, China Baowu Group became the indirect controlling shareholder of the Company, and our actual controller changed from the State-owned Assets Supervision and Administration Commission of Shanxi Provincial People's Government to the State-owned Assets Supervision and Administration Commission of State Council (SASAC).

The Company focuses on specialty steel, with stainless steel as its core, and has established an integrated industry layout featuring coordinated development across inland and coastal regions under a "one headquarters with multiple bases" model. We specialize in the development of special steel, especially stainless steel. We have established innovation platforms such as the national key laboratory for advanced stainless steel materials and the national physical and chemical laboratory, with over 800 core and proprietary technologies containing independent intellectual property rights, primarily in stainless steel. We have led or participated in the formulation of more than 70% of China's stainless steel plate and strip standards. The Company has developed a portfolio of high-efficiency, energy-saving, and long-lifespan steel products, including stainless steel, cold-rolled silicon steel, and high-strength, high-toughness steel. Our stainless steel products cover plates, strips, wires, tubes, and extreme specifications such as ultra-wide, ultra-thick, and ultra-thin materials. Our cutting-edge products, such as pen-tip steel, hand-torn steel, nuclear-grade stainless steel, railway-grade steel, duplex stainless steel, and high-grade silicon steel for new energy vehicles, are renowned at home and abroad. "TISCO-brand" stainless steel has been recognized as a "China Famous Brand Product" and the "Most Influential Stainless Steel Brand in China."

The Company follows a green and low-carbon development path and have established a relatively complete circular economy chain covering solid, liquid, and gaseous waste. We have been recognized as one of the first batch of national green factories, with this status continuously maintained. Our coking, sintering, blast furnace, and rolling processes meet the deep treatment emission limit requirements (i.e., ultra-low emission standards) and are at an advanced level in the iron and steel industry globally. Focusing on high-end, intelligent, green, and efficient development, we enhance overall competitiveness by improving cost efficiency and organizational vitality, accelerate the development of a modern stainless steel industrial system. We are building a globally competitive high-tech enterprise across the full stainless steel value chain.

Looking ahead, the Company will take "becoming a global leader in the stainless steel industry" as our vision and "supporting advanced manufacturing and creating a better life" as our mission, with "becoming stronger and better" as our core objective. We are committed to strengthening our foundation through technology, improving efficiency through reform, advancing green upgrading and intelligent empowerment, and enhancing synergy. We are dedicated to reinforcing our core functions and competitiveness, and building a world-class stainless steel enterprise featuring excellent products, a strong brand, leading innovation, and modern governance.

Organizational Structure



Note: On May 22, 2025, No.1 Steel Mill and No.2 Steel Mill were merged into the Steel Mill.
 On May 23, 2025, the marketing structure was optimized. The five sales companies were repositioned as regional headquarters and renamed respectively (East China, Central China, North China, West China, and South China Companies).
 On July 8, 2025, the Planning and Development Department and the Engineering Management Department were integrated to form the Planning and Investment Department.
 On January 4, 2026, the Environmental Protection Department was renamed the Energy and Environmental Protection Department; the Energy Department was renamed the Power Plant.

Corporate Culture

Mission

To support advanced manufacturing and create a better life

Vision

To become a global leader in the stainless steel industry

Corporate Spirit

Li Shuangliang Spirit

Values



Integrity



Innovation



Green



Collaboration

Sub-culture

Integrity culture

Innovation culture

Safety culture

Quality culture

Green culture

Marketing culture

Responsibility culture

Integrity culture

Sustainability Performance



Comprehensive Sustainability/ESG Awards



Included in the "China ESG Listed Companies: Central SOE Pioneer 100 (2025)" list



Wind ESG Rating

A



Huazheng Index ESG Rating

A



2025 China Steel Enterprise ESG Rating by China Metallurgical Industry Planning and Research Institute

AAA



Awarded **Five-Star** ESG Report by the China Expert Committee on CSR Report Rating for **nine** consecutive years



"GoldenBee 2025 Excellent Corporate Sustainability Report – Leading Enterprise Award"



"GoldenBee ESG Competitiveness · Sustainable Product & Service Award"



Sustainability/ESG Practice Awards



"Smart Cold Rolling Stainless Steel Plant with Full-Process Closed-Loop Control" was recognized as an "Excellent-Level Smart Factory" by the Ministry of Industry and Information Technology (MIIT) and five other ministries.



The social responsibility practice case, "Technology-Driven Innovation for Unlocking the Potential of Hand-Torn Steel," was selected for the 2025 Blue Book on the Social Responsibility of China's Steel Industry.



The social responsibility practice case, "Independent Development of Ultra-Low Temperature Steel for LNG Storage Tanks, Elevating China's Mega LNG Tank Construction from Follower to Leader," was recognized as a benchmark case by China Baowu.



The social responsibility practice case, "Localization of Key Stainless Steel Materials for Molten Salt Energy Storage Power Stations Supporting National Energy Structure Transformation," was recognized as an excellent case by China Baowu.



The signature social responsibility project, "Water Circulation Powers the 'Green Engine' of the Fen River," was selected as one of China Baowu's first batch of responsibility brand projects in 2025.



The sustainability case, "Addressing Water Use Challenges and Protecting Shanxi's Mother River," was selected into the GoldenBee 2025 Responsible Competitiveness Case Collection.

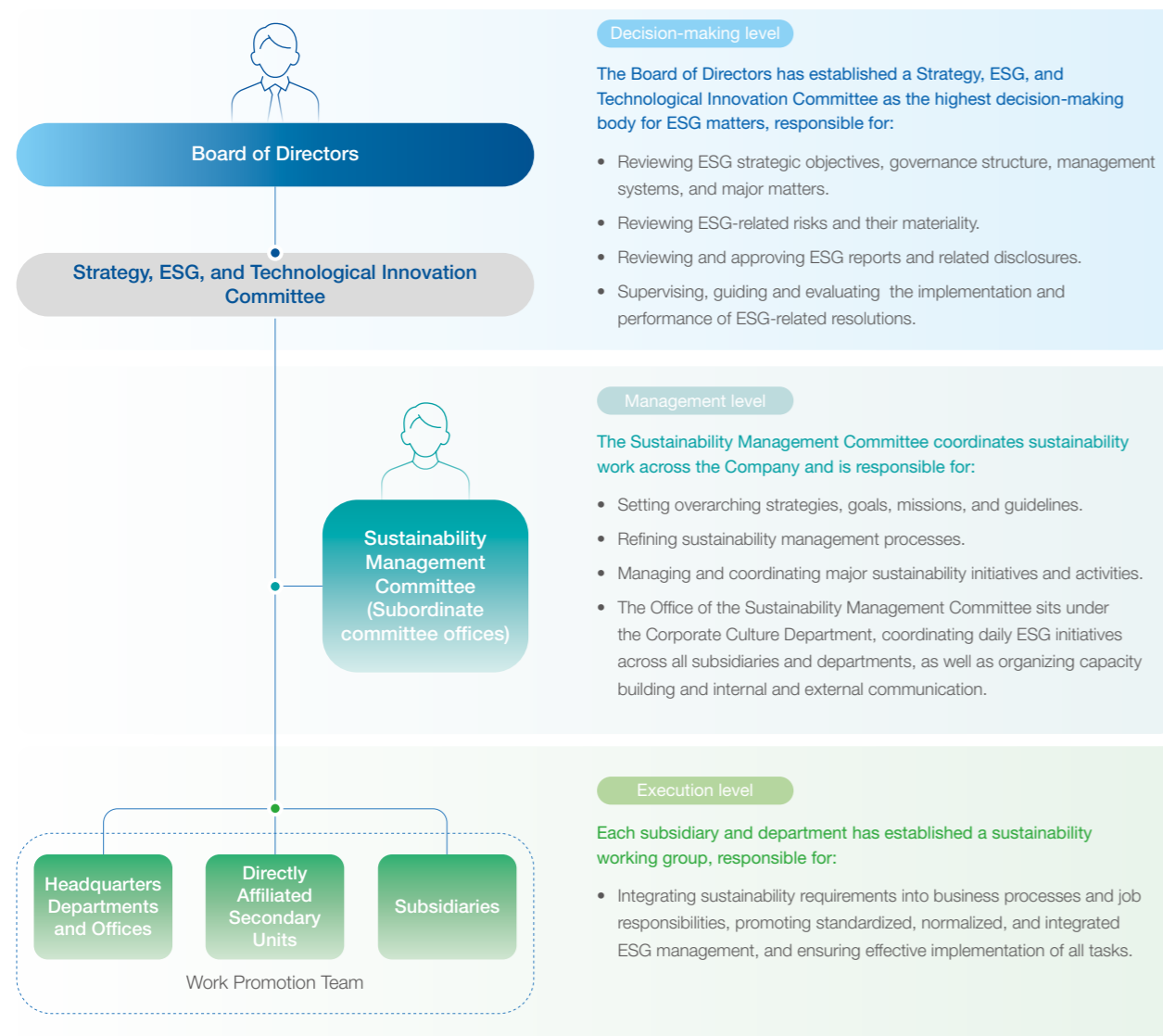


Sustainability Management

Upholding the social responsibility principle of "leveraging stainless steel know-how to create exceptional quality and generating value for stakeholders," the Company upholds the responsibility philosophy of "leveraging stainless steel know-how to create exceptional quality and generating value for stakeholders," and regards sustainable development as the core driver of enduring business success. The Company continuously integrates ESG principles into our strategy and operations. In 2025, we further refined our sustainability governance system, optimized management mechanisms, and strengthened risk control. We also enhanced our capacity to fulfill responsibilities, and advanced responsible business practices with our stakeholders while co-creating long-term corporate value.

Management Structure

The Company has established a well-defined, tiered ESG management framework, forming a three-tier interactive system of decision-making, management, and execution. It ensures that sustainability matters are integrated into daily operations at all levels and help enhance our management performance.



Organizational structure for sustainability management

The Company actively integrates ESG into our strategic planning and annual business plans. Specifically, it serves as a core indicator in the 2025 Performance Evaluation, the 2025 Comprehensive Assessment, and the list for benchmarking and identifying gaps against world-class enterprises. Guided by the Board-approved remuneration and performance evaluation framework, we sign annual performance responsibility agreements with the management team. These agreements incorporate KPIs such as the green development and digital intelligence indices, low-carbon transition, and total energy consumption. Based on their ESG responsibilities, the Company sets differentiated performance indicators and weightings, linking evaluation results to these scores, with final outcomes subject to Board approval. These requirements also extend to post-investment management of investee companies and the performance evaluation of appointed directors.

Due Diligence

The Company has established a systematic ESG due diligence mechanism to effectively identify, assess, and responds to potential adverse impacts and risks related to sustainability in our operations and investments. The mechanism is guided and overseen by the Board's Strategy, ESG, and Technological Innovation Committee and coordinated by the Sustainability Management Committee. It covers key areas including environmental compliance, carbon emissions management, product quality, employee rights protection, business ethics, and overseas investment and operations.

In practice, The Company systematically identifies ESG risks associated with our operations and long-term equity investments. These measures include environmental and social impact assessments, supplier ESG due diligence, investment project compliance reviews, third-party risk assessments, and internal audits. These due diligence findings are regularly reported to the Board and stakeholders. They serve as a critical basis for optimizing our ESG management system and formulating risk response measures, ensuring compliant, transparent, and responsible sustainability management across all business areas.

Capacity Building

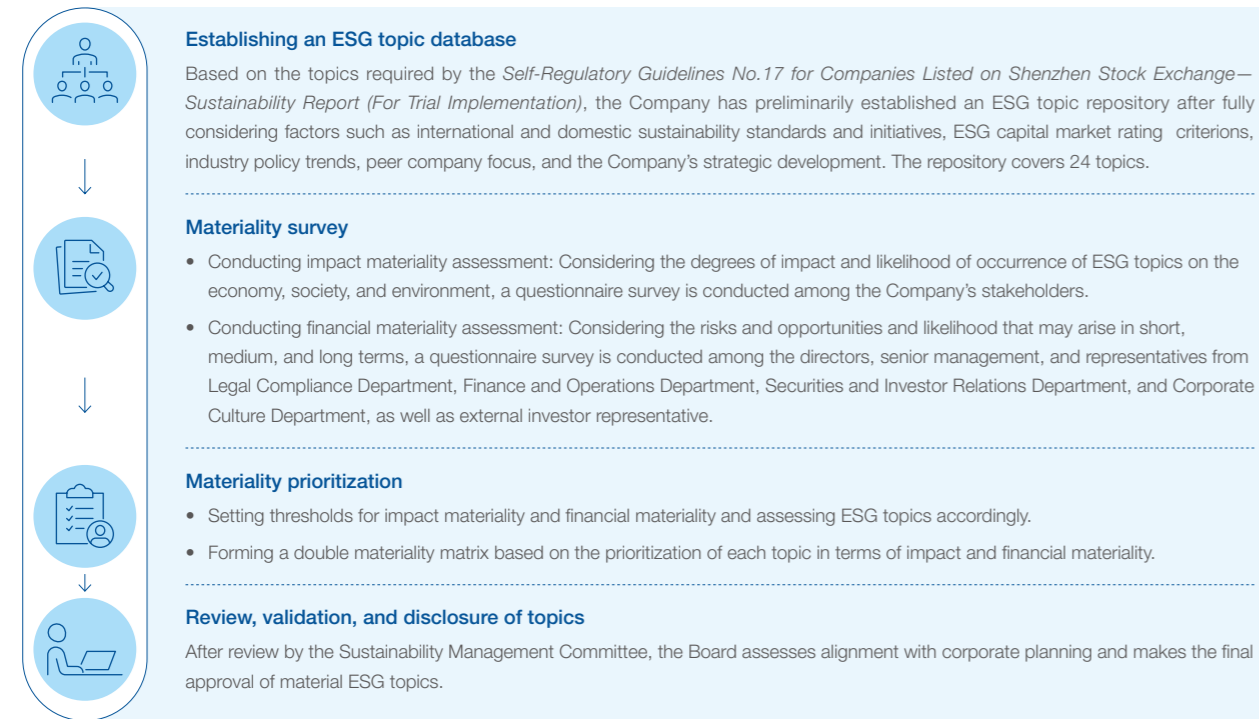
The Company continuously strengthens ESG capacity building by establishing the STSS CSR/ESG Work Group on the Baowu chatting platform. We actively participate in online training and exchanges organized by leading ESG institutions to enhance our sustainability management capabilities. We also organize dedicated training on sustainability/ESG reporting to continuously improve ESG awareness and responsibility performance across all levels. In 2025, the Company had 120 participants in the ESG training sessions.

Transparent Communication

The Company prioritizes environmental information disclosure, social value communication, and stakeholder engagement, conducting regular and systematic outreach activities. In 2025, leveraging Public Open Days as a key platform, the company hosted 338 groups totaling 18,238 participants. These visitors represented a range of stakeholders, including government bodies, business clients, professional research organizations, educational institutions and students of all levels, as well as the general public and employees. These initiatives successfully promoted ESG principles, showcased our corporate image, and co-created social value.

Double Materiality Assessment

Recognizing the critical importance of material topics to our sustainable development, the Company conducts an annual materiality assessment of sustainability issues. The assessment results serve as a core basis for strategic planning, risk management, and information disclosure. In 2025, we continued to carry out double materiality assessment with reference to relevant international disclosure standards and methodologies, with focused responses disclosed in this report.



Double materiality assessment process for sustainability topics



Stakeholder Engagement

The Company has established a comprehensive communication mechanism to maintain active and in-depth engagement with stakeholders through various channels. During the preparation of this report, we proactively conducted stakeholder surveys to understand their concerns and expectations and incorporated them into our decision-making processes.

Stakeholders	Expectations and demands	Response methods
<p>Government and regulatory authorities</p>	<ul style="list-style-type: none"> Compliant and legal operation, and integrity in business Job creation Contributing to the "Dual Carbon" goals Environmental compliance management 	<ul style="list-style-type: none"> Field research Group discussions Compliance information disclosure
<p>Shareholders</p>	<ul style="list-style-type: none"> Stable investment return Operational compliance Risk and crisis Management Business information disclosure 	<ul style="list-style-type: none"> Shareholders' meetings Investor meetings Earnings announcements Press releases/announcements
<p>Customers</p>	<ul style="list-style-type: none"> Contract fulfillment with integrity High quality products Quality services 	<ul style="list-style-type: none"> Customer satisfaction surveys Customer complaints and countermeasures Product promotion activities
<p>Suppliers</p>	<ul style="list-style-type: none"> Honesty and integrity Openness and fairness Mutual benefits 	<ul style="list-style-type: none"> Supplier trainings Exchange meetings
<p>Employees</p>	<ul style="list-style-type: none"> Protection of rights and interests Career development Occupational health Humanistic care 	<ul style="list-style-type: none"> Employee communication activities Employee trainings Care and assistance activities Internal publications, WeChat official account and others
<p>Partners</p>	<ul style="list-style-type: none"> Honesty and mutual benefits Long-term stable relationship 	<ul style="list-style-type: none"> Exhibitions Project cooperation
<p>Peers</p>	<ul style="list-style-type: none"> Fair competition Industry development 	<ul style="list-style-type: none"> Industry exchange meetings
<p>Communities</p>	<ul style="list-style-type: none"> Paying attention to community development Strengthening community communication Engagement in social welfare 	<ul style="list-style-type: none"> Public welfare activities Community communication Public Open Day
<p>Media</p>	<ul style="list-style-type: none"> Information disclosure and transparency 	<ul style="list-style-type: none"> Press releases/announcements Official media platforms

CSR Spotlight

Forged Through a Hundred Trials for the Stainless Steel Legend
STSS's CSR Report Card During the 14th Five-Year Plan Period

On May 12, 2020, President Xi Jinping, during his visit to STSS Precision Strip, emphasized that products and technologies are the foundation of enterprise survival and development. He encouraged companies to continue advancing technological innovation and make greater contributions to supporting advanced manufacturing.

Over the past five years, Taigang Stainless has borne in mind President Xi Jinping's guidance, taking becoming a global leader in the stainless steel industry as our vision and supporting advanced manufacturing and creating a better life as our mission. We adhere to our CSR philosophy of leveraging STSS know-how to create exceptional quality and generating value for stakeholders, with a clear focus on high-end, intelligent, green, and efficient development. Consequently, we have delivered solid progress in technological innovation, industrial upgrading, green transformation, and efficiency enhancement, forging a timeless STSS legend with unwavering determination.

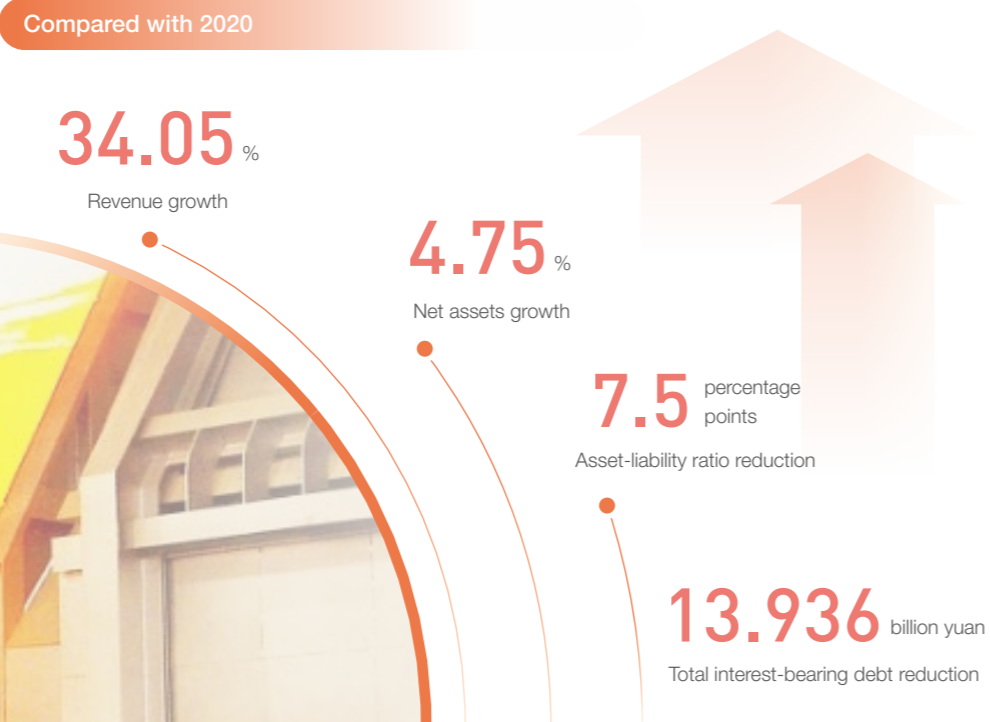
High-end

Enabling strategic equipment and leading industry advancement

Guided by the "Four Orientations" — focusing on exploring global scientific and technological frontiers, serving main economic sectors, meeting major national needs, and safeguarding people's life and health—we drive product upgrading through technological innovation, and accelerate the development of differentiated. Built on these efforts, we continue advancing toward the forefront of the global stainless steel industry.

Historic breakthroughs in industrial layout

The Company has established an integrated structure featuring coordinated inland and coastal development under a "one headquarters with multiple bases" model. Our annual capacity reaches 14.56 million tons of steel, including 6.12 million tons of stainless steel.



Expanded high-end product portfolio

"Taigang-made" has empowered iconic national heavy equipment from aerospace to deep-sea applications. A wide range of advanced and specialty products, including hand-torn steel, chip steel, and 1000 MPa-grade ultra-high-strength yoke steel, has been developed. The Company has also achieved breakthroughs in critical materials such as ultra-pure ferritic steel, nickel-based alloy, Invar alloy, Hastelloy precision foil, and stainless steel for LNG membrane tanks. These products are widely applied in aerospace, defense, energy, transportation, and high-end equipment fields, supporting the localization of core equipment.

During the 14th Five-Year Plan period



Increasingly evident differentiated competitive advantages

Guided by market demand, the Company is stepping up R&D of new products, with a focus on stainless steel and high-end specialty steel. Our goal is to lead the consumption upgrade of materials used in high-end equipment manufacturing, green and low-carbon initiatives, infrastructure, and key livelihood sectors.

As of the end of 2025



Q Taigang Stainless Launches Optimization and Upgrade Project for Continuous Hot Strip Mill

On December 30, 2024, Taigang Stainless held a kick-off ceremony for the optimization and upgrade project of its hot strip mill. As a strategic priority, this project is pivotal to advancing our differentiated development strategy, enhancing product quality, adjusting product mix, and establishing a premier R&D and manufacturing hub. The project centers on the construction of a new 1,780mm continuous hot strip rolling line and supporting public and auxiliary facilities. Upon completion, it will significantly elevate our equipment capacity and level of intelligent manufacturing, catering to the demand of thinner and higher-quality stainless steel and silicon steel products. This milestone lays a solid foundation for fortifying our core competitiveness and positioning Taigang Stainless as a global leader in the stainless steel industry.



Enhancement of technological innovation capabilities

The Company has advanced the establishment of three national-level platforms: the National Key Laboratory for Advanced Stainless Steel, the National Stainless Steel Industry Metrology and Testing Center, and the High-Quality Specialty Steel Materials Pilot Platform cultivated by the Ministry of Industry and Information Technology (MIIT).

During the 14th Five-Year Plan period

100+
Led or participated in the development and revision of National, industry, and association standards

70% +
Share of China's stainless steel sheet and strip product standards

1,726
Patent applications

55
National, provincial and municipal projects approved

Intelligent

Reshaping operational paradigms in manufacturing with digital empowerment

The Company is accelerating the deep integration of "AI + Steel," building a digital management system under a "one headquarters with multiple bases" model and creating a new paradigm of full-process intelligent manufacturing. We have established an integrated operations platform and advanced the transformation project featuring mechanized labor substitution, automated workforce reduction and intelligent unmanned operation. These efforts comprehensively empower the development of new quality productive forces.

During the 14th Five-Year Plan period

1
National-level smart factory

1
Provincial-level smart factories



2025

98%
Visualization rate of key operational data at the headquarters

67%
Cross-base operational efficiency improvement



90%
Information system coverage of core business processes

93%
Automated management report generation rate

Established a 1+6 Intelligent centralized control system,

85% Main production processes under intelligent centralized control **86%** Digital control rate of key processes

324
Industrial robots deployed

77,300
Units of equipment under remote online monitoring



Shanxi's first batch of certified enterprises
Level 3 certification for China Manufacturing Maturity Model (CMMM)
AAA certification for the integration of informatization and industrialization

Q Intelligent upgrade of the 4,300mm medium-thickness plate production line

The 4,300mm medium-thickness plate production line at the hot rolling mill is currently China's largest in unit rolling capacity. It also boasts the highest level of automation and the most comprehensive product range among energy-efficient and low-carbon plate lines. Through intelligent upgrading, the Company has optimized production processes and strengthened process control, further enhancing our advantages in wider and thicker specifications, high-end product mix, and superior quality.

Green

Leading low-carbon transformation to safeguard ecological sustainability

As one of the first national green factories, the Company firmly pursues a path of ecological priority and green development. We integrate environmental protection into all aspects of production and operations, and protect blue skies and clear waters through concrete actions.

Environmental management upgrade

Our coking, sintering, blast furnace, and rolling processes meet deep treatment limit requirements, achieving a globally advanced level in the steel industry.

Compared with 2020



18.2 %

Reduction in air pollutant emissions per ton of steel

7.0 %

Reduction in carbon emissions per ton of steel

10.2 %

Reduction in energy consumption per ton of steel



2025

46,000 tons/day

Reclaimed water supplied to Fen River for landscape use

99.62 %

Utilization rate of solid waste

70 %

Application rate of new energy technologies

6.2 %

Proportion of renewable electricity consumption

Gold Award of the Sustainability Award from the World Stainless Association for "Ecological Dual Circulation Management of water system"

Recognized as an "Energy Efficiency Benchmark" enterprise by the China Iron and Steel Association (CISA), the only water-saving benchmark in the first batch of Shanxi Province's water-saving enterprises, and selected as a typical case of water-saving industrial enterprises with high-quality development in the Yellow River Basin

Deepening the dual carbon strategy

The Company has built a full-process online carbon management platform and accelerates the development and application of breakthrough low-carbon technologies to promote low-carbon transformation across end-to-end processes and all factors. We expand distributed photovoltaic generation, increase green electricity procurement, and scale up biomass energy use to continuously raise the share of renewable energy.

During the 14th Five-Year Plan period

7 Environmental Product Declarations (EPDs) issued

Full-process online carbon management platform certified by TÜV SÜD

4 Low-Carbon steel products with international certification released, with 3,970+ tons of cumulative sales

SUS304 and SUS301 certified to SCS Recycled Content for up to 98% recycled content

Green steel products exported to high-end European markets

TISCORE, a green and low-carbon grain-oriented silicon steel brand, was launched globally, with its carbon footprint reduced by 75% compared to conventional processes

Commissioned 8.52 MW of photovoltaic capacity

Efficient

Driving performance and unlocking internal momentum through lean management

The Company deepens the "value-based management" approach, focusing on market demand and balancing local and system-wide as well as short- and long-term benefits. We implement full-process value accounting to continuously unlock value creation potential.

Compared with 2020

26.24 %

Crude steel output growth

10-15 days

Delivery cycle for key products

94.42 %

Contract fulfillment rate of stainless steel

CNY 270 million

In 2025, synergy benefits from integrated operations under the "One Headquarters, Multiple Bases" model



Building a customer-centered lean manufacturing system

The Company adheres to a customer-centered approach and embeds lean manufacturing throughout our operations. Focusing on integrated quality, cost, and logistics management, we build a delivery-oriented flexible manufacturing system. Capitalizing on China Baowu's "2526" initiative, we empower lean manufacturing with AI, applying large models including DeepSeek across 23 planned scenarios to achieve efficient end-to-end operations from market demand to product delivery.

Integrity- Driven Long- Term Success

Taigang Stainless strengthens its foundation through Party building, enhances operational stability through sound governance and creates value through integrity. By upholding compliance, integrity and responsibility, the Company is reinforcing its management foundation and building momentum for sustainable development, thereby supporting steady and high-quality long-term growth.

14

Board meetings

0

Major legal and compliance risk incidents

50+

Proposals reviewed and approved

100 %

Employee signing rate of *Compliance Commitment Letters*

Contributions to UN SDGs

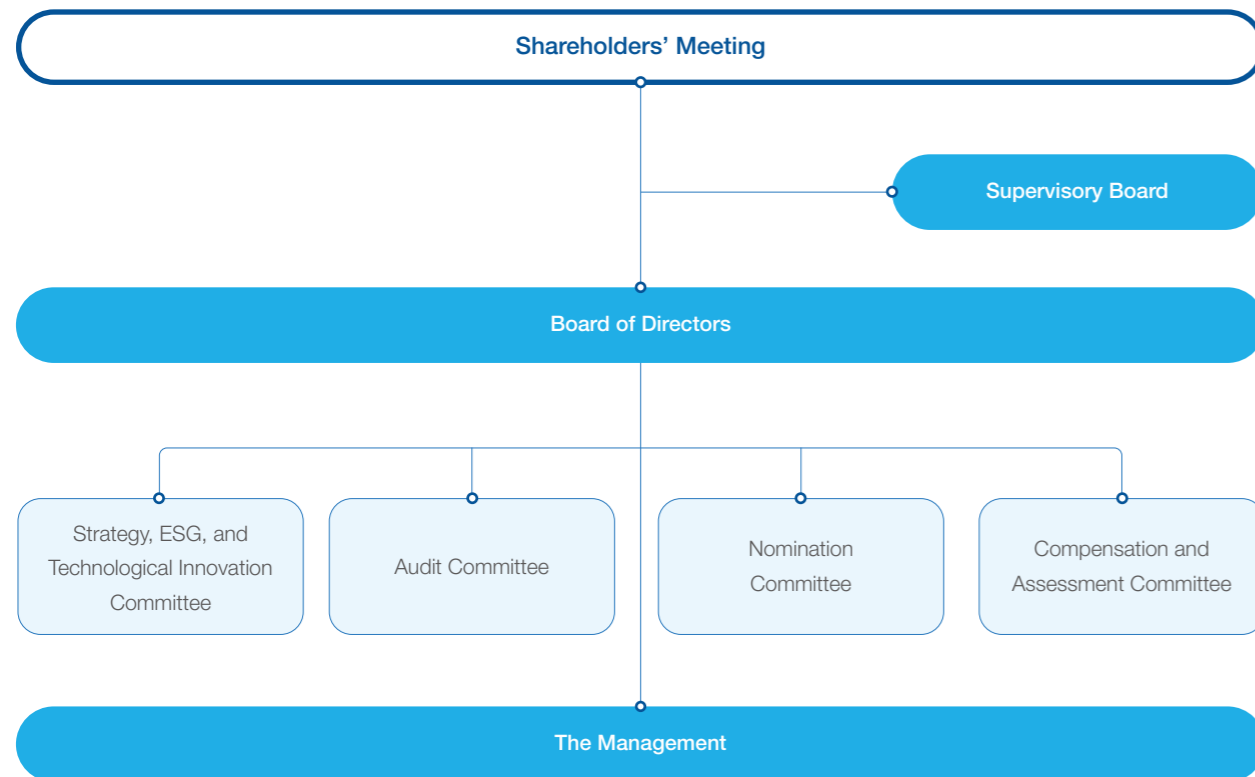


Sound Governance for Steady and Sustainable Progress

The Company strictly complies with relevant laws, regulations and requirements for listed companies, including China's *Company Law*, the *Code of Corporate Governance for Listed Companies*, and the *Basic Norms for the Internal Control of Enterprises*. The Company continues to enhance governance capabilities, deepen engagement with investors, optimize our risk management framework, strengthen business ethics, and advance integrity culture, laying a solid foundation for stable operations.

Governance mechanisms

The Company has established a governance structure with effective checks and balances, supported by a well-functioning internal control system. The respective responsibilities and authorities of the Shareholders' Meeting, Board of Directors, Board of Supervisors, and the management are clearly defined, and strictly exercised in accordance with prescribed procedures. The Shareholders' Meeting is the highest decision-making body while the Board of Directors is accountable to it. The Board oversees four specialized committees: the Strategy, ESG, and Technological Innovation Committee, the Audit Committee, the Nomination Committee, and the Compensation and Assessment Committee. These specialized committees report to the Board. The Board of Supervisors, the Company's supervisory body, is accountable to the Shareholders' Meeting. Senior management—comprising the General Manager, Deputy General Managers, Chief Financial Officer, and Board Secretary—consists of highly qualified professionals with extensive technical expertise and industry experience, providing solid management support to drive sustainable, high-quality growth.



Board diversity

A well-balanced Board composition supports sound and rigorous decision-making. The Company continues to enhance Board diversity and optimize its structure across multiple dimensions, including cultural and educational backgrounds, professional skills, work ethics, and industry experience. Board members bring extensive experience in corporate management, governance, green development, steel manufacturing, as well as legal and financial fields, bringing diverse perspectives that strengthen strategic decision-making.

Board independence

During the reporting period, the Board of Directors comprised 11 members, including 7 directors and 4 independent directors, with each term lasting three years. Independent directors account for one-third of the Board, and more than half of the directors are from outside the company. The company has formulated the *Independent Director System*, and all independent directors meet the independence requirements stipulated in the *Administrative Measures for Independent Directors of Listed Companies* and relevant regulatory rules, with no circumstances that may affect their independent judgment. The *Articles of Association*, clearly state that directors have the duties of diligence and loyalty to the company, and should take measures to avoid conflicts of interest between their own interests and those of the company, and shall not use their positions to seek improper benefits. Independent directors are required to provide formal declarations of independence and commitments to perform their duties upon nomination.

In addition, the Company has established the *Rules of procedure for the Board of Directors*, requiring a majority of directors to be present for meetings with the minimum attendance rate of 50%, to ensure independence and effective operation. During the reporting period, the average attendance rate of the company's board members at board meetings was 100%.

Standardized operations

The Company actively implements the revised *Company Law* and relevant regulatory requirements issued by the China Securities Regulatory Commission. We have completed amendments to the articles of association, Board re-election, the election of staff directors, and reforms of the Board of Supervisors. We have also organized directors and executives to participate in corporate governance training programs conducted by regulatory authorities including the China Association for Public Companies, Shenzhen Stock Exchange, and the Shanxi Securities Regulatory Bureau. Such training sessions, both online and offline, have enabled us to continuously elevate the standardization and effectiveness of corporate governance.

	Name	Gender	Committee membership	GICS primary level industry classification	Professional background			The total pre-tax remuneration received from the Company (CNY 10,000)
					Steel industry management	Finance management	Legal compliance	
Non-independent Director	Wu Xiaodi	Male	Strategy, ESG, and Technology Innovation Committee	Raw Materials - Metals & Mining	✓			/
	Li Hua	Male	Strategy, ESG, and Technology Innovation Committee	Raw Materials - Metals & Mining	✓	✓		/
	Shang Jiajun	Male	Strategy, ESG, and Technology Innovation Committee Nomination Committee	Raw Materials - Metals & Mining	✓			75.97
	Zhang Xiaodong	Male	Audit Committee	Raw Materials - Metals & Mining		✓		/
	Nan Hai	Male	Strategy, ESG, and Technology Innovation Committee	Raw Materials - Metals & Mining	✓			77.22
	Wang Qingjie	Male	Compensation and Assessment Committee	Raw Materials - Metals & Mining	✓			/
	Niu Guodong	Male	-	Raw Materials - Metals & Mining	✓			35.01
Independent directors	Liu Xinquan	Male	Audit Committee Compensation and Assessment Committee	Raw Materials - Metals & Mining	✓		✓	12.5
	Wang Jianhua	Male	Nomination Committee Compensation and Assessment Committee	Raw Materials - Metals & Mining	✓			12.5
	Wang Dongsheng	Male	Audit Committee Nomination Committee	Raw Materials - Metals & Mining		✓		12.5
	Zhang Qisheng	Male	Strategy, ESG, and Technology Innovation Committee	Raw Materials - Metals & Mining	✓			12.5

Note: The directors and independent directors disclosed above are current members. The entry "The total pre-tax remuneration received from the Company" marked with "/" indicates that the remuneration was obtained from the Company's affiliated parties. For details on tenure, shareholding, and remuneration, please refer to the Company's 2025 Annual Report.

Investor relations management

The Company places importance on investor relations management and actively practices the concept of two-way value communication. We continue to broaden our channels for information disclosure and investor engagement.

Information disclosure

The Company strictly complies with relevant laws and regulations, ensuring the timeliness, accuracy, completeness and compliance of information disclosure. We prioritize active communication with the media. Key updates on major projects, operations, environmental protection, and technological innovation are released through platforms, including *China Securities Journal*, *Securities Times*, *Shanghai Securities News*, *Securities Daily*, and CNINFO (<http://www.cninfo.com.cn>). These serve as vital channels for investors and the public to learn about Taigang Stainless. During the reporting period, we issued 62 announcements, comprising 4 periodic reports and 58 interim reports.

Investor engagement

The Company engages with investors through diversified channels, including Shenzhen Stock Exchange *EasyIR* Platform, online reception days, results briefings, on-site visits, and research meetings. Through interactions covering industry trends, corporate governance, development strategies, sustainability, and operating performance, we promptly address investor concerns, boosting our corporate image and market recognition.

Holding a results briefing via global live stream

In 2025, Taigang Stainless held its interim results briefing via global livestream on Panorama Network for the first time, attended by over ten institutional investors. Through interactive engagement, investors gained a deeper understanding of the Company's fundamentals and its interim performance.



2025 interim results live briefing



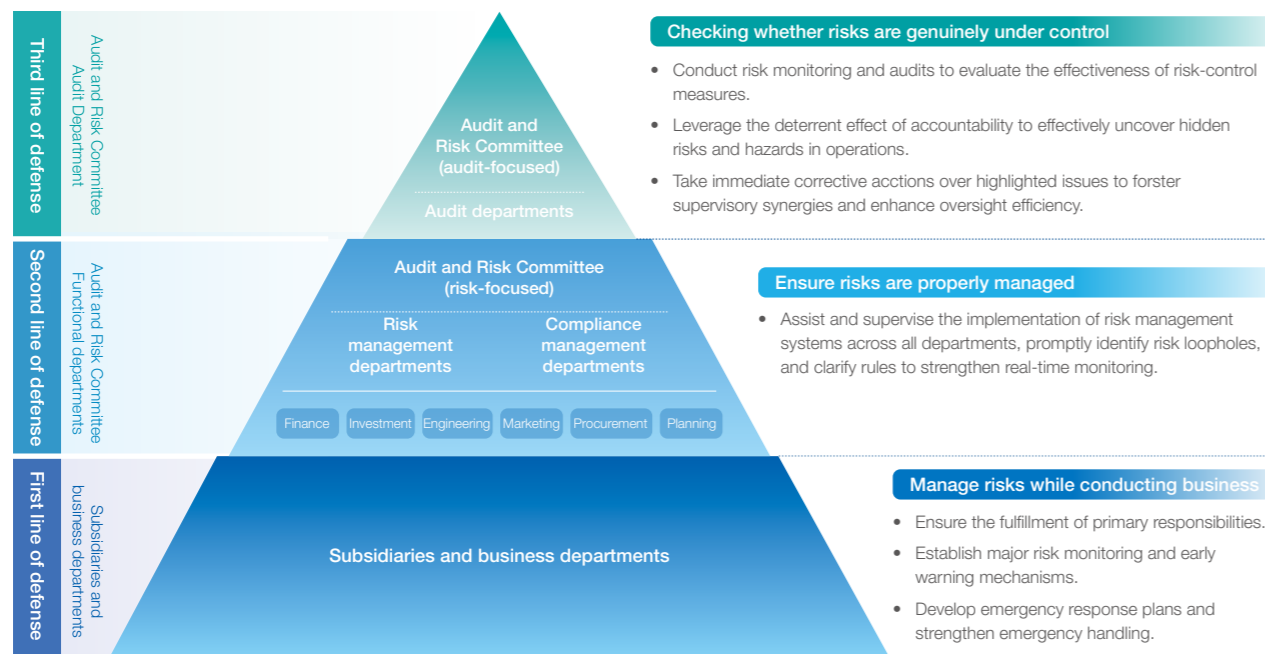
Scan the QR code to watch the replay of the 2025 interim results briefing

Risk management

The Company regards risk management as the cornerstone of sound operations. We continuously strengthen our systematic framework and refine the closed-loop process of "identification, assessment, response, and monitoring." We proactively address emerging risks, such as industry cycles and carbon compliance, and advance risk management toward greater precision and full involvement, establishing a long-term mechanism for sustainable, high-quality development.

Risk management system

The Company fully leverages the roles of the Party Committee, the Board of Directors, and management team in risk governance. The Party Committee defines strategic direction and compliance boundaries and assumes political responsibility for major risk prevention. The Board, as the supreme decision-making body, approves risk strategies and oversees implementation, while the management team executes daily risk management and ensures effective implementation. Guided by the principle that "business management entails risk management, and supervision entails risk prevention," the Company has established a coordinated three lines of defense system with clearly defined responsibilities.



Three lines of defense system

Risk management process

Grounded in its operational realities, the Company has established the "1+2+3+4+N" risk control framework for 2025. This framework supports a comprehensive, closed-loop risk management process covering identification, assessment, response, and oversight. Through regular risk exposure reviews, process audits, and the cultivation of a risk-aware culture, we are driving the refinement of risk control to achieve dynamic optimization and full involvement.

Key Performance 2025

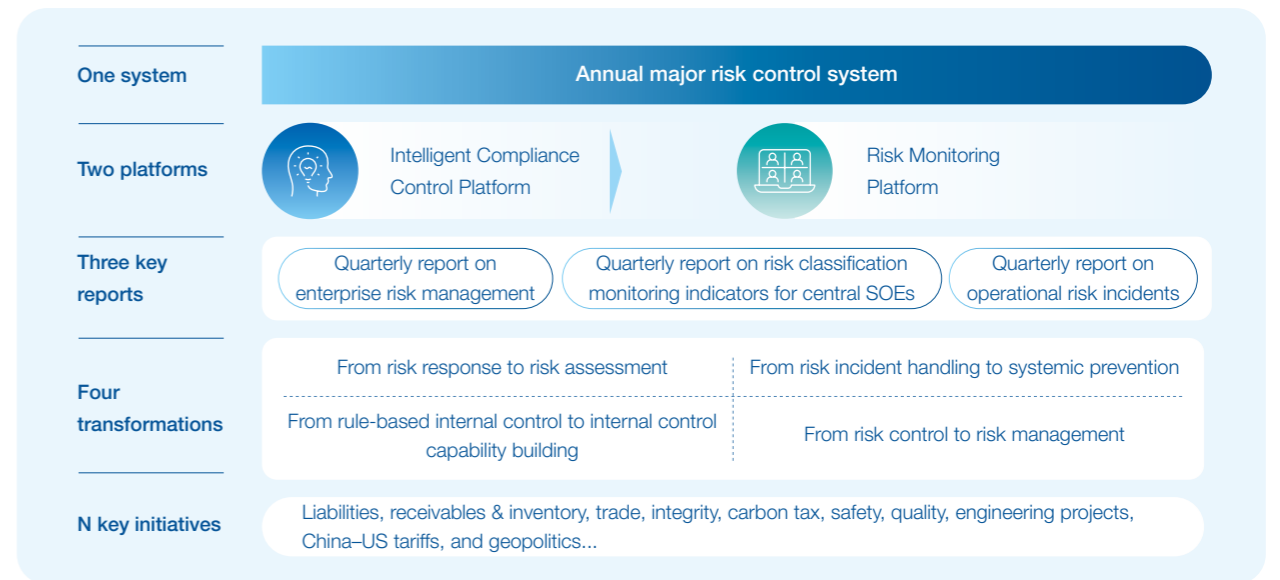
10

Audit projects completed

100%

On-time rectification rate of audit findings

"1+2+3+4+N" Risk control framework



Risk identification

- Identifying risks across business management activities and key business processes.
- Analyzing and describing risks in terms of categories, root causes, and potential impacts on the Company.

Risk assessment

- Assessing the likelihood of risk occurrence and the potential impact on business objectives.
- Identifying major and significant risks based on the assessment results and prioritizing them accordingly.

Risk management oversight and improvement

- Monitoring and evaluating the implementation and effectiveness of risk management, proposing improvement actions, and tracking remediation progress.
- Requiring responsible departments to conduct self-assessments and promptly addressing deficiencies.

Risk response

- Identifying responsible departments or individuals for major and significant risks.
- Developing and implementing risk management strategies and solutions based on internal conditions and the external environment.

Risk management process

Risk exposure review

- The Company regularly collects and reviews visible risk points through multiple channels and conducts comprehensive inspections and random spot checks in key areas including work safety, outsourced operations, environmental facility performance, overall equipment efficiency, and inventory. We also perform targeted reviews for specific scenarios and implement a "one risk, one solution" approach to eliminate blind spots and reduce potential risks.

Risk culture development

- The Company has built a company-wide training system through tiered communication sessions and workshops. Through theoretical training and practical discussions, we work to enhance employees' risk management capabilities and integrate risk requirements into business processes to promote a collaborative risk control culture.



Risk management process audit

- A robust risk management process audit mechanism led by the Audit Department is established, supported by a dedicated internal control liaison team, with clearly defined responsibilities and coordination mechanisms.
- We develop detailed annual plans to provide clear guidance for self-assessments across all subsidiaries.
- All departments and subsidiaries conduct comprehensive self-assessments against identified risk points and rigorously identify internal control deficiencies.
- Risk-oriented follow-up reviews are launched to provide professional inspections and on-site guidance in key areas.
- We achieve the closed-loop rectification management by consolidating issues, assigning responsibilities, and conducting end-to-end tracking, ensuring the effective implementation of internal control evaluations.

Dynamic optimization of risk management

Emerging risk management

In 2025, the Company assessed potential risks based on their likelihood and impact and identified two emerging risks: the market risk associated with the long-term downturn in the steel industry, and risks related to carbon emission compliance and EU environmental market access. In response, we continued to analyze underlying mechanisms and developed response strategies to strengthen risk resilience.

Emerging risks	Countermeasures
Market risk from the long-term downturn in the steel industry	Optimize the product mix by increasing the share of differentiated and high-end products to mitigate declines in market share and profitability; strengthen long-term contracts to lock in sales with key clients; stabilize basic orders to support production; enhance market analysis and production-sales coordination to achieve accurate order matching and inventory control; control costs and improve efficiency to ensure profitability and competitiveness.
Carbon emission compliance and EU environmental access risks	Standardize carbon data management and conduct verification training to enhance professional capabilities; accelerate the development of an end-to-end carbon management platform to strengthen carbon accounting, quota management, and compliance management; in response to EU Carbon Border Adjustment Mechanism (CBAM), establish a cross-functional tracking mechanism, closely monitor policy changes and reduce the carbon intensity of export products to control related risks.

Tax transparency

The Company is committed to meeting all legal and tax compliance requirements in the jurisdictions where it operates, pledging and practicing responsible tax conduct. We ensure that profits are taxed where economic activities take place and where value is created. We also disclose relevant tax information in a fully transparent manner, and assume all responsibility under tax laws and regulations. Meanwhile, we continuously improve our tax risk management system. A three-tier governance structure has been established with the Board of Directors as the highest supervisory body, management responsible for implementation, and the finance department responsible for specific execution. The institutional framework as well as risk identification and assessment procedures are continuously optimized to achieve end-to-end tax risk control, underpinning the Company's long-term and stable development.

Commitment to Integrity and Responsibility

The Company strictly complies with relevant laws and regulations, including China's *Anti-Unfair Competition Law* and the *Interim Provisions on Banning Commercial Bribery*. We continue to improve systems for leadership accountability, law-based governance, institutional rules, compliance management, and organizational structure. These efforts are designed to comprehensively enhance our legal and compliance capabilities, ensuring "decision-making in accordance with the law and standardized management".

Anti-commercial bribery and anti-corruption

The Company continues to strengthen a long-term anti-corruption mechanism to ensure employees dare not be, cannot be and do not want to be corrupt. We reinforce integrity risk control and carry out company-wide initiatives focused on risk awareness, institutional compliance, and process management, systematically identifying integrity risk points. We embed control measures into business processes and smart supervision platforms, transitioning from broad-based oversight to targeted supervision.

Establishing a whistleblower protection policy

- In 2025, we achieved a 100% response rate for real-name reports, effectively protecting the legitimate rights and interests of whistleblowers.

Enabling comprehensive training and education

- Our warning education, public disclosure of violations, and family-based integrity initiatives, have continuously improved the operating environment and strengthened the "Taigang Stainless Integrity" brand.

Improving the supervision system

- We have established an integrated supervision framework featuring coordination among discipline inspection, patrol and audit with all-round collaboration, and developed a smart supervision platform.
- We also promote the IMP integrated sales and operations system, and embed smart supervision into links including bidding, supplier admission and cross-border business.

Organized a special warning education activity

In 2025, a case occurred where a marketing staff member exploited their position to seek personal benefits. To prevent recurrence of similar incidents, the Company organized a special warning education activity for all marketing personnel using this case as a negative example, guiding them to learn from the lessons, enhance their sense of discipline and rules. At the same time, we rolled out a thematic initiative titled "Discuss Risks, Systems, and Processes" across the company, urging all departments to identify and assess integrity risk points in key areas and among key individuals, focus on prevention and plugging loopholes, and effectively carry out the follow-up work to address the root causes of the case.

Key Performance 2025

1,110

Newly identified integrity risk points

32

Supervision models launched on the smart supervision platform

29

Issues identified

18

Control gaps addressed

100%

Anti-commercial bribery and anti-corruption training coverage for personnel with business disposal rights

Compliance management

The Company strictly complies with *Chinese Company Law*, the *Securities Law* and other laws and regulations. Guided by ISO 37301:2021 *Compliance management systems—Requirements with guidance for use*, GB/T 35770-2022 *Compliance management systems—Requirements with guidance for use*, and the *Measures for Compliance Management of Central Enterprises*, the Company endeavors to build comprehensive systems covering organization, policies, operation and assurance.

In 2023, we obtained the full-scope compliance management system certification from the British Standards Institution (BSI) and passed the interim reviews in 2024 and 2025 consecutively, achieving law-based governance and operation. During the reporting period, no major compliance risk incidents occurred.

Organizational structure	Regulatory framework
<ul style="list-style-type: none"> We strengthen the compliance officer system and conduct training programs, with a total of 42 participants passing the BSI compliance internal auditor assessment and obtaining certification. 	<ul style="list-style-type: none"> Taking the <i>Compliance Management Measures</i> as the core policy, we have established a supporting system including the <i>Detailed Rules for Compliance Management</i>, <i>Legal Dispute Management Measures</i>, <i>Contract Management Measures</i> and <i>Legal Affairs Management Measures</i>.
Operational framework	Support system
<ul style="list-style-type: none"> We have refined the <i>List of Key Positions</i> and the <i>List of Critical Processes</i> to effectively control compliance risks, and continuously improve the Smart Legal Affairs System to enhance the digital and intelligent level of compliance system operations. 	<ul style="list-style-type: none"> We continuously carry out compliance culture training. In 2025, we organized or participated in five professional training sessions, including General Counsel performance training and law firm exchanges.

Key Performance 2025

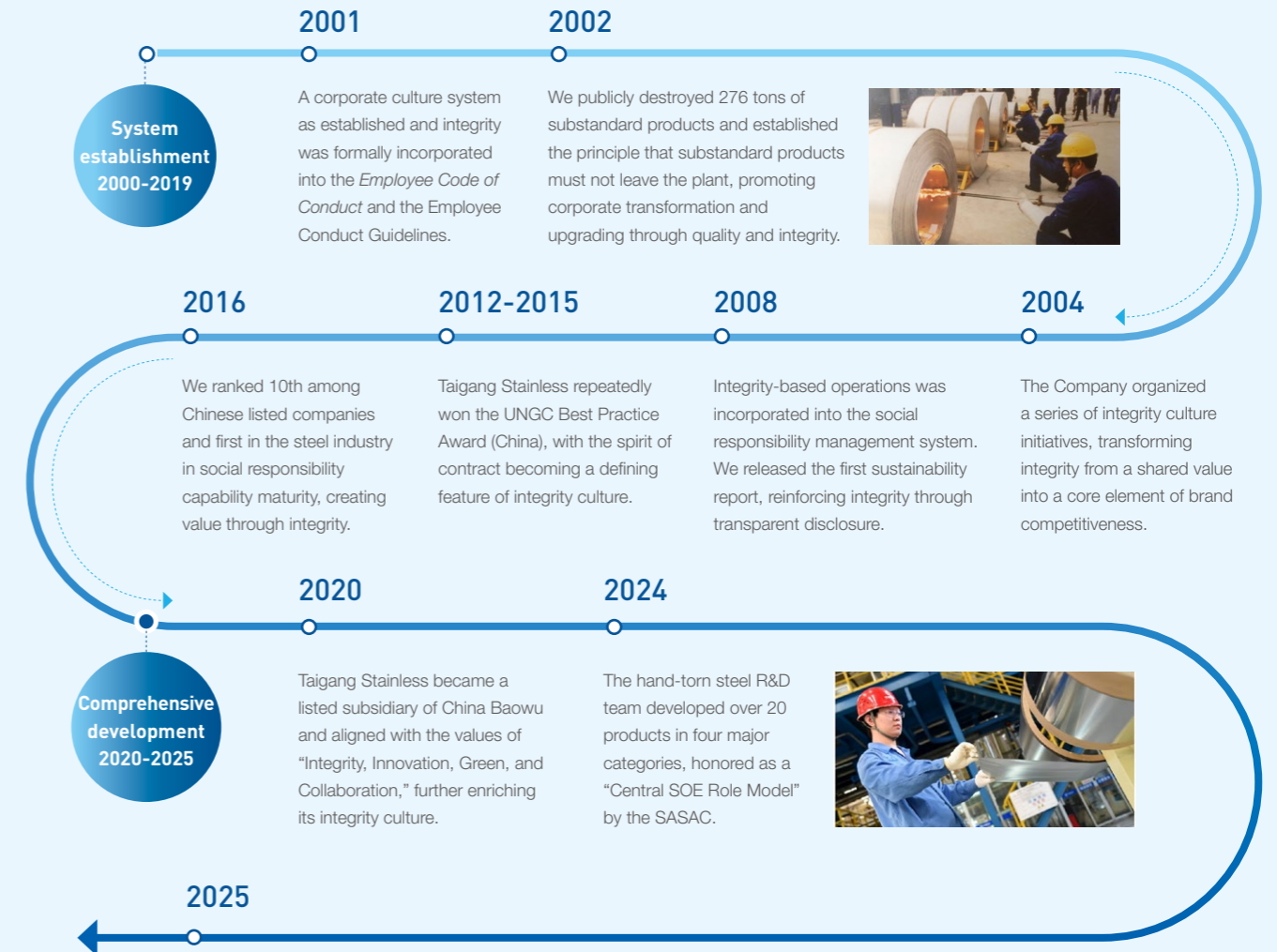
<p>100 %</p> <p>Legal and compliance reviews for major decisions, key policies, and major economic contracts</p>	<p>0</p> <p>Major legal and compliance risk incidents</p>
<p>100 %</p> <p>Employee signing rate of <i>Compliance Commitment Letters</i></p>	<p>7</p> <p>Compliance training sessions</p>
<p>200+</p> <p>Participants</p>	

Anti-unfair competition

The Company complies with relevant laws and regulations, including *China's Anti-Unfair Competition Law*, *Consumer Rights Protection Law*, *Civil Code*, and *Advertising Law*. We have developed a compliance risk checklist for anti-unfair competition and established a control system focused on prevention and in-process management, supplemented by post-incident remediation. These measures are implemented through policies such as the *Sales Management Measures*. During the reporting period, no major legal disputes or administrative penalties occurred.

Integrity-Driven Governance for Sustainable Value Creation

The Company adheres to the corporate culture frameworks of China Baowu and TISCO, closely aligning with a customer-centered, market-oriented mechanism to advance integrity culture. Having evolved through stages of system establishment and comprehensive development, we have established a distinct integrity culture system that ensures integrity is embedded in thinking and demonstrated through action.



Against the backdrop of China Baowu's Integrity Culture Development Year, we aligned with a customer-centered, market-oriented operation mechanism, and rolled out a series of integrity initiatives including the *STSS Integrity Code*, employee integrity records, the "Integrity Feedback Channel" and the *STSS Integrity Culture Handbook*, thereby achieving systematic, institutionalized and standardized integrity development.



China Baowu Integrity Culture Promotion On-Site Meeting held by Taigang Stainless | Telling stories about integrity culture at Taigang Stainless | Visiting the integrity culture exhibition hall

New Quality Development

Driven by internal efficiency improvement and operational excellence, Taigang Stainless systematically advances lean operations, fortifies total quality management, and optimizes its portfolio of high-end, differentiated products. By translating technological innovations into stable, reliable premium products, the Company earns market trust through exquisite craftsmanship, contributing core strength to industrial chain modernization and high-quality regional economic development.



Contributions to UN SDGs





Technological Innovation: Creating a Smart Future

The Company positions technological innovation as the core engine for green and low-carbon transformation and high-quality development. Pursuing high-end, differentiated, and green product development, we continuously achieve breakthroughs in key materials via a systematic innovation system. The Company strives to build diversified growth drivers and strengthen core technological competitiveness, laying a solid foundation for becoming a globally leading high-tech enterprise across the full stainless steel value chain.

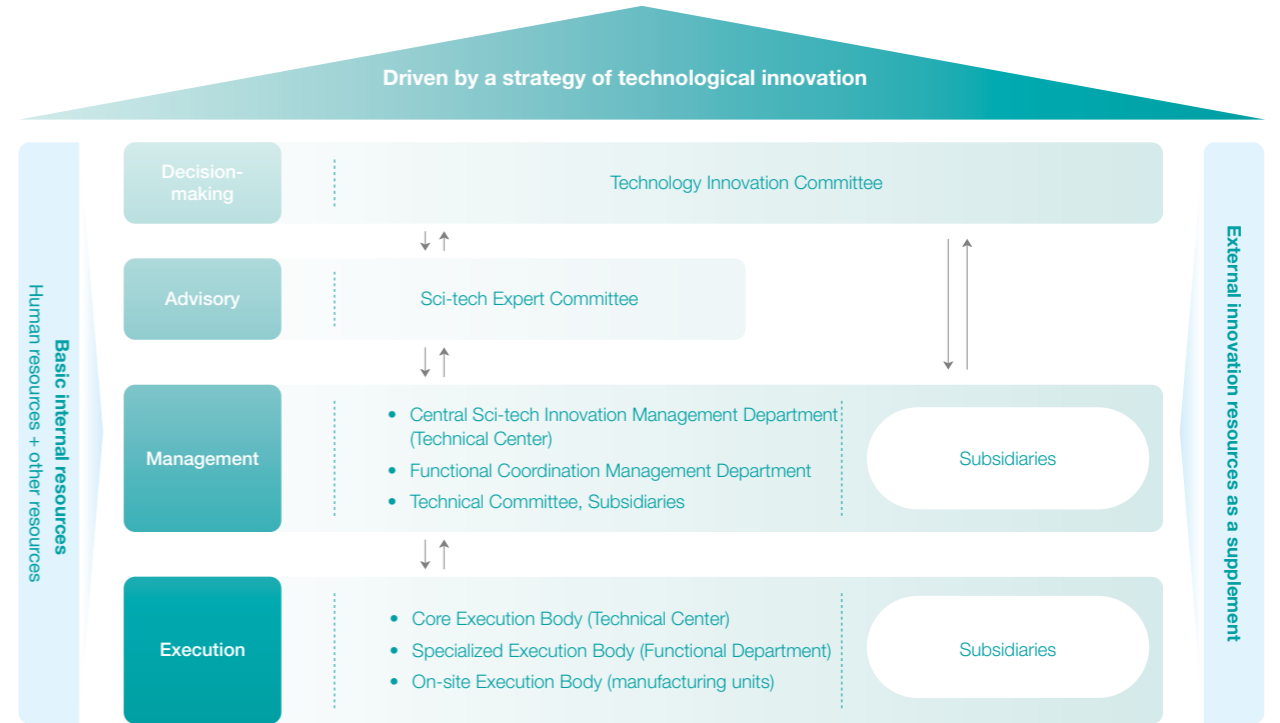
Governance

The Company has established a science and technology innovation governance system characterized by clear responsibilities and efficient operations to ensure standardized, coordinated, and effective innovation management. In 2025, we enhanced a three-tier collaborative system comprising Strategic Business Unit (SBU), Product Expansion Team (PET), and the Integrated Product Development (IPD) mechanism. The full "R&D-Manufacturing-Market" value chain was connected, strengthening our rapid response capabilities from R&D to market.

The Company places strong emphasis on intellectual property management. According to our institutional frameworks such as *Patent Management Measures*, *Trademark Management Measures*, and *Technical Secrets Management Measures*, we clarify responsible leadership and designated management departments, ensuring full lifecycle protection and value realization of innovation outcomes.



2025 Science and Technology Quality Work Conference



Technology innovation governance structure

Strategy

The Company follows the *Technology Innovation Plan* and defines the core strategic pathway for technological innovation during the 15th Five-Year Plan period. By "focusing on one core, implementing one expansion, and strengthening three pillars," we continuously consolidate our global leadership in stainless steel and cultivate new drivers of sustainable growth.



Focusing on one core

The Company centers its innovation on steel materials (stainless steel, cold-rolled silicon steel, carbon steel plates and long products), with stainless steel as the absolute core. By concentrating superior resources, we work to consolidate and expand our position as a global high-tech enterprise across the entire stainless steel industry chain.



Implementing one expansion

The Company expands into both high-end alloys (including nickel-based, corrosion-resistant, heat-resistant, and precision alloys). These efforts support the development of national high-end equipment and future industry.



Strengthening three pillars

The Company builds a "three major technological innovation" support system covering product application, specialized product design & manufacturing, and general process technologies. It comprehensively enhances our technological capabilities and core competencies.

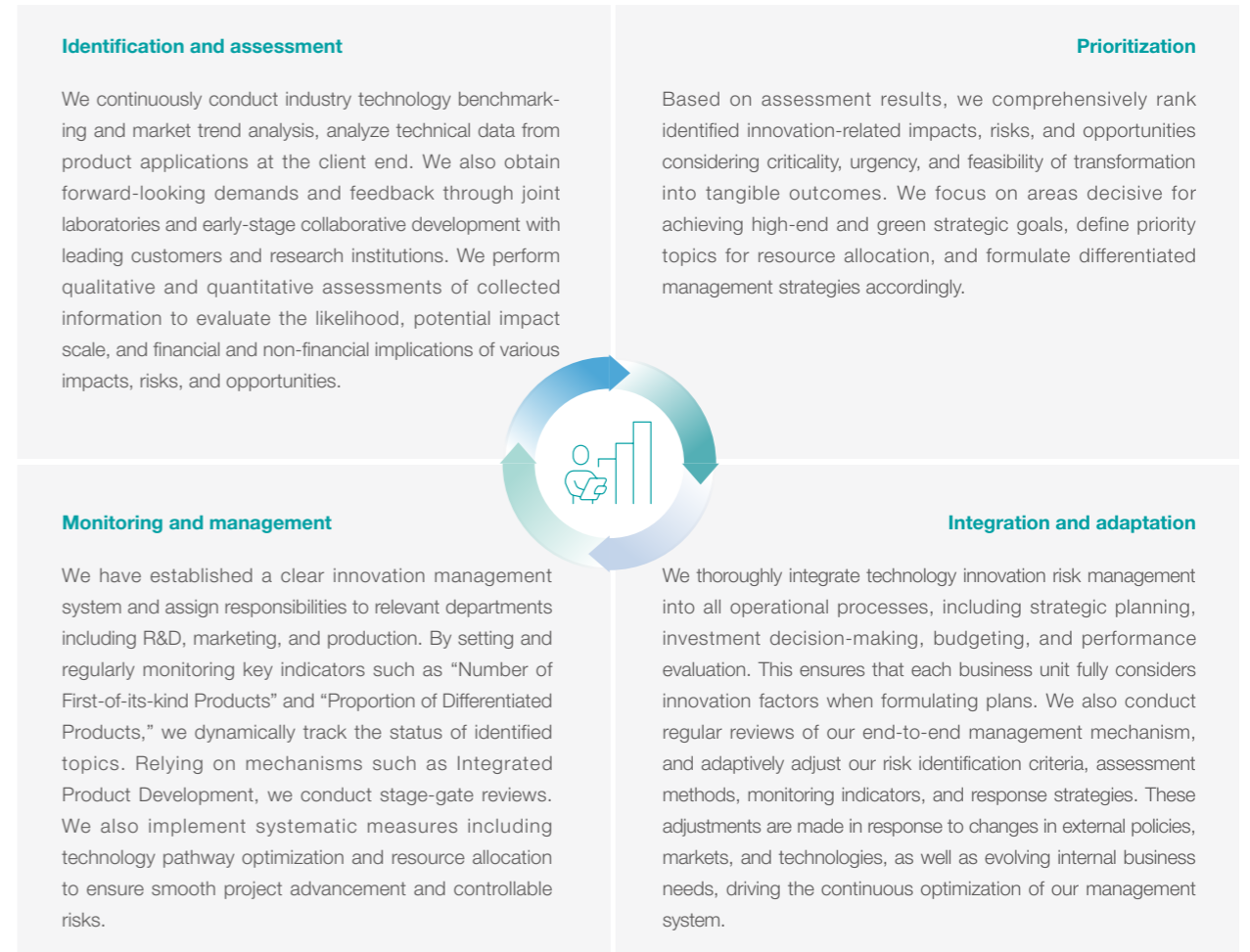
Risks and opportunities related to technological innovation

Closely aligning with high-end, intelligent, green, and efficient development and integrating industry trends with our practices during the 14th Five-Year Plan period, we systematically identify key risks and potential opportunities in technological innovation. Through forward-looking planning and strategic investment, we transform challenges into drivers of high-quality development.

Risk/opportunity type	Description	Time frame	Scope of impact	Countermeasures	
Technology risks	Originality & commercialization risks	Lack of breakthrough and original innovation, and the failure to translate technological advantages into market competitiveness, result in homogeneous product competition.	Medium to long term	Company and market competitiveness	We focus on tackling China's technological bottlenecks and meeting high-end downstream demand by stepping up R&D investment, enhancing the integration of production, sales, and research, and integrated product development (IPD) mechanism, accelerating the industrialization and clustering of pioneering products, and turning technological advances into economic benefits.
	Digital and intelligent transformation risks	Smart manufacturing capabilities lag behind industry leaders, with inaccurate and incomplete data tracking and weak analytics, limiting the digital empowerment of product operations.	Medium term	Company operations and decision-making support	We advance the "AI + Steel" strategy by applying large AI models and intelligent agent platforms across industrial scenarios, improve our integrated operations platform and data governance system, and build a digital risk early warning platform to drive management and efficiency improvement through data.
Opportunities	Policy and market opportunities	National initiatives to foster new quality productive forces and advance large-scale equipment renewal and industrial upgrading are driving sustained demand growth for materials such as high-performance stainless steel, high-end alloys, and silicon steel in sectors including new energy and high-end equipment manufacturing.	Short to medium term	Company product market	We seize opportunities from downstream industrial upgrading to develop high value-added, high-tech differentiated products, while strengthening our presence in high-growth sectors including construction, energy & chemicals, new energy vehicles and high-end equipment to enhance market share in niche segments.
	Technological leapfrogging opportunities	New technologies such as smart manufacturing, industrial robotics, 5G and hydrogen metallurgy are becoming increasingly mature, providing a technological window for restructuring manufacturing processes, reducing carbon emissions, and improving production efficiency.	Medium term	Company manufacturing system and costs	The Company is advancing R&D and industrial trials of cutting-edge low-carbon technologies such as flash ironmaking and hydrogen-enriched blast furnaces. The Company is also fully leveraging artificial intelligence and digital twin technologies to shift the R&D paradigm toward a "computation-driven" model, build smart factories with full-process closed-loop control, and achieve cost reduction and efficiency improvement.
	Green and low-carbon opportunities	Under the dual carbon goals, the low-carbon attributes of stainless steel across the full lifecycle are becoming increasingly prominent, with broad application prospects in sectors such as green buildings and new energy equipment. Meanwhile, low-carbon smelting technologies are emerging as new sources of competitive advantage.	Medium to long term	Product and process structure	The Company integrate green and low-carbon principles into the entire R&D and manufacturing process, obtain green product certifications to meet downstream low-carbon supply chain requirements, and accelerate the development of green energy projects such as photovoltaic and waste heat utilization to optimize our energy mix and reduce product carbon footprint.
	Collaboration and ecosystem opportunities	By deepening "one headquarters, multiple bases" coordination, establishing joint laboratories, and strengthening supply chain management, we integrate internal and external innovation resources to build a secure and resilient industrial innovation ecosystem centered on the Company.	Continuous	Overall corporate competitiveness	Acting as the "chain leader," we spearhead the establishment of innovation consortia, and deepen collaboration with universities, research institutes, and lead enterprises in the industrial chain. The Company also enhance supplier ESG management and support mechanisms to increase the localization rate, thereby strengthening our competitive advantages through ecosystem synergy.

Impact, risk and opportunity management

In translating our technology innovation strategy into concrete products and market competitiveness, we integrate innovation risk management into daily operations and decision-making processes, with a dynamic management mechanism established, covering the full risk lifecycle. Through systematic process management and deep collaboration, we identify and manage impacts, risks, and opportunities to ensure the steady implementation of the strategy.



Metrics and targets

The Company sets measurable, trackable, and accountable technology innovation targets and incorporate them into annual business plans and performance evaluation systems, ensuring the effective implementation of our innovation strategy. In 2025, the Company achieved positive progress in innovation investment, output, and platform development.

Technology innovation targets

660
"Three generations" new and specialty products planned by 2030

20
Key core technologies developed

2,300
New patent applications

Technology innovation metrics	Progress in 2025
R&D expenses	CNY 3.25 billion
Number and share of R&D personnel	2,827 , accounting for 19.83% of the on-the-job employees
Patent applications	412 (approximately 5% increase year-on-year)
Authorized patents	156 (approximately 47% increase year-on-year)
Total valid patents	1482
Valid patents per CNY million of revenue	0.016
New products	110
New product sales revenue	CNY 9,655.17 million
New product sales ratio	13.4%
Number of First-of-its-kind products	5 Global first-to-market products, 6 Domestic first-to-market products
Proportion of differentiated products	61.5%

Key Performance 2025

4

Metallurgical Science and Technology Awards won

6

China Baowu Major Awards won

Winning **2** Gold, **6** Silver and **5** Bronze Medals

at the 11th International Exhibition of Inventions

High-End Product Leadership and Relentless Pursuit of Excellence

Quality is the lifeline of Taigang Stainless and the fundamental foundation for earning customer trust and leading industry development. We embed a customer-centric approach throughout the entire production and operations. Through lean management, system upgrades, and product portfolio optimization, we continuously enhance product quality stability, high-end positioning, and market responsiveness. These efforts consolidate our quality advantage as a global leader in stainless steel.

Strengthening the foundation of quality

The Company regards quality management as our lifeline and adhere to a management approach featuring institutional prioritization, process control, and continuous improvement. Through system enhancement, tighter process control, and advanced certifications, we ensure sustained stability and excellence in product quality. In 2025, our product qualification rate reached 99.66%, and we were recognized as one of the first "Enterprises with Advanced Quality Management Capability" by MIIT.

Management system

We have established a management system covering the entire product lifecycle, including 38 process quality systems and 98 dynamically maintained quality management regulations. This framework ensures all management follows clear rules and execution is well supported.

Process control

Driven by contract delivery, we enhance supply balance and contract fulfillment rates through measures such as dynamic balancing of steelmaking capacity and reverse scheduling of delivery timeline. We also actively promote quality technology innovation and application, and the project, *Development and Application of Key Technologies for Extremely Low Magnetic Permeability and High-Polishability Stainless Steel Based on Quality Design and Control*, won the Second Prize of the Quality Technology Award from the China Association for Quality.

Quality system certification

Building on our existing certifications such as ISO 9001, IATF 16949, GJB, and PED, we passed the EU PED certification for our nickel-based alloys and multiple stainless steel hot- and cold-rolled products, while our stainless steel wire rods obtained IATF 16949 automotive quality system certification.

Authoritative product certification

Our specialty steel plates and strips successfully passed Type Approval from seven classification societies, France GTT certification for LNG vessel materials, technical assessment for pressure equipment, and recyclable material certification.

Quality management initiatives

Q | Launching full-scale IATF 16949 system upgrading to strengthen the management foundation for high-quality development

2025 marked the inaugural year of enhancing our system management capabilities, during which we upgraded our quality management system from the ISO 9001 foundation to the higher-standard and more stringent IATF 16949 standard. On May 14-15, we organized training on the full-process IATF 16949 management system for steel production, providing in-depth interpretation of its core requirements, process approach, and risk-based thinking. This initiative enhances the refinement of quality management and strengthens process risk control capabilities.

Optimizing product structure

The Company adheres to a differentiated and high-end development path. In response to market trends of "reducing volume while improving quality and upgrading structure," we proactively adjust capacity allocation and optimize production processes to continuously enhance lean production. We concentrate resources to ensure the stable supply of stainless steel and high value-added specialty steels. In 2025, our stainless steel output reached 5.6081 million tons.



Stainless steel

The production of martensitic stainless steel increased by 25,000 tons, duplex stainless steel by 45,000 tons, ultra-pure ferritic stainless steel by 78,000 tons, and T4003 stainless steel by 11,000 tons.



Carbon steel

The production of grain-oriented silicon steel increased by 47,000 tons, axle steel by 34,000 tons, automotive steel by 198,000 tons, and steel for engineering machinery by 27,000 tons.

5 Global first-to-market products

- Extra-thick and wide (115 mm × 2,200 mm) S32750 super duplex stainless steel plate
- Aviation-grade ultra-low S and Al iron-based material (TCC-20)
- C-HRA-5 heat-resistant stainless steel seamless pipes for power plant boilers at 630°C
- Austenitic stainless steel flux-cored welding wire precision strip steel for LEG storage tank welding
- Stainless steel sheets for architectural PVF coating

6 Domestic first-to-market products

- High-toughness and high-precision 5 mm thick 1.4509 ferritic stainless steel cold-rolled sheets
- L450M-grade hot-rolled steel coils/sheets for supercritical CO₂ transport welded pipes
- TM136L series stainless steel for wide and thick-specification corrosion-resistant mold steel
- BNS600 high-strength stainless steel for inland seawater aquaculture fencing
- High-magnetic-induction and high-strength self-bonding coated silicon steel for nuclear main pump cores
- High-grade grain-oriented silicon steel with low-carbon emissions produced by full scrap process

Key Performance 2025

110

New product R&D projects

CNY

9,655.17 million

New product sales revenue

13.4 %

New product sales ratio

10

Breakthroughs in landmark technological R&D projects

Achieving domestic substitution for precision foils used in high-temperature superconducting substrates and photomasks

The world's first stainless steel for offshore photovoltaic mounting structures, leading industry material upgrading

Extra-thick stainless steel plates set a global record for delivery scale among similar products

Successful mass production of the world's largest N10276 nickel-based alloy coil

With its exceptionally high molybdenum and tungsten content, N10276 alloy delivers outstanding performance in highly corrosive environments and serves as a critical material for the energy, chemical, and deep-sea equipment sectors. However, the unit weight of globally mass-produced products has long been constrained by a bottleneck of approximately 5 tons, limiting its application in large-scale critical equipment.

In October 2025, Taigang Stainless achieved stable mass production of high-end N10276 nickel-based corrosion-resistant alloy hot-rolled coil, with maximum coil weight exceeding 14 tons. Simultaneously, we completed the rollout of wide cold-rolled coils. This milestone represents another breakthrough in overcoming a global manufacturing challenge for the top-tier material known as the "king of nickel-based corrosion-resistant alloys". It provides downstream major engineering projects with previously unavailable oversized, high-performance material solutions, achieving self-reliance and performance leadership in high-end critical materials.

World-first use of 750 MPa ultra-high-strength silicon steel to support new electric power systems

In response to the global technological challenge of balancing "high strength" and "high magnetic induction," Taigang Stainless established an innovative process synergy mechanism integrating magnetic and mechanical properties. We took the global lead in developing 0.65 mm-thick, 750 MPa ultra-high-strength non-oriented silicon steel (65TWYS750) with both excellent magnetic and mechanical performance. We also achieved bulk supply to the variable-speed pumped-storage unit sector, marking an original breakthrough from zero to one. As of the end of the reporting period, we had established full-specification product coverage and patented technologies across strength grades from 570 MPa to 750 MPa in this field. These achievements provide robust material support for China's clean energy infrastructure and the achievement of its dual carbon goals.

"Hand-torn steel" achieves mass production at an ultra-thin thickness of 0.015 mm, empowering high-end manufacturing and daily applications

In October 2025, Taigang Stainless achieved stable large-scale mass production of "hand-torn steel" with a thickness of only 0.015 mm—less than one-fifth the thickness of a standard A4 sheet. It further consolidates our global leadership in this niche segment. This breakthrough achieves both extreme dimensional precision and a dual leap in industrialization and cost efficiency. Driven by continuous process innovation, its daily output has reached approximately 3 tons, while costs after mass production have decreased by about 30%.

"Hand-torn steel" has rapidly expanded from industrial applications into everyday use. It has become a key material for soft-pack power batteries in new energy vehicles and been widely applied in precision structural components of high-end 3C products. Notably, as a core material for foldable smartphones, it has extended screen folding durability from an initial 40,000–50,000 cycles to over 500,000 cycles. With wider use in advanced fields such as healthcare and precision instruments, "hand-torn steel" will continue to unlock its innovation potential, demonstrating the evolving possibilities of steel materials.



World's thinnest 'hand-torn steel' hits new breakthrough, featured on CCTV

Smart-Driven, Digital-Physical Integration

Taigang Stainless advances the "AI+Steel" strategy, accelerating intelligent manufacturing and digital transformation through the dual drivers of technological empowerment and management transformation. Therefore, the Company significantly enhance operational efficiency, management sophistication, and core competitiveness, injecting strong digital momentum into high-quality development.

Intelligent manufacturing

The Company centers on artificial intelligence and data governance, advancing intelligent manufacturing from isolated applications toward systematic and integrated development. In 2025, the Company obtained the China Manufacturing Maturity Model (CMMM) Level 3 certification and AAA-level certification for the integration of informatization and industrialization. Our "Smart Cold-Rolled Stainless Steel Plant with Full-Process Closed-Loop Control" was recognized by the MIIT as a "2025 Excellence-Level Smart Factory."



AI empowerment and intelligent application deployment

- Advancing the deployment of over 100 AI application scenarios, spanning critical areas such as production optimization, quality control, and equipment maintenance.
- Achieving a new leap from mechanized labor substitution, automated workforce reduction to intelligent unmanned operation via the China Baowu intelligent agent platform.



Data governance and value creation

- Developing a data lifecycle management plan and initiating the establishment of a data governance system.
- Establishing a foundation for data assetization and business enablement through enhanced metadata catalogs and key domain data inventories.
- Piloting data governance in the ironmaking process and unlocking the value potential of data elements through initiatives such as the "Data Value Enhancement" labor competition.



"AI Smart Steelmaking Assistant" Platform commissioned



Building workforce-wide intelligent productivity through tiered specialized training

Information security

In response to an increasingly complex and evolving cybersecurity environment, Taigang Stainless has established a multi-layered information security protection system, ensuring information security throughout the digital transformation process.

Systematic security capability development

We completed Phase II of the information security reinforcement project, enhancing log storage capacity of core security equipment to meet regulatory requirements while achieving localization and self-controllability of security devices. We revise and enhance information security policies to ensure standardized and consistent security management.

Routine threat response & emergency management

We responded to emerging threats such as "Silver Fox" phishing attacks by organizing targeted inspections and staff training to enhance security awareness. We have established a sound mechanism for incident detection, reporting, and response, successfully handling two security incidents in 2025. During major events such as the two sessions — the annual meetings of China's top legislature and political advisory body and the 80th anniversary of the victory in the War of Resistance Against Japanese Aggression, we implemented dedicated plans, and enforced a zero-incident reporting mechanism to ensure information security.



Conducting the "cornerstone of national security: strengthening defenses" national security training program

Business upgrade empowerment

Taigang Stainless leverages IT initiatives as a key driver to optimize management systems and business processes, providing strong support for the "one headquarters, multiple bases" operation as well as cost reduction and efficiency enhancement.

Upgrading the marketing management system

We shift it from ecological, platform-based multi-base collaboration to strong synergy matrix management in a platform-based, regionalized, specialized, and standardized approach, enhancing front-end marketing capabilities.

Refining operations and compliance management

We strictly enforce software legalization and technological self-reliance via licensing and upgrade deployment of core software such as WPS and CAD. We also strictly implement national and TISCO's requirements in areas such as contract management and radio frequency usage, ensuring full compliance of all business operations.



"Full-process Sales Order Tracking System via CE (Cost-Profit Analysis) for End-to-End Value Management from Product to End Customer" won the **First Prize at the 22nd (2025) Metallurgical Enterprise Management Modernization Innovation Awards**



"Management Innovation Practice for Full-Element Application Scenarios in Steel Plants Based on Data Models" received the **First Prize at the 22nd (2025) Metallurgical Enterprise Management Modernization Innovation Awards**



Industry Leadership and Win-Win Cooperation

As a "chain leader" within the industrial chain, Taigang Stainless upholds principles of openness, collaboration, and mutual benefits. We work to build a dynamic innovation ecosystem by deepening industry-academia-research integration, strengthening industrial chain coordination, and leading standards development. These efforts advance the modernization of the entire industrial chain and support high-quality regional economic development.

Building a resilient ecosystem

With the goal of building a full-chain innovation ecosystem, the Company strengthens collaboration with leading research institutions and industrial chain partners. This helps accelerate technological breakthroughs and the commercialization of achievements.

Developing high-end R&D platforms

The Company has signed joint laboratory agreements with leading industrial chain enterprises, including Harbin Welding Institute and China Merchants Yangzhou Dingheng Shipyards. This deepens integrated collaboration from R&D to application and promotes product development and application upgrades. Meanwhile, the "National Key Laboratory for Advanced Stainless Steel," co-built with Taiyuan University of Science and Technology and University of Science and Technology Beijing, has been approved by the Ministry of Science and Technology. It is now operational and serves as a key platform for advancing industry technological innovation.

Leveraging the leadership role of the chain leader

The Company adheres to the development strategy of "strengthening leading enterprises, extending industrial chains, and building clusters." We continuously improve the supply chain system and enhance the capacity of small and medium-sized enterprises to integrate into the industrial chain. By strengthening collaboration with key enterprises within the province, we jointly advance the first application of high-end materials, significantly improving the level of localized collaboration. The local supporting rate has increased significantly from 8% in 2020 to 25% in 2025, effectively promoting regional industrial agglomeration and integrated development.

Leading the establishment of the Shipbuilding Ecosystem Alliance to co-build the future of the industry as a "chain leader"

On May 26, 2025, Taigang Stainless joined nearly 30 leading domestic shipbuilders and design institutes to establish the Shipbuilding Ecosystem Alliance, empowering the upgrading of China's shipbuilding industry. The alliance responds to the national strategy of building a manufacturing powerhouse. It promotes a transition from scale leadership to quality leadership and from technology following to innovation leadership through joint R&D, standard co-development, and green collaboration. By building a technology standard system that is self-controllable and internationally aligned, and a low-carbon industrial system covering the full lifecycle and entire value chain, we strive to deepen upstream and downstream collaborative innovation. We also aim to enhance resilience and global competitiveness, supporting the transition from a major shipbuilding country to a leading shipbuilding power.



Establishment of the Shipbuilding Ecosystem Alliance (TSEA)



Hosting the 2025 industry chain bank-enterprise cooperation symposium



Kickoff meeting for the development of the National Key Laboratory for Advanced Stainless Steel

Setting industry benchmarks

Taigang Stainless actively participates in formulating global industrial rules and leads high-quality industry development with high standards. By developing national-level manufacturing single champion products, we have established our benchmark position in the market.



Leading and participating in standard-setting

The Company has achieved a critical transition from "participation" to "leadership" in international standardization. We have led projects including ISO 9328-7 and ISO 4653 (ferronickel) into the CD/DIS stages and advanced the revision of two international corrosion standards under ISO 3651, greatly boosting the influence of China's steel industry in global standardization.



Developing national-level benchmark products

The Company continues to cultivate high-quality manufacturing brands, with three of its products designated as National-Level Manufacturing Single Champion Products. Meanwhile, its subsidiary, Shanxi Taigang Stainless Steel Precision Strip Co., Ltd. (STSS Precision Strip), has successfully passed the re-evaluation and retained its status as a National-Level "Specialized, Sophisticated, Distinctive, and Innovative" ("Little Giant") Enterprise, owing to its leading market share and strong growth potential in the ultra-thin precision stainless steel strip segment.

Note: ISO 9328-7 Steel flat products for pressure purposes — Technical delivery conditions — Part 7: Stainless steels
ISO 4653 Ferronickel — Determination of carbon, sulphur, silicon, phosphorus, nickel, cobalt, chromium, and copper contents by Spark Emission Spectrometry

Key Performance 2025



18

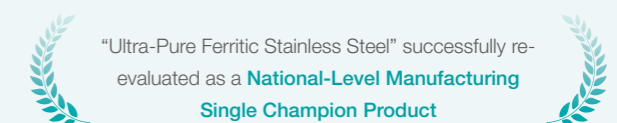
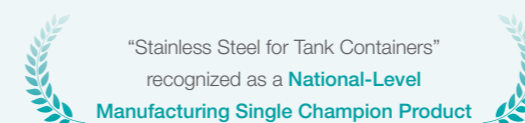
Leading and participating in the development and formulation of 18 National standards

3

Industry standards

3

Group standards



Green and Low-Carbon Development

Taigang Stainless integrates green and low-carbon principles into its development strategy. Through initiatives such as robust environmental management system, ultra-low emissions, zero-waste factories, and protection of the Yellow River basin, the Company systematically advances pollution prevention and carbon reduction, fostering a balance between ecological conservation and corporate growth.

CNY **227** million

Investment in environmental protection projects

1.77 tCO₂e/ton of steel

GHG emission intensity (Scope 1+Scope 2)

406 GWh

Green electricity & GECs procured

99.62 %

Comprehensive general industrial solid waste utilization rate

Contributions to UN SDGs





Climate Ambition: Exploring a Low-Carbon Future

The Company positions green and low-carbon practices as the core strategy for its survival and growth. We implement feasible low-carbon planning measures and pathways across four dimensions: governance, strategy, risk management, and metrics and targets, integrating them across operations. We strive to become a globally competitive benchmark for low-carbon stainless steel manufacturing.

Climate governance

The Company has established a systematic, multi-tiered climate governance mechanism, supported by a three-tier (corporate-base-process) interconnected management network. Through this structure, we deeply embed the identification, assessment, and management of climate-related risks and opportunities into our strategic decision-making and day-to-day operations.

Climate governance structure

Board of Directors	The Board of Directors and its subordinate Strategic, ESG, and Technological Innovation Committee are fully responsible for overseeing climate-related topics. The Board regularly reviews the Company's green and low-carbon development strategy, medium-to long-term carbon reduction goals, major low-carbon investment projects, and carbon emission performance to ensure climate factors are fully embedded into strategic planning, annual budgeting, business planning, and capital allocation.
Management	The Management annually formulates and breaks down climate-related indicators such as carbon emission intensity, energy consumption, and the proportion of clean energy, incorporating them into the annual performance evaluation systems of each subsidiary to ensure the achievement of goals.
Energy and Environmental Protection Department	As the permanent body for climate governance, it is responsible for overseeing and advancing carbon emission management, implementing energy-saving and carbon-reduction projects, operating carbon assets, and developing low-carbon technologies.
Subsidiaries	Each production base and business division has established dedicated roles responsible for local carbon peaking and carbon neutrality ("Dual Carbon") and energy management initiatives.

Assessment and incentives

The Company has established climate change management policies, including the *Management Measures for Carbon Peaking and Carbon Neutrality*, integrating energy and environmental protection into its strategic planning and its investment, operation, and performance evaluation framework. Climate-related metrics such as carbon emission intensity, energy-saving targets, and carbon reduction projects are included into the annual *Energy Conservation and Environmental Protection Target Responsibility Letters* for assessment across all subsidiaries. The Energy and Environmental Protection Department (the Carbon Neutrality Office) conducts monthly accounting and statistics for each subsidiary, implementing quarterly rankings and evaluations. All subsidiaries shall break down the evaluation indicators from the *Responsibility Letters* into specific production processes. Performance assessments shall be conducted based on rankings and evaluation results. Concurrently, we have established specialized awards like the Ultimate Low-Carbon Labor Competition and Energy Conservation and Consumption Reduction Role Model to provide material and honorary incentives to outstanding teams and individuals.

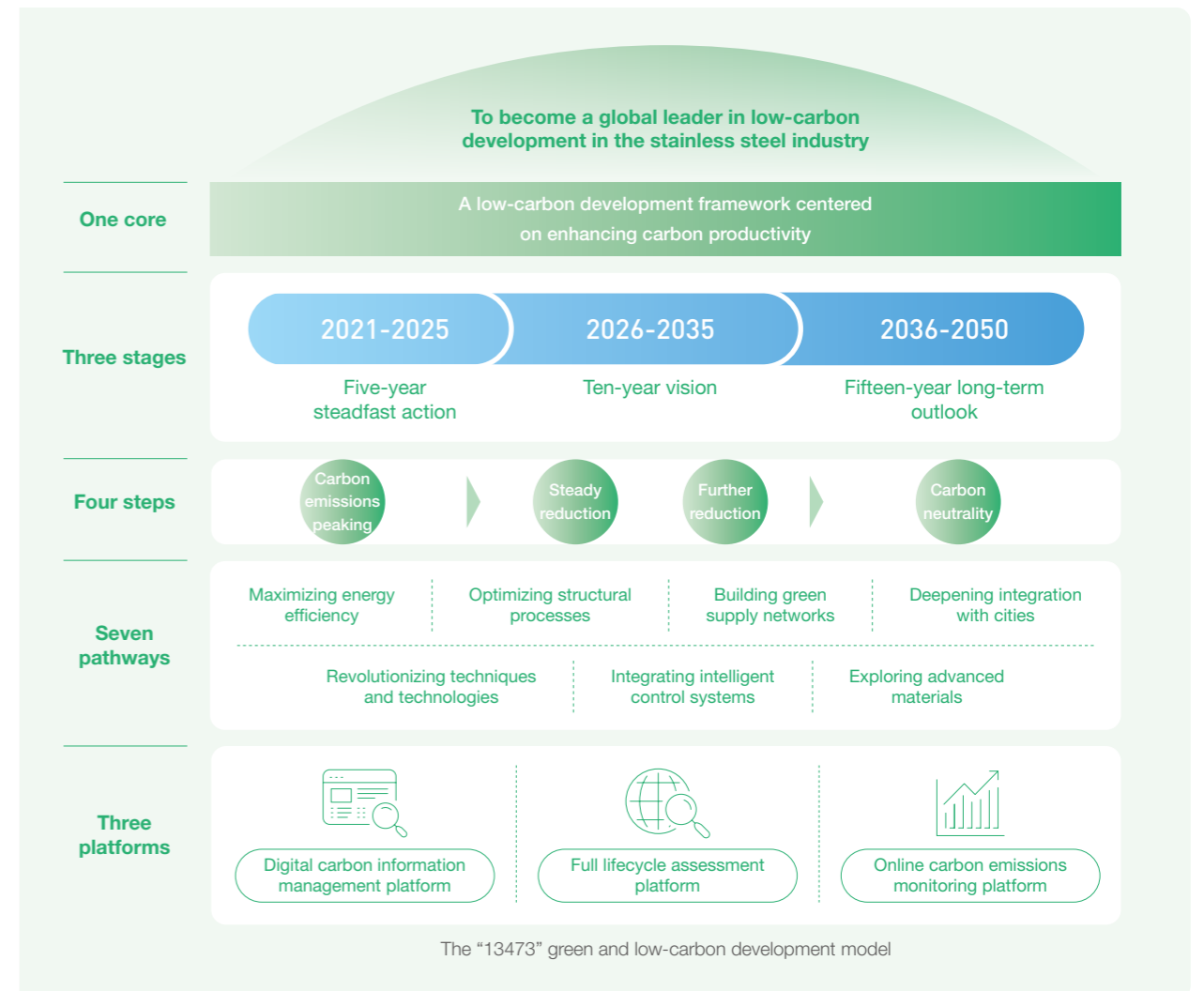
Capability Building

Taigang Stainless prioritizes the enhancement of carbon management capabilities. Internally, we strengthen these capabilities through specialized training camps, awareness campaigns on carbon regulatory policies, and company-wide training programs. We also advance the third-party verification of greenhouse gas(GHG) emission data. Our product carbon footprint reports have been certified by internationally recognized authorities. Externally, we participate in the development of group standards such as the *Evaluation Method for Low-Carbon Steel*, and engage in low-carbon initiatives launched by domestic and international industry organizations. By tracking informed of advanced international emission reduction pathways, we drive more standardized and efficient climate change governance.

Climate strategy

Upholding the strategic vision of becoming a global leader in low-carbon stainless steel technology, The Company has established a GHG emission reduction target system. Under the "13473" Green and Low-Carbon Development Action Plan, we are advancing deep decarbonization and green transformation, providing innovative low-carbon solutions to support carbon peaking and emission reduction efforts for China's stainless steel industry, as well as for Shanxi Province and the city of Taiyuan.

Climate Strategy



Climate-related risks and opportunities

Based on its business scope, industry trends, and public data, the Company analyzes the potential risks and opportunities in its future production and operations.

Risks/opportunities category		Risks/opportunities	Time frame	Scope of impact	Countermeasures
Physical risk	Acute risk	Severe climate related events, such as typhoons and floods, may disrupt the Company's product transportation and supplier deliveries, affecting its operations and leading to reduced revenue.	Short term	Upstream of the value chain, enterprise operation, downstream of the value chain	<ul style="list-style-type: none"> Emergency response plans for extreme weather conditions are established along with practical drills, ensuring the improvement of employees' capabilities in response to disasters or emergencies. Flood and disaster prevention materials for extreme weather events are prepared, ensuring our routine production and operations.
	Chronic risk	Long term shifts in natural patterns, such as rising sea levels and persistent high temperatures, could adversely affect the Company's production, leading to reduced revenue.	Mid-to long-term	Upstream of the value chain, enterprise operation	
Transition risk	Policy risk	The expanding domestic carbon market, which now includes more sectors and incorporates mechanisms for paid emission allowances, is leading to higher compliance costs for the Company. The implementation of the EU Carbon Border Adjustment Mechanism (CBAM) in 2026 imposes additional carbon tariffs on exports to the EU, directly impacting product competitiveness and profit margins.	Short term	Upstream of the value chain, enterprise operation, downstream of the value chain	<ul style="list-style-type: none"> We actively respond to and participate in the national carbon emissions trading market, and have completed annual carbon verification and compliance. A full-process online carbon management platform has been established and certified by TÜV SÜD, providing robust support for data calculation in EU CBAM reporting.
	Technology risk	As China's "Dual Carbon" goals continue to advance and policies for "dual control" of total carbon emissions and carbon intensity become stricter, the Company's traditional high-carbon processes face pressure to transform, increasing the costs of process upgrades.	Mid-to long-term	Enterprise operation	<ul style="list-style-type: none"> We systematically phase out and upgrade key energy using products and equipment, while developing and applying new processes, technologies, and solutions in low carbon energy conservation, including low-carbonization, CO₂ capture, and resourceful reuse of energy.
	Market risk	Stricter environmental information disclosure requirements for the Company's products and those across its supply chain increase pressure on carbon emission management and raise compliance costs.	Mid-to long-term	Upstream of the value chain, enterprise operation	<ul style="list-style-type: none"> We have established a full-process online carbon management platform integrating six major functional modules: organizational carbon footprint, product carbon footprint, CBAM, carbon assets, carbon emission control, and regulatory database. This enables the tracking and traceability of carbon emissions data for steel products.
Opportunity	Policy opportunity	Advancing green electricity projects like self-built photovoltaic systems and relevant sourcing is beneficial to fulfilling stricter carbon emission management requirements and lowering compliance costs.	Mid-to long-term	Enterprise operation	<ul style="list-style-type: none"> We are implementing a dual-track approach—combining the introduction of green energy with independent R&D—to replace high-emission energy sources and promote the development of complementary multi-energy systems.
	Technology opportunity	The declining cost of green electricity and the maturation of low-carbon technologies such as hydrogen-based smelting provide an opportunity for us to rebuild the low-carbon competitive edge, achieving cost reduction and efficiency gains while lowering carbon emissions.	Mid-to long-term	Enterprise operation	<ul style="list-style-type: none"> We plan and advance the industrialization testing process for flash iron-making technology. We study the feasibility and economic viability of adopting the HyCROF process or the 3R ultra-low-carbon blast furnace process. Through major technical upgrade projects such as hydrogen-rich blast furnaces, we have driven a fundamental transformation in process structures to reduce long-term carbon costs.
	Market opportunity	Downstream customers' requirements for low-carbon supply chains are becoming increasingly stringent, and the rapid growth in demand for low-carbon products presents market opportunities for the Company.	Short term	Enterprise operation, downstream of the value chain	<ul style="list-style-type: none"> Vigorous efforts have been made to develop highly value added, technological and eco-friendly stainless steel products.

Note: Impact frame: short-term (1–3 years), mid-to long-term (3–10 years)

Climate mitigation

The Company actively participates in global carbon neutrality initiatives. Through mitigation strategies such as optimizing production processes, increasing the use of clean energy, and engaging in carbon trading, we drive green, low-carbon corporate development and support China's "Dual Carbon" goals.

Process structure optimization

The Company has implemented structural reforms to the furnace charge, such as adopting a high pellet ratio in blast furnace smelting, with a planned increase in the pellet ratio from 33% to 52%, reducing annual carbon emissions by 430,000 tons. Low-carbon overhauls and technical upgrade for large-scale facilities like the No. 3 and No. 6 blast furnaces are underway. The efficiency improvement projects for the gas and steam systems, along with the promotion of oxygen-enriched combustion technology and putting into operation the CO₂ capture project, have comprehensively reduced process energy consumption and carbon emission intensity.

Green transition in the energy mix

The Company has set a target for clean energy use: achieve over 30% green electricity share at all bases by 2030. We work to increase green electricity consumption, with annual carbon reduction from green electricity consumption exceeding 2.2 million tons.

Carbon trading and compliance

The Company has actively participated in the national carbon market trading and explored value-added businesses such as carbon allowance trading and carbon finance. During the reporting period, we completed the 2024 allowance on time, leaving a carbon account balance of 42,700 tons.

Internal carbon pricing exploration

The Company has preliminarily introduced internal carbon cost considerations into investment decisions and project evaluations to steer funding towards low-carbon technologies and retrofit projects.

Systematic transition

Through system capability building, improvement of carbon asset management, and R&D investment, the Company has continuously reduced carbon emission intensity, building the necessary capabilities, data, and practical experience for potential future carbon neutrality goals.

Climate impact, risk, and opportunity management

The Company continuously enhances the end-to-end management process for climate risk identification, monitoring, assessment, and response, integrating climate risk management into our enterprise risk management (ERM) framework. In 2025, Taigang Stainless was selected as a pilot enterprise for the carbon emission reduction management system in key industries in Shanxi Province.

Risk identification and assessment

Climate-related risks are identified and assessed annually based on policy trends, market dynamics, technological developments, and physical climate risks. Methods such as SWOT analysis and scenario simulations are then used to evaluate their financial impacts.

Risk monitoring

The Company advances the development of an intelligent carbon emission management system. Our full-process online carbon management platform has covered all production bases, with a system for monitoring, statistics, and verification of emissions across the entire process established. By improving process level metering and data quality control, the platform enables timely identification of high emission hotspots and potential compliance risks, helping the Company dynamically assess climate related impacts and optimize its emission reduction strategies.

Risk management

The Company has formulated and continuously improved policies such as the *Management Measures for Carbon Peaking and Carbon Neutrality* and the *Management Measures for Carbon Emission Rights*. These documents clarify management responsibilities for each segment to ensure robust risk management measures.

Metrics and targets

Taking into account national policy constraints, industry technological feasibility, cost-benefit analysis, and international competitions, Taigang Stainless has set layered, phased emission reduction targets to advance the implementation of carbon reduction projects and regularly track progress toward these goals. In 2025, through energy conservation and emission reduction projects as well as the use of green electricity, the company managed to reduce carbon emissions by a total of 419,100 tons.

The GHG emissions from our production and operations are mainly CO₂, which come from production facilities such as coke ovens, blast furnaces, converters, electric arc furnaces, and power generation units, covering combustion, electricity, heating, cooling, and steam. The primary scope of impact is Taiyuan, Shanxi Province.

Metric	Progress in 2025
Achieve a 6% reduction in carbon intensity by 2025 from the 2020 baseline	GHG emission intensity (Scope 1+Scope 2) 1.77 tCO ₂ e / ton of steel Target exceeded, with a 7.0% reduction compared to 2020
Achieve a 6.5% reduction in CO ₂ emissions per ton of steel by 2030 from the 2025 baseline, and a 17.5% reduction from the 2020 baseline.	In progress
Achieve over 30% green electricity share at all bases by 2030	In progress
Achieve a 30% reduction in carbon emissions per ton of steel by 2035 from the 2020 baseline	In progress
Strive to achieve carbon neutrality by 2050	In progress

Indicator	Unit	2025 target	2025 achievement
GHG emissions (Scope 1)	10,000 tCO ₂ e	2,100	2,083.27
GHG emissions per 10,000 yuan of output (comparable price) (Scope 1)	tCO ₂ e/10,000 yuan	3.4	2.78
GHG emissions (Scope 2)	10,000 tCO ₂ e	45	41.45
GHG emissions per 10,000 yuan of output (comparable price) (Scope 2)	tCO ₂ e/10,000 yuan	0.11	0.06



Clear Waters and Blue Skies: Cultivating a Green Foundation

Taigang Stainless has continuously refined its environmental governance system, systematically advancing pollution prevention and control along with ecological protection in the Yellow River Basin. Focusing on ultra-low emissions and wastewater treatment, we have persistently improved our environmental performance to solidify the foundation for green development.

Environmental management system

In strict compliance with national, provincial, municipal, and enterprise's requirements for energy, environmental protection, and low-carbon practices, the Company integrates compliance management into our related operational systems. In addition, we remain committed to pollution prevention and control, protecting the ecological environment of the Yellow River Basin while maintaining ultra-low emission performance as standard.

Governance

The Company has established a three-tier environmental protection management framework consisting of the Environmental Protection Management Committee (EPMC), the Energy and Environmental Protection Department (the Carbon Neutrality Office), and the environmental protection departments of subsidiaries. The EPMC Chairman is jointly held by the Party Secretary and Chairman, and the General Manager. Its members include relevant leaders, heads of departments, and primary responsible persons from all subsidiaries.

The Company has established environmental management policies, including the *Accountability Management Measures for Environmental Protection Incidents* and the *Energy and Environmental Protection Management Measures*. During the environmental impact assessments, completion acceptance, and monitoring phases, all project information is disclosed and public opinion is solicited as required by law. During the reporting period, we passed the annual external audit for the GB/T 24001-2016 Environmental Management System and conducted an internal audit across the organization.

To enhance environmental management capabilities, we launch specialized training on key topics including online monitoring, hazardous waste management, radiation safety, emergency response, laws and regulations, energy management, and water conservation. Our employees also participate in carbon trading policy training sessions organized by China Baowu Group and the China Iron and Steel Association, effectively enhancing the expertise and compliance awareness of environmental management personnel. In 2025, the Company conducted a total of 15 environmental protection training sessions, covering 104 hours of instruction, with 427 participants.

Strategy

To advance clean production, we have developed the green, low-carbon development plan, and implemented projects under the *Yellow River Basin Ecological Protection Action Plan*. In 2025, we completed clean production audits for the coking, ironmaking, and power generation processes. During this period, we implemented projects including the advanced treatment of sintering flue gas and blast furnace hot-blast stove flue gas, blast furnace gas CO₂ recovery, zero-discharge treatment of coking phenolic cyanide wastewater, quality improvement and renovation of the fifth and sixth phases of the wastewater system, and low-carbon energy-saving renovation for the 2×300MW units. These initiatives effectively advanced energy conservation, consumption reduction, pollution reduction, and efficiency enhancement.



Impact, risk, and opportunity management

Risk identification

The Company integrates environmental-related risks into the risk management process, strengthen environmental risk prevention and control and strictly manage all types of environmental risks. In 2025, we identified the primary environmental protection risk as being publicly notified and penalized by the government for failing to control key environmental issues. In response, environmental risk control measures were implemented throughout the project feasibility study and construction phases. During project operation, efforts were intensified to enhance pollution prevention and control, implement wastewater treatment upgrading, and build zero-waste plants to ensure no environmental risks occur throughout the year.

Risk management

The *Environmental Emergency Response Plan* has been formulated and a three-year campaign has been launched to systematically screen environmental hazards and improve risk control measures. During the reporting period, environmental emergency experts from Shanxi Province were engaged to offer specialized training and emergency drills for key risk control units, such as the iron smelting plants and cold-rolling mills, were held, enhancing practical capabilities in response to sudden environmental risks.

Risk monitoring

The Company has established a full-element environmental monitoring system covering waste gas, wastewater, solid waste, noise, and energy resource consumption. This system enables real-time dynamic tracking of major environmental risk sources. All monitoring facilities are operated in compliance and regularly calibrated, with monitoring data uploaded in real time to a centralized supervision platform, providing data support for environmental risk identification and compliance management.

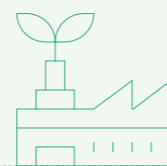
Metrics and targets

Indicator	Unit	2025 target	2025 achievement
Sulfur dioxide emissions	ton	< 650	621.46
Nitrogen oxide emissions	ton	< 3,000	2,772.16
Chemical oxygen demand (COD) emissions	ton	< 160	123.42
Total direct dust emissions	ton	< 890	799.03

Key Performance 2025

CNY **227** million
Investment in environmental protection projects

0.3 %
Percentage of total industrial output value



0
Environmental penalty incidents

CNY **2,355** million
Operating costs for environmental management (including depreciation)

Ultra-low emissions of waste gas

The Company has implemented its *Management Measures for the Prevention and Control of Waste Gas Emission Pollution and the One Plant, One Policy Emergency Operation Plan*. Based on our dual control approach to total pollutant emissions and concentration, we systematically advance the end-to-end ultra-low emission retrofit and management of waste gases. Meanwhile, desulfurization, denitrification, particulate matter (PM) control facilities, and volatile organic compound (VOC) capture and treatment systems have been efficiently operated to ensure ultra-low emissions in the coking process. Online monitoring, supervision, and on-site inspections of pollutant discharges are strengthened to reduce atmospheric pollutant emissions, helping achieve lasting progress in regional air quality.

Our key production processes fully meet in-depth pollution control requirements. Shandong Taigang Xinhai Stainless Steel Co., Ltd. has completed the public notification of ultra low emission performance. While maintaining its own ultra-low emissions, the company also assists partners within its industrial ecosystem in advancing their own retrofits. Shanxi Akers Taigang Roll Co.,Ltd was rated Grade B, and Baowu Environmental Technology Shanxi (Resource Recycling) Co., Ltd. was recognized as a leading enterprise.

Ultra-Low Emission Retrofit Project at Shandong Taigang Xinhai Stainless Steel Co., Ltd.

In 2025, Shandong Taigang Xinhai Stainless Steel Co., Ltd. systematically advanced its ultra-low emission retrofit, focusing on organized emissions, fugitive emissions, and clean transportation. The company completed five major projects, including the expansion and enclosure of the steelmaking plant's alloy material warehouse, the expansion and addition of dust removal equipment for the slag yard, retrofitting dust removal systems for continuous casting tundish, residual slag, and ladle repair area, the enclosure renovation of the steelmaking workshop, and the new construction of an Ultra Low Emission Management and Control Platform EPC project. These projects have significantly reduced air pollutant emissions. Through source containment, process control, and digital governance, the company has effectively enhanced its refined environmental management, providing a model for the green and low carbon transformation of the steel industry.



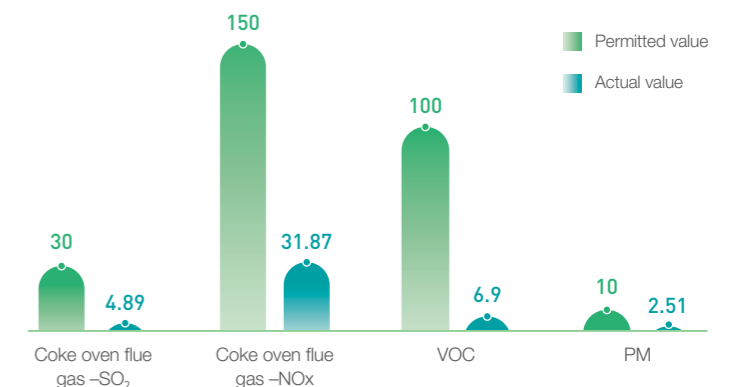
Expansion and enclosure project of the alloy material warehouse at Shandong Taigang Xinhai Stainless Steel Co., Ltd.'s steelmaking plant

287,945.08 million m³
Waste gas emissions

5.8 tons/km²/month
Atmospheric depositions in the plant area

1,930.69 tons
Particulate matter emissions

Air pollutants concentration (mg/m³)



Note: The permitted values listed above are the ultra-low emission limits for coke oven flue gas in the steel industry.

Wastewater compliance management

The Company has continuously improved the wastewater pollution management systems, such as the *Management Measures for Wastewater Discharge Pollution Prevention and Control*, and formulated action plans for ecological protection in the Yellow River Basin and the “Cleaner Water into the Yellow River” work plan. Wastewater treatment projects are systematically advanced to contribute to urban water environment improvement. The Company’s wastewater, primarily from coking, ironmaking, steelmaking, cold rolling, and auxiliary operations, is treated and reused. Non-reusable tailwater undergoes further treatment to meet the Integrated Wastewater Discharge Standard of Shanxi Province and is then supplied to urban wetland parks for water replenishment. These efforts foster harmony and shared growth between the Company and the city.

In 2025, the Company has completed projects such as the neutralization of sintering dilute acid water, reuse of concentrated brine, rain-sewage separation, a zero-discharge project for coking phenol-cyanide wastewater, and the fifth and sixth phases of wastewater treatment upgrades. As a result, COD, ammonia nitrogen (NH₃-N), and total phosphorus in external wastewater discharge met the Surface Water Class III standard, with all discharged water fully recycled to urban wetland parks. Shandong Taigang Xinhai Stainless Steel Co., Ltd. and Shanxi Linfen Taigang Medium and Heavy Plate Co., Ltd. maintained zero wastewater discharge.

Zero Discharge Project for Coking Phenol-Cyanide Wastewater

In 2025, Taigang Stainless constructed and commissioned the Zero Discharge Project for Coking Phenol-Cyanide Wastewater. With an investment of CNY 130 million and a designed treatment capacity of 140 m³/h, the project effectively reduces environmental risks from coking wastewater discharge through advanced treatment and resource utilization, achieving zero discharge of coking phenol cyanide wastewater.



Zero-Discharge Project of Coking Phenol-Cyanide Wastewater

Key Performance 2025

17.39 million m³

Total wastewater discharge

1.45 tons/t steel

Volume of wastewater discharge per ton of steel

23.07 million m³

Volume of urban sewage and reclaimed water treated

123.42 tons

COD emissions

9.74 mg/L

Discharge concentration

3.07 tons

NH₃-N discharge

0.16 mg/L

Discharge concentration

Comprehensive utilization of solid waste

In active response to the “Zero Waste Group” initiative, the Company has efficiently implemented the *Management Measures for General Industrial Solid Waste* and the *Regulations for the Standardized Management of Hazardous Waste*. We advance the “zero solid waste leaving the plant” initiative to enhance comprehensive solid waste utilization. During the reporting period, to realize source reduction, we completed the coal gas co-firing retrofit for the No. 2 coal-fired boiler and the sintering dilute acid water neutralization project, promoting the return of iron-bearing dust sludge and water treatment sludge into production. Focusing on the efficient utilization of solid waste resources, we pushed forward the construction of the zinc-bearing dust sludge resource utilization project.

Our regular training on comprehensive solid waste resource utilization and compliant hazardous waste management enhances the ability to prevent environmental risks related to solid waste and raises awareness.

Indicator	2025 target	2025 achievement
Comprehensive general industrial solid waste utilization rate	99.55%	99.62%

Hazardous waste

The Company adopts an integrated governance and management model to efficiently operate facilities for waste hydrochloric acid regeneration, waste mixed acid regeneration, and the secondary separation and volume reduction of rolling oil sludge. Relying on multiple channels—including internal use, cooperative utilization, and social utilization—we promote the harmless utilization and disposal of hazardous waste to prevent environmental risks.

Key Performance 2025

0.65 million tons

Hazardous waste across 20 categories generated

0.52 million tons

Used and treated independently

0.12 million tons

Disposed of by entrusted qualified third-parties

General industrial solid waste

For general industrial solid waste, we employ a model combining in-process collaborative disposal and compliant third party disposal. In 2025, in collaboration with Baowu Environmental Technology Shanxi Resource Recycling Co., Ltd., we continued the efficient operation of facilities including the blast furnace slag superfine powder unit, blast furnace hot melt slag fiber production line, comprehensive steel slag utilization facility, fly ash aerated concrete production line, standard brick production line, and aerated concrete panel production line. This not only enabled the production of cleaner products but also supplied green building materials to the city, achieving high efficiency utilization of solid waste resources.

Key Performance 2025

6.99 million tons

General industrial solid waste generated

0.58 tons/ton steel

Generation intensity of general industrial solid waste

6.97 million tons

General industrial solid waste utilized

1.51 million tons

Recycled back into production

21.52 %

Return to production utilization rate

Resource Recycling: Turning Green Initiatives into Value

The Company has established a full-chain closed-loop management system to coordinate the efficient use of energy, water, and raw materials. We advance green office practices and develop green buildings, thereby promoting resource conservation and reducing pollution and carbon emissions.

Energy management

The Company continuously improves its energy management system and has formulated the *Energy and Environmental Protection Management Measures* to define organizational responsibilities and objectives. We advance new energy project development, promote the application of advanced energy-saving technologies, and enhance the efficiency of energy procurement, utilization, recovery, and conversion. Our internal and external audits of the energy management system also drive the continuous improvement of energy management. In 2025, our comprehensive energy consumption per ton of steel decreased by 1.89% year-on-year.

Note: For the energy governance structure, please refer to the "Climate governance structure" section on page 51.

Indicator	Unit	2025 target	2025 achievement
Comprehensive energy consumption per ton of steel	kg of standard coal / ton of steel	524	521.65
Surplus energy recovered per ton of steel	kg of standard coal / ton of steel	105	110

saving technologies Application of energy-
Taiyuan Base completed the low-carbon and energy-efficient comprehensive utilization upgrade of 2x300 MW units, variable-frequency retrofit of the descaling system for the 2250 hot continuous rolling production line, retrofit of the air-blast furnace gas heat exchanger for Blast Furnace No. 6, and retrofit of the pure oxygen ladle preheating system for the stainless steel line at the special steel division of the steelmaking plant; Xinhai Base completed low-pressure steam recovery and utilization projects and the phase-out of energy-intensive equipment; Tianjin Pipe Base completed energy-saving and low-carbon projects, including servo retrofit of the hydraulic station motors at the hybrid line outlet, upgrade of the furnace entrance seals for the hybrid line annealing furnace, and heat exchanger upgrade for the same furnace.

Clean energy utilization
The Company utilizes spatial resources such as plant rooftops, office buildings, and parking areas to develop distributed rooftop photovoltaic power generation projects. By the end of 2025, the total installed photovoltaic capacity reach 26.38 MW; we also engage in green electricity and green electricity certificate (GEC) trading and establish direct supply cooperation models for clean energy.

Key Performance 2025

21.58 GWh

Photovoltaic power generation

6.2 %

Percentage of renewable electricity consumption

40 % +

Key processes capacity meeting energy efficiency benchmarks

406 GWh

Green electricity & GECs procured

(including Taigang Stainless and its subsidiaries: Shanxi Linfen Taigang Medium and Heavy Plate Co., Ltd and Tianjin TISCO & TPCO Stainless Steel Co., Ltd.)

National Benchmarking Competition for Energy Conservation and Consumption Reduction of Key Large-Scale Steel Production Equipment

No. 1 180-ton converter: Champion Furnace (retained)
No. 3 sintering machine & No. 2 160-ton electric furnace: Top-Performing Furnaces
No. 5 blast furnace: Pioneer Furnace

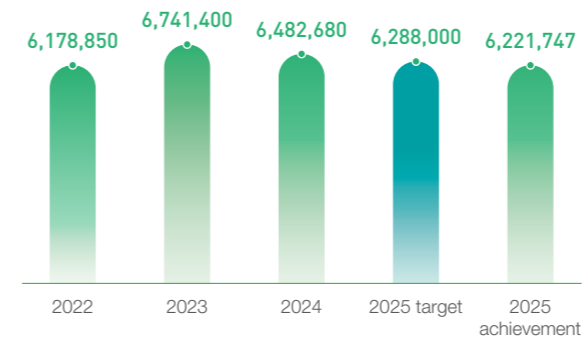
Carry out energy-saving upgrades and renovations, creating new opportunities for clean technologies

In 2025, Taigang Stainless advanced the strategy of high-end, intelligent, and green manufacturing and completed the 2x300MW low-carbon and energy-efficient comprehensive utilization upgrade project. The project pioneered in China a triple-technology coupling of "turbine passage flow optimization + boiler parameter upgrading + blast furnace gas co-firing." Through the development of key technologies, including high-efficiency combustion and the cascade utilization of flue gas waste heat, coal consumption for power supply was reduced to below 300 grams of standard coal per kWh. A total of 2.055 billion cubic meters of coal gas was recovered, CO₂ emissions were reduced by 853,900 tons, and economic benefits of 318 million yuan were generated. All pollutant emission indicators were significantly below the national ultra-low emission standards for the thermal power industry.



2x300MW low-carbon and energy-efficient comprehensive utilization upgrade project

Total consumption of non renewable energy (tce)



Total consumption of renewable energy (GWh)



Indicator	Unit	2025
Total energy consumption	Million tons of standard coal	6.26
Direct energy consumption	Million tons of standard coal	5.92
Indirect energy consumption	Million tons of standard coal	0.34
Energy consumption per CNY 10,000 of output value	tons of standard coal / ten thousand yuan	0.83
Clean energy use (solar energy)	GWh	43.40
Total consumption of self-generated green electricity	GWh	13.40
Waste heat energy recovered	Million tons of standard coal	0.89
Surplus energy recovered	Million tons of standard coal	2.93
Procurement of wind power	GWh	300
Total consumption of non renewable energy	Million tons of standard coal	6.22
Total fuel consumption (lubricating oil)	L	6,550
Coal usage	ton	6,898,929
Natural gas usage	m ³	180,853,538
Gas usage	m ³	16,002,140,476
Diesel consumption	L	5,307,143
Petrol consumption	L	35,135
Total electricity consumption	GWh	6,462.06
Electricity consumption per unit output	KWh/ton of steel	538.15
GECs traded	/	35,000

Water resource management

The Company strictly complies with national water resource management policies and upholds the principles of green development. We have developed and enforced the *Energy Management Measures* and the *Measures for Energy Metering and Management* to advance water conservation and recycling.

Water conservation measures

The Company manages water quotas across all processes, conducting regular surveys and assessments to identify efficiency improvement opportunities. By adopting a strategy of “high-quality sourcing + premium supply + efficient recycling”, we drive water conservation and emission reduction throughout the entire process. Municipal wastewater is also collected and treated for reuse, with a membrane-based efficiency linkage mechanism established to enhance reuse efficiency and water quality while reducing water consumption.

Water risk management

The Company conducts regular water risk identification and management. In terms of dependency, industrial water is sourced from reclaimed water supplied by the Urban Wastewater Treatment Plant, with any shortfall supplemented by surface water from the Fen River and municipal tap water from Taiyuan. Water withdrawal fully considers ecological flow requirements to avoid significant impacts on the local aquatic ecosystem. Based on assessments, the Company faces no short-term risks related to water scarcity or water quality and has not experienced any operational disruptions due to water risks over the past four years.

In terms of impact, domestic wastewater is treated and fully reused in production. After treatment, part of the industrial wastewater is reused within the plant, while the remaining portion is supplied to the Fen River Wetland Park for ecological replenishment, thereby reducing wastewater discharge and alleviating pressure on urban water supply.



Taigang Stainless received the **Water Conservation Progress Award in the China Baowu Extreme Low-Carbon Labor Competition**



Key Performance 2025



21.92 million tons

Freshwater use target

16.59 million tons

Actual water withdrawal

1.65 tons/t steel

Target freshwater use per ton of steel

1.38 tons/t steel

Actual freshwater use per ton of steel

23.07 million tons

Water resource recovered and reused

1,670.89 million tons

Recycled water used

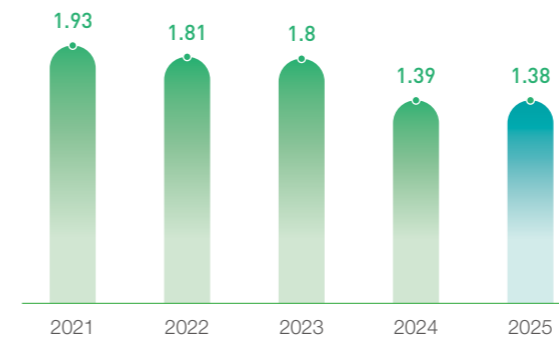
12.03 million tons

Reclaimed water reused

99.02 %

Water reuse rate

Freshwater consumption per ton of steel (tons of water/steel)



Wastewater reuse rate per ton of steel (%)



Raw material management

The Company actively practices the circular economy concept and strengthens the use of recyclable materials in its products. Our main products-austenitic, ferritic, and martensitic stainless steels-can all be produced using recycled materials and have obtained Intertek certification (based on US standards). In 2025, 24 stainless steel grades, including SUS304, and 6 silicon steel products received SCS certification, with the maximum proportion of recycled materials reaching 99%.

The Company systematically advances the development of a green supply chain, reducing pollutant emissions at both the source and process stages. We optimize the composition of scrap steel, increase the proportion of relatively clean scrap in procurement, and promote targeted scrap recycling to maximize resource utilization. For high-energy-consumption ores and toxic additives used in production, we develop alternative materials, pilot low-energy, non-toxic alternatives, and promote environmental technology upgrades among suppliers. Meanwhile, we also strictly review suppliers of high-pollution-risk raw materials and prioritize cooperation with low-carbon and compliant suppliers to reduce the environmental burden of the supply chain.



Key Performance 2025

Iron ore consumption

Sintered ore **9,212,541** tons, south african lump ore **261,689** tons, lanxian acid pellets **4,775,964** tons, manganese ore **187** tons, silica **24,403** tons.

Coal consumption

Coking coal **3,993,262** tons, thermal coal **1,414,875** tons, pulverized coal **1,393,902** tons, Sintering coal **96,711** tons, self-produced coke **2,856,278** tons, purchased coke **518,645** tons, Granular coke **50,171** tons, coke powder **214,179** tons.

Harmony with Nature

The Company embeds green development philosophy into the entire product lifecycle and operations. The development of low carbon products, green packaging and transport, green office practices, and ecological plant areas have enabled us to achieve a synergy between economic and environmental benefits.

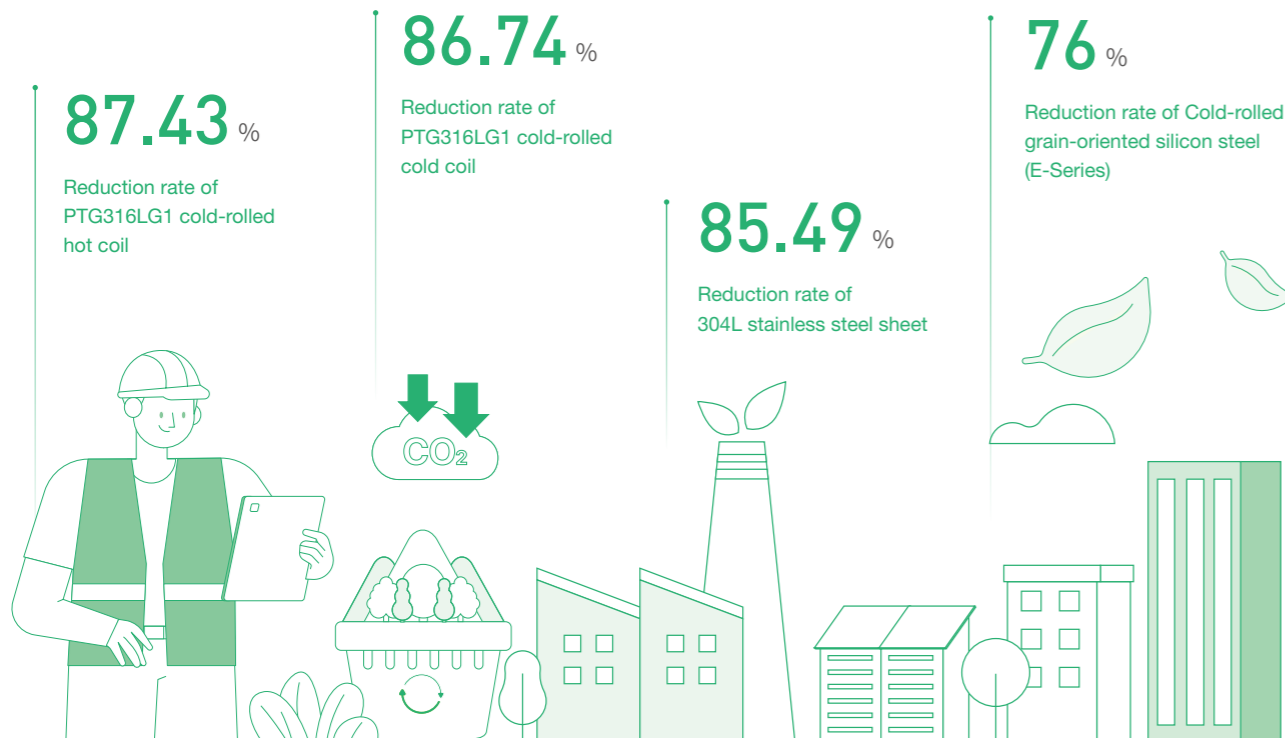
Eco-Friendly products

The Company has accelerated the R&D and application of low-carbon products by fully advancing the development and production of green steel and strengthening improvements in low-carbon production processes. Meanwhile, the Company strategically engages green supply chain customers to promote coordinated carbon reduction across cities and society. Taigang Stainless has rolled out BeyondECO® E-grade low-carbon steel products, including SPHC-LCE high-surface-quality hot-rolled coils for cold forming. Additionally, the Company has added four new categories of low-carbon steel products certified by internationally authoritative standards. These products meet green product certification criteria, with carbon footprints reaching world-leading levels, serving as vital support for breaking down global green trade barriers.

Low-carbon product carbon footprint

The Company's online full process carbon management platform generated carbon footprint reports for multiple products, including PTG316LG1 cold rolled hot coil and cold coil, 304L stainless steel sheet, and cold rolled grain oriented silicon steel (E Series). All reports have been verified by an internationally recognized third-party organization.

The reduction in carbon footprint compared to conventional production methods (from cradle to gate)



First export of green stainless steel to Europe

On October 28, 2025, Taigang Stainless marked a significant milestone with the shipment of its first green steel products to Europe. The shipment, featuring 304L stainless steel plates, stands as a flagship offering within the Company's green steel portfolio. Manufactured via a scrap-based electric arc furnace (EAF) short process and shaped by world-class 4300mm rolling technology, the production is entirely powered by green electricity generated from on-site Building-Integrated Photovoltaics (BIPV). Verified by an authoritative international third party, the product boasts a carbon footprint reduction of over 75% compared to conventional methods. With CBAM emission data meeting advanced European standards, this achievement provides a replicable model for customers to navigate green trade risks and overcome market barriers.



First export of green stainless steel to Europe

Precisely connecting with green supply chain customers

The Company empowers customers' low-carbon transformation with green products, effectively supporting collaborative carbon reduction across the industry chain. In 2025, Taigang Stainless successfully secured a "green steel" order for 304L stainless steel medium plate with thyssenkrupp, a German company, marking an international breakthrough for high-value-added green steel products. Concurrently, the Company closely aligned with the steel requirements of China International Marine Containers for tank containers and proactively formulated the *PTG316L Low-Carbon Stainless Steel Five-Year Development Plan* to systematically advance the R&D and application of low-carbon stainless steel.



Green packaging

On the premise of ensuring packaging quality and obtaining user consensus, the Company has revised our packaging standards for hot-rolled and cold-rolled stainless steel coils. New packaging options have been added, including bare coils for hot-rolled products and standard packaging for cold (hot) precipitation-hardening sheet boxes. By offering a broader range of simplified packaging alternatives, the Company provides users with more options to reduce packaging complexity and cost. For self-pickup customers over short distances, simplified packaging is prioritized to minimize the consumption of packaging materials.

Green transportation

The Company has systematically developed its green transportation framework by establishing a Clean Transportation Advancement Working Group to formulate control plans and implement monthly tracking mechanisms. These efforts promote energy conservation and consumption reduction across logistics operations.

Accelerating green equipment upgrades	The Company has installed exhaust after-treatment devices on diesel locomotives and added two new hybrid locomotives, bringing the total hybrid fleet to seven units. We have also phased out energy-intensive motors and transformers in batches, effectively reducing energy consumption and pollutant emissions.
Optimizing transportation organization	The Company adheres to a logistics strategy prioritizing belt conveyors and rail transport, giving priority to electric trucks for road transport. Emphasis is placed on expanding the scale of electric truck transport, significantly increasing the share of green transportation across multiple material streams.



Green office practices

Committed to "green office and low-carbon living," the Company promotes a simple, moderate, and sustainable lifestyle among our workforce to drive resource efficiency and environmental stewardship.



Green office initiatives

Electricity conservation	Office resource conservation	Green commuting
The Company regulates air conditioning temperatures appropriately and equip office areas with energy-saving lighting, ensuring lights are turned off when spaces are vacant. Computers are set to enter sleep mode automatically after five minutes of inactivity. We also enhance end of day energy management by promptly switching off or disconnecting power to office equipment such as computers, printers, and water dispensers to eliminate standby power consumption.	The Company minimizes the use of disposable office supplies, implement paperless office practices, and strictly control printed document volumes. Paper is used on both sides whenever possible. Video conferences are promoted to streamline in person meetings, integrating low-carbon principles into event organization.	Employees on business trips are encouraged to prioritize public transportation to reduce non-essential vehicle use.

Biodiversity conservation

The Company places ecological protection at its core, steadfastly building a "green steel plant, garden like facility" that maintains ecological balance and a harmonious environment with vibrant flora and fauna, creating a healthy, green plant area and safeguarding the site's ecological environment.

In 2025, using the World Wildlife Fund (WWF) Biodiversity Risk Database, the Company assessed biodiversity risks at all its operational locations based on two critical dimensions: the dependence of operational activities on ecological status and their potential impact on the environment. The assessment results showed no high risk locations across the Company's operations. For medium-to low risk locations, we have continuously refined short- and long term management strategies to minimize the impact of our business operations on biodiversity.

Biodiversity commitments

- ✓ Our company operations are located away from ecological conservation redlines and biodiversity-sensitive areas.
- ✓ Regular biodiversity risk assessments are conducted, with actions taken across all levels of avoidance, reduction, restoration and regeneration, and transformation to minimize disturbance to wildlife habitats, reduce soil erosion and deforestation, and promote harmonious coexistence between corporate development and biodiversity protection.
- ✓ Collaboration with suppliers ensures that procured raw materials and processes respect biodiversity, with the acquisition and production of raw materials avoiding endangered species and biodiversity-sensitive zones.
- ✓ We collaborate with stakeholders to protect biodiversity.

Avoidance	Transformation
The Company avoids construction in environmentally sensitive areas by incorporating biodiversity protection factors into site selection and conducting environmental impact assessments during the project feasibility study phase.	The Company is systematically implementing wastewater treatment projects to ensure that discharged water meets Class III surface water standards for COD, ammonia nitrogen, and total phosphorus, with all such water fully reused to supply urban wetland parks.
Reduction	Restoration and regeneration
The Company reduces emissions of hazardous waste, industrial wastewater, and air pollutants, and conduct routine deep soil sampling and groundwater monitoring to prevent exceedances. Physical pest control methods-such as sticky traps and black lights-are used for plant pest management, and low toxicity or non toxic pesticides approved for national use are applied to maintain site vegetation, thereby protecting soil and groundwater resources.	Our greening design follows the principle of simulating natural plant communities, gradually transitioning the forest belt structure from monoculture to mixed species stands. In 2025, our plant area contained 156 tree species, with a tree, shrub, and grass ratio of 5:3:2.



Joint Efforts for a Brighter Future

Taigang Stainless remains steadfast in its commitment to creating values by “putting customers first”. The Company strives to build a responsible supply chain based on transparency, integrity, and win-win cooperation, while actively engaging in community development and rural vitalization. By fulfilling our responsibilities toward suppliers, customers, employees, and communities, we work with all stakeholders to co-create a sustainable future where economic, social, and environmental progress go hand in hand.

96 %

Customer complaint resolution rate

40

On-site ESG training sessions for suppliers

158.6

Average training hours per employee

160

Total training hours

Contributions to SDGs



Value Creation with Customers

Upholding a customer-centric philosophy, Taigang Stainless is committed to establishing transparent, trustworthy, and enduring strategic partnerships with our customers. The Company continually deepens marketing system reform, streamlines service processes, and strengthens the quality of customer service and protection of customer rights. Through our customer responsibility management system that covers the whole product lifecycle, we provide more agile, professional, and reliable products and services, creating greater value for our customers.

Customer services

To adapt to market demands in a more agile manner, the Company has strategically re-engineered its marketing system. This initiative drives comprehensive upgrades of the organizational structure, channel architecture, and service system, realizing the fundamental shift from selling products to managing customers and creating value.

Deepening marketing system reform	Optimizing channel structure	Empowering frontline technical support
<ul style="list-style-type: none"> By pooling the resources across the "production, sales, research, and use" phases, we have established 3 divisions (Structural Section, Wire, and Silicon Steel) and 9 product teams. We also transform regional subsidiaries into operational entities crafting an integrated marketing system characterized by "coordination at the headquarters + localized operations + regional support." The Company implements matrix management with "centralized and localized marketing strategies," ensuring synergy between product planning and regional market penetration. Meanwhile, we optimize the engagement with end customers to deliver seamless end-to-end customer journey. 	<ul style="list-style-type: none"> The Company systematically advances the development of its channel system by establishing a dynamic management mechanism covering qualification review, performance evaluation, and exit management, spanning 14 major product categories. The Company expanded the direct-supply channels. In 2025, the overall direct-supply ratio in the domestic market climbed to 51.85%, an increase of 7.84 percentage points year-on-year. The direct-supply volume reached 432,100 tons, averaging 88,200 tons more per month compared to the previous year. The figures demonstrate that our service reach and penetration among end customers have expanded markedly. 	<ul style="list-style-type: none"> Technical service stations are set up in five regional subsidiaries to provide support such as in-plant services, demand research, competitor benchmarking, and on-site objection handling. This effectively addresses customer pain points in product usage and boost customer satisfaction.



Awarded the title of "Excellent Supplier" by China National Chemical Engineering Group Corporation



Awarded "Best Strategic Cooperation Partner" by Andritz

Customer rights protection

At Taigang Stainless, customer rights protection is placed at the forefront. The Company has established a comprehensive customer rights protection system covering regular communication, standardized dispute resolution, end-to-end safety assurance, and robust information protection. In addition, we safeguard both customer interests and our brand reputation, and strive to establish partnerships founded on transparency, fairness and mutual trust.

Customer requests management	Customer complaints and claims
<p>Customer service review meetings and ticket tracking mechanism is set up to collect and address customer requests on quality, cost, delivery, etc. All requests are assigned a reference number and listed in the tracking log, with status updated three times a week to ensure timely resolution. In June 2025, the Company established the "Integrity Feedback Channel," a dedicated platform for customers to submit, track, and receive feedback on their concerns, enabling one-click submission and prompt handling. In 2025, the company received and processed 27 requests, including 5 from customers.</p>	<p>Customers can submit complaints online via the "Intelligent Customer Support Platform". The customer service department will perform audits and filing within 1 working day and reach out to the customer for verification and negotiation. For quality losses caused by the Company, reasonable compensation will be made in strict accordance with the authorized procedures, ensuring timely reimbursement of customer losses and preventing secondary complaints.</p>
Product safety and recall	Customer information security
<p>A rapid response mechanism for defective products has been established. Customers can report quality problems in real time through the system. Once a problem is confirmed to threaten life and property, the recall procedure is promptly triggered. In 2025 there were no complaints or negative incidents arising from product safety and health issues.</p>	<p>Ongoing improvement of cybersecurity policy management, technical safeguards, and emergency drills ensures customer data safety and privacy. In 2025, there were no customer data breaches.</p>

Key Performance 2025

11,719	10,766	96%	88.0
Customers visited in total, including	Direct-supply customers visited	Customer complaint resolution rate	Customer satisfaction score

Supporting national major scientific infrastructure and honored as an "Outstanding Contributing Supplier"

In January 2026, at the construction summary meeting for the Jiangmen Underground Neutrino Observatory (JUNO), Taigang Stainless was awarded the title of "Outstanding Contributing Supplier" for our critical support to the project. This underscores the high recognition from national major scientific projects regarding our capabilities in R&D and the supply of high-end materials.



Recognized as an "Outstanding Contributing Supplier"

Lean operations

Aiming to improve intrinsic efficiency, we systematically advance the transformation of our operational model. The Company also comprehensively implement the "Five-System" integrated management model with the Section Chief system as the core to strengthen field management. In 2025, the Company completed the iron-coke integration and the merger of steelmaking plants, establishing a lean organization and substantially boosting resource efficiency.

Centered on "problem orientation, customer orientation, and value creation," the Company has established a cross-departmental, end-to-end, customer-oriented operational mechanism. Its subsidiary, Shanxi Taigang Stainless Steel Precision Strip Co., Ltd., has successfully passed the re-evaluation and retained its designation as a national-level "Specialized, Sophisticated, Distinctive, and Innovative" ("Little Giant") Enterprise, with operational excellence and innovation capabilities.

Cross-departmental collaboration

The Company has established an integrated Production-Marketing-R&D Task Force comprising departments across marketing, manufacturing, technology, procurement, and finance. Led by the Marketing Center—which assumes overall coordination and integrated management responsibilities—the Task Force fosters an organizational model characterized by front-end marketing-driven leadership and efficient cross-departmental collaboration.

Closed-loop process

Guided by customer demands and product strategy, we integrate resources across "production, sales, R&D, and use" to build a matrix management framework. Leveraging tools like business review meetings, we develop a closed-loop management workflow covering "demand identification-rapid response-value realization". This facilitates the deep integration across the market, R&D, and manufacturing.

Performance-driven operations

The Company has established an incentive mechanism based on the principle of "value creation and sharing", along with a performance management system covering all levels. By cascading business objectives down to grassroots units and positions, we motivate all employees to maximize their roles and ensure the effective implementation of our business strategies.

Responsible marketing

The Company upholds integrity in business operations. During market expansion and brand marketing, we ensure information authenticity, accuracy, and transparency of information, and strictly comply with laws, regulations, and industry standards. Meanwhile, we work to maintain a fair market environment and resolutely oppose unfair competition and false advertising. Built on the long-term, trust-based, win-win relationships with our customers and partners, we strive to advance the healthy development of the industry.

Compliant promotion and brand marketing

In all marketing and brand promotional campaigns, we strictly implement internal policies to ensure that the information we disclose is authentic, objective, and accurate. In 2025, we participated in domestic and international industry exchanges, effectively enhancing the influence of the Company and our product brands in the industry.

Proactive rights protection and response to trade frictions

In collaboration with the local market supervision, customs, and judicial departments in Wuxi City, we have issued the *2025 Joint Declaration on Brand Rights Protection-Jointly Building Brand Equity to Safeguard Healthy Development*. The Company has also published the Declaration on our official WeChat account and official website, and carried out anti-counterfeiting verification and authentication for quality certificates. Meanwhile, we take proactive measures to navigate global trade headwinds. We participated in the defense of multiple overseas stainless steel anti-dumping cases. We spare no effort to safeguard the Company's legitimate rights and interests in global markets.

Key Performance 2025

18

Domestic and international exhibitions and promotional events participated in or organized

2

Overseas exhibitions

2

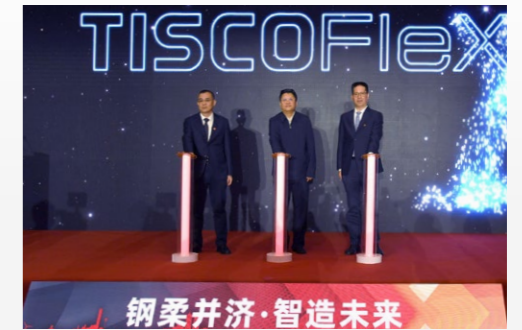
Special brand promotional events

5

Seminars co-organized or attended

"Hand-torn steel" brand launch event demonstrates responsible marketing with transparent communication

On May 12, 2025, Taigang Stainless unveiled its "hand-torn steel" brand at the product launch, where the two products – superconducting materials and photomasks – made their debut. The event brought together representatives from authoritative institutions such as the China Iron and Steel Association and the Chinese Society for Metals, among over 120 customers. It featured multiple sessions, including keynote reports, expert technical forums, and customer seminars. During the event, technological breakthroughs and a series of achievements in ultra-thin precision strip steel were presented to industry chain customers, partners, and experts. In addition, we provided insights into the product performance and application prospects, and organized visits to the production frontline. These efforts ensured transparency and professionalism in information communication.



"Hand-torn Steel" Product Brand and Debut Product Launch & Precision Stainless Steel Strip Product Promotion Conference

Responsible and Transparent Procurement

The Company is committed to building a safe, stable, green, and responsible supply chain system. We improve the full-process supplier management system by deeply integrating environmental, social, and governance (ESG) requirements into the entire supplier lifecycle. This covers supplier admission, evaluation, collaboration, and development. In addition, we continuously strengthen our supply chain risk management and emergency response capabilities and actively promote green procurement and a circular economy. Upholding business ethics, we work with partners to build a transparent, collaborative, win-win, and sustainable industrial ecosystem.

Supplier management

The Company is committed to building a responsible and sustainable supply chain. By establishing a lifecycle ESG management system covering supplier admission, performance evaluation, dynamic management, and supplier exit, we ensure the compliance and sustainability of the supply chain. Our goal is to create a stable, reliable, responsible, and resilient supply chain ecosystem, thereby strengthening the foundation for the long-term collaborative development across the industrial chain.

Strict admission and screening mechanism

The supplier screening process comprehensively considers qualification legitimacy, supply stability, quality, cost, technical expertise and sustainability and corporate social responsibility (CSR) performance. All prospective suppliers must receive ESG education and training and sign a *Cooperation Commitment Letter*, pledging to comply with requirements regarding integrity, environment and energy, safety, quality, and health.

Tiered evaluation and ESG review

A comprehensive, dynamic, and tiered supplier evaluation and ESG review system is established, and a five-level (A to E) dynamic evaluation framework is applied to manage qualified suppliers. This allows for quantitative management of supply chain performance and risks. Meanwhile, through a combination of document reviews and on-site inspections, suppliers are screened for forced labor risks. Strict exit mechanisms are enforced for suppliers failing to meet standards. Through these approaches, we continuously boost supply chain compliance and resilience.

Supplier environmental management

The Company prioritize cooperating with suppliers certified to ISO 14001 Environmental Management System. A raw material traceability system is established, and the "conflict minerals" ban is strictly enforced. We also provide on-site environmental compliance instructions for high-risk raw material suppliers to help them improve their environmental performance.

Key Performance 2025

40

New Supplier Qualification Review

280

Qualified suppliers, including

36

Long-term contract suppliers

23 %

Share of Class A (Excellent) suppliers

27.7 %

Share of Class B (Good) suppliers

11

Implementing corrective action plans for suppliers

4

Disqualified suppliers stripped of cooperation eligibility

As of the end of 2025

50

Suppliers certified by ISO 14001 system

Transparent and green procurement

Guided by the principles of openness, fairness, and impartiality, we continuously optimize our e-procurement platform to ensure full-process transparency and traceability in procurement. Embracing the principle of green and low-carbon development, we extend environmental requirements to the upstream supply chain. By optimizing the procurement structure and promoting resource recycling, we reduce the environmental footprint of the entire industrial chain.

Practicing green procurement



- The Company increases the proportion of recycled resource utilization by raising the procurement ratio of relatively pure scrap steel, such as single-source, easily-inspected electrical/automotive board scrap and rebar bale.
- The Company develops and procure the special varieties such as H13 and duplex stainless steel scrap to promote the refined and high-value utilization of scrap steel resources.
- The Company explore cooperation with customers for targeted recycling of scrap steel and product packaging to achieve closed-loop recycling.

Upholding business ethics



- The Company has formulated regulations such as the "Ten Prohibitions" for Ethical Conduct of Procurement Personnel to specify the prohibited behaviors and accountability mechanisms.
- The Company carries out activities like "Family-based Integrity" initiative, visits to Integrity Education Bases, and special talks to deepen integrity education.
- The Company strengthens compliance and confidentiality training and ensure training effectiveness through signature confirmation and other means, consolidating the foundation of transparent procurement.

Key Performance 2025

34 %

Increase in scrap steel procurement compared to 2024

12

Sessions of integrity training for procurement personnel

100 %

Coverage rate

Supply chain safety management

The Company has set the supply chain risk management objective of "no supply disruptions of raw materials and fuels that would affect production". To ensure operational stability, The Company has established specialized response measures for risks such as geopolitics, logistics interruptions, and supplier defaults.

Diversified procurement network

The Company has built a "domestic + overseas" multi-source procurement network, with at least three qualified suppliers for each crucial raw material, so as to reduce the reliance on a single channel.

Differentiated inventory management

The Company sets varying safety stock cycles based on the consumption cycle of raw materials and fuels to balance the supply security and inventory costs.

Digital risk warning platform

The Company advances the development of a digital risk warning platform to achieve real-time risk monitoring and intelligent alerts, thereby enhancing supply chain resilience.

Targeted risk response

The Company has established targeted risk response mechanisms to ensure all-round supply chain stability. For example, we hedge against geopolitical risks through "small-volume and multi-batch procurement + multi-regional sourcing"; we navigate logistics disruption risks by virtue of diversified "sea + railway + highway" routes; we mitigate supplier default risks with emergency backup inventory and contractual constraints.

Furthermore, we implement strict controls over potential environmental impacts and occupational health risks arising from storage activities. Materials containing radioactive substances are stored separately in sealed containers. The warehouses are equipped with radiation monitoring instruments for regular testing. Personnel in relevant positions are provided with professional protective equipment and occupational health check-ups. Professional institutions are regularly invited to monitor workplace dust, noise, etc. In 2025, the results from all monitoring points met national standards.

Supplier empowerment

Embracing the principles of fairness, impartiality, and mutual benefit, we support the development of suppliers, especially small and medium-sized enterprises (SMEs), through technical guidance, management methodology sharing, and enhanced technical collaboration. The Company has also established long-term and stable strategic partnerships with such suppliers to achieve mutual growth.

Key Performance 2025

100

Technical exchange activities

25 %

Proportion of medium-sized enterprises to all our partners

40

On-site ESG training sessions for suppliers

160

Total training hours

Supporting SME development

The Company sets reasonable payment terms (generally not exceeding 60 calendar days at maximum) to alleviate the financial pressure on SMEs. By the end of the reporting period, the accounts payable balance did not exceed CNY 7 billion. In addition, we establish regular technical exchange and on-site guidance mechanisms to share industry knowledge and practical experience. This helps SMEs improve their technical capabilities and operational efficiency, and thereby enables steady growth in the scale of cooperation.

Continuous training and capacity building

Through on-site training and online case sharing, we continuously communicate ESG requirements and best practices to suppliers. Particular emphasis is placed on providing onboarding guidance for new partners. In this manner, we enhance compliance awareness, risk management, and sustainability capabilities across the entire supply chain.



Conducting 2025 skill enhancement training on supplier management system

Talent Cultivation and Vitality Unleashing

Embracing the "people-oriented" principle, Taigang Stainless safeguards the legitimate rights and interests of employees as per law, and provides a ton of development opportunities for employees. In addition, the Company fully cares for the occupational health and safety of our employees and encourage work-life balance, striving to thrive together with our employees.

Employee rights protection

Putting employees at the center, the Company continuously improves systems and management measures for recruitment, compensation and benefits. We also facilitate employee communication channels to effectively safeguard employees' basic rights and interests.

Employment compliance

In strict compliance with international labor standards, *China's Labor Law* and other applicable legal requirements, the Company establishes and enforces a recruitment and employment system with respect for and protection of the rights and interests of employees as the core. Our *Recruitment Management Measures* explicitly prohibits the use of child labor, human trafficking, forced labor, and any form of discrimination or harassment. It is also stipulated that rigorous pre-onboarding reviews and background checks are carried out to ensure compliance and fairness in recruitment. Our *Employee Reward and Punishment Management Measures* contain clear punishment mechanisms and remedy procedures, ensuring that any violations are promptly corrected and addressed. In 2025, the Company received no reports regarding human rights violations, discrimination, or harassment.

In 2025, the Company organized campus recruitment according to the workflow of "information release – online application – resume screening – online competency assessment – interview assessment – background check – pre-employment physical – disclosure on corporate website – headcount approval". The campus recruitment brought in total of 252 new hires, comprising 230 males and 22 females.

Indicator	Unit	2025
Total on-the-job employees	headcount	14,254
Part-time employees	headcount	0
Female employees	headcount	880
Percentage of female employees	%	6.17
Minority employees	headcount	143
Percentage of minority employees	%	1
Disabled employees	headcount	131
Percentage of female managers	%	5
Percentage of women in junior management positions	%	4.12
Percentage of women in top management positions	%	4.67
Percentage of women in management positions in revenue-generating functions (marketing centers)	%	2.38
Percentage of women in STEM-related positions (technology/business tracks)	%	17.24
Labor contract signing rate	%	100
Social insurance coverage rate	%	100
Employee departures/terminations	headcount	14
Employee attrition/turnover rate	%	0.05
Revenue generation per employee	CNY 10,000	634.04

Employee Structure by Educational Background



47%



28%

25%

- Bachelor's degree and above
- Junior college's degree
- Secondary vocational degree and below

Compensation and benefits

The Company is committed to providing employees with a comprehensive, equitable, and competitive compensation and benefit packages. Our *Compensation Management Measures* set out a salary framework based on industry standards, position value, and employee performance. This ensures that the wages we offer are sufficient to cover employees' core living expenses, such as housing, healthcare, and other essentials, and are higher than the local minimum wage requirement. In addition, we conduct regular salary surveys and monitor gender pay gaps annually. For positions with excessive pay gaps, we will gradually close the divide by adjusting compensation structures and optimizing promotion mechanisms. This ensures equal pay for equal work and maintain compensation competitiveness and fairness.

In strict compliance with national labor laws and regulations, we pay standard social security contributions for all employees, covering the five mandatory insurances (endowment, medical, unemployment, work injury, and maternity) and the housing provident fund. On top of that, we purchase group comprehensive accident insurance for all employees and pay enterprise annuities for eligible employees. Employees are also entitled to statutory holidays, paid annual leave, marriage leave, bereavement leave, maternity leave, paternity leave, and nursing leave in accordance with the law. Moreover, a long-term incentive mechanism has been established, offering equity incentives to core and key employees to promote shared growth of the organization and employees.

The Company maintains a standard work schedule with 8-hour daily shifts and weekly working hours averaging no more than 40 hours. We also enforce a strict 36-hour monthly cap on overtime. Tightened overtime management and optimized shift schedules safeguard employees' rights to rest and leave. Furthermore, we leverage the attendance management system to ensure full payment of overtime wages and statutory compensation for untaken annual leave. In 2025, the average annual paid vacation days per employee of the company is 10.55 days.

Performance appraisal

A performance appraisal system has been established with Management by Objectives (MBO) as the core approach. It combines monthly or quarterly process evaluations with an annual comprehensive review. The employee performance metrics strike a balance between long-term and short-term, current and potential, financial and non-financial, as well as lagging and leading indicators. We provided our employees with performance dialogues and appeal opportunities. Employees who have an objection over the results can file complaints, which will be escalated hierarchically. The HR department will conduct investigations and determine the appropriate course of action. This procedure ensures a fair and transparent performance appraisal.

Democratic communication

The Company is committed to providing comprehensive and multi-dimensional protection for employees' rights to information and supervision. Through equal negotiation, we enter into the *Collective Contract*, the *Special Collective Contract for Special Labor Protection of Female Employees* and the *Collective Wage Contract* with our employees. These contracts are periodically revised to align with the Company's development and employees' changing demands.

A robust grievance mechanism is in place within the organization. For widespread employee concerns over dining and rest conditions, the Company has conducted multiple rounds of inspections and satisfaction surveys across 13 on-site canteens to drive correction or improvement. By establishing a full-process service workflow of "precise identification—project initiation—closed-loop resolution—long-term tracking—effect assessment", the Labor Union has optimized the mechanism for closed-loop resolution of the "Three Most" issues ("the most concerned, the most relevant, and the most realistic issues of employees"). Throughout the year, a total of 207 "Three Most" grass-root issues were collected and 100% of them were resolved, which dramatically boosted employees' sense of fulfillment.

Key Performance 2025

100 %

Coverage rate of collective contracts

10+

Democratic management meetings held

Fulfillment of employees' dreams

Taigang Stainless is committed to building a broad development platform for employees. Our seamless career pathways and systematic training systems empower our employees with continuous skill enhancement and career growth.

Career development

Taigang Stainless has formulated the *Employee Development Management Measures* to set up career paths for managerial, technical, and operational roles and positions at all levels. The document clearly defines the hiring standards for each track and level, and standardizes the processes concerning employee career progression. The Company has developed seamless career progression routes for the three tracks: from low-level to Level B and above (managerial sequence), from Associate Technicians to TISCO Scientist (total 8 levels for technical sequence), and from General Operator (point check) to TISCO Skill Master (total 8 levels for operational sequence). Meanwhile, a compensation and incentive system that aligns with the career pathways has been developed to guide and motivate employees to improve their competencies and performance, thereby fostering mutual growth for staff and the business.

Key Performance 2025

40

Rounds of internal recruitment

209

New hires recruited

Employee training

The Company has revised and issued the *Employee Education and Training Management Measures* to continually improve the internal trainer pool. In addition, we offer a rich array of courses for our employees with a new online and offline hybrid training mode, striving to foster a strong learning culture where "everyone tries to learn from and catch up with others". Furthermore, we ramp up efforts in the construction of Innovation Workshops. The goal is to harness the exemplary leadership of model workers and master craftsmen to bring together talents and unleash team creativity. By the end of 2025, the Company has boasted 1 National-level Model Innovation Workshop, 1 National-level Innovation Workshop, 22 Provincial-level Innovation Workshops, and 10 China Baowu Group-level Innovation Workshops.

Leadership training

To effectively enhance managers' strategic acumen and overall coordination capabilities, we promote the training for managers around the three topics—"shifts toward customer-centric operations", "implementation of the guiding principles proposed at China Baowu's 2nd Party Congress and the 17th Decision-Maker Training", and the "development and implementation of the 15th Five-Year Plan" to advance managerial development.

Cultural education and training

The Company provides Party members with training on Party building as well as ideological and political education.

Apprenticeship programs

In 2025, a total of 88 high-quality apprenticeship programs were implemented.

Digital transformation training

The Company accelerates the effective implementation of AI empowerment programs. We have conducted 5 AI-related training sessions with 613 participants.

Employee transition training

The Company offers transition training and re-employment support for displaced employees, and have helped 84 such employees return to work. This revitalizes the Company's human resources.

Key Performance 2025

650+

Internal trainers cultivated

CNY 17.92 million

Investment in employee training

CNY 1,300

Average investment in training per employee

100 %

Employee training coverage rate

2,260,607

Total training hours

158.6

Average training hours per employee

156.4

Training hours per male employee

163.1

Training hours per female employee

211.68

Average training hours of managers

172.98

Average training hours of business/technical staff

153.17

Average training hours of operational staff

93.30 %

Human-capital ROI

The Company has intensified efforts to select and promote role models. We actively orchestrate the planning, selection, and publicity of "Moving STSS" award recipients to leverage the leading and exemplary role of role models. In 2025, the Company selected 18 individuals (or groups) as the 2023–2024 "Moving STSS" award winners and nominees.



"2023-2024 Moving STSS Award" presentation ceremony

Niu Guodong from the Company's cold rolling mill honored as "Craftsman of the Nation"

Taigang Stainless prioritizes the cultivation and selection of exemplary workers and craftsmen. The Company continues to improve the training system, highlights performance orientation, strengthens referral base, improves management, and leverages the influence of role models. As a result, a crew of model workers pop up. Among them, Niu Guodong from the cold rolling mill of the Company attended the Third Innovation Exchange Conference for Craftsmen of the Nation as a newly appointed "Craftsman of the Nation" and was successfully selected as one of the "Craftsman of the Nation" of the Year 2025. This marks a significant milestone in the Company's ongoing reforms of industrial workforce development.



Niu Guodong attended the Innovation Exchange Conference for Craftsmen of the Nation

When I talked with craftsmen from aerospace, high-speed rail, and other fields, I genuinely got what the 'craftsmanship spirit' is all about today. The value of craftsmen lies more than just in their skills, but in passing the skills down. Looking ahead, I'll keep leading by example as a model craftsman, dedicating my time to training young technicians. I want to turn my hands-on experience into standards that others can follow. This is what I can do to push the steel industry forward.

— Niu Guodong, Taigang Stainless's first "Craftsman of Nation"

Occupational health and safety

Taigang Stainless places work safety at the forefront of its development. To this end, we develop a comprehensive occupational health and safety (OHS) management system to drive safety management toward a more standardized, intelligent, and people-oriented approach.

Improving safety management system

The Company continually refines our safety management system (SMS). Dedicated safety management departments have been established with well-defined safety responsibilities at each level. In addition, we have formulated the *Work Safety Work Plan for 2025*, setting clear work safety targets to continuously improve safety management.

By the end of 2025, the following OHS targets have been fully achieved

0

High-consequence or above incident

≤0.12

Injury frequency rate

≥98 %

Job-specific occupational hazard compliance rate

100 %

Compliance rate for statutory "Three Simultaneities" (simultaneous design, construction, and commissioning of OHS facilities with the main project)

100 %

The centrally managed special operation personnel are certified to work

Governance structure



The Work Safety Committee has been set up within the Company, and dedicated safety management departments have been established at the headquarters and its branches to form an integrated safety management system with "one headquarters, multiple bases". Moreover, Party Committee meetings and managers' meetings are convened regularly to discuss the execution of OHS policies and to implement safety management responsibilities at all levels.

Management systems



The Company has formulated and revised regulations such as the *Work Safety Responsibility System* and the *Management Measures for Safety Inspections and Hazard Screening & Treatment*. Key regulations have been democratically deliberated by the Workers' Congresses to ensure standardized OHS management. Meanwhile, to build a reliable supply chain with contractors, we have revised the *Safety Management Measures for Suppliers*, carried out end-to-end correction across the entire supplier lifecycle, and incorporated work safety requirements into procurement contracts.

External cooperation



The Company has joined the Shanxi Provincial Emergency Management and Work Safety Association (SXMWSA) and the Special Committee of Metallurgical Safety under the China Association of Work Safety to make continuous efforts in standard formulation and technical empowerment. This helps advance safety management excellence both within the Company and across the industry.

Indicator		2022	2023	2024	2025
Lost Time Injury Frequency Rate (LTIFR) per million hours worked	Taigang Stainless	0.033	0.083	0.075	0.10
	Main contractors	0	0.091	0	0.048
Total Recordable Injury Frequency Rate (TRIFR)	Taigang Stainless	0.033	0.083	0.075	0.10
	Main contractors	0	0.091	0	0.048

Strengthening safety risk management

The Company regularly and comprehensively identifies and assesses risks and hazards associated with operational activities, equipment and facilities, production processes, and administrative management. In 2025, a total of 35 major safety risks were identified, including those associated with gasholders, de-benzene towers, and ammonia unloading. During a safety crackdown campaign, we carried out safety hazard inspections and rectifications across 14 areas, including hazardous chemicals, metal smelting, building construction, collaborative safety, hazardous operations, and fire protection. In addition, a reward mechanism has been established for reporting safety hazards. Through these measures, we effectively identify and control risks related to work safety.

The Company also continuously enhances our emergency management capabilities, and have developed 11 special emergency response plans for work safety and 1,201 *Emergency Action Cards*. Meanwhile, we have leveraged technical means to mitigate operational safety risks and elevate the organization's intrinsic safety. These technical approaches include a major-risk monitoring platform with enhanced video surveillance and AI-powered smart detection, as well as 28 robotics projects.

Improving working environment


The Company systematically advances environmental, health, and safety (EHS) management. To continuously improve working and operational environments, we conduct regular hazard inspections of offices and production sites, equip employees with personal protective equipment and safety facilities, and provide allowances and health protection for employees in special positions.

Standardizing safety incident investigation


The Company has established a tiered safety-incident investigation mechanism based on incident severity. Minor injuries and close calls are investigated by the safety department of the unit concerned. Major injuries and near misses are investigated and documented in accordance with the requirements of the local government authorities. Fatalities, high-consequence or above incidents are investigated by national or local government authorities and superior companies such as China Baowu Group. We shall cooperate with the investigation, follow up on developments, and help resolve the issues arising in the course of investigation.

Fostering a safety culture

Solid steps have been taken to promote safety culture, including "safety lectures", training on work safety laws and regulations, and achievement presentations. Furthermore, the Company organizes hands-on training on operations in high altitude, confined spaces, industrial gas, and lifting operations. Through a blend of VR experiences, live simulations, case warning, and thematic seminars, we further enhance employees' risk identification and emergency response capabilities.



Our original song *Safety Dream* was featured in the **2025 "National Safety Month" song showcase**



STSS's occupational health and safety management system remains accredited

Paying attention to mental health

The Company places great emphasis on our employees' mental well-being. We have developed the *Management Measures for Psychological Care Work*, creating a mental-health support network covering all employees in the form of "online assessment + offline services". In 2025, the Company conducted 4 sessions of psychological counselor training and 2 sessions of specialized sandplay training, training more than 150 core employees. We also organized 8 book reading sessions of the *Reshaping the Mind*, engaging over 90 participants. In addition, five new health stations were built for employees, two of which were honored as the "Taiyuan Mental Health Service Centers".

Employee care

The Company always puts our employees first and genuinely care for employees' lives. Through a range of initiatives such as assistance for employees in difficulty, wellness retreat, and cultural and sports activities, we boost employees' sense of belonging and wellbeing.

Assistance for employees in difficulty

The Company has launched a variety of employee care programs, including "Warmth in the New Year", "Educational Aid in Golden Autumn", and "Special allowances for Serious Disease". In 2025, we helped a total of 1,726 employees in difficulty, with CNY 1.46 million of relief funds distributed.

Care for employees with disabilities

The Company carries out employee care initiatives such as holiday blessings and Disability Day activities, showing concern and care for the lives of employees with disabilities. The Company was awarded the title of "Shanxi Paradise"—Assisted Employment Base for the Disabled in Taiyuan City.

Upgraded recuperation program

The Company has developed a recuperation model that combines "retreat, healthcare, and learning", and optimized the retreat routes to boost both physical wellness and professional skills of employees. In 2025, we organized 7,037 employee retreats.

Digitalized benefit system

The Company continually promotes the digital transformation of the benefit system. Birthday benefits are now available for online self-service redemption, which boosts employee satisfaction.



Employee table-tennis competition



Staff culture and art festival

Building Communities Together to Share Warmth

The Company has consistently integrated the fulfillment of social responsibility into its development strategy. Adhering to the philosophy of "Integration into Cities, Symbiosis with Communities", we systematically promote rural vitalization, precisely implement public welfare projects, and engage in volunteer services. These efforts drive coordinated development of the Company and the communities where our business operates. By sharing the fruits of development, we continuously contribute to better social well-being.

Rural vitalization

The Company regards targeted assistance as a major political and social responsibility. The Company has established a long-term working mechanism featuring "Party Committee leadership, Labor Union spearheading, and multi-party collaboration". By precisely adapting to rural demands and focusing on the "Five Revitalizations" (industrial, talent, cultural, ecological, and organizational revitalization), we enhance agricultural efficiency, invigorate rural areas, and increase farmers' income in assisted regions. This supports the effective transition from consolidated poverty alleviation achievements to sustainable rural vitalization.

Improving the working mechanism



- The Company has established a leading group for targeted assistance, with the Party Committee Secretary and Chairman as the head and the labor union as the specific execution department. This forms a work pattern featuring top leadership, coordinated planning, and regular review.
- The leaders conduct research and supervision in the assisted villages at least twice a year to ensure effective implementation of assistance measures. In 2025, we ranked in the top tier among provincial-level units in the comprehensive assessment of stationed assistance work in Shanxi Province for 2024.

Implementing the "Five Revitalizations"



- Focusing on industrial, talent, cultural, ecological, and organizational revitalization, we implement 12 assistance projects including cold storage construction, agricultural machinery provision, tourist homestay renovation, and construction of cultural activity centers.
- The Company pioneers a "Party branch-led, enterprise-driven, farmer-engaged" cooperation model, and builds an industrial chain of "farmers + collective economic organizations + enterprises + orders + processing + sales" to help farmers secure stable yields and higher income.
- The Company also actively leverage the synergistic effects of the Baowu ecosystem to support the industrial project "Jumbo Bag Town". The Company directly procured jumbo bags worth CNY 2.92 million and assisted in selling CNY 5.08 million worth of the product.

Deepening consumption-driven assistance



- Through various forms such as distributing Dragon Boat Festival benefits, participating in the "Agriculture Vitalization Week" event for central SOEs, and mobilizing employees and ecosystem partners to make purchases, we procured and distributed a total of CNY 7.79 million worth of agricultural and specialty products from Baowu-assisted areas and other poverty-stricken regions in Shanxi. This established a stable "buy-to-help" assistance channel.
- The Company establishes a sound "look-back" working mechanism to ensure the sustained benefits of completed projects and prevent large-scale relapse into poverty.

Strengthening village-based management



- The Company strictly manage village-based cadres and continuously promote the "Three Ones" initiative (1 practical task, 1 Party lecture, 1 project research) to achieve tangible results. Throughout the year, we tackled over 300 issues for the villagers.
- By strengthening Party building guidance, asking the village-stationed First Secretary to regularly deliver Party lectures to village Party members, and conducting skills training, we enhance the construction of village-level Party organizations, and solidify the organizational and talent foundation of assisted villages.

Key Performance 2025

CNY **2.92** million
Assistance funds invested

CNY **5.08** million
Assistance funds introduced



Community engagement

The Company actively integrate into local communities in terms of economic and social development. By creating economic value, providing job opportunities, participating in local affairs, and making charitable donations, we establish a harmonious and mutually beneficial development relationship with the communities where we operate. The symbiosis promotes coordinated economic and social development across regions. In 2025, the company's Industrial Cultural Park welcomed 359 groups, totaling 18,911 visitors, including government officials, clients, faculty and students, as well as local residents.



Driving high-quality regional development through industrial chain collaboration

As a core regional innovation entity, we actively fulfill the responsibility of the industrial "chain leader", translating our technological advantages in specialty steel into what drives shared development of local communities. Through proactive visits and technical exchanges, we engaged in deep collaboration with numerous local micro, small, and medium enterprises (MSMEs) in areas such as technological innovation and process improvement. Our partnerships effectively enhance the independent innovation and product upgrading capabilities of the local businesses. By building a localized industrial chain ecosystem spanning from smelting and processing to end use, we not only increase the local supply rate of specialty steel in Jiancaoping District, but also spur the agglomeration and development of deep-processing businesses, and vigorously foster the growth of emerging industries like high-end equipment manufacturing in the region. This exemplifies effective synergy between business growth and community prosperity.



Contributing to the local economy

For overseas operations, TISCO EUROPE GmbH actively implements a localization strategy, prioritizing local professional companies for logistical services. 100% of the office supplies, security, and cleaning services in Europe are sourced from local suppliers. Over the past decade, we have cumulatively contributed 2.0625 million euros in local taxes, and paid 220,400 euros in various taxes in 2025, effectively promoting local economic development.

Community environmental protection

The Company strives to minimize its operational impacts on the local environment at the source. For example, we upgrade the organized and unorganized emission sources, establish an ultra-low-emission management platform, and adopt high-efficiency, energy-saving technologies such as waste-heat power generation. As a result, both per-ton steel energy consumption and carbon emissions have been significantly reduced, contributing to a cleaner and more livable environment for the community.

Charitable donations

The company organized the One-Day Donation Campaign, raising 598,200 yuan. These funds were donated to the Shanxi Red Cross Society and the Taiyuan Charity Federation, actively supporting community welfare and social support systems.

Volunteer Activities

The Company systematically orchestrate public welfare projects, including aiding the vulnerable and impoverished, respecting the elderly and caring for the young, supporting students and exam-takers, and providing community services. During key moments such as the March 5th "Lei Feng Day" and the day for national college entrance examination (Gaokao), The Company has organized volunteer activities such as "Supporting the Gaokao" and "Caring for the Elderly" respectively.

Key Performance 2025

1,108

Number of volunteers

1,111

Engagements in voluntary services

5,989

Voluntary service hours



Unlocking the power of community services via paired co-construction

The Company actively participate in community co-construction and paired co-construction with business-related units. The Company has carried out a series of cultural and ethical development activities focusing on public services, including respecting and caring for the elderly, disability prevention publicity, environmental protection practices, and cultural dissemination. Through these efforts, we promote resource sharing and advantage complementarity between the Company and the locality, while burnishing our public image as a socially responsible business.



Volunteer service activity themed "Love on the Double Ninth Festival, Warmth in Golden Autumn"



Collaborating with Taiyuan Jiefang North Road Primary School to host a family tradition educational activity themed "Respecting and Caring for the Elderly"

Outlook for 2026

The year 2026 marks the opening year of the 15th Five-Year Plan. It will be a pivotal year for us to navigate the industry downturn and a critical year for accelerating the development of a world-class stainless steel enterprise. Guided by reform and innovation as our primary driver, we will advance technological progress, green leadership, digital and intelligent empowerment, reform-driven efficiency, and integrated collaboration. At the same time, we will lead in product mix, quality, brand and profitability, enhance core functions and competitiveness, and accelerate building a world-class stainless steel enterprise.

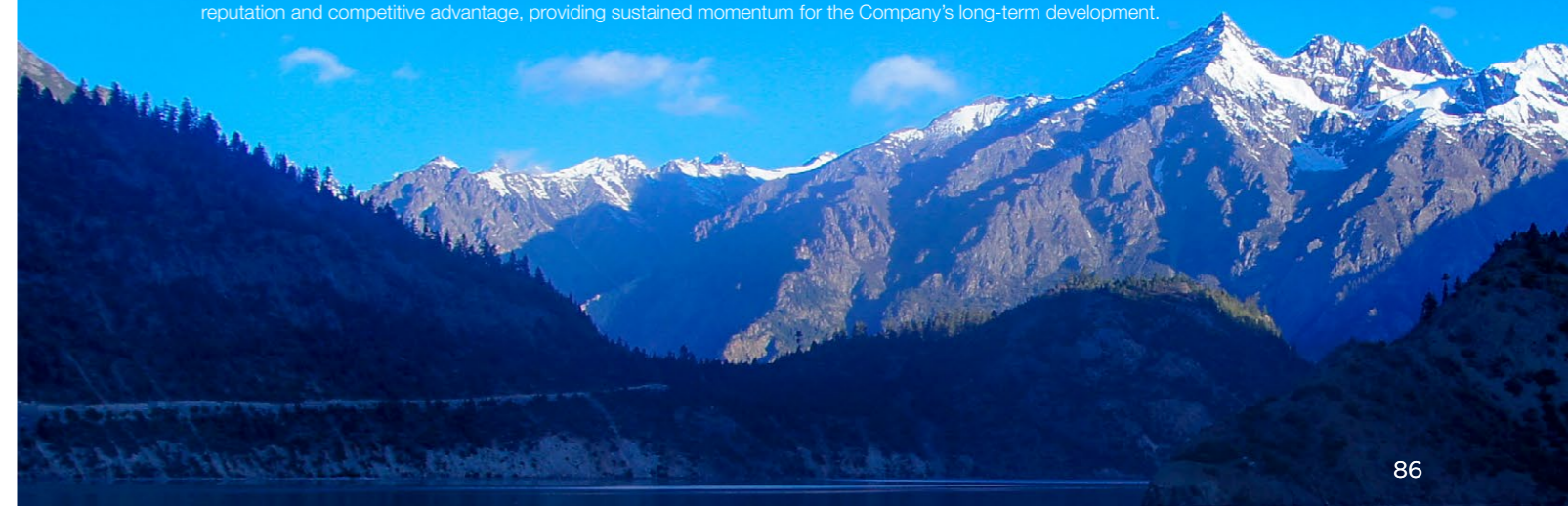
We will strengthen the leading role of technological innovation and further deepen product-driven operations. To this end, efforts will be intensified to overcome technological bottlenecks and advance mission-critical product R&D, guided by customer needs and focused on niche markets. We will advance a three-tier approach of "production generation, development generation, and pre-research generation," while reinforcing lean manufacturing. In parallel, three-in-one coordinated progress will be made in product, process, and equipment innovation, alongside accelerated breakthroughs in key preparation technologies and generic process technologies.

We will pursue the integration of green and intelligent development to accelerate transformation and upgrading. In doing so, we will lead green and low-carbon development across the industry, expand the development and utilization of new energy, and increase the share of green electricity. Feasibility studies on low-carbon metallurgical technologies will be conducted, while applications of low-carbon steel products will be expanded to support the green and low-carbon transition of downstream industries and society at large. Meanwhile, digital and intelligent transformation will be advanced in a coordinated manner, with a focus on strengthening foundational equipment capabilities. Supported by technologies such as equipment upgrades, machine substitution, process modeling, remote intelligent operation and maintenance, and AI applications, pilot intelligent production lines will be steadily developed.

We will continue to deepen reform and stimulate momentum and vitality. Guided by the principle that value creation underpins value sharing, we will encourage employee-led innovation and strengthen the recognition of role models. At the same time, full-cycle talent development and incentive mechanisms will be enhanced, and workforce capability enhancement programs will be implemented. Targeted training will be delivered by level and category, with a focus on developing multi-skilled frontline talent. These efforts will help inspire initiative across the workforce and improve management efficiency, operational vitality, and market responsiveness.

We will effectively balance development and security while reinforcing risk awareness. The accountability chain and control systems for risk management will be further strengthened, alongside enhanced mechanisms for major risk assessment and early warning. Foundational safety management will be reinforced through five key elements—responsibility, standards, processes, execution, and evaluation—to ensure full compliance with on-site standards. In addition, we will strengthen the stability of raw material supply and cost control capabilities, thereby preventing and mitigating risks.

We will integrate ESG principles into the core of our brand and advance them in tandem with brand development. By strengthening accountability and deepening implementation, we will enhance sustainability capabilities and transparency. We will communicate our responsibility practices effectively and present a credible and trustworthy brand image. Through stronger coordination, ESG practices will be translated into brand reputation and competitive advantage, providing sustained momentum for the Company's long-term development.



Key Performance Table

Indicator	Unit	2023	2024	2025
Economy				
Revenue	CNY billion	105.62	100.38	90.375
Total assets	CNY billion	68.24	67.53	62.03
Total equity attributable to the owner of a listed company	CNY billion	33.58	32.57	32.66
Total profit	CNY million	-1,203	-937	114
Social contribution value per share	CNY / share	0.773	0.579	0.753
Tax payment	CNY million	1,418	463	484
Steel production	million tons	13.91	13.98	13.49
Stainless steel production	million tons	5.59	6.20	5.61
Governance				
Share of female executives on the Management	%	12.5	13.33	33
Board meetings	session	14	8	14
Proposals reviewed and passed by the Board	-	70	40	50
Meetings of the Board's specialized committees	session	6	12	15
Shareholders' Meetings	session	4	4	3
Supervisory Board meetings	session	5	5	4
Share of independent directors with tenure exceeding six years (including over nine years)	%	/	/	0
Share of independent directors serving on more than three listed companies	%	/	/	0
Share of independent directors serving on more than six listed companies	%	/	/	0
Share of independent directors on the Audit Committee	%	/	/	70
Share of independent directors on the Compensation Committee	%	/	/	70
Share of independent directors on the Nomination Committee	%	/	/	70

Indicator	Unit	2023	2024	2025
Shareholding of the top ten shareholders	%	/	/	69.75
Shareholding of senior management	%	/	/	0
Announcements issued	-	67	43	62
Points of integrity risks identification	-	/	297	1,110
Incidents of commercial bribery and corruption	-	0	0	1
Anti-commercial bribery and anticorruption training coverage for personnel with business disposal rights	%	/	100	100
Auditing projects	-	44	21	10
Auditing issues corrected by due date	%	100	100	100
Participants of ESG training	headcount	102	128	120
Social				
Product percent of pass	%	99.06	99.68	99.66
Customer satisfaction	point	86.8	87.9	88.0
Customer complaint resolution rate	%	98.8	98.9	96
Number of qualified suppliers	-	268	289	280
Review of new suppliers	-	58	41	40
Suppliers certified by ISO 14001 system	-	62	50	50
Number of suppliers suspended due to non-compliance	-	0	0	4
Number of potential suppliers rejected for non-compliance	-	0	0	0
Supplier ESG training	session	58	41	40
R&D expenses	CNY billion	3.41	4.11	3.25
Share of R&D personnel	%	/	20.34	19.83
Investment Ratio in new processes and products	%	/	4.1	3.6
Patent applications	-	370	393	412
Authorized patents	-	157	106	156
Total valid patents	-	/	1,335	1,482
Valid patents per CNY million of revenue	-	/	0.013	0.016

Indicator	Unit	2023	2024	2025
New products	-	/	106	110
New product sales revenue	CNY million	/	7,620	9,655.17
Total on-the-job employees	headcount	14,012	13,080	14,254
Female employees	headcount	1,327	922	880
Ethnic minority employees	headcount	144	129	143
Share of female managers	%	5.92	4.50	5
Employees hired through open recruitment	headcount	320	335	252
Employee turnover rate	%	0.07	0.12	0.05
Labor contract signing rate	%	100	100	100
Social insurance coverage rate	%	100	100	100
Coverage rate of collective contracts	%	100	100	100
Paid annual leave days per employee	day	12.41	11.63	10.55
Investment in employee training	CNY million	41.45	25.13	17.92
Training hours per employee	hour	169	113	158.6
Employee training satisfaction	%	97.1	97.5	97.92
Employee health check-ups coverage rate	%	96.38	96.38	100
Investment in work safety	CNY million	108	166	139
Invested in workers' compensation insurance	CNY million	/	29.36	26.32
Coverage of workers' compensation insurance for employees	%	/	100	100
Investment in work safety liability insurance	CNY million	/	1.44	1.94
Coverage of work safety liability insurance for employees	%	/	100	100
Coverage rate of safety training	%	100	100	100
Safety training hours per employee	hour	196	120.5	150.9
Safety emergency drills organized	session	54	53	61
Work safety accidents	-	2	3	5
Work-related fatalities	-	0	0	0
Days lost due to work-related injuries	day	540	115	325
Number of newly added occupational diseases	-	1	2	0

Indicator	Unit	2023	2024	2025
Work-related fatalities - Contractors	-	0	0	0
Consumption-driven assistance	CNY million	4.92	9.70	7.79
Volunteers	-	1,016	1,302	1,108
Engagements in voluntary services	-	1,221	1,561	1,111
Volunteer service hours	hour	7,111.79	6,832	5,859
Environmental				
GHG emissions (Scope 1)	10,000 tCO ₂ e	2,160.1	2,114.51	2,083.27
GHG emissions (Scope 2)	10,000 tCO ₂ e	20.0	0	41.45
GHG emission intensity (Scope 1+Scope 2)	tCO ₂ e / ton of steel	1.77	1.78	1.77
GHG emission reduction	10,000 tons of standard coal	/	17.09	41.91
Investment in environmental protection projects	CNY million	397	455	227
Environmental protection training hours	hour	/	78	104
Participants of environmental protection training	-	/	670	427
Environmental protection penalty	-	0	0	0
Energy consumption	10,000 tons of standard coal	641.46	690.77	626.39
Comprehensive energy consumption per ton of steel	kg of standard coal / ton of steel	522.02	525.01	521.65
Energy consumption per CNY 10,000 of output value	tons of standard coal / ten thousand yuan	0.79	0.83	0.83
Renewable energy consumption	GWh	235.47	274.07	343.40
Recycling volume of scrap steel	10,000 tons	118	117	129
Fresh water usage	10,000 tons	2,216.59	1,678.79	1,659.28
Fresh water usage per ton of steel	ton of water / ton of steel	1.8	1.39	1.38
Urban sewage and reclaimed water treated	10,000 m ³	2,667.68	2,492.87	2,306.62
Water reuse rate	%	98.71	99.02	99.02
Exhaust emissions	10,000 m ³	29,617,595.76	28,848,589	28,794,508
Sulfur dioxide emissions	ton	621.55	628.87	621.46

ESG Indicator Index

Indicator	Unit	2023	2024	2025
Nitrogen oxide emissions	ton	2,901.26	2,819.97	2,772.16
Particulate matter emissions	ton	1,976.54	1,959	1,930.69
Volatile organic compound emissions	ton	1,480.83	1,482.88	1,453.02
Total direct dust emissions	ton	845.49	829.07	799.03
Atmospheric depositions in the plant area	tons/km ² / month	5.80	5.79	5.8
Chemical oxygen demand (COD) emissions ¹	ton	60.36	56.22	123.42
Ammonia nitrogen emissions ²	ton	1.72	1.33	3.07
Wastewater discharged ³	million m ³	6.89	6.31	17.39
Wastewater discharged per ton of steel ⁴	ton of water / ton of steel	0.56	0.52	1.45
Reuse rate of wastewater per ton of steel	%	91.80	99.02	99.02
General waste generated	million tons	8.29	7.17	6.99
General waste utilized	million tons	8.25	7.13	6.97
Comprehensive utilization rate of general industrial solid waste	%	99.5	99.53	99.62
Return-to-production utilization rate of general industrial solid waste	%	24.47	24.24	21.52
Hazardous waste generated	million tons	0.65	0.69	0.65
Safe disposal rate of hazardous waste	%	100	100	100
Investment in greening activities	CNY million	36.52	34.17	35.33
Green products owned	-	/	15	4
Clean transport ratio	%	>85	80.2	85.95

Note 1-4: For 2023 and 2024, the Company's wastewater discharged externally did not include the reclaimed water supplied to the urban wetland park. Starting in 2025, in accordance with new statistical requirements, the reclaimed water supplied to the urban wetland park has been incorporated into the external wastewater discharge statistics.

Report Chapter	GRI Standards	Self-Regulatory Guidelines No.17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation)
About This Report	2-2/2-3/2-4	Article 4, Article 6
Message from the Management	2-22	
About Us	2-1/2-6/201-1	
Sustainability Performance		
Sustainability Management	2-14/2-16/2-26/2-27/2-28/3-1/3-2/3-3	Article 5, Article 9, Article 10, Article 11, Article 12, Article 13, Article 14, Article 16, Article 18, Article 53
CSR Spotlight		Article 20, Article 23, Article 27, Article 28, Article 42
Integrity-Driven Long-Term Success		
Sound Governance for Steady and Sustainable Progress	2-9/2-10/2-11	Article 12, Article 51, Article 52, Article 53
Commitment to Integrity and Responsibility	205-1/205-2/205-3/206-1	Article 54, Article 55, Article 56
Integrity-Driven Governance for Sustainable Value Creation		Article 44, Article 54
New Quality Development		
Technological Innovation: Creating a Smart Future	201-1/203-2	Article 11, Article 19, Article 41, Article 42
High-End Product Leadership and Relentless Pursuit of Excellence	201-1/203-2	Article 47
Smart-Driven, Digital-Physical Integration	201-1/203-2	Article 42
Industry Leadership and Win-Win Cooperation	201-1/203-2	Article 42
Green and Low-Carbon Development		
Climate Ambition: Exploring a Low-Carbon Future	201-2/305-1/305-2/305-4/305-5	Article 11, Article 12, Article 13, Article 14, Article 15, Article 17, Article 18, Article 19, Article 20, Article 21, Article 22, Article 23, Article 24, Article 26, Article 27
Clear Waters and Blue Skies: Cultivating a Green Foundation	203-1/305-7/306-1/306-2/306-3/306-4/306-5/307-1	Article 11, Article 20, Article 29, Article 30, Article 31, Article 33, Article 37
Resource Recycling: Turning Green Initiatives into Value	301-1/301-2/301-3/302-1/302-3/302-4/302-5/303-1/303-2/303-3/303-4/303-5/308-1/308-2	Article 34, Article 35, Article 36, Article 37
Harmony with Nature	101-1/101-2/101-3/101-4/101-5/101-6/101-7/101-8/301-3	Article 20, Article 32
Joint Efforts for a Brighter Future		
Value Creation with Customers	416-1/417-1/418-1	Article 44, Article 47, Article 48
Responsible and Transparent Procurement	203-2/204-1/308-1/308-2/414-1/414-2	Article 44, Article 45, Article 46
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Outlook for 2026	2-22	
Key Performance Table		
ESG Indicator Index		Article 54
Third-party Rating		
Feedback		

Rating Report for the Shanxi Taigang Stainless Steel Co., Ltd. 2025 Sustainability (ESG) Report

Third-party Rating



Rating Report for the Shanxi Taigang Stainless Steel Co., Ltd. 2025 Sustainability (ESG) Report One-Graph Guide

I. Rating Result

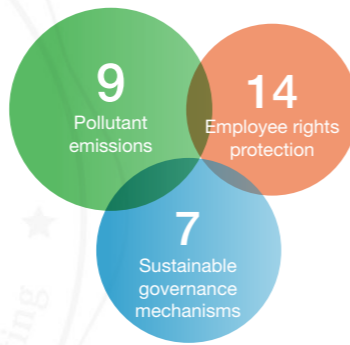
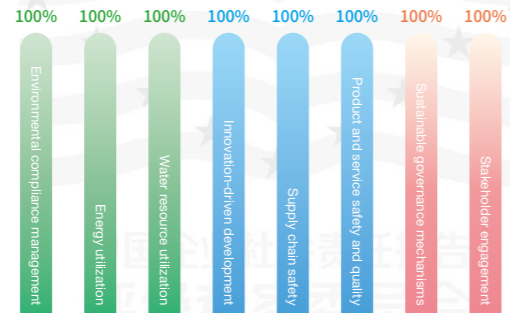


The Shanxi Taigang Stainless Steel Co., Ltd. 2025 Sustainability (ESG) Report (hereinafter referred to as "the Report") is rated as Five Star, representing an outstanding corporate sustainability report.

Rating Result	Rating Icon	Development Level
Five Star Excellence	★★★★★+	Model
Five Star	★★★★★	Outstanding
Four and a Half Star	★★★★☆	Leading
Four Star	★★★★	Advanced
Three Star	★★★	Good
Two Star	★★	Developing
One Star	★	Foundational

II. Performance Highlights

- Process: ★★★★★
- Materiality: ★★★★★
- Completeness: ★★★★★
- Balance: ★★★★★
- Comparability: ★★★★★
- Readability: ★★★★★
- Innovativeness: ★★★★★☆



The Report achieves Five Star ratings in process, materiality, completeness, balance, comparability, and readability, and a Four and a Half Star rating in innovativeness.

The Report systematically discloses 90.24% of the core indicators for the non-ferrous metal smelting and rolling industry, achieving full coverage for key indicators including environmental compliance management, energy utilization, and water resource utilization in the environmental dimension; innovation-driven development, supply chain safety, and product and service safety and quality in the social dimension; and sustainable governance mechanisms and stakeholder engagement in the governance dimension.

The Report discloses detailed three-year comparative data for 116 key indicators, with the most extensive data on pollutant emissions (environment), employee rights protection (social), and sustainable governance mechanisms (governance).

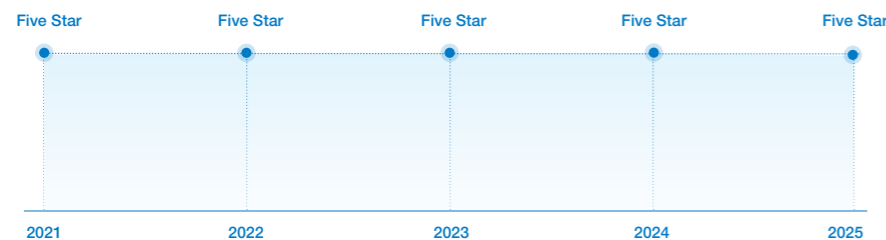
III. Suggestions for Improvement

Enhance the expression format of the content and design to further improve report innovativeness.

IV. Rating Medal

STSS, having participated in the report rating for 11 consecutive years and received the Five Star rating for 10 consecutive years, is honored with the Gold Medal.

Trend of report ratings over the past five years



Entrusted by STSS for the 11th consecutive year, the Chinese Expert Committee on CSR Report Rating appointed experts to form a rating team and evaluate the Shanxi Taigang Stainless Steel Co., Ltd. 2025 Sustainability (ESG) Report (hereinafter referred to as "the Report").

I. Rating Criteria

- Corporate Sustainability Disclosure Standards – Basic Standard (Trial);
- Self-Regulatory Guidelines No.17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation)
- Guidelines on Corporate Sustainability Reporting for Chinese Enterprises (CASS-ESG6.0) - Non-Ferrous Metal Smelting and Rolling Sector
- Standards for Chinese Enterprise Sustainability Report Ratings (2026).

II. Rating Analysis

Process (★★★★★)

The Corporate Culture Department led the coordination of the Report's preparation, the Sustainability Working Committee guided the overall direction and key content, and the Board of Directors was responsible for the final review of the Report. Preliminary research was conducted, and the STSS Sustainability (ESG) Indicator Management System was updated and refined, covering over 270 specific indicators, further enhancing the Report's preparation standards. A data collection list was compiled, and a special notice was issued to initiate the Report's preparation. A launch meeting was convened, and interviews were conducted with functional departments and subsidiaries to collect extensive primary data, thereby ensuring comprehensive and accurate information. The Report is planned for release in electronic version, printed version, long-graph version, and H5 version, demonstrating excellent performance in process.

Materiality (★★★★★)

The Report systematically discloses key issues for the non-ferrous metal smelting and rolling industry, including response to climate change, waste treatment, energy and resource utilization, biodiversity protection, technological innovation, product quality and safety, employee rights protection, occupational health and work safety, sustainable governance mechanisms, and supply chain safety, with detailed and thorough discussion. The three topics with the most extensive coverage, each receiving five pages of discussion, are response to climate change, technological innovation, and employee rights protection, demonstrating excellent performance in materiality.

Completeness (★★★★★)

The main body of the Report systematically discloses 90.24% of the core indicators for the non-ferrous metal smelting and rolling industry across four chapters (Integrity-Driven Long-Term Success, New Quality Development, Green and Low-Carbon Development, and Joint Efforts for a Brighter Future). Full coverage is achieved for key indicators, such as environmental compliance management, energy utilization, and water resource utilization under environmental dimensions; innovation-driven development, supply chain safety, and product and service safety and quality under social dimensions; and sustainable governance mechanisms and stakeholder engagement under governance dimensions, demonstrating excellent performance in completeness.

Balance (★★★★★)

The Report discloses negative data, including the "employee attrition rate", "work safety accidents", "work-related fatalities", "working days lost due to work-related injuries", and "number of newly added occupational diseases". It also states the absence of "major legal or compliance risk incidents", "complaints or negative incidents arising from product safety and health issues", and "customer data breaches". Furthermore, it provides a detailed description of the handling and rectification measures for an incident involving a salesperson using his position for personal gain, demonstrating excellent performance in balance.

Comparability (★★★★★)

The Report provides detailed comparative data for 116 key indicators over three consecutive years, including "revenue", "total profit", "customer satisfaction", "consumption-driven assistance", "GHG emissions", and "investment in environmental protection projects". The most extensive three-year comparative data is disclosed for nine sets of indicators on pollutant emissions (environment), 14 sets on employee rights protection (social), and seven sets on sustainable governance mechanisms (governance). Horizontal comparisons are also made, for example by noting its inclusion in the "China ESG Listed Companies: Central SOE Pioneer 100 (2025)" list, demonstrating excellent performance in comparability.

Readability (★★★★★)

The Report adopts a thematic framework structure, with four chapters (Integrity-Driven Long-Term Success, New Quality Development, Green and Low-Carbon Development, and Joint Efforts for a Brighter Future) systematically elaborating on annual responsibility actions and achievements, ensuring comprehensive responses to stakeholder concerns. The cover features a large image of the Company's

landmark building, and cross-page spreads incorporate specific performance scenarios, with narrative introductions and key performance indicators, providing strong overall guidance. Multiple "2025 KPIs" sections are included, enabling readers to quickly grasp key information, while QR codes are embedded to extend the Report's content, enhancing communication effectiveness, and demonstrating excellent performance in readability.

Innovativeness (★★★★☆)

The Report establishes a spotlight section entitled Forged Through a Hundred Trials - The Stainless Legend: STSS's CSR Review During the 14th Five-Year Plan Period, collectively showcasing the Company's innovative development achievements over the five years in response to the General Secretary's directives, demonstrating its mission-driven commitment to national strategies. It actively responds to international standards and regulatory requirements by disclosing topics such as climate change in accordance with the four-pillar framework ("governance", "strategy", "impact, risk and opportunity management", and "indicators and targets"), thereby enhancing the standardization of information disclosure. An ESG due diligence mechanism has been established to improve the systematicity of ESG governance, demonstrating excellent performance in innovativeness.

III. Composite Rating



According to the rating team's evaluation, the Shanxi Taigang Stainless Steel Co., Ltd. 2025 Sustainability (ESG) Report has been awarded a Five Star Rating, representing an excellent corporate sustainability report.

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Five Star Excellence	★★★★★+	Model
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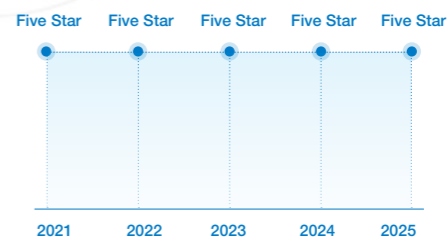
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Scan the QR code to view the rating profile

Signature of Vice Chairman of the Chinese Expert Committee on CSR Report Rating
 Signature of Rating Team Leader
 Signature of Rating Team Expert

Issuance date: April 24, 2026

Feedback

Dear readers,

Thank you for taking the time to read our sustainability (ESG) report amidst your busy schedule. We remain committed to delivering comprehensive and meaningful information to enhance public understanding of our sustainability (ESG) management capabilities. We sincerely invite you to share any feedback and suggestions on this report - your insights will help us continuously improve our reporting process and enhance the effectiveness and transparency of our sustainability (ESG) management. Thank you for your continued interest and support. We look forward to working together with you towards a better future!

1. Please select the stakeholder group that best represents you

- Government Regulators Shareholders Customers Suppliers Employees
 Partners Peers Communities Media Others

2. Overall, how would you evaluate our report?

- Very good Good General Poor Very poor

3. What do you think of the clarity, accuracy, and completeness of the information, data, and indicators disclosed in the report?

- Very good Good General Poor Very poor

4. Do you think the content arrangement and layout design of the report are read friendly?

- Very good Good General Poor Very poor

5. Which topics have caught your attention the most? (3 options)

- Environmental compliance Resources utilization Circular economy Climate response
 Green products Technological innovation Product quality and safety Customer service
 Supply chain security Promotion of industrial development Employee development Corporate governance

6. What other opinions or suggestions do you have regarding the sustainability (ESG) report or our work performance?



Shanxi Taigang Stainless Steel Co., Ltd.



Scan and log
in the STSS website