



SAIL WITH THE WIND.

DAJIN OFFSHORE

2023

**SUSTAINABILITY
REPORT**



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About the Report

This Report is the first sustainability report (“the Report”) published by Dajin Heavy Industry Co., Ltd. (hereinafter “Dajin Heavy Industry”, “Dajin”, “the Company” or “We”). The Report is intended to disclose the Company’s achievements on sustainable development and management performance in Environmental, Social, and Governance (hereinafter “ESG”) objectively and transparently, helping stakeholders to better understand our business.

Reporting Scope

The Report covers Dajin Heavy Industry and its subordinate production facilities and wind farms. The financial data disclosed herein comes from the annual report of the Company while other data comes from internal statistics. The standards applied for the calculations that are involved in this regard have been indicated in the Report. Unless otherwise stated, the currency in the Report is denominated in CNY.

Reporting Period

The information and data contained in the Report covers the period from 1 January 2023 to 31 December 2023 (hereinafter “2023” or “this year”). For the comparability and completeness of the Report, the period has been extended forward and backward as appropriate.

Basis of Preparation

This Report is prepared in accordance with the *Shenzhen Stock Exchange Guidelines No. 1 for Self-discipline Regulation of Listed Companies-Standardised Operation of the Companies Listed on the Main Board (2023)* issued by the Shenzhen Stock Exchange in China, and with reference to the Sustainability Reporting Guidelines (GRI Standards) issued by the Global Reporting Initiative (GRI), the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and the United Nations Sustainable Development Goals (UN SDGs).

Feedback

This Report can be downloaded and viewed on the Company’s website www.dajin.cn. If you have any feedback or suggestions on the Report or would like to access other relevant information, please contact us via:

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Terms and Definitions

Abbreviation	Full name
Penglai Facility	Penglai Dajin Offshore Heavy Industry Co., Ltd
Fuxin Facility	Dajin Heavy Industry Co., Ltd.
Zhangjiakou Facility	Zhangjiakou Dajin Wind Power Equipment Co., Ltd.
Yangjiang Facility	Yangjiang Dajin Wind Power Ocean Engineering Technology Co., Ltd.
Xing An’meng Facility	Xing An’meng Dajin Heavy Industry Co., Ltd.

Letter from the Chairman

We are fortunate to coincide with the wave of rapid development of new energy worldwide. Adhering to the love of steel structure products, in the process of promoting clean energy to improve the living environment of human beings, Dajin people adhere to the ideals, contribute to the power and create value. Since we are doing it, we will do our best and do it to the utmost.

Pursuing sustainable development has become a critical issue for enterprises and the society globally. However, it is not a feat that can be accomplished immediately by any enterprises. Throughout the more than two decades of development at Dajin Heavy Industry, we have consistently pondered how to build a more sustainable operational mechanism, while utilizing our products and services to assist the society in achieving sustainable development.

In 2006, we delivered our first onshore wind tower product. Nowadays, we have become a world-leading manufacturer of offshore wind power equipment including towers, offshore foundations and other steel structures. Guided by the mission of “sailing towards a sustainable and greener future”, we strive to contribute to society’s transition towards a low-carbon economy with our high-quality delivering solutions and technological innovations. In

recent years, we have accelerated the deployment of clean energy, and achieved a total green electricity generation of 400 million kWh in 2023, helping the society reduce greenhouse gas emissions by about 228,000 tons of CO₂e.

In 2023, to further promote the company’s sustainable development process, we prepared to establish a *Strategy and Sustainability Committee* and steadily expand our strategic footprints in deepening the industrial chain of clean energy investment and development, as well as the research and development of deep-water floating foundations. We aim to contribute the “Dajin power” to the global effort of achieving sustainable development. We are also committed to keep reducing the carbon footprint of our products, adopting production technologies with lower carbon emissions, and promoting the application of “green steel” in our

products. Additionally, we are working with suppliers to jointly develop more low-carbon production and transportation solutions for wind energy equipment.

This report marks the first sustainability report disclosed by Dajin Heavy Industry, aiming to publicly and transparently showcase our progress and achievements on the path towards sustainable development. Our goal is to provide our stakeholders with a deeper insight into our sustainable development endeavours, offering a closer look at Dajin Heavy Industry’s commitment to fostering a low-carbon transition for our company, the wider industry, as well as the entire society.

Jin Xin

Chairman



**Build the
FOUNDATION of
a Sustainable World**





About Us

Company Profile

Dajin Heavy Industry Co., Ltd. was founded in Fuxin, Liaoning Province, China in 2000 and listed on the Main Board of the Shenzhen Stock Exchange in 2010 (Stock Code: 002487). The Company is the first listed company in the domestic wind power tower industry.

The Company is mainly engaged in the manufacturing of wind power equipment, and its main products include towers, transition pieces, monopiles, deep water jackets, floating foundations, and offshore booster stations for offshore and onshore wind power. With more than 20 years of experience in the industry, Dajin Heavy Industry ranks among the top tier of global wind power equipment manufacturers. The Company is the first Chinese supplier delivering offshore tower (14.7MW) to Europe and the first APAC supplier supplying XXL Monopile (14.7MW) to Europe. By the end of 2023, our cumulative deliveries can support the installation of wind power with a reached capacity of 40GW. In April 2023, the Fuxin

Zhangwu 250MW Wind Farm, which was invested and developed by the Company, was successfully connected to the grid for power generation, achieving a power generation of 400 million kWh from April to the end of this year.

In addition, the Company has promoted the scope of business distribution throughout the industrial chain, such as investing in clean energy, and taking research in deep-water floating foundations. These business segments are rapidly becoming a new power to the Company's sustainable and healthy development.



Business Scope

Adhering to the vision of “Sailing Towards a Sustainable and Greener Future” and “From Dajin to the World, From Good to Great”, Dajin Heavy Industry is committed to providing customers with competitive, safe and reliable products, as well as systematic solutions for industry-related services and operations. In the future, the Company will unswervingly adhere to the offshore & overseas strategy and the globalization strategy to deepen the layout of offshore and overseas wind power. The Company strengthens its global competence forged in over ten years in the industry, and promotes the further implementation of the offshore & overseas strategy. We participate in global competition and further take advantage of more advanced technology, larger production capacity, faster logistics, and lower cost to lead the industry, and create a “Dajin Ecosystem”.

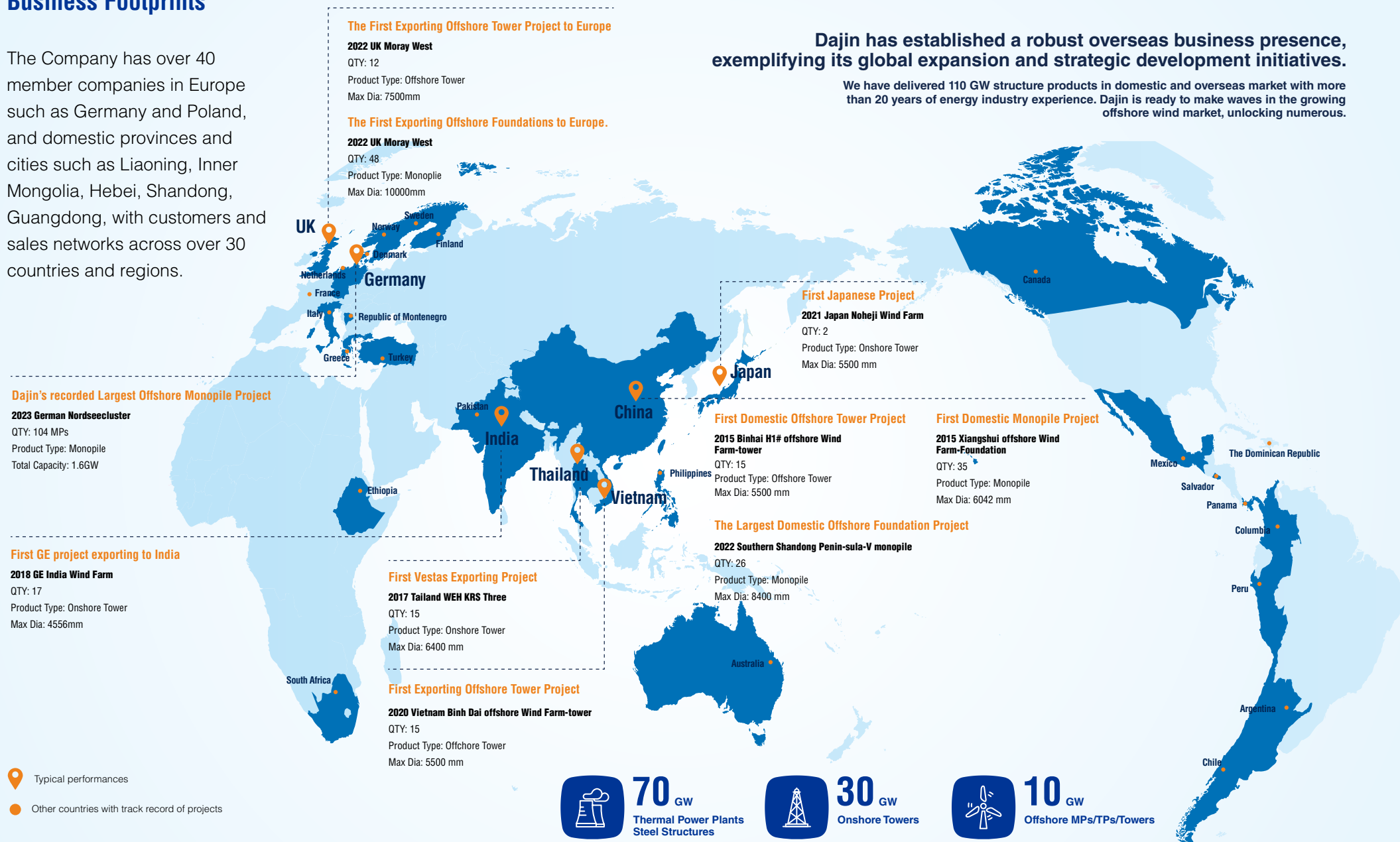


Business Footprints

The Company has over 40 member companies in Europe such as Germany and Poland, and domestic provinces and cities such as Liaoning, Inner Mongolia, Hebei, Shandong, Guangdong, with customers and sales networks across over 30 countries and regions.

Dajin has established a robust overseas business presence, exemplifying its global expansion and strategic development initiatives.

We have delivered 110 GW structure products in domestic and overseas market with more than 20 years of energy industry experience. Dajin is ready to make waves in the growing offshore wind market, unlocking numerous.



Business Scope



Manufacturing Sectors

The wind power equipment manufactured by the Company includes onshore and offshore towers, monopiles, transition pieces, jackets, floating Foundations. At present, the Company has 7 production facilities (2 in progress) and 3 ports (2 in progress) across the country, with an annual production capacity of over 2 million tonnes.



Renewable Energy Investment

The Company is actively developing renewable energy investment and development business to dig into the development of the industrial chain. Currently, the electricity generated from one wind farms of the Company have been connected to the grid, with an installed capacity of 250MW. We will build Tangshan Caofeidian 250MW Aquaculture-PV Complementary Project in 2024 and plan to build several renewable energy projects in the next three years.



Self-operated International Shipping Fleet

To protect the environment and reduce transportation costs, the Company invests in an international shipping fleet for transporting XXL products, providing more value-added services to customers' supply chains.

Business Sectors and Facilities

Business Sectors	Name of facilities/industrial parks/projects
Offshore Wind Power Equipment Manufacturing	Penglai Offshore Facility and Ports
	Yangjiang Offshore Facility
	Panjin Offshore Facility and Ports (in progress)
	Tangshan Offshore Facility and Ports (in progress)
Onshore Wind Power Equipment Manufacturing	Liaoning Fuxin Production Facility
	Hebei Zhangjiakou Production Facility
	Inner Mongolia Xing An'meng Production Facility
Renewable Energy Development	Fuxin Zhangwu Xiliujiazi Power New Energy Co., Ltd.
	Tangshan Caofeidian 250MW Aquaculture-PV Complementary Project (filed)
Self-operated International Shipping Fleet	Panjin Offshore Facility (in progress)

Road to Sustainable Development

Sustainable Development Milestones

2006

- Started the transformation from a traditional energy equipment manufacturer to a clean energy equipment manufacturer, and we delivered the first onshore tower project in this year.



2015

- Delivered the first domestic offshore tower project and the first domestic monopile project.



2016-2019

- Became approved supplier for Envision Energy and Vestas (Vestas MK10), as well as for GE.

- Established a subsidiary in Hamburg, Germany and started a new journey to globalisation.

2020-2021

- Became approved supplier for Ørsted, one of the world's largest wind power energy developer.

- Delivered the first exporting offshore tower.

- Zhangjiakou & Xing An'meng Onshore wind power manufacturing facilities were put into operation.



2023

- Penglai Offshore Facility was fully upgraded to the world's largest offshore wind power monopile export facility.

- Produced and delivered the world's largest offshore wind power monopile, with the maximum diameter of 10M, the maximum unit weight of 2,014T, and the maximum plate thickness of 115mm.

- Invested and constructed the Tangshan Offshore Facility, aiming to supply cutting-edge products to the offshore wind power markets of developed countries in the next decade.

- Yangjiang Facility was officially put into operation with wind power products covering onshore and offshore towers and jackets, and being delivered to Guangdong, Guangxi, Fujian, Zhejiang Province in domestic markets, as well as South-east Asia, South America and Europe in overseas markets.



- Fuxin Zhangwu 250MW Onshore Wind Farm was connected to the grid. The Tangshan Caofeidian 250MW Aquaculture-PV Complementary Project was also filed.

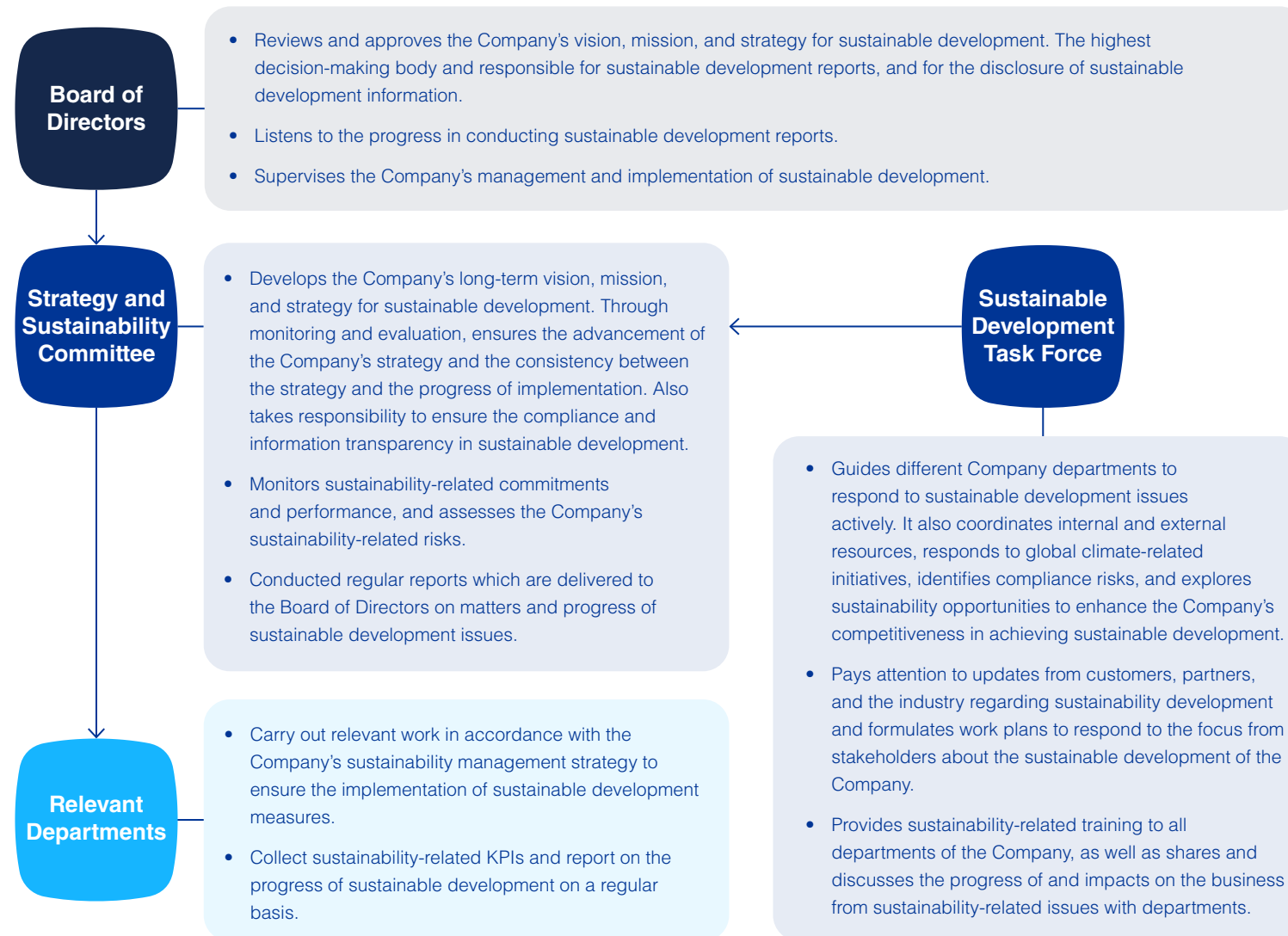
- As the only exhibitor from China's offshore wind power industry, Dajin Heavy Industry debuted at the Global Offshore Wind Exhibition in London, UK with its core products and technical achievements with the slogan of "Sail with the wind".

- Established the Shipping Business Division to build special transport vessels at Panjin Offshore Facility and form a professional transport fleet. Pioneered the "Vertical Shipment" proposal to construct a global logistics system.

- The Company actively developed the next-generation floating foundations for offshore wind development, laying out Dajin's third growth curve.

Sustainable Development Governance

This year, we prepared to upgrade the *Development* and *Strategy Committee* to the *Strategy and Sustainability Committee* to fully implement the top-down governance structure of sustainable development. We have established a sustainability management system involving the Board of Directors, the *Strategy and Sustainability Committee*, and relevant departments. Besides, we have also set up a *Sustainable Development Task Force* to assist the *Strategy and Sustainability Committee* in formulating relevant policies and systems to promote strength of implementation of sustainable management measures.



Materiality Assessment of Material Sustainability Issues

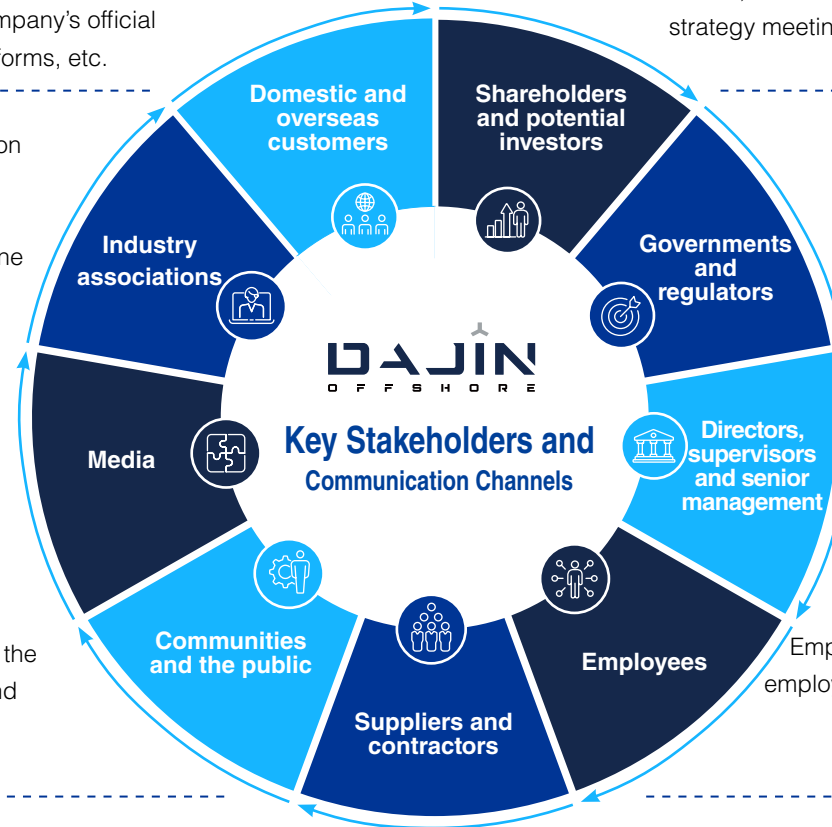
We actively listen and respond to the expectations of stakeholders. Based on our business and operations, we identify the stakeholders as listed in the table below and establish diversified and unimpeded communication channels, integrating stakeholders' feedback into the Company's sustainable development decisions effectively.

Business cooperation, undertaking audits, on-site inspections, customer service hotline, customer satisfaction surveys, customer meetings and emails, the Company's official website and other online platforms, etc.

Industry on-site communication conferences, industry online seminars, email correspondence and telephone communications, etc.

Press releases, the Company's announcements, media interviews, etc.

Community service activities, the Company's official website and other online platforms, etc.



Business cooperation, making audits, training, communication meetings, business negotiations, etc.

Official websites of stock exchanges and the Company, communication platform, telephone and email, the Company's announcements, general strategy meetings of shareholders, performance briefings, on-site visits, etc.

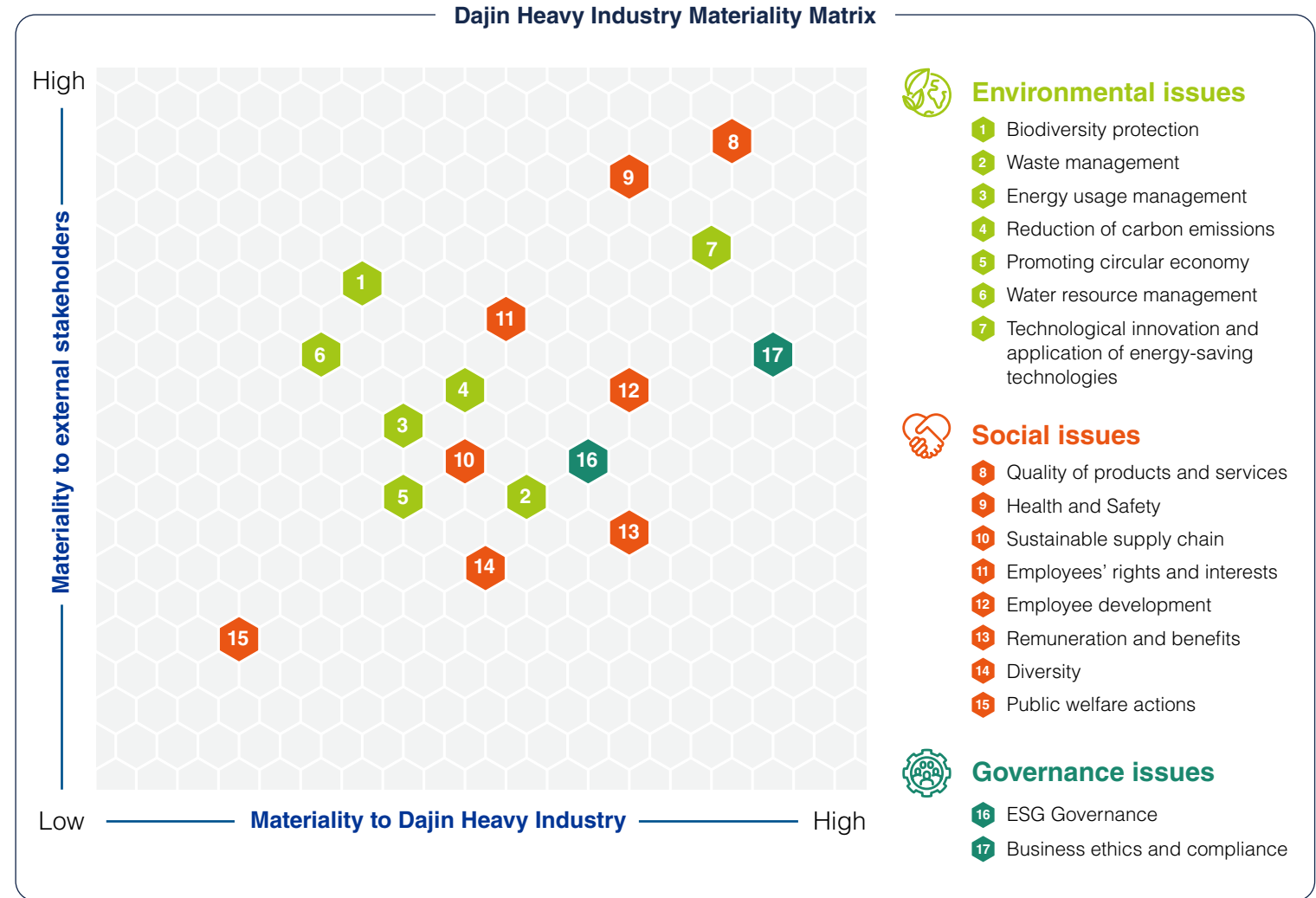
Meetings between governments and regulatory authorities, training, project cooperation, information disclosure, official correspondence, policy consultation, etc.

General meeting of shareholders, Board meetings and meetings of Board's committees, supervisors, special meeting of independent directors, etc.








Employee engagement conferences, employee suggestion boxes, employee satisfaction surveys, employee activities, employee training, etc.







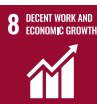

This year, based on our understanding of the focus of the above-mentioned stakeholders, for the first time, we identified 17 material sustainability issues by considering the industrial development trends and the Company’s operations. These issues include 7 environmental issues, 8 social issues, and 2 governance and compliance issues.

To fully understand the focus of stakeholders in relation to these issues, we conducted a survey through online questionnaires on the materiality of them among stakeholders. We analysed and discussed the results with sustainability related experts, and conducted a fair and balanced analysis of the opinions of stakeholders. Considering the analysis, we prioritised the material issues to conduct a materiality matrix based on the “Importance to Dajin Heavy Industry” and “Importance to external stakeholders”.



Key Measures and Key Performance of Sustainable Development in 2023

Sector and issue	Key measures	Key performance and goals	Responses to UN SDGs
 Environmental	Reduction of carbon emissions <ul style="list-style-type: none"> Carried out Product Carbon Footprint (PCF) for the first time, helping to identify the carbon emissions in the production process. Compiled a “Dual Carbon” management plan for suppliers, and carried out trainings and communication events for suppliers including carbon reduction and carbon inventory. Penglai Facility released the “Dual Carbon” targets for the first time and conducted the path for carbon reduction. Promoted the development of renewable energy investment business, and accelerated the construction of wind farms. Identified and disclosed climate-related risks and opportunities in accordance with the Recommendations of the TCFD for the first time. 	<ul style="list-style-type: none"> Completed the carbon footprint calculation of monopiles, with the PCF as 2,905 kgCO₂e per tonne of product. Delivered the green supply chain training to nearly 50% of major suppliers who provide raw materials for production processes. Set the carbon reduction target of achieving a 50% reduction by 2040 and a 70% reduction by 2050, with 2023 as the benchmark year. Generated 400 million kWh of green electricity, helping to reduce GHG emissions by approximately 228,000 tCO₂e. Penglai Facility planned to increase the proportion of green electricity to 50% of the total electricity consumption by 2027. 	  
	Energy usage management <ul style="list-style-type: none"> Compiled a plan for increasing clean energy consumption and increased the proportion of clean energy consumption. 		
	Technological innovation and application of energy-saving technologies <ul style="list-style-type: none"> Reduced resource and energy consumption by implementing new designed processes to production procedures including steel plate cutting, bevel cutting, longitudinal and circumferential seams welding, coating, etc. 	<ul style="list-style-type: none"> Achieved a reduction of 3.67 tons per unit product in steel usage as raw material for certain models of products through technological innovation and application, resulting in a decrease of approximately 1.85 tCO₂e of GHG emissions generated during the cutting process. 	
	Biodiversity protection <ul style="list-style-type: none"> Strictly managed garbage, waste oil, waste water, ballast water and other types of wastes generated by incoming vessels, as well as engaged qualified third parties to treat waste from vessels, protecting marine biodiversity. Implemented the ecological restoration plan after the completion of new production plants, as planned in accordance with the laws and regulations, ensuring compliance whilst striving to minimise the ecological effect of operations. 	<ul style="list-style-type: none"> Ensured 100% compliance in the treatment of ballast water, wastewater, and waste from non-domestic ships. 	 
	Waste management <ul style="list-style-type: none"> Standardised the classification and storage of waste to ensure proper disposal and recycling. 	<ul style="list-style-type: none"> Penglai Facility aims to achieve a production recycling rate of no less than 90% by 2030, and is committed to achieving complete recycling by 2040. 	
	Promoting circular economy <ul style="list-style-type: none"> Carried out the recycling of production waste and waste from purchasing processes, enhancing the comprehensive utilisation of resources. 		
	Water resource management <ul style="list-style-type: none"> Recycled domestic sewage through the installation of sewage treatment equipment. 		

Sector and issue	Key measures	Key performance and goals	Responses to UN SDGs
 Social	<p>Quality of products and services</p> <ul style="list-style-type: none"> Carried out the whole-process quality control over material procurement, process control, after-sales services, etc. based on the quality planning methodology for the global wind power industry launched by APAQP4Wind. Set up European subsidiaries and assigned sales staff who are familiar with the local business and culture to maintain customer relationships. 	<ul style="list-style-type: none"> Provided total amount of quality-related training to 700 person in total in the year. Ensured that long-term operating production facilities achieved full coverage of ISO9001 quality system certification. At the same time, all production facilities put into operation in 2023 have also carried out initiatives to obtain the certification. 	
	<p>Health and safety</p> <ul style="list-style-type: none"> Linked employee's performance with safety management KPIs to enhance their awareness towards safety. Emphasized the safety principle of "Safety First with Prevention as the Core", and carried out training for all employees to improve their safety awareness. Adopted the consistent standards of health and safety for outsourced personnels and staff, and ensured their health and safety through risk notification and pre-job training. Introduce a professional logistics team and adopt the SPMT roll-on loading technology for the transportation of large monopile foundations, ensuring the safety of pipe transportation. 	<ul style="list-style-type: none"> Total hours of safety training reached 4,021 hours. 100% outsourced personnels signed the HSE contracts before starting to work. 	 
	<p>Employees' rights and interests</p> <ul style="list-style-type: none"> Complied the <i>Labor and Human Rights Management System</i> with reference to the relevant standards of the International Labor Organisation (ILO). We strictly prohibit child labour and forced labour, and oppose to all forms of discrimination, humiliation, and corporal punishment. Clarified that employees are entitled to the freedom of association and collective bargaining in the <i>Social Responsibility Management System</i>, and actively organised the signing of collective contracts. 	<ul style="list-style-type: none"> No illegal employment incidents, such as child labour or forced labour, were found throughout the year, and no violations of rights and unfair incidents, such as discrimination, humiliation, or corporal punishment, were identified. Signed a total of 6 collective contracts related to wages, labour safety and health, special protection for female employees, etc. 2/3 of senior managements are female. 	 
	<p>Remuneration and benefits</p> <ul style="list-style-type: none"> Adhered to the concept of equal pay to manage remuneration and granted each operating unit autonomy in decision-making when managing employee compensation, ensuring that the compensation strategy meets the needs of the operations. 		
	<p>Diversity</p> <ul style="list-style-type: none"> Built a workplace with equity and mutual respect, and clearly prohibited unequal treatment regarding race, religion, disability, gender, age, and other factors. Enhanced gender diversity in the Board of Directors and management. 		

Sector and issue	Key measures	Key performance and goals	Responses to UN SDGs
 Social	Employee development <ul style="list-style-type: none"> Implemented the Human Resources Business Partner (HRBP) model to identify and nurture backbone talents in each business unit. Established an employee training system based on the core concept of “skill-based & culture-oriented”, and tracked the training effectiveness through monthly training reports. 	<ul style="list-style-type: none"> The total accumulated training hours exceeded 15,000 hours throughout the year. 	
	Sustainable supply chain <ul style="list-style-type: none"> Compiled the <i>Code of Conduct for Suppliers' Social Responsibility</i>, and kept conducting regular audits on suppliers' ESG-related management including labour rights, health and safety, environmental protection, and business ethics. Signed the <i>Declaration of Metal Conflict-Free</i> and other documents with suppliers. 	<ul style="list-style-type: none"> The proportion of production suppliers conducting social responsibility audits is nearly 40%. 100% of suppliers with potential conflict minerals risk signed the <i>Declaration of Metal Conflict-Free</i>. 	

Sector and issue	Key measures	Key performance and goals	Responses to UN SDGs
 Governance	ESG governance <ul style="list-style-type: none"> Prepared to upgrade the Development and Strategy Committee to the Strategy and Sustainability Committee, and established a three-level sustainability management system involving the Board of Directors, the Strategy and Sustainability Committee, and relevant departments. Established the Sustainable Development Task Force to assist the Strategy and Sustainable Development Committee to compile relevant policies, promoting the constant implementation of management measures for sustainable development. 	<ul style="list-style-type: none"> Conduct a total of 8 training sessions related to sustainable development for management and core business personnel. Obtained EcoVadis commitment badge. 	
	Business ethics and compliance <ul style="list-style-type: none"> Defined the Code of Business Ethics to all employees in the Staff Manual and the Action Plan, and established an open whistleblowing mechanism as well as measures to protect whistle-blowers. Required suppliers to sign the <i>Integrity Agreement</i>. Incorporated ESG-related risks into daily risk management to identify, summarise, and manage ESG risks and improve company's ability to tackle relevant risks on a regular basis. 	<ul style="list-style-type: none"> No significant violations of compliance or incidents were identified in according with marketing, environments, human rights, etc. in this year. 90% of suppliers signed the <i>Integrity Agreement</i>. 	

01 ENVIRONMENTAL

Accelerating the Low-carbon and Energy-saving Transition

Boosting Ecologically Harmonious Development

In the context of the intensifying environmental crisis and the increasing impact of climate change, Dajin Heavy Industry is well aware of the significance of implementing the concept of green and low-carbon development. Adhering to the concept of clean and efficient production and protecting the natural ecology, the Company keeps contributing to the transition towards a low-carbon future for China and the world.



Accelerating the Low-carbon and Energy-saving Transition

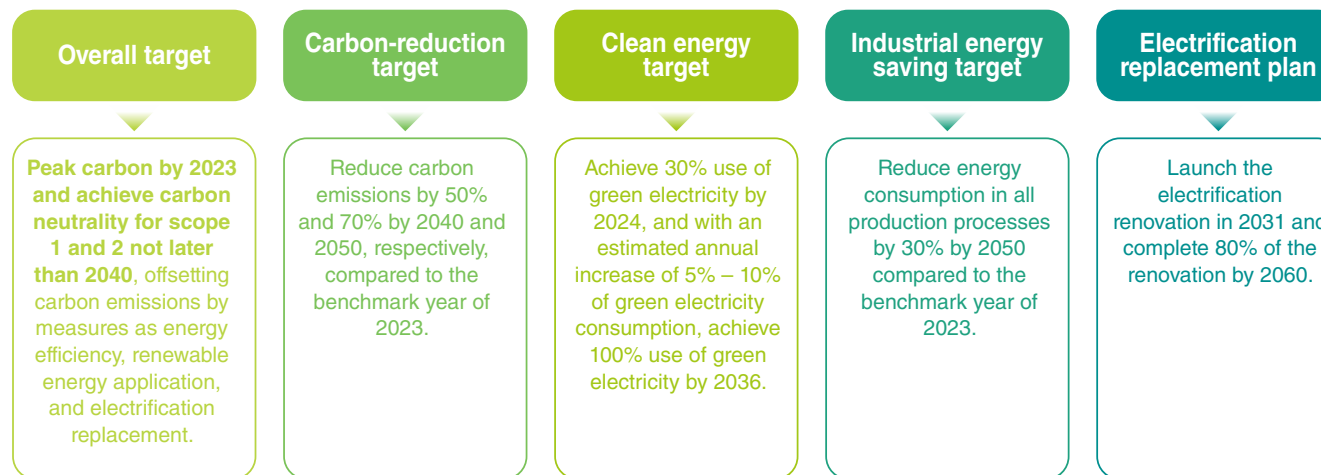


In line with the need for global low-carbon development and an energy transition, Dajin Heavy Industry continues to promote high-quality wind power products and delivery low-carbon solutions. Based on the reduction of our own products' carbon footprint and operational carbon emissions, we drive the low-carbon transition of upstream and downstream industries to jointly reduce carbon emissions and achieve a shared low-carbon transformation.

Carbon Peaking and Carbon Neutrality Goals and Carbon Reduction Paths

To contribute to China's "Dual carbon" goals as well as to the *Paris Agreement commitments*, the Company has first formulated the carbon peaking and carbon neutrality goals of Penglai Facility in accordance with the actual operational circumstances, and conducted key carbon reduction measures. At the same time, the Company will formulate a company-wide carbon peaking and carbon neutrality goals, and is planning to gradually launch a project to build the Scope 3 carbon inventory in order to fully understand the carbon emissions in the Company's value chain and consolidate the foundation for formulating a plan to reduce them.

Carbon peaking and carbon neutrality goals of Penglai Facility



GHG emissions KPI in 2023

Total GHG emissions¹	57,580.18 tCO ₂ e
Scope 1	
Total direct GHG emissions	21,174.11 tCO ₂ e
Scope 2	
Total indirect GHG emissions	36,406.07 tCO ₂ e



GHG emissions/RMB million of operating income

13.31

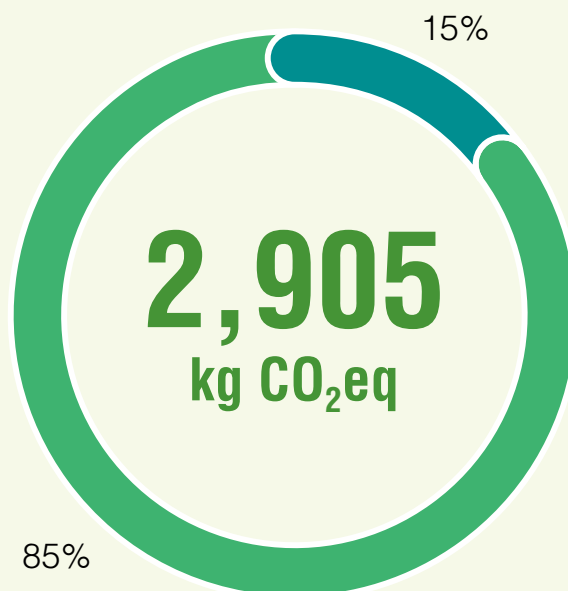
tCO₂e/RMB million of operating income

¹ Dajin's GHG emissions mainly include carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O). The total GHG emission is reported in terms of carbon dioxide equivalent. This year, we calculated the GHG emissions from production facilities and offices owned by Dajin Heavy Industry. Details of our GHG emission scope include: 1) Direct GHG emissions (Scope 1): GHG directly generated from the use of gasoline, diesel, natural gas and propane for operations and the direct emission of carbon dioxide used as a protective gas during the production process. 2) Indirect GHG emissions (Scope 2): GHG emissions generated from consumed electricity and consumed heat for operations.

Reducing the Production Carbon Footprint

Dajin Heavy Industry constantly integrates the concept of low-carbon development into the product lifecycle. This year, to effectively analyse and evaluate the carbon emissions throughout the product lifecycle, we engaged professional third parties to carry out a carbon inventory for monopiles in accordance with the *Carbon Footprint of Products Standard* (ISO 14067). We analysed the carbon emissions of products in the production of raw materials and manufacturing phases according to the principle of "Cradle-to-Gate", to better understand the product carbon footprint and to design carbon emissions reduction plans more precisely.

Product footprint emissions per tonne of monopile product



- Production, processing and transport of raw materials
- Industrial production process

To accelerate the reduction of the carbon footprint of our products, we promote energy saving programs in the whole process of production through green procurement and improving production energy efficiency.



Implementing energy saving production process

- Enhance suppliers' awareness of carbon-reduction
- Promote resource-saving in production



Optimizing production process

- Reduce consumption of raw materials
- Reduce energy consumption in production

Promoting Green Procurement

To effectively promote the suppliers' awareness of low-carbon development, we compiled the *Green Supply Chain Training Measures*, which clarify that the Company needs to carry out green supply chain training, online or on-site, for suppliers and supply chain management employees every six months. This year, we also drafted the “Dual Carbon” management plan for suppliers, emphasising to involve “Dual Carbon” indicators into supplier accessing assessment and annual evaluation in the following three years. The indicator could contain clean logistics, use of renewable energy, and utilisation of technologies for energy-saving and environmental protection, which help our suppliers to promote improved performance in the low-carbon development.

This year, we conducted trainings for suppliers on topics, such as “Interpretation of the EU Carbon Border Adjustment Mechanism (CBAM)” and “Green Supply Chain Management Measures”, to enhance their awareness of the Company's green supply chain concept.

Case > Training on carbon emissions accounting for suppliers

This year, the Company carried out online and offline trainings on the EU Carbon Border Adjustment Mechanism (CBAM) to 24 supplier representatives. The training focused on carbon emissions accounting methods, introducing the background and significance of carbon emissions accounting to them, and assisting them in understanding the requirements for carbon data reporting. This has improved the carbon accounting capacity of suppliers.



Explanations about carbon accounting methods to suppliers and on-site participants

Implementing energy-saving production processes

This year, the Company continued to implement energy-saving technics in the production processes of steel plate cutting, bevel cutting, longitudinal and circumferential seams welding, coating, etc. These measures help us reduce the consumption of raw materials and usage of energy during production, enabling us to jointly reduce carbon emissions in procurement and production processes.



Steel plate cutting

- Improved the cutting technology, enabling a more accurate cutting process to reduce the cutting allowance of the steel plate from 25mm to 12mm, effectively reducing the consumption of steel plate as raw material. This has increased the utilisation rate of steel plate by 0.48% for some types of products, and lowered the consumption of steel plate for a single product by 3.67t.
- Replaced propane fuel with high-energy cutting gas, which can reduce the emissions by approximately 1.85 tCO₂e in the cutting procedure per product.



Bevel cutting

- Developed and applied narrow-gap bevelling technology to reduce the size of the bevel. This can reduce the filling amount of welding consumables by approximately 10% and the consumption of welding consumables by approximately 100kg per tower, without compromising production quality.

reduce the filling amount of welding consumables by approximately **10%**

and the consumption of welding consumables by approximately **100kg** per tower



Coating

- Upgraded the fixed-coating technic to turntable-coating technic at the coating and anti-corrosion workshops, reducing paint loss by approximately 3%.

reducing paint loss by approximately **3%**



Longitudinal and circumferential seams welding

- Purchased steel plates with fewer joints as raw materials to effectively reduce the length of the seams of some monopiles by approximately 650m, which is 10% less compared to applying previous seaming technics, reducing the resource and energy consumption in the welding process.

In addition, the Company has complied raw material management procedures, such as the *Control Procedure for the Release of Trade-in Consumables* and the *Regulations on the Control and Management of Consumables*, to strictly manage the distribution and recycling of welding wire, flux, and other materials. In doing so, we effectively reduce unnecessary waste of raw materials.

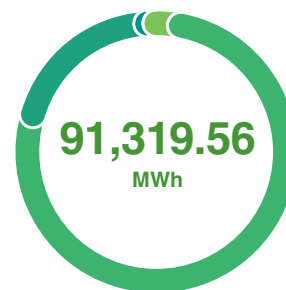
Indicator	Unit ³	Data
Total comprehensive energy consumption²	MWh	155,572.72
Energy consumption per RMB million of operating income	MWh/RMB million of operating income	35.97
Total direct energy consumption	MWh	91,319.56
Total consumption of gasoline	MWh	1,089.79
Total consumption of diesel	MWh	17,601.37
Total consumption of natural gas	MWh	69,851.09
Total consumption of propane	MWh	2,777.31
Total indirect energy consumption	MWh	64,253.16
Total purchased electricity	MWh	63,203.59
Total purchased heat	MWh	1,049.57

Indicator	Unit	Data
Total consumption of major raw materials	10,000 tonnes	51.13
Consumption of raw materials/RMB million of operating income	10,000 tonne/RMB million of operating income	0.0118
Steel plate	10,000 tonnes	46.91
Flange	10,000 tonnes	3.38
Welding material	10,000 tonnes	0.84

² The total amount of comprehensive energy consumption includes direct energy consumption and indirect energy consumption. Direct energy consumption mainly includes the consumption of gasoline, diesel, nature gas and propane for the Company's operations; indirect energy consumption mainly includes those from purchased electricity and purchased heat for the Company's operations. The comprehensive energy consumption was calculated by using the conversion factors specified in the national standard General Rules for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020) of the People's Republic of China and industrial standards.

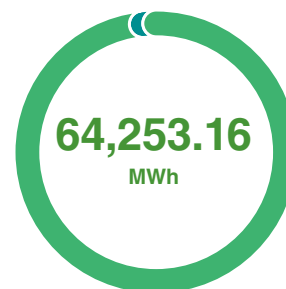
³ For better statistics and comparison, the following energy consumption indicators have been converted to MWh in reference to relevant standards.

Total direct energy consumption



- Total consumption of gasoline: 1,089.79MWh
- Total consumption of diesel: 17,601.37MWh
- Total consumption of natural gas: 69,851.09MWh
- Total consumption of propane: 2,777.31MWh

Total indirect energy consumption



- Total purchased electricity: 63,203.59MWh
- Total purchased heat: 1,049.57MWh

Total consumption of major raw materials



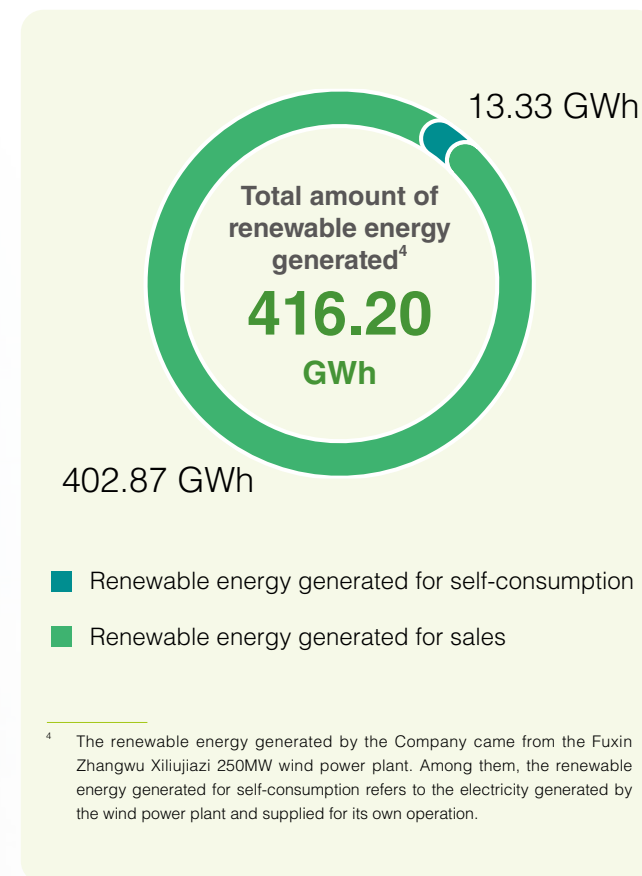
- Steel plate: 46.91 (10,000 tonnes)
- Flange: 3.38 (10,000 tonnes)
- Welding material: 0.84 (10,000 tonnes)

Contributing to the Low-carbon Transition of Society

Dajin Heavy Industry implements the concept of low-carbon development by extending our business to boost clean energy applications such as building wind farms, striving to reduce our carbon emissions as well as promoting society to undertake the low-carbon transition.

Accelerating the manufacturing of renewable energy facilities

The Company insists on the concept of “achieving low-carbon transformation by reducing carbon emissions from the origin”. This year, the Company accelerated the building of wind farms by investing more on the clean energy sector. A Clean Energy Department was set up to take charge of the overall management of the clean energy business, extending our scope of business in the industrial chain. By the end of 2023, Fuxin Zhangwu Xiliujiazi 250MW Wind Farm had been successfully connected to the grid, and the Tangshan Caofeidian 250MW Aquaculture-PV Complementary Project had been filed. The Company has also planned to build a grid-connected project featuring clean energy within the next three years. In addition, the Company actively participated in green electricity trading, producing and selling a total of 400 million kWh of green electricity this year, contributing to a carbon emissions reduction of approximately 228,000 tCO₂e.



Enhancing Green Operations

The Company adheres to the concept of green operations by improving logistics efficiency, continuously enhancing the effectiveness of warehousing processes, and strengthening the degree of green production and operations. With these practices, we assist downstream customers to reduce GHG emissions in their value chain, so as to help build a clean energy industry with lower carbon emissions.

Improving Logistics and Transport Efficiency

We continuously refine and standardise logistics management measures, make rational logistics route planning, and minimise the idle operation time of logistics equipment, thereby reducing the energy consumption of on-site logistics equipment, examples include:

Implemented the logistic management plan, which requires that the logistics management plan should be accurate to the hour and that the efficiency of the use and connection of vehicles, gantry cranes, and other equipment be improved.

Adjusted the use of vehicles based on the logistics plan and adopted a management approach of preparing corresponding vehicles in advance, reducing the waiting time for carpooling and vehicle replacement, therefore improving the efficiency of vehicle usage.

Emphasised the “personnel-specific vehicle” management practice of logistics vehicles, and rewarded operators who achieve high utilisation rates of logistics vehicles.

Conducted logistics dispatch according to the optimal routes of operation and made rational route planning for dispatching to reduce dispatch frequency.

And at the same time, to assist our downstream customers in reducing carbon emissions, during the shipment stage of offshore equipment products, we incorporated carbon emissions indicators into the considerations for cargo vessel leasing. We prioritise to lease cargo vessels from energy-saving ship leasing companies by considering the level of carbon emissions based on the relevant report provided by the companies. This year, the Company also initiated the construction of a self-owned transport fleet, striving to create a vessel transport team with lower carbon emissions to reduce the energy consumption of product transportation.

Refining Warehousing and Transportation Management

To promote energy saving and carbon reduction in warehousing and transportation, a batch of measures have been adopted in the Company's production facilities including optimising transport routes, simplifying warehousing processes, and improving the efficiency of management systems.

Some raw materials are directly unloaded to the workshop to reduce the procedure of warehousing.

We plan the application of product storage sites by considering factors, such as site conditions, delivery demand time, distribution conditions, etc., aiming to reduce the number of repeated transportation of finished products.

We adopt classification management methodology that dividing areas and warehouses according to material categories, with some materials are further refined and stored in designated locations. We also established an ERP inventory management system to improve the efficiency of arranging material storage and handling operations.

Reinforcing Green Production and Operations

The Company continuously replaces lighting and power generation equipment with lower energy consumption alternatives, reducing the daily energy consumption of production and operation sites. This year, the Company's production facilities have carried out the replacement of LED lighting fixtures. Among them, the coverage rate of LED bulbs in Fuxin Facility has reached 100% and the coverage rate in Penglai Facility and Xing An'meng Facility has exceeded 90%. The coverage rate of LED bulbs in other facilities has also been significantly improved. Meanwhile, Penglai Facility installed on-shore electricity equipment to meet the use of shore power for some period-leased vessels after entering the port, which reduced diesel consumption thus lowering carbon emissions.

In addition, the Company emphasises the implementation of the concept of "green workspace" by posting green tips and notices, such as "turning off the lights when leaving" and "energy saving and environmental protection" reminders, in office buildings, canteens, and factory areas. Furthermore, we firmly advocate the concept of saving resources by encouraging employees to save water and paper.


the coverage rate in Penglai facility and Xing An'meng facility has exceeded **90%**



the coverage rate of LED bulbs in Fuxin Facility has reached **100%**

Theme on TCFD – Climate-related Risks and Opportunities

Dajin Heavy Industry deeply understands that the impact of climate change on the global environment has become one of the important factors affecting every company’s sustainable development. The Company has incorporated climate-related factors into the risk identification process for business operations, and has steadily advanced the ability to identify and respond to climate change risks. At the same time, the Company actively seizes the opportunities brought about by climate changes and takes the global development trends in low-carbon development energy transformation as a turning point. Considering this, we accelerate the iteration of products to vigorously develop the clean energy industry and meet the needs of low-carbon development from downstream customers. This year, for the first time, we identified and analysed climate-related risks and opportunities based on the circumstances of Company’s operations and general business environment in the industry by referring to the *Recommendations of the Task Force on Climate-related Financial Disclosures* (TCFD). We also sorted out the implementation of corresponding countermeasures as the following.



Type	Risk/Opportunity type – Existing or potential impact on the Company	Ongoing or planned countermeasures
 <p>Physical risks</p>	<ul style="list-style-type: none"> Acute risks – Climate change is leading to an increase in the frequency of extreme weather events, such as floods and typhoons, which may result in power and water outages and cause damage to production equipment, thus affecting the consistency of Company operations, especially for production facilities. Such risks may also affect the consistency of logistics, therefore reducing the timeliness and level of safety in supply chain logistics, potentially causing economic losses. Chronic risks – Climate change leads to a continuous rise in global temperature, which may result in sea-level rising, changes in the distribution of water resources, and year-round hotter weather. Some of the Company’s production facilities are located along coastlines and river basins, and the related risks may lead to the relocation of operational sites, increased demand for refrigeration equipment, and higher frequencies of equipment maintenance, potentially resulting in rising operating costs for the Company. 	<ul style="list-style-type: none"> Establish early warning systems and contingency plans for extreme weather at production facilities and replace the equipment for more weather-resistant alternatives to enhance their resilience to the impact of natural disasters. Conduct measures related to supply chain security and collaborate with marine logistics and transportation suppliers to plan transportation routes based on weather conditions, aiming to mitigate the impact of extreme weather on product delivery. Incorporate the chronic risks of climate change into site selection considerations when building new production facilities to minimise the impact of such risks. Take measures such as building breakwaters and improve the efficiency of the refrigeration equipment in the completed production facilities to enhance their resilience against the chronic risks of climate change.

Type	Risk/Opportunity type – Existing or potential impact on the Company	Ongoing or planned countermeasures
 Transition risks	<ul style="list-style-type: none"> Policy and legal risks – Global countries and regions are paying increasing attention to climate change, and relevant policies and systems are becoming increasingly stringent, such as the European Union’s Carbon Border Adjustment Mechanism (CBAM) and China’s “dual carbon” development strategy. These factors may increase the compliance costs for the Company in conducting product import and export trade, thereby affecting the Company’s economic benefits. 	<ul style="list-style-type: none"> We continuously monitor changes in the relevant policies and systems both domestically and internationally, closely track the latest developments in climate change-related policies, and accelerate the deployment of measures to reduce the carbon footprint of our products and operational carbon emissions. This year, in order to effectively respond to CBAM, the Company has conducted an assessment of the carbon footprint of our products throughout their lifecycle, aiming to reasonably plan measures to reduce carbon emissions.
	<ul style="list-style-type: none"> Market risk – The downstream customers of the Company, both domestically and internationally, are paying increasing attention to the low-carbon attributes of their own value chains and are constantly raising their requirements for the low-carbon properties of the Company’s main products. If the Company cannot quickly respond to market changes and meet market demands, it may face the risk of hindered development in new markets. 	<ul style="list-style-type: none"> Adhere to conducting green procurement training for suppliers and deploying green procurement plans. We continuously reduce carbon emissions in product manufacturing through energy conservation, emissions reduction, and technological transformation. We are committed to creating a low-carbon shipping transportation system to reduce carbon emissions in the transportation process.
	<ul style="list-style-type: none"> Reputation risk – Stakeholders continue to pay increasing attention to the Company’s performance in green and low-carbon development and climate change response. If the Company fails to promptly communicate its progress and the current status of its low-carbon development, it may affect the Company’s reputation and further influence its market performance. 	<ul style="list-style-type: none"> Keep carrying out work related to low-carbon transformation, accelerating the deployment of the clean energy industry, and promptly communicating the progress of our company’s low-carbon development efforts to stakeholders through disclosing sustainable development reports, in order to enhance the Company’s image of sustainable development.
 Opportunities	<ul style="list-style-type: none"> Market opportunity – Countries and regions around the world have successively issued supportive policies for the clean energy industry, encouraging the development of the offshore and onshore wind power sector, heightening the opportunities within the market. As a company whose main business is wind power equipment manufacturing, the successive introduction of policies and systems has provided the Company with new market opportunities and brought new growth points for its operating income. 	<ul style="list-style-type: none"> Continuously improve our product quality and enhance the manufacturing process level according to customer requirements, delivering high-quality, low-carbon footprint towers, offshore foundations, and other wind power steel structures to downstream customers, thereby expanding our market share.
	<ul style="list-style-type: none"> Resilience opportunity – Countries and regions around the world have successively established and activated carbon emissions trading mechanisms, opened carbon emissions trading markets, and continuously included more energy-intensive industries to participate in carbon emissions trading. 	<ul style="list-style-type: none"> The Company has gradually embarked on the development of the clean energy investment business, actively participating in the carbon market and green electricity trading to assist high-energy-consuming enterprises in reducing carbon emissions. The Company has already conducted transactions in green electricity and obtained the relevant certifications, with a total certified green electricity transaction volume exceeding 200 million kWh in 2023.

Furthermore, in order to enhance employees’ understanding of low-carbon development and strengthen the awareness of carbon reduction across various business divisions, the Company will continue to conduct trainings related to climate change for the management and core business personnel. This year, the Company organised eight training sessions on carbon footprint, circular economy, shipping carbon taxes, shipping fuel technology, and other topics, to strengthen employees’ understanding of carbon-related laws and regulations, emissions reduction measures, and market requirements.

Grasping the Clean Energy Market in an All-round Way

In recent years, the national and global clean energy industry has developed rapidly, and industrial demand has been constantly changing. In response to the needs from the clean energy industry, the Company has analysed the changing mechanism of downstream customers' demands for clean energy from four aspects: cost reduction and efficiency improvement, product customisation, technological differentiation, and low-carbon operational requirements. Based on the analysis results, the Company has formulated a work plan of "intensifying better design with deepening cost saving". Through close collaboration with equipment manufacturers and engineering planning companies, we ensure the optimisation of the project construction plan and the sustainable attributes of equipment and materials for production, enhancing the competitiveness of our clean energy electricity projects and maintaining market advantages by seizing climate opportunities.



Boosting Ecologically Harmonious Development



Dajin Heavy Industry actively practices the protection of the environment, promotes clean and environmentally-friendly production modes, vigorously explores and advances the circular economy, and reduces the emissions of pollutants and waste, so as to minimise the impact of the Company's production and operations on the surrounding natural ecosystem and biodiversity.



Reducing Environmental Impacts

The Company continuously improves its ability in environmental management, constantly refining the environmental management system and exploring new processes and techniques to effectively reduce the emissions of wastewater, waste gas, and waste during production and operation, as well as to adequately minimise noise pollution and improve the utilisation rate of water resources. Moreover, we focus on guiding employees to create a workplace with the concept of environmental protection and conservation and continuously enhance their awareness of resource conservation, to implement the notion of clean operations in all aspects of production and operation.

Environmental Protection Management System

The Company strictly complies with the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Cleaner Production Promotion Law of the People's Republic of China*, and other national and local laws, regulations, and standards. Each production facility complies with the corresponding environmental management measures by considering the needs of their operations, ensuring that the requirements of environmental protection from the headquarters are properly implemented. A Health, Safety,

and Environment (HSE) department have been established in each production facility of the Company to carry out the overall management of environmental protection issues. As of the end of 2023, all of the Company's long-term operating production facilities have obtained ISO 14001 *Environmental Management System certification*, and all production facilities put into operation in 2023 have begun their work to obtain the certification.

The Company regularly audits the environmental impact management of production facilities to verify the effectiveness of environmental management procedures, the response to environmental risks, and the soundness of environmental protection measures on a regular basis. In addition, each facility regularly evaluates and identifies internal environment-related risk factors, and carries out targeted rectification of the risks found to ensure the effective and on-time detection and prevention of these risks. In response to sudden environmental incidents, the Company has developed an Environmental Emergency Plan, which clearly stipulates the procedures for handling environmental emergencies, such as hazardous waste leakage or a fire accident. Furthermore, the Company has carried out level-based management of environmental emergencies to achieve a refined management.

Prevention and Control of Air Pollution

The waste gas emissions from the Company's operations mainly come from fume and dust generated during cutting, grinding, and welding. We strictly adhere to the relevant local laws and regulations where we operate. We reduce the waste gas emissions during our production and operations by installing dust prevention and purification equipment, refining production processes with lower emissions, and strengthening the end-of-pipe treatment, so as to achieve full compliance of regulations in regard to emissions. In addition, we engage professional third-party institutions to test and analyse the composition and content of emitted pollutants on a regular basis, achieving a real-time monitoring of air pollutant emissions.

Indicator	Unit	Data
Trichlorofluoromethane equivalent	tonnes	161.55
Nitrogen oxides (NO_x)	tonnes	4.93
Volatile organic compounds (VOC)	tonnes	143.24
Fume and dust	tonnes	34.06

Case > Installation of integrated facilities to improve the efficiency of waste gas treatment

To effectively treat and ensure compliance with the regulations of the exhaust emissions of VOCs, dust, particles, and other pollutants generated from coating and blasting processes, the Penglai Facility took measures from three aspects: improving exhaust collection efficiency, increasing the types of exhaust treatment technologies, and strengthening end-of-pipe treatment.

The dust generated during grinding is treated through the installation of dust bags and filter screens, which gather and collect air pollutants and prevent the dispersion of these into the air.

For the treatment of organic waste gases, measures such as activated carbon adsorption, catalytic combustion, and regenerative thermal oxidation (RTO) are employed in conjunction to enhance the treatment efficiency.

Fume and dust purification devices are installed outside the welding material rod area to reduce the amount of fume and dust in the workshop, thereby improving the air quality of the workplace for employees.



Dust bags Collection System and Integrated Waste Gas Treatment Device

Case > Upgrading equipment and refining processes to strengthen the ability in dealing with waste gas emissions from the entire production processes.

In order to effectively treat the smoke emissions generated in all production processes, the Fuxin Facility continuously improves the timeliness and effectiveness of the exhaust gas treatment, and strengthens the treatment efforts at the places where exhaust gas is generated the most:

- Mobile welding fume purifiers have been installed in the manual welding process in the processing workshop to enhance the efficiency of waste gas collection where fume is generated.
- Dust prevention equipment and paint mist treatment system have been installed for the aerosol produced in the anti-corrosion workshop to reduce waste gas emissions through burning and activated carbon adsorption;
- Pre-treatment of desulfurisation and drying is carried out for high-energy cutting gas to ensure no emissions of harmful substances after combustion.



Mobile Welding Fume and Dust Collection Device

Waste Management

The Company has established strict waste treatment procedures in accordance with the national and local waste management standards to collect and store non-hazardous and hazardous waste. The waste is then handed over to qualified third parties for recycling and disposal to ensure all waste is treated in compliance with the regulations.

For the non-hazardous waste generated during the production process, the Company requires production related departments to strictly follow the waste disposal process, and transport the waste to designated waste storage areas with classified storage based on the type of waste, in order to facilitate the recycling of it. For hazardous waste, the Company has developed documents such as the *Waste Management Standards*, which establishes the responsibilities throughout the treatment process of hazardous waste, clarifying the requirements for recycling, storage, and treatment. The Company also designates an independent area to storage hazardous waste, ensuring that hazardous waste does not impact the working place.

In addition, for office waste and domestic waste produced in daily operations, the Company conducts a unified collection and segregation procedure to reuses waste, if possible, thus reducing the waste of resources.

Indicator	Unit	Data
Waste⁵		
Total hazardous waste generated ⁶	tonnes	680.20
Total hazardous waste disposal	tonnes	661.53
Total metal waste generated	tonnes	13,437.82
Of which total metal waste recycled in-house ⁷	tonnes	722.67
Of which total metal waste handled to qualified third parties	tonnes	12,715.15

Case > Enhancing the classified storage of waste to promote disposal efficiency

The Penglai Facility has established special storage areas for waste, such as scrap metal residue and metal scraps generated during production, and posted prominent waste classification labels to assist employees in correctly classifying and disposing waste. At the same time, the Company assigns specific personnel to inspect the discarded and classified waste every day, so to ensure that all waste is stored correctly, facilitating the precise waste recycling and disposal.



Scrap Metal Slag/Metal Residue Segregation and Recycling Bins

⁵ The Company's waste includes hazardous waste and non-hazardous waste. Among them, non-hazardous waste includes metal waste and non-metal waste. This year, the Penglai facility has been equipped with the statistical ability of non-metal waste, with a total of 2,338.66 tons of such waste produced and disposed of throughout the year. We will gradually establish the statistical capacity of non-hazardous non-metal waste in other facilities.

⁶ The Company's hazardous waste is classified and counted refer to the "National List of Hazardous Wastes". The wastes generated mainly included waste filter cotton, waste activated carbon, waste paint, waste paint residue, waste paint drums and waste hydraulic oil.

⁷ The Company's waste recycling activities mainly include the use of scrap metal and wood generated in the production process to make tools and other daily operating equipment.

Noise Management

To effectively reduce the noise generated during cutting, blasting, and other processes, the Company timely distributes labour protection equipment in accordance with national and operational management requirements. It also continuously reduces the noise sources and volume in the work environment by replacing facilities and equipment, standardising the use of materials, and other means, in order to reduce the health and safety hazards brought by noise to employees. This year, Penglai Facility passed the Grade 2 standard certification of the *Emission Standard for Industrial Enterprises Noise at Boundary* (GB12348-2008).

Case > Reducing the noise volume by upgrading equipment

To mitigate the impact of noise on workers' health and safety during grinding operations, all facilities have reduced noise levels through upgrading their equipment. Specifically, the Penglai Facility has installed mufflers on grinding machines, while the Fuxin Facility has upgraded the pneumatic angle grinders in the grinding and cutting workshops to electric angle grinders. These modifications and replacements have effectively reduced noise levels.



Replacement of the Pneumatic Angle Grinder with Electric One



Mufflers on grinding machines

Water Management

The Company adheres to the efficient use of water resources, continuously optimising water management methods and reducing water consumption in daily operations through the use of recycled water, installing water-saving appliances, and posting water-saving notices. Further initiatives to enhance employees' awareness of water conservation include:

Penglai Facility has established a sewage treatment station, which treats domestic sewage to meet the appropriate standards so that it can be used for irrigation in the park. At the same time, to encourage employees to actively conserve water resources, the Facility regularly monitors water consumption in the canteen, keeping track of water consumption.



To strengthen the management of water used for dust suppression by sprinkler trucks, Fuxin Facility has established the Water Usage for Dust Suppression internal management system, which standardises the frequency of dust suppression, the source of water used, and the amount of water consumed, ensuring the rational utilisation of water resources.

Indicator	Unit	Data
Total water withdrawal	10,000 tonnes	18.45
Total water withdrawal per RMB 1 million of operating income	10,000 tonnes/RMB 1 million of operating income	0.0043
Total water purchased from third-party	10,000 tonnes	17.35
Total water withdrawn from the nature ⁸	10,000 tonnes	1.10

⁸ The water acquisition from the nature comes from wells used for production and operation in facilities.

Biodiversity Protection

The Company is deeply aware of the importance of protecting biodiversity as means for preserving ecosystem services and nature, and continuously promotes biodiversity protection by reducing carbon and pollutant emissions and conserving water resources. To promote ecological protection during operations, the Company imposes strict requirements on waste discharge from incoming vessels and takes ecological restoration in newly built factories, ensuring that the natural ecology of production facilities is effectively protected.

Management of incoming Vessels

The Company strictly manages garbage, waste oil, waste water, ballast water and other types of wastes generated by incoming vessels to ensure the environmental and ecological safety of the operational areas. The Company continuously signs agreements with professional third-party organisations for the treatment of ship oil wastewater and garbage, ensuring proper waste disposals in a timely manner through safe and standardised procedures, also preventing any leaks from occurring.

Ecological Protection for New Projects

This year, the Company has vigorously promoted the construction of clean energy projects. To minimise the impact of new constructions on natural habitats, the Company strictly adheres to the environmental and water resource protection plan formulated prior to the project construction in accordance with legal and regulatory requirements. This helps us improve our ability to minimise the ecological impact of the project, whilst also implementing best practices for ecological conservation and restoration.



Promoting Circular Economy

Dajin Heavy Industry upholds the principle of recycling. The Company improves the comprehensive utilisation of resources through initiatives, such as recycling production waste and reusing waste generated from procurement. This year, Penglai Facility set goals to achieve a production recycling rate of at least 90% by 2030 and achieve full circularity by 2040, in an effort to advance the circular economy at factories.

Case > Promoting resource circular use by recycling cutting residuals

Penglai Facility separately collected and used residues generated from steel plate cutting. These residues were made into tooling equipment, such as panels, brackets, cable brackets, garbage cans, cylinder fixed, and connecting plates according to different dimensions, so as to make the best use of all materials and reduce resource consumption.



Brackets and Garbage Cans Made of Steel Residuals

Case > Recycling welding slags to reduce environmental pollution

Zhangjiakou Facility and Xing An'meng Facility mixed the submerged arc welding flux generated from production with materials, such as cement and sandstone. Under the premise of ensuring safety, the mixture was used as precast concrete for pouring the concrete pavement after processes, such as mixing, moulding, and curing. By doing so, the facilities reduced waste and effectively saved consumption of raw materials, enhancing the comprehensive utilisation rate of resources.

Case > Reusing waste from packaging to reduce resources consumption

Fuxin Facility actively carries out a project to recycle incoming packaging boxes from raw material purchasing, transforming the wooden materials and other waste materials from the raw material packaging boxes into wooden boxes and other types of work gears for various operational needs, such as garbage bins, iron slag bins, and shipping boxes within the factory, effectively reducing resource consumption.



Wooden Packaging Boxes Transformed into Operational Needs

02 SOCIAL

Pursuing High-Quality Products and Services

Securing Employee Health and Safety

Creating a Harmonious Workplace

Building a Sustainable Supply Chain

Dajin Heavy Industry is committed to delivering products and services with excellent quality. We constantly strengthen our quality controls to ensure the supply of high-quality products to customers at all times. In addition, we strive to build a sustainable supply chain and advocate joint efforts with suppliers to promote the sustainable development. As a people-oriented enterprise, the Company protects employees' rights and interests and ensures their health and safety. We respect employees' needs and constantly improve employee benefits, thus creating a fair, diverse, inclusive, and safe working environment.



Pursuing High-Quality Products and Services



At Dajin Heavy Industry, we are committed to ensuring product quality and maintaining performance integrity, and insist on providing high-quality products and services to customers. We closely monitor the market trends and stay updated on the latest demands for products and services of customers domestically and abroad. We have built a comprehensive quality management system, adopted strict quality control processes, and taken advanced quality management measures. All the above efforts aim to persistently improve the stability and reliability of products and services, thus building a corporate image renowned for our commitment to delivering high-quality products and services.



Welding Certificate with EXC4 execution class(es) according to EN 1090

the Certificate for Structural Components and Kits for Steel Structures to EXC4 according to EN 1090

Japanese Industrial Standards (JIS) Certification

the Welding Workshop Approval Certificate of DNV

the Statement of Fact from ClassNK

the ISO 3834 Welding Quality Management System

Based on the quality planning approaches of the global wind power industry proposed by APQP4Wind (Advanced Product Quality Planning for Wind), the Company controls the quality throughout the entire process including preliminary planning, procurement of materials, process control, and after-sales service. As of the end of 2023, all of the Company's long-term operating production facilities have obtained the ISO 9001 *Quality Management System* certification, and all production facilities put into operation in 2023 have begun their work to obtain the certification. Penglai Facility has secured a number of certifications, such as the Certificate for Structural Components and Kits for Steel Structures to EXC4 according to EN 1090, the Welding Certificate with EXC4 execution class(es) according to EN 1090, the Japanese Industrial Standards (JIS) Certification, the Welding Workshop Approval Certificate of DNV, the Statement of Fact from ClassNK and the ISO 3834 *Welding Quality Management System* according to the needs of its business.

The Company adheres to a goal-oriented quality management model, and based on the characteristics of each business department, has established quality objectives covering procurement, technical processes, production, project management, and other aspects. Regular assessments are also conducted on the achievement of these objectives.

Controlling the Product Quality Strictly

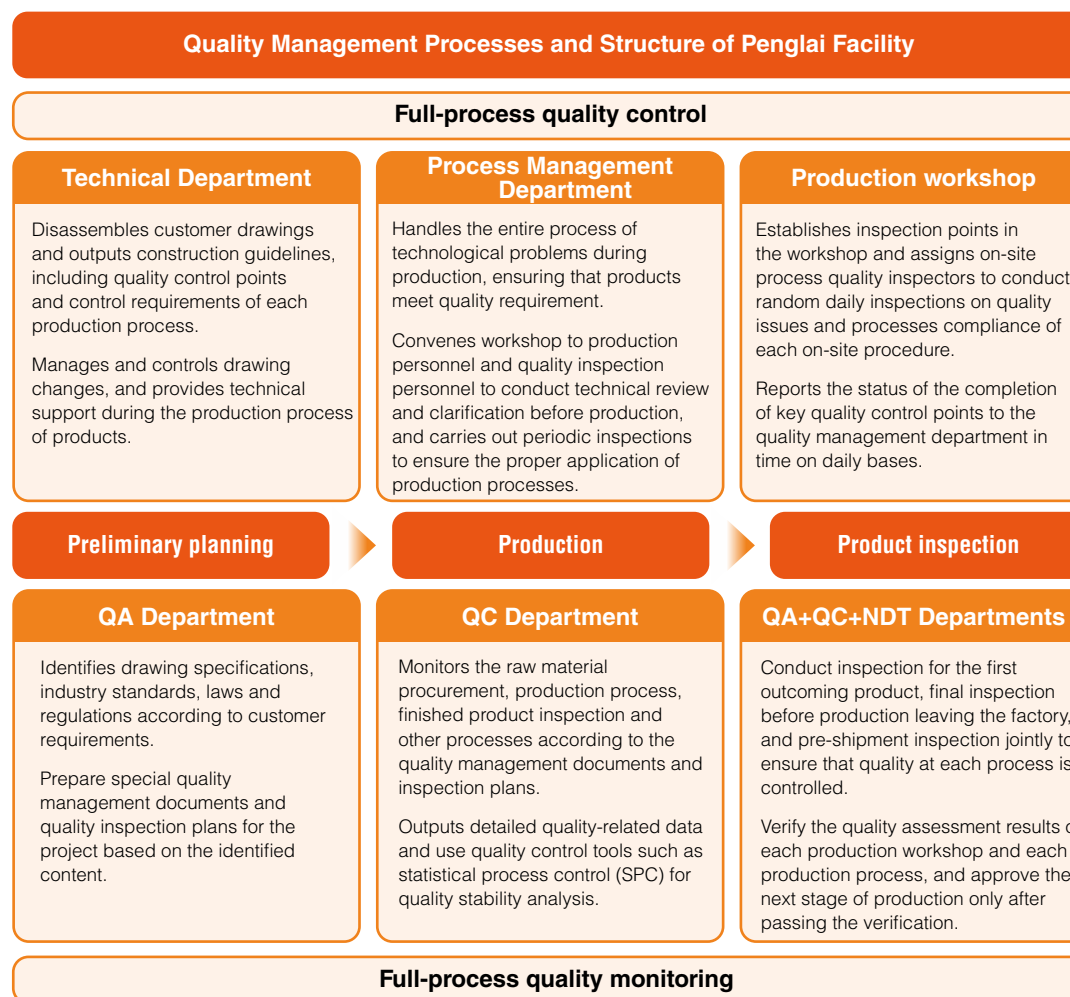
The Company has established the quality management policy of “pursuing excellence and serving every customer with high-quality products”, adhering to standardised product quality management. It emphasises that each business unit should establish a comprehensive product quality management system and institutional policies based on its actual business situation, continuously improve production technology and processes, and promote the enhancement of product quality.

Product Quality Management System

Quality Management Structure and Processes

The Company has established a full-lifecycle product quality management process based on production procedures. Taking the Penglai Facility as an example, after receiving the technical drawings, the Technical Department will conduct a detailed breakdown of the drawing requirements, output a material procurement list and provide construction drawings for the production workshop to carry out construction procedures. The construction drawings include quality control points that enable a more efficient quality management and control during the production process. Each production workshop will carry out, implement, and inspect the production quality of each assembling step according to the production plan. The Warehouse Department of the Facility controls the quality of materials during storage. To achieve this, it has developed management provisions, such as the *Storage Region Distribution and Protection for Materials in Storage Centre* and the *Warehouse Management Control Procedure*, clarifying the requirements for logistics support and the feedback mechanism for quality issues to ensure the quality of raw materials.

Penglai Facility has set up the Quality Management Department, which is composed of Quality Assurance (QA), Quality Control (QC) and Non-destructive Testing (NDT) sections working together to supervise, manage, and control the quality of all production processes. Their collective efforts aim to ensure that products meet customers’ quality requirements.



Quality Risk Management

To effectively identify, detect, and prevent quality risks, the Penglai Facility has applied three major quality management tools and principles (8D, 5WHY, and PFMEA) in a coordinated manner so to plan and ensure the control of quality. After analysing the failure modes of early-stage risks, risk management and control measures are input into the quality control plan to establish a quality management plan, ensuring efficient quality management throughout the entire production process. For potential quality-related issues that are identified, we use quality management tools to conduct analysis and investigation, and develop specific quality control plans as the basis for product quality inspection. Regular quality inspections are also conducted during the production process according to the quality control plans. In case of quality-related issues, the Company will require relevant departments to take the following measures to avoid the recurrence of such issues: conducting on-site analysis, formulating and implementing solutions immediately, developing a prevention plan after these quality issues are properly addressed, summarising the lessons learnt, and recording them in the quality repository.

The Company has established the *Change*

Management Control Procedure to standardise the process when technological deviations occur prior to product production. In such cases, the facility needs to conduct technical clarification with customers in accordance with the control procedure, discuss in detail with customers the extent of the impact of the technological deviation on quality and potential solutions, and then make adjustments to the technological process and split the process flow according to the agreed-upon plan. The adjusted plan is then issued to the production department for implementation to ensure that the product quality meets customer requirements. We will rework, repair, or scrap non-conforming products in a timely manner depending on the severity of quality issues. In addition, the Company has formulated the *Non-conforming Product Control Procedure*, specifying that inferior products and defective products shall be reworked, repaired, or scrapped depending on the severity of the quality issues.

Production Quality Objectives

The Company sets annual quality management targets in key procedures, such as technical processes, production capabilities, product types, and calibration of quality measurement instruments. At the same time, each facility conducts monthly monitoring, statistics, and analysis of the target qualification rate, takes corrective measures for any substandard situations, and thoroughly analyses and summarises all quality issues to prevent similar problems from recurring.



Measures to Improve Product Quality

The Company constantly adopts cutting-edge production techniques to enhance the ability in quality assurance of its products. Each production-related departments also keep promoting the efficiency in quality management by implementing digital solutions and measures to protect finished products.

Application of Digital Technology

Penglai Facility actively employs techniques such as online monitoring, digital simulation, and intelligent data calculation for production process simulation and production quality monitoring, thereby enhancing the efficiency of quality management. This year, the Facility has adopted finite element simulation technology for the first time to conduct simulation analysis of the actual working conditions of the lifting process. Through the verification of the strength and deformation of multiple structures, the Facility has been able to complete lifting operations with the minimum use of materials, ensuring both quality and quantity with the help of this solution.

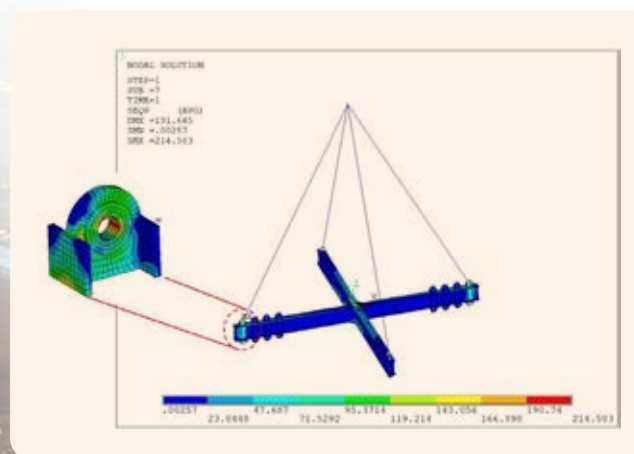


Diagram of Finite Element Simulation

Protection of Finished Product

Penglai Facility takes several measures to protect the finished products and avoid product damage caused by bumping or scratches. The production workshop minimises the bumping cylinder during lifting by taking measures, such as fitting aluminium plates and rubbers on the hook. Rubber is also placed in the temporary placement area to avoid scratches during lifting operations. All these efforts are made to ensure that finished products meet quality standard and to avoid unnecessary rework.



Hook with a Protective Layer and the Rubber Buffer Zone

Raising Awareness to Improve Quality

The Company always emphasises the participation of all employees in quality management, continuously conducting quality training and idea exchanges for employees of all levels, enhancing their sense of participation and responsibility in quality control. At the same time, the Company has established a quality award fund to reward employees who excel in quality management on a regular basis, thus stimulating their enthusiasm for quality control.

At the beginning of every year, the Company and all production facilities develop internal and external annual quality training plans based on work requirements, and conduct monthly quality trainings as arranged. This year, the Quality Department of Penglai Facility conducted 31 internal training sessions and 13 external sessions to employees, covering skills training, experience sharing, external forensics, and other aspects. The training program achieved 100% participation of all employees throughout the year.

All production workshops of the Company conducted various ongoing production training sessions, mainly including:



Training before production

Before the start of a project or in case of any changes in the quality or process requirements, the Facility will conduct training for employees involved in each work process to ensure the accurate implementation of the processes and techniques as required.



Training on production skills

the Facility conducts training on the correct use of materials to help employees understand the properties of them and the corresponding handling skills.

In addition, the Company emphasis on the quality management of operations by outsourced personnel. Before entering the factory, each facility must undergo a review of all outsourced personnels' professional qualifications and conduct a rigorous assessment of their individual capabilities. After being employed, the facility organises special pre-job training, covering areas such as technology, quality, processes, equipment, and production to assist outsourced personnels in understanding the Company's quality requirements and operational norms. After the training, each outsourced personnel will undertake an assessment evaluating their operational skills, and they can only take up their positions after passing the assessment.

Providing High-Quality Services

Dajin Heavy Industry consistently upholds a concept of creating a customer-oriented service management. We have constantly promoted the refinement of our service management system, strengthened the standardisation of the entire business process service standards, and created a comprehensive and high-quality service level. Moreover, we make unremitting efforts to establish and maintain good cooperative relationships with customers in domestic and overseas markets.

Service Management System

Service Management Structure

To implement a comprehensive management system, including pre-sales, sales, and after-sales services, the Company has set up a service management model guided by the headquarters and implemented by all production facilities.

In addition, the Company has developed training plans for domestic and overseas sales teams, including regular training sessions focusing on improving sales management skills and fostering awareness for good sales performance and for the understanding of local culture. The aim is to improve teams' overall quality and develop their communication skills, so that they can succeed in the local sales market. The Company set up European subsidiaries and assigned marketing personnel to maintain relationships with customers in their respective sales territories to provide high-quality services to customers in different regions more appropriately.



The Company's Service Management Model

Service Management Processes

Overseas Businesses

The Overseas Business Division has established different business segments based on business types and the countries and regions involved in the business. It classifies its businesses into overseas tower business and overseas offshore business. The Division conducts regular market compliance studies to analyse the legal compliance risks of overseas business, establish partnerships, and formulate management sales processes and strategies.

In addition, it conducts the overall management of customer relationships, regularly communicates with customers, and collects and handles customer feedback. The Overseas Business Division has also set up a coordinated cooperation mechanism with all facilities. It assists facilities to understand the specific demands of overseas customers

and follows up on the whole process of project implementation to ensure punctuality of delivery as scheduled. Project teams, in turn, help the Division to conduct regular market research, so to understand overseas customers' demands in real time and put forward a service quality optimisation plan. Furthermore, the Division establishes a closed-loop quality management system. First, it conducts regular satisfaction surveys on product quality and delivery. Then, it analyses the identified issues concerning quality of products and services, and finally, it provides improvement plans and tracks the improvement outcomes. In addition, the Company has ongoing communication with overseas customers' project representatives stationed in production facilities, so as to discuss and solve all production issues before product delivery, ensuring the delivery of our products.

Domestic Businesses

The Domestic Sales and Marketing Centre focuses on sales and business development. It has established the Market Commerce Department, which is responsible for providing technical support, instructing and supervising all facilities in maintaining customer relationship, collecting information on business opportunities, bidding quotations, and contract negotiations. The Company applies a “vertical management” mechanism for domestic business customers. After the Domestic Sales and Marketing Centre wins the business, project teams from all production facilities assign designated personnel to follow up on the whole process, keep up with real-time changes, and respond to customers’ demands in a timely manner.

The Company has complied the *External and Internal Communication Control Procedure* and the *Customer Satisfaction Control Procedure* and other policies. These procedures aim to standardise the processes and requirements related to handling customer complaints, ensuring that complaints are handled in a timely and effective manner. Upon receiving complaints, the person in charge of the project team at each production facility should promptly verify the problems after understanding the customer feedback and report them to the relevant responsible department. After receiving the feedback, the department should ensure that a brief reply is given to the customer by email or phone within 4 hours, where a rectification plan should be clarified. Additionally, evidence of the rectification shall be sent to the customer within the corresponding time. If a longer period of rectification is required, necessary communication with the customer to discuss solutions should be conducted in advance. In case of any problem in the product installation process, the after-sales service personnel at the facility will promptly go to the site to negotiate and communicate with the customer to find possible solutions.

Customer Satisfaction Survey

The customer satisfaction survey allows us to understand our customers’ demands. In light of this, we have formulated the *Customer Satisfaction Control Procedure* to standardise processes for collecting customer feedback and procedures for handling comments, ensuring a timely and high-quality reply to customer comments. After project delivery, we conduct comprehensive customer satisfaction surveys, focusing on service and product quality and delivery efficiency. We collect customer feedback by handing the *After-sales Service Feedback Record* and the *Customer Satisfaction Survey Form* to our customers. We then analyse, track, and investigate any issue arising from the feedback, formulate rectification plans, and supervise the implementation of these plans to continuously improve service quality.



Securing Employee Health and Safety



The Company follows the principle of “Safety First with Prevention as the Core” in production activities. It does so by consistently raising the staff’s awareness regarding the concept of safe production, as well as by constantly refining the safety management system. The Company strictly complies with the laws and regulations of the operating location, regularly identifies relevant updates, and formulates detailed production safety management system processes based on business production characteristics. We also adopt diversified safety measures, and continuously carry out safety training to implement employees’ health and production safety awareness. As of the end of 2023, the Company’s long-term operating production facilities have obtained ISO 45001 *Occupational Health and Safety Management* certification, and all production facilities that started operation in 2023 have carried out tasks to obtain relevant certification.

In addition, according to policies, such as the *Employee Assessment Management Regulations*, the Company links employees’ KPI related to safe production performance with their bonuses. We clearly define responsibilities to be undertaken by employees at all levels in case of different grades of safety accidents due to personal reasons and corresponding appraisal norms specifications. All the above efforts are made to enhance employees’ sense of responsibility regarding safety management.



Safety Management System

The Company establishes an occupational health and safety management structure based on ISO 45001 and other relevant standards. It also conducts internal audits annually, in accordance with the standards to timely identify and improve management defects, and supervises the status to achieve occupational production safety goals at each facility. This year, the Company's production safety-related indicators are as follows.

Indicator	Unit	Data
Number of work-related injuries confirmed by local human resources and social security bureau	person	7
Number of work-related fatalities	person	0
Rate of serious work injury accidents	%	0
Number of injury accidents per 10,000 tons of production.	Case/10,000 tons of production	0.23
Lost hours due to work-related injuries	hour	1,900

Occupational Health and Safety Management Structure

The Company implements a hierarchical safety management and control mechanism, and each facility has established a three-level safety management structure consisting of a Safety Production Committee, HSE Management Department, and safety management personnel, undertaking safety responsibilities in a top-down mechanism.



Occupational Health and Safety Risk Management

To enhance the ability to handle safety hazards, the Company has established the *Procedure for HSE Risk Assessment Management and the Safety Production Inspection System*, and conducts the comprehensive health and safety risk assessment twice a year. Meanwhile, the Company conducts comprehensive health and safety risk identification programs and develops targeted risk management measures before production. During production, the HSE department keeps monitoring identified risks by on-site safety hazard inspection, leading a model which involves cooperation among multiple departments, strengthening the ability to identify potential hazards. In 2023, the HSE Management Department organised weekly, monthly, seasonal, and professional safety inspections and guided relevant departments to rectify the identified safety risks on site. A total of 683 safety risks were identified and rectified, with a rectification rate of 100% over the year. Production facilities have also prepared a special emergency plan for health and safety, and organised emergency drills to improve their emergency response ability. This year, the Company's facilities held 29 emergency drills, covering all employees.

The Company encourages all staff to engage in production safety risk management by establishing multiple online and offline feedback mechanisms, including:



Established the *Safety Observation Card Management System* to encourage employees to engage in the daily safety observation, report compliant and non-compliant safety operations, and propose suggestions on production safety management.



Set a "Box for Safety Observation Card Collection" in office buildings and operating sites. If employees identify safety risks in production, they fill in the Safety Observation Card and put it into the box. The person in charge of collecting the box regularly gathers the observations to summarise and analyse employee feedback.

Health and Safety Management of Outsourced Personnels

Production facilities have implemented the same health and safety management policies for both full-time employees and outsourced personnels, and formulated the *Regulations on the Personnel Management of Outsourcing*. The Company signs the HSE contract with outsourced personnels and informs them of the standards of production safety management and potential production safety risks before they enter the workshops. In addition, facilities clearly teach outsourced personnels about the requirements and regulations on safe production and operation. Facilities also organise safety training for outsourced personnels and provide them with the necessary labour-protective equipment before they take their job.

Safety Management Measures

The Company is constantly ramping up efforts in occupational health and safety management by implementing specialised management practices, refining regulatory guidelines, and upgrading production facilities. Meanwhile, the Company organises a special health and safety medical examination for all employees and in-service outsourced personnels at each production facility every year. Based on job characteristics, the examination includes specific tests for dust, noise, electric arcs, toluene, xylene, and other relevant hazards. Additionally, the Company conducts an occupational hazard assessment every three years to stay vigilant about employees' health and safety.

Case > Penglai Facility introduced special logistics teams to ensure transport safety

This year, Penglai Facility cooperated with third-party logistics companies and adopted the SPMT roll-on technology for basic large-scale monopile. This has not only improved the transport efficiency but also further guaranteed the transportation safety.

Before the transport stage, the third-party companies conduct a safety assessment and provide a professional transport plan. During the transport, the third-party companies ensure the smooth transport of monopiles through precise handling and docking technology, and inspect and adjust the fixtures immediately after load to reduce the safety risk of the entire transport chain. At the same time, Penglai Facility dispatches watching personnel for support to enhance the safety risk warning capacity.

Enhancing Special Management

Due to its involvement in marine vessel transportation, Penglai Facility continuously enhances the capability of port safety management, regularly refining the *Port Facility Security Plan* and implementing ledger registry, safety training, and emergency drills, to ensure that the port operations comply with the *Port Facility Security Rules of the People's Republic of China* and other national laws and regulations, as well as with the *International Convention for the Safety of Life at Sea (SOLAS)*. This year, Penglai Facility passed the annual audit of port facility security by local regulatory authorities, completing all work required by law and rectifying any identified potential issues.

Based on the characteristics of dock operations, the facility regularly carries out dock safety hazard investigations and risk assessments in terms of ship berthing and unberthing, loading and unloading, and marine lifesaving safety. At the same time, the facility regularly organises emergency drills related to port facility security to improve the ability to respond to terrorist threats, discover suspected explosive devices, discover and deal with suspicious personnel, and other emergency situations. In addition, the Facility ensures personnel operation safety by installing electronic fences, electric box leakage protection equipment, shore power equipment, and other measures.



Electronic fence on the port of Penglai Facility



Sign of security level of Penglai Facility

Improving Management Regulations

Based on the operational conditions, Penglai Facility optimised operation instruction manuals such as the *Forklift Safety Operation Procedures*, the *Transporter Safety Operation Procedures* and the *Instruction Manual for Monopile Transportation Operation* and updated the safety guidance process for crane lifting operations. The Facility also further standardised the operating requirements for placing cylinder sections onto roller racks, avoiding employee safety risks caused by improper placement.

For warehousing, Penglai Facility has formulated the *Safety Operation Instruction for Raw Material Admission* and the *Warehouse Management and Control Procedures*, which defines the requirements of materials classification, storage, and distribution, to ensure the safe operation of staff when materials are coming in and out of the warehouse.

Upgrading Safety Protection Equipment

This year, Penglai Facility enhanced safety risk alert by installing warning equipment in all stages of production and operation, including tracking indicator light over cranes, sound and light alarm in single-cylinder roller frame, and crane working indicator light.



Crane Safety Projection Lamp, Alarm for Roller Frame Operation, and Crane Working Indicator Light

Promoting Safety Awareness

The Company actively conducts training and emergency drills on production safety to promote the implementation of the culture of workplace safety. Production facilities have formulated safety related training management systems according to the characteristics of departments and workshops, and achieved a standardised mechanism to manage occupational health and safety training. This year, the total hours of safety training reached 4,021 hours.

In accordance with the *Safety Education and Training Management System*, Penglai Facility informs all employees of production safety requirements and highlights safety hazards and risk mitigation measures in daily pre-shift meetings, weekly safety conferences, and monthly safety meetings, as well as through safety videos and on-site hands-on displays. Each production workshop explains the work priorities to ensure the safety of employees, and shares information of safety risks for today's operation and yesterday's experience with them during the daily pre-shift meeting. At the same time, it also summarises the key points of safety management discovered during the week in the weekly meeting, strengthening the implementation of safety risk awareness. This year, Penglai Facility focused on promoting safety training for front-line operators at construction sites by carrying out special training courses, such as storage safety training and first aid knowledge training, as well as further strengthening safety training for persons in charge and middle management, with a total of 2,347 training hours provided.



Total hours of safety training
in this year

4,021h

Creating a Harmonious Workplace



Dajin Heavy Industry is committed to moving forward with its employees. We create a fair, just, diverse, and equal workplace to attract and retain talents through the development of competitive recruitment, employment, welfare, and compensation policies. We have also established a complete training system to help our employees develop in a comprehensive manner.

Protecting Employees' Rights and Interests

The Company's headquarters and production facilities have formulated the *Staff Manual* and corresponding management measures in accordance with the principles of fairness, equity, and openness, and have defined the standards of conduct for recruitment, resignation, attendance, overtime, and business ethics. By reference to the relevant requirements of the International Labour Organisation (ILO) and the norms of the place where we operate, we have drawn up the *Labour and Human Rights Management System* based on facility operations, which clearly stipulates the prohibition of child labour, forced labour, anti-discrimination, and insults and corporal punishment, as well as the management of complaints by employees in defence of their legitimate rights and interests.



Recruitment and Termination

The Company has established the *Recruitment Management Regulation* and the *Staff Dismissal Management Regulation* to guarantee employees' legitimate rights and interests in recruitment and termination. The *Recruitment Management Regulation* specifies that candidates should compete fairly, and that the principles of avoidance and confidentiality should be applied to the recruitment process. It emphasises that each business unit should introduce personnel who have no relevant interests with internal employees and strictly maintain the confidentiality of the individual information of candidates to ensure fairness and equity in hiring. In case of any non-compliant recruitment or termination, the relevant department of the Company will conduct an investigation according to the corresponding rules, report the investigation results to the Company's senior management, and formulate solutions. The relevant department will also have a review and analysis after such event has been resolved to avoid the recurrence of similar non-compliance.

Child Labour and Forced Labour

The Company strictly prohibits child labour and enforces related laws and regulations where it operates, and has established the *Prohibition of Child Labour Management Procedures*. The Company reviews the identification information of candidates and establishes personnel files to avoid including any child labour when hiring. The Company and the production facilities ensure that employees of the Company are hired on a voluntary basis in accordance with the social responsibility management system, and stipulate that all forced labour is prohibited related to violence, threat, or restriction of personal freedom and other cases.

Outsourced Personnel Recruitment Management

The Company keeps strengthening the management of outsourced personnel recruitment and has established a series of management policies, such as the *Outsourcing Management Regulation*, the *Outsourcing Bidding Management Policy*, and the *Outsourcing Social Responsibility Management Policy*, to standardise the management of the outsourced companies and outsourced personnels. When screening outsourcing companies, the Company requires every facility to focus on the qualifications, scale, performance, and labour disputes of the potential outsourced companies to ensure their legal compliance. Besides, the facilities are required to carry out review processes, such as entry review, qualification review, and personal ability assessment for outsourced personnels before they join the Company to ensure that they are qualified.

Communication and Care

Employee Participation and Communication

The Company is committed to building a clear communication and feedback channel for employees to ensure their rights to democratic participation. The *Procedure Document of Social Responsibility Management System* clearly states that employees have the freedom of association and the right to collective bargaining. The headquarters of the Company and the production facilities respond well to employees' opinions and suggestions by collecting opinions, forming labour unions, and signing collective agreements.

Case > Fuxin Facility establishes labour union

The Fuxin Facility has established a labour union, implemented a staff representative congress system, and held regular representative forums to collect employee opinions and suggestions. By the end of 2023, 95% of employees have joined the labour union. During the year, the labour union of the facility held a staff representative forum and elected representatives to conduct collective bargaining. After fully soliciting opinions from the staff, the forum formed the *Collective Contract (Draft)*. It also formulated special collective contracts for wages, occupational safety and health, and special protection for female workers.

Employee Complaints

The Company clearly stipulates in the *Labour and Human Rights Management Policy* that when employees are unfairly treated in terms of salary, remuneration, recruitment or termination, welfare, and training, they can report to their belonging departments or the Human Resources Department through oral and written forms. When a complaint is received, the Department head will investigate the complaint in accordance with the provisions of the complaint and reporting management regulations, work out a solution, and handle it appropriately in accordance with the relevant policies and procedures of complaint management, so as to ensure that the complaint is well handled and to prevent similar incidents from recurring.

Satisfaction Survey

The Company regularly conducts employee satisfaction surveys to understand employee's feedback on time. It also comprehensively analyses employee recognition of the Company through the survey, and formulates rectification or improvement plans for centralised issues, effectively addressing common employee concerns. Fuxin Facility carries out a satisfaction survey for all employees once a year, which includes topics, such as employee development, work content, and benefits and welfare. After the survey, the facility will solve the identified problems to ensure that an effective response is provided to employees.

Compensation and Promotion

The Company adheres to the idea of equal pay for equal work in payroll management. The Company's headquarters formulate remuneration management guidelines, and each production facility shall independently decide and manage its own remuneration system under these, so as to formulate remuneration management systems in line with the business characteristics of each operating division, ensuring a competitive remuneration plan.

To ensure fair and equitable promotion opportunities for employees, the Company conducts promotion assessment for management positions based on five criteria: "performance during the promotion interview", "work performance", "cognitive ability", "personal development plan", and "cultural identity". After passing the promotion interview, the Company will provide feedback on the interview results via email, ensuring that promotion decisions are well-documented and evidence based.

Diversity and Equity

The Company is committed to creating a work environment of equity and mutual respect. Following by the guidelines of the headquarters, each production facility emphasises the importance of equity and respect and prevents unconscious biases that undermine the corporate culture of equality. Penglai Facility clearly stipulates in the *Procedure Document of Social Responsibility Management System* that it opposes any unequal treatment based on race, religious belief, physical condition, gender, age, and other factors. Fuxin Facility emphasises equal pay for equal work for both male and female employees and equal opportunities for recruitment and promotion in the *Measures for the Management of the Remuneration System*, so to create a workplace of equality and mutual respect.

The Company also attaches importance to protecting the rights and interests of female employees and their welfare. During the period of pregnancy and breastfeeding of female employees, the Company provides them with flexible working hours, allows remote working, and provides paid maternity leave, childcare leave, and paternity leave for all employees in accordance with national regulations. Besides, the Company focuses on the care of female employees, and offers facilities such as the "Care Room for Female Employees" to provide further convenience for female employees during the breastfeeding period.

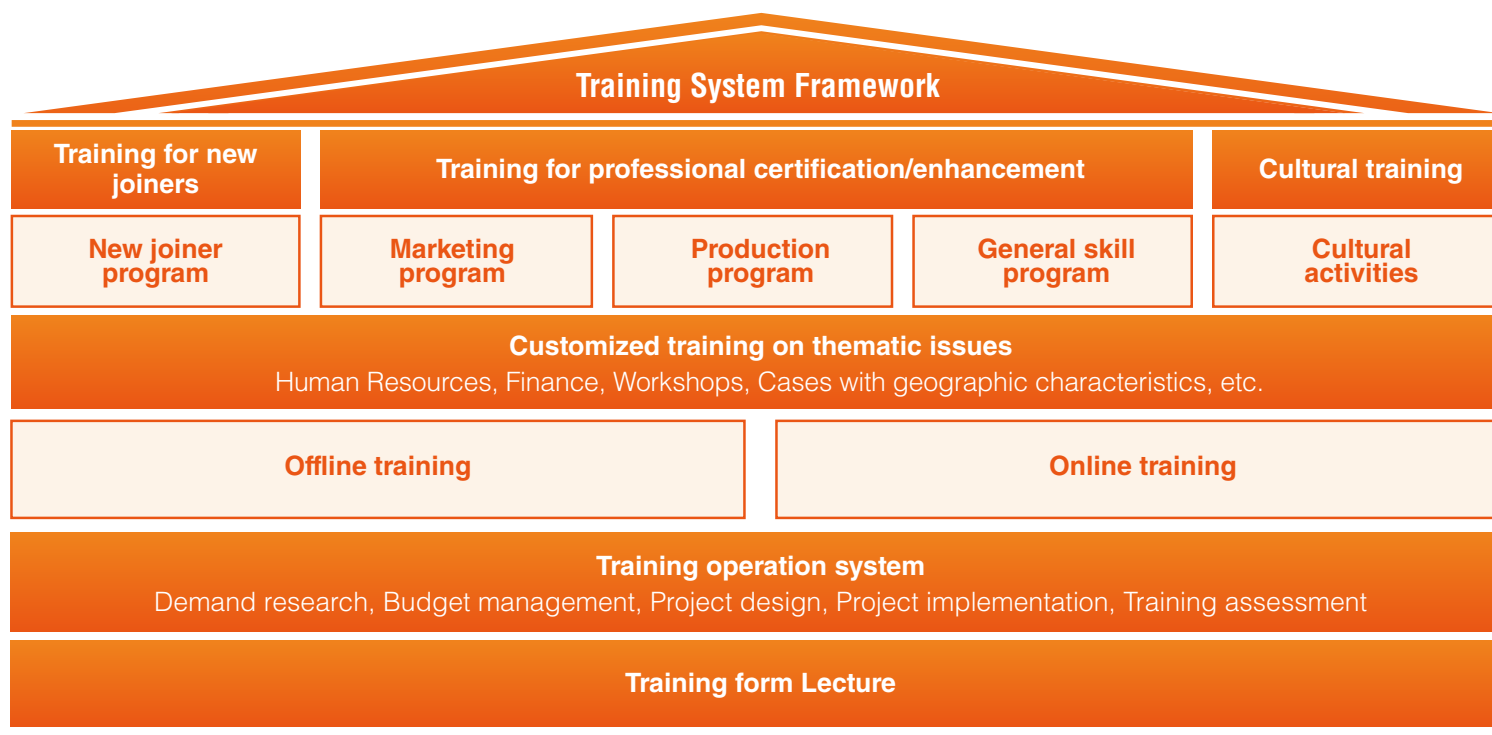


Boosting Employee Development

During the year, the Company built a human resources business partner (HRBP) model to find and cultivate talents in each business division, providing employees with more personalised and professional services through a professional HRBP team.

Employee Training Management System

The Company continues to build a sound employee training management mechanism. The headquarters of the Company have formulated the *Dajin Heavy Industry Training Management Policy*, and established a standardised and customised project-based training system focused on the idea of “skill-based & culture-oriented”. To implement the standardised management of training, each business unit of the Company is required to prepare an annual training plan at the beginning of each year and issue a monthly training report based on the monthly tracking of the training plan. The Human Resources Administration Centre at the Company’s headquarters summarises and analyses the monthly training reports, and continuously tracks the training results of each business unit.



Dajin Heavy Industry Training System

In addition, to promote the high-quality development of talents in the Company, we support employees to participate in ability training courses in the Senior Certified Welding Inspector (SCWI), anti-corrosion inspector, Phased Array Ultrasonic Testing (PAUT) etc., and obtain professional qualification certificates, with all related expenses borne by the Company.

Case > **Penglai Facility carries out customised training to meet business needs**

In this year, Penglai Facility has formulated its annual training plan based on job responsibilities and requirements, as well as on the investigation of needs from the assessment of employees' skill shortages using the "personnel skill matrix", aiming to improve employees' business capabilities. In 2023, Penglai Facility provided a total of 134 training sessions with a total of 286.5 hours of training. Meanwhile, in response to the increasing qualification requirements of overseas customers for the Company, Penglai Facility assisted 84 employees in enrolling in external professional certificate training and obtaining certifications, which not only responded to the needs of overseas customers but also improved the employees' work abilities.

Case > **Fuxin Facility established a multi-level training system**

Based on the Company's overall training structure, Fuxin Facility established a multi-level training system that focuses on training for onboarding, job standardisation, and competence enhancement. The goal of these trainings is to help employees understand the Company's management standards, master the necessary job skills, and continuously improve their professional competence. In 2023, Fuxin Facility carried out a total of 76 training sessions for all employees on technical process operation, quality and production drawing specifications, and general knowledge of HSE laws and regulations.

Case > **Xing An'meng Facility promoted "quality project" to expand its talent pool**

Xing An'meng Facility formulated the *Staff Skills Matrix Management System* to expand the talent pool and promote the progress of the "Quality Project" program. During the year, the Facility carried out the capacity enhancement training 74 times and the job standardisation training 40 times, based on its training plan, with a total of 263 training hours, which effectively improved the quality and skill level of the employees.

Case > **Zhangjiakou Facility held welding skills competition**

Zhangjiakou Facility held a welding skills competition to improve the employees' professional and technical abilities, implementing the concept of "Talent-based Enterprise". A total of 45 welders actively participated in this competition, among which 3 stood out and were awarded the title of "Excellent Welder". After the skills competition, the person in charge of the Facility held an experience exchange meeting with professional and technical personnel and excellent contestants. They together formulated a welding technology improvement plan in line with production characteristics to improve the workshop's welding skills.



Employee Promotion System

The Company has established a comprehensive material incentive system for its employees, providing special bonuses to employees at all levels and equity incentives to core middle-level managers and executives, in order to fully enhance employees' work enthusiasm. At the same time, the Company also provides non-material incentives, such as promotions, honours, recognitions, and benefits to all employees, aiming to stimulate employees' initiative to improve work efficiency and achieve mutual growth with the Company.

The Company has continuously improved its talent promotion system. This year, the Company has refined employee promotion paths, which include two types of paths and eight ranks based on job positions.

Appointment promotion

The fast track for employee promotion. It is mainly for employees who have assumed core responsibilities and made practical contributions in their positions. Through the core position selection mechanism, suitable talents are selected, and opportunities for experience and training are created for them.

Rank promotion

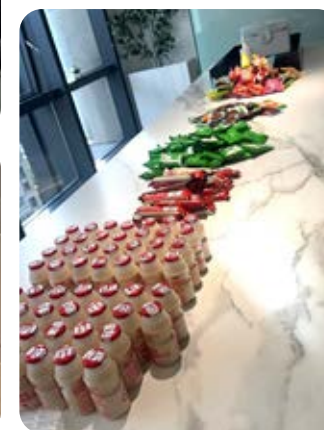
The regular promotion channel for employees. It is mainly designed for those who have improved their personal abilities and are seeking promotions to higher ranks and more challenging positions. This channel aims to satisfy employees' career development needs and open up a path for junior employees to move into core management positions.

Advocating Employee Care

The Company is committed to creating a warm and friendly workplace and a robust benefits system. The Company's headquarters offer employees flexible working hours and additional days off on statutory holidays. Based on national laws and regulations, the headquarters and each facility purchase additional accident insurance and other commercial insurances for employees to further ensure the safety of employees' work and lives. Additionally, the Company carries out a variety of employee activities, and provides employees with afternoon tea, birthday party, sports games, holiday party, and other welfare activities to enhance employees' happiness and sense of belonging.

Each facility considers the diverse dietary needs of employees and assists them in maintaining a healthy diet by preparing chilled mung bean soup in summer and hot ginger-infused cola in winter. At the same time, labour unions at some facilities actively carry out activities such as the "sending coolness in summer and warmth in winter" program to provide assistance and support to families of employees facing difficulties. This year, a total of 10 employees facing difficulties were visited and given care.

Employee Care Activities



Building a Sustainable Supply Chain



Dajin Heavy Industry insists on building a sustainable supply chain management system. In order to maintain the stability and continuity of the supply chain, the Company has incorporated ESG risks into the lifecycle management of suppliers, and continues to carry out ESG training for suppliers. Dajin is committed to jointly creating a supply chain with environmentally friendly performance and operating with transparent governance.

The Company's suppliers are divided into suppliers of main materials (e.g., steel plates, flanges, paints, etc.), suppliers of auxiliary materials (e.g., packaging materials, tooling, etc.), and suppliers of other production services. Considering ESG-related risks and impacts, the Company first implemented ESG-related management to suppliers of main materials and auxiliary materials. During the year, the Company conducted transactions with 65 suppliers of main materials and auxiliary materials, and the transaction amount accounted for approximately 90% of the total transactions.

Supplier Management System

The Company adopts a management model in which the Supply Chain Centre in the headquarters as the core and production facilities performs access, auditing, and procurement assessments in coordination to ensure that their quality meets the overall requirements of the Company. To regulate suppliers' social responsibility and ESG management, the Company has formulated the *Supplier Social Responsibility Code of Conduct*, which sets out management requirements for labour rights and interests, health and safety, environmental protection, business ethics, and other related requirements. It also requires suppliers to conduct ESG risk assessment and sustainability management, and take audits of their own suppliers by take the content of the Code of Conduct into consideration.



Number of relevant suppliers participating in in-person organised by the Company or third-party ESG assessments

21 Suppliers

Meanwhile, the Company has formulated the *Green Supply Chain Management Method*, which defines the need to take the environmental impact of suppliers' production and operation into account when purchasing. In addition, the Company's green procurement process has been defined in the *Procurement Control Procedures*. For more detail on green management measures for supply chain, please refer to Chapter "Reducing the Production Carbon Footprint".

Conflict Minerals and Hazardous Substances Management

Some of the Company's suppliers are involved in the use of conflict minerals (i.e., cobalt, gold, tantalum, tin, tungsten, mica) and the risk of hazardous substances. Before cooperating, these suppliers are required to sign the *Declaration of Metal Conflict-Free* and provide REACH-compliant hazardous substance certificates, ensuring that the suppliers do not use conflict minerals in their production processes and manage hazardous substances in a compliant manner.

Supplier Management Process

Dajin Heavy Industry has included social responsibility and ESG compliance audits in its key considerations for new supplier admission and regular supplier assessment. With reference to the *Supplier Assessment Form*, the Company scores suppliers on the prohibition of child labour, forced labour, business ethics, environmental protection, and employee health and safety during new supplier admission and supplier assessment, and comprehensively evaluates suppliers' ESG performance. Prior to cooperation, agreements such as the *Agreement on Environmental, Occupational, Health, and Safety Management of Relevant Parties* and the *Integrity Agreement* are signed to set requirements for suppliers' behaviours in clean production, health and safety, business ethics, and other behaviours. In case of violation of the relevant agreements during the cooperation, the Company will reduce the procurement amount, suspend, or terminate the cooperation with the relevant suppliers depending on the severity.



Supplier admission

During the supplier admission stage, if serious ESG-related non-conformities are found, after comprehensive assessment, the Company will provide rectification suggestions to the supplier and require them to complete rectification within a specified time and submit a written rectification report. During the rectification period, the Company will suspend signing new purchase orders with them.



Supplier audit

For suppliers that have already established cooperation with the Company, we regularly conduct online and offline audits. If any non-conformities related to ESG are found, the Company will require suppliers to complete rectification within one month and provide written evidence of their rectification efforts. Meanwhile, the Company will verify the effectiveness of the suppliers' rectification measures. If they do not meet the rectification requirements, suppliers will be required to continue with their rectification efforts.

03 GOVERNANCE

Corporate Governance Structure

Compliant operation of the “three meetings” and transparent information

Compliance Management

Internal Control and Risk Management

Business Ethics and Anti-corruption

Dajin Heavy Industry insists on keeping a compliant and honest operation, building a responsible corporate image. The Company steadily improves the ability in maintaining good governance and risk management, striving to create long-term value for shareholders and society.





Corporate Governance Structure

Dajin Heavy Industry strictly complies with the *Company Law of the People’s Republic of China*, the *Securities Law of the People’s Republic of China*, and other relevant laws and regulations, as well as the *Code of Corporate Governance for Listed Companies*, the *Corporate Governance Code*, the *Trading Rules of Shenzhen Stock Exchange*, and other relevant normative documents. On this basis, the Company has established an operational mechanism with “Three Boards and One Management”, i.e., the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and the Senior Management. Under this mechanism, ownership, decision-making power, supervisory power, and management power are vested in the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and the Senior Management, respectively, to ensure the efficient operation of the Company through the balance of powers. The Board of Directors has set up four specialised committees, namely, the Strategy and Sustainability Committee, the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee. They assist the Board of Directors in performing functions in the aspects of strategic and sustainable development, audit, nomination and remuneration, and appraisal, respectively, and support the Company in realising efficient operations in all business areas. Meanwhile, the Company attaches great importance to the diversity of gender and background on the Board of Directors and management to enhance the Company’s management capability in decision-making and risk management in all aspects.





The General Meeting of Shareholders, as the highest authority of the Company, standardises the convening, holding, and voting procedures of the shareholders' meeting, treats all shareholders equally, and ensures that all shareholders fully exercise their rights in strict accordance with the provisions and requirements of the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Articles of Association*, and the *Rules of Procedures for the General Meeting of Shareholders*.

The Board of Directors, as the decision-making body for the operation of the Company, exercises its authority in accordance with the law and holds accountable to the General Meeting of Shareholders. The Company appoints directors in strict accordance with the procedures specified in the *Company Law of the People's Republic of China* and the *Articles of Association*, which stipulate that the Board of Directors shall consist of seven directors, including at least three independent directors. The Company has established the *Independent Director System*, which clarifies the qualifications, nomination, and scope of duties for independent directors.

On January 19, 2023, the Company convened its first extraordinary general meeting of shareholders of the year. During the meeting, the board of directors and the board of supervisors were reelected, where the relevant motions and contents were deliberated and approved by cumulative voting. The meeting elected Mr. Jin Xin, Mr. Sun Xiaole, Mr. Tian Mingjun, and Ms. Liu Aihua as non-independent directors of the company, and elected Mr. Cai Meng, Mr. Qu Guangjie, and Ms. Zhang Wei as independent directors of the company. Ms. Ji Xiuli and Mr. Li Haizhe were elected as the supervisors of the fifth board of supervisors of the company.

By the end of this reporting period, the number of directors of the Company is in accordance with the number specified in the articles of association. The Company had two women on the Board of Directors, and the seven Board members had expertise in accounting, legal, consulting, marketing, engineering, etc.

The Board of Supervisors, as the supervisory body of the Company, reports to the General Meeting of Shareholders. The Board of Supervisors exercises its functions and powers in accordance with the law, and supervises the Company's significant matters, related party transactions, and financial position, as well as the legality and compliance of directors and senior managers, to protect the legal rights and interests of the Company and shareholders.

Main functions of senior management include managing production and operation, organising and implementing the resolutions of the Board of Directors and reporting to the Board of Directors. The Board of Directors regularly reviews the functions delegated to the management and their performance to ensure the effective operation of the Company and the interests of the shareholders. As of the end of this reporting period, the Company had a total of three senior management personnel, including two females.



For more details on corporate governance, please refer our 2023 Annual Report.

Compliant operation of the “three meetings” and transparent information



Dajin Heavy Industry has always adhered to compliant operation to relevant regulations by attaching great importance to information disclosure and keep improving the transparency of information. The Company protects the interests of investors, and ensures the authenticity, timeliness, accuracy, completeness, fairness, and compliance of disclosed information. The company actively manages its relationship with investors, safeguards the rights and interests of investors, strictly fulfills its information disclosure obligations in accordance with the laws, administrative regulations, and regulatory documents such as the *Rules for the Listing of Stocks on the Shenzhen Stock Exchange*, the *Guidance for Self-Discipline and Supervision of Listed Companies on the Shenzhen Stock Exchange No. 1 – Standardized Operations of Main Board Listed Companies*, as well as the *Information Disclosure Management System* and other relevant regulations. The disclosures are published in the “Securities Times”, “China Securities Journal”, and JCINFO website for investors to access.

In 2023, the Company strictly fulfilled its obligation of information disclosure in accordance with relevant laws and regulations such as the *Company Law*, the *Securities Law* and the *Management Measures for Information Disclosure of Listed Companies*, as well as rules and regulations such as the *Articles of Association* and the *Information Disclosure Management System*. During the year, the Company held 2 shareholders’ meetings, 13 board meetings, and 9 supervisory board meetings, disclosing a total of 99 announcement documents. The Company responded to 113 questions raised by investors on the Shenzhen Stock Exchange’s interactive platform, with a response rate of 93.39%. For important projects that investors are concerned about, the Company conducted voluntary disclosures on the progress of the projects. At the same time, the Company organized investors to conduct on-site investigation and information exchange activities at the Penglai Facility in September 2023, focusing on the construction of key bases that investors are concerned about, with promptly releasing the record of investor exchange activities.

During the reporting period, the Company conducted a review of its governance system in accordance with relevant laws, regulations, and normative requirements, revising and updating 15 institutional documents, including the *Articles of Association*, the *Rules of Procedure for Shareholders’ Meetings*, the *Rules of Procedure for Board Meetings*, the *Rules of Procedure for Supervisory Board Meetings*, the *Independent Director System*, the *Foreign Investment Management System*, the *Related Party Transaction Decision-Making Management System*, the *Fund Raising Management System* and the *Investor Relations Management System*. At the same time, the Company actively organized directors, supervisors, and senior management to participate in training sessions by the securities regulatory bureau and the stock exchange, ensuring that they promptly grasp the latest regulatory information and perform their duties effectively.

Compliance Management



Dajin Heavy Industry strictly adheres to legal and compliance operations, and emphasises a proactive approach and prevention when managing compliance risks. The Company has formulated the *Dajin Heavy Industry Legal Affairs Management System* and the *Dajin Heavy Industry Legal Dispute Management System* as guidelines for compliance management, and has refined the division of responsibilities for compliance management according to the nature of each business line. The Company also emphasises strict supervision of compliance issues, and continues to identify compliance issues through contract audits, lead investigations, and other processes. In addition, the Company regularly evaluates and reports non-compliance incidents in the Company, and urges relevant departments to review and make rectification.

Preventive measures

In daily operations, the Company constantly carries out various activities, such as process review, email review, consultation and Q&A, on-site negotiation support, and legal due diligence, to integrate the identification, assessment, prevention, and control of compliance risks into the Company's business, in a bid to achieve full coverage of compliance review whilst reducing risks of non-compliance.

Proactive management

The Company focuses on proactively identifying and responding to laws and regulations in business processes and segments with higher compliance risks. For overseas operations, third-party law firms are engaged in the business locations to assist the Company in risk identification in accordance with local laws and regulations, and to keep the Company informed of overseas legislative developments so that countermeasures can be developed on time.

The Company emphasises the importance of fostering employees' compliance awareness in daily operations. The Company conducts regular compliance training for all employees, and provides special training for departments and employees whose work may involve significant compliance risks. This year, with the launch of clean energy projects by the Company, the Company's Legal Department conducted special training for relevant departments on legal risk assessment and contract performance compliance, and addressed their uncertainties. The aim was to assist the departments and employees in responding to compliance risks effectively when running the new business.

During the reporting year, the Company had no major violations or breaches involving product and service information and labelling, marketing, environment, human rights, and business ethics.

Internal Control and Risk Management



The Company attaches great importance to risk management, and continues to improve its capabilities in internal control and risk management by gradually establishing and refining delicate risk management structures and working systems. In 2022, the Company officially established an Audit and Supervision Centre to manage and control the Company's risks and internal control procedures and to make suggestions for improvement to relevant management procedures. The Audit and Supervision Centre identifies risk and issues through pre-event, in-event, and post-event internal control procedures and follow-up audits. For departments with potential high risks, the Centre urges them to take immediate corrective action and will track the status of relevant risks.

Risk Management Structure

The Company's Board of Directors is responsible for assessing and determining the property and degree of the Company's risks, and has set up an Audit Committee to assist in overseeing the implementation of risk management actions and the effectiveness of the internal control system. The Company's Audit and Supervision Centre is responsible for assisting the management in conducting risk control measures and reporting to the Audit Committee on a regular basis. In addition, the Centre guides the operating units to identify and evaluate relevant risks, establishes effective internal control mechanisms, and assists departments in formulating improvement plans for risk management.

ESG Risk Management

The Company has integrated ESG risk management into the general risk management system. The Company's Strategy and Sustainability Committee conducts regular reviews of the ESG risk management and reports regularly to the Board of Directors on the progress of ESG risk management. Under the guidance of the Strategy and Sustainability Committee, the Audit and Supervision Centre supports the Sustainable Development Task Force in identifying, evaluating, and preventing significant ESG risks in daily operations and production, and assists business departments in improving their ESG risk control works. In addition, the Company regularly assesses and inspects the rationality of process control design and the effectiveness of implementation in key areas related to ESG, forming a risk inventory that includes major ESG factors. This helps to promote the rectification and implementation of ESG management measures, ensuring the effective implementation of ESG policies and goals.



This year, the Company identified material risks related to sustainable development, including risks of variance in climate-related policies and risks of management after the expansion of business scale. For more details about the risks and response measures, please refer to *Risks and Corresponding Countermeasure* sections of the Company's 2023 Annual Report.



Business Ethics and Anti-corruption

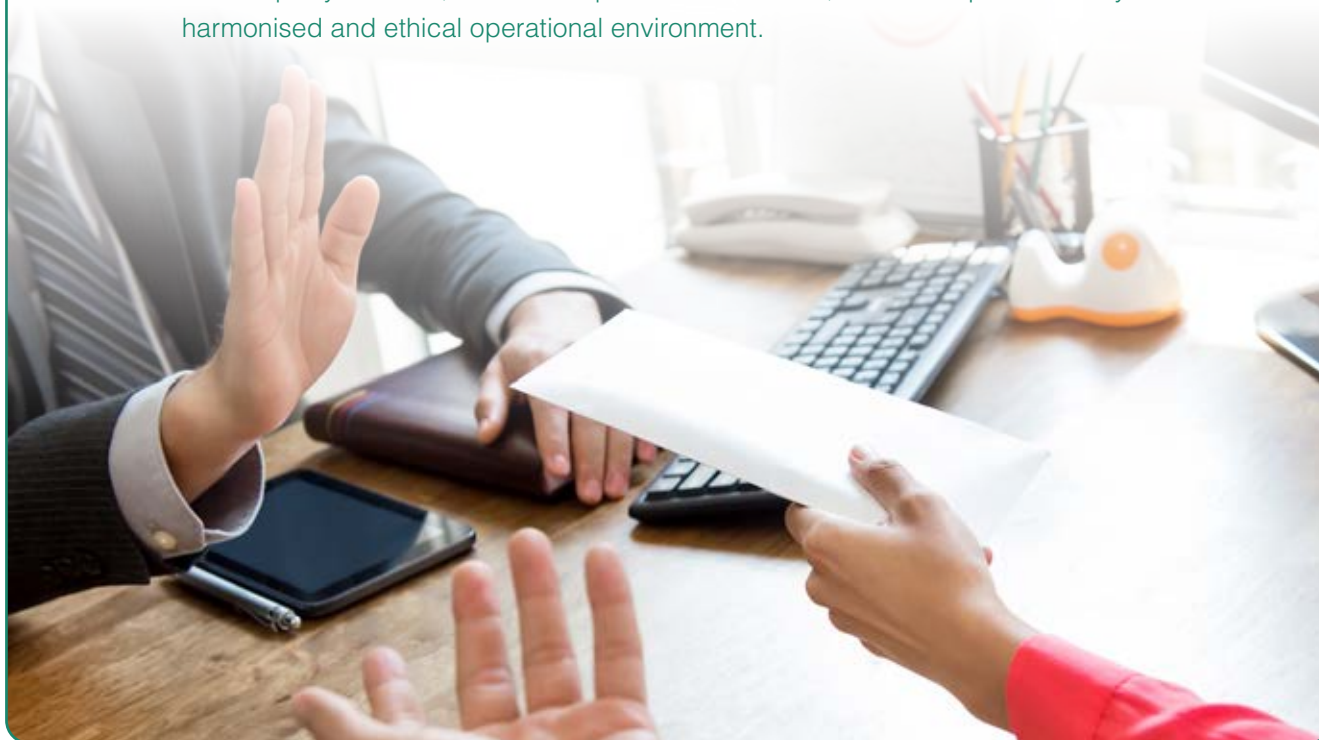


Dajin Heavy Industry attaches great importance to business ethics and anti-corruption management. We have formulated relevant policies, regulations, and management standards to combat corruption, fraud, and conflicts of interest. We have also developed comprehensive business ethics management guidelines, which are clearly outlined in documents including the Staff Manual and the Action Plan. These guidelines ensure that our employees behave ethically in their daily work. In addition, we continue to improve the business ethics management system and have established an Audit and Supervision Centre at the headquarters level, which is responsible for overseeing the compliance of business units with business ethics standards at all levels. The Centre promptly identifies related risks and urges business departments to make rectifications.



Business ethics standards of Penglai Facility

The *Action Plan for Penglai Dajin Offshore Heavy Industry Co., Ltd.* incorporates ethical standards for employees at the Penglai Facility, outlines detailed business ethics guidelines, and specifies management regulations. These regulations prohibit bribery and embezzlement, use of public funds for private purposes, abuse of authority, disclosure of Company secrets, and other prohibited actions, which help the facility to create a harmonised and ethical operational environment.



Business Ethics Governance

The company has always emphasised early detection and prevention of anti-corruption risks, continuously strengthening the investigation of integrity risks and dynamic risk management mechanisms. We strictly implement an anti-corruption accountability system, forming a closed-loop management for anti-corruption efforts. If anti-corruption issues are discovered, after verifying the case, the Audit and Supervision Centre will directly report the relevant situation to the governance level, and solicit opinions from relevant business departments to handle the issue. At the same time, the company will take measures, such as suspending or dismissing the employees involved, and if necessary, transfer the case to judicial authorities for processing. The results of the handling will be publicised within the company, along with targeted case analysis to prevent similar issues from occurring again.

In addition, when new employees join the Company, we evaluate their relatedness with preexisting employees according to the internal rules and regulations. We also require employees to regularly self-check and declare any kinship with new hires to avoid potential conflicts of interest and favouritism, ensuring objective and fair decision-making within the Company.

Corruption Risk Management Process

Risk investigation

We conduct comprehensive corruption risk investigations through special audits, classifying and ranking risks based on their likelihood of occurrence and severity.

Dynamic control

We track and analyse corruption risks throughout the process by collecting information on a dynamic basis, which enables real-time warnings and responses.

Strict accountability

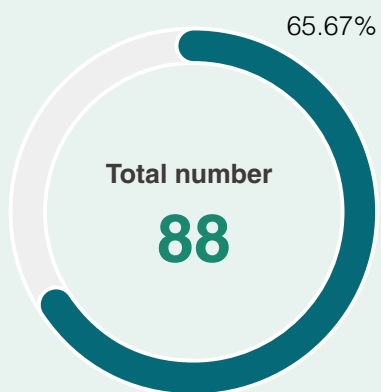
We explicitly assign supervisory responsibilities and strengthen routine tracking and oversight through targeted approaches. We also impose strict accountability measures on individuals involved in fraudulent activities.



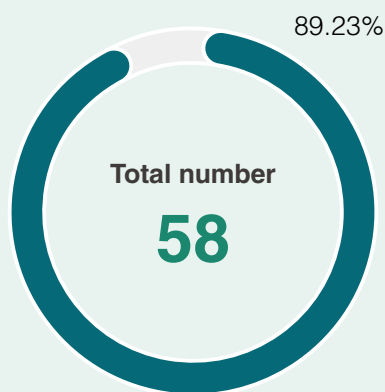
Supplier Anti-corruption Management

The Company continuously strengthens its anti-corruption management over suppliers. We employ a comprehensive closed-loop approach that includes pre-sourcing bidding supervision, spot checks and audits at interim payments, and post-violation sanctions. Meanwhile, we have included anti-corruption clauses in our procurement contracts, clearly stipulating that suppliers are not allowed to engage in any fraudulent or bribery behaviour towards our employees. If a supplier violates the anti-corruption agreement or related clauses during the cooperation period, we will immediately terminate our cooperation with them and add them to our procurement blacklist.

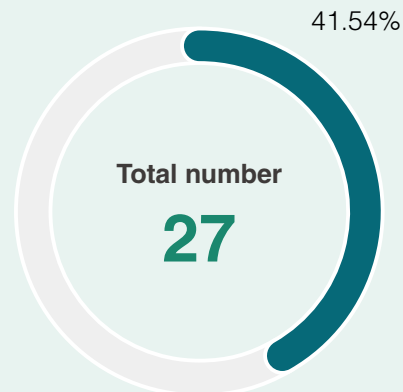
Number of suppliers who have signed the integrity clauses under the Company's Integrity Agreement



Number of production-related suppliers (main materials and auxiliary materials supplier) who have signed the integrity clauses under the Company's Integrity Agreement

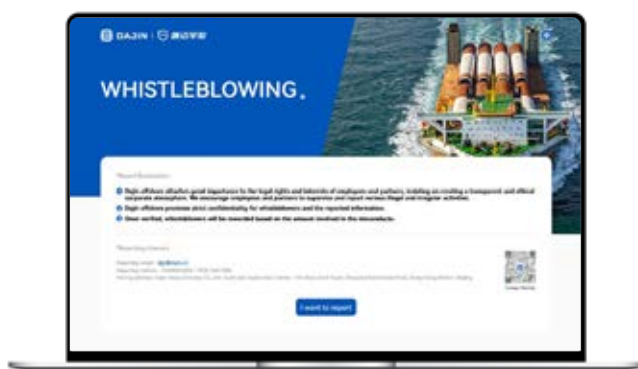


Number of production-related suppliers who have signed the clauses relevant to environment protection, labour rights, labor rights and business ethic



Reporting Channels and Whistle-blower Protection

The Company has set up multiple public reporting channels, such as email, telephone, WeChat, and other channels. Upon receiving a complaint, we promptly assemble a special investigation team to conduct investigations and collect relevant evidence. In doing so, we keep strict confidentiality of both the whistle-blowers and their reports, and publicise our whistle-blower confidentiality policy to firmly safeguard the legitimate rights of whistle-blowers to exercise oversight. We also created a whistleblowing platform on our official website (<https://www.dajin.cn/html/report/>) to provide a transparent reporting channel for stakeholders.



Publication of Reporting Channels

Integrity Awareness Training

The Company continuously improves the integrity awareness of all employees, and provides various business ethics trainings through online and offline channels.

On-board training

The Company regularly provides post-induction business ethics training to new employees, emphasising the importance of anti-fraud and anti-corruption in corporate management. The training clarifies the stakes for employees, aiming to prevent fraudulent behaviour and the risk of disclosure of business secrets.

Monthly thematic training

The Company conducts monthly specialised training for employees in sensitive positions such as sales and procurement. The training covers topics including anti-fraud, anti-money laundering, information security, and other topics, aiming to strengthen the awareness of integrity and professional ethics among these employees and continuously promote the awareness of the Company's culture of integrity.



Business Ethics Customised Training

Information Security and Privacy Protection

The Company strictly abides by laws and regulations such as the *Cybersecurity Law of the People's Republic of China* and the *Data Security Law of the People's Republic of China*. By referencing the requirements of classified protection for cybersecurity, we established a sound information security management framework, covering various aspects including organizational structures, relevant institutions, management processes and personnel. The Information Management Department of the Company is responsible for the implementation of information security work, such as the formulation of information security standards and procedures, the construction of information security structures, the monitoring and response to security incidents, and other relevant works. The Company has formulated and keep updates various standardized rules and regulations, including the *Computer Room Management Regulation*, the *Information System Management Regulation*, and the *Network Management regulation*. It has also sorted out and standardized various business processes related to system permissions applications, vulnerability patch execution, system backup and recovery, and other relevant operations. To further strengthen the capability of information security management, the Company has designated a dedicated person to be responsible for information security work. By continuously conducting internal and external supervision, the Company ensures the achievement of information security objectives, including internal attack and defence drills, and evaluating the information security status with external organizations such as information security vendors and government departments. At the same time, the Company focuses on protecting customer privacy. Before cooperating with customers, confidentiality agreements are signed, clearly stating the confidentiality requirements of both parties regarding information privacy.

The Company adopts various information security technical management measures to comprehensively prevent system failures and information leaks, which mainly include the following:



Other Sustainable Development KPIs

Indicator	Unit	Data
Employees		
Total number of employees	person	1,630
Total number of male employees	person	1,300
Total number of female employees	person	330
Total number of full-time employees	person	1,630
Total number of part-time employees	person	0
Total number of employees in the Chinese Mainland	person	1,630
Total number of overseas and Hong Kong, Macao, and Taiwan employees	person	0
Total number of employees from ethnic minorities	person	114
Total number of employees from vulnerable groups (disabled)	person	0
Total number of employees at management level	person	155
Total number of male management employees	person	126
Total number of female management employees	person	29
Total number of management employees from ethnic minorities	person	9
Total number of management employees from vulnerable groups (disabled)	person	0
Outsourced personnels ⁹	person	1,300

Indicator	Unit	Data
New employees and employee turnover		
Total number of new employees	person	524
Total number of new employees from ethnic minorities	person	29
Total number of new employees from vulnerable groups (disabled)	person	0
Total employee turnover	person	380
Total employee turnover rate¹⁰	%	25.28
Training		
Total training hours	hour	15,662
Business ethics		
Percentage of employees participating in business ethics-related training	%	62
Number of reports on business ethics	case	0
Number of information security-related incidents	case	0
Diversity of the Board		
Percentage of female on the Boards	%	28.6

⁹ Number of outsourced personnels = total working days of all outsourced personnels/theoretical total working days.

¹⁰ Employee turnover rate = total number of turnover within the year/((total number of employee at the beginning of the year + total number of employee at the end of the year)/2)

GRI Index

Indicator number and name	Location of our response
GRI2: General disclosure 2021	
The organization and its reporting practices	
2-1 Organizational details	Page 2
2-2 Entities included in the organization's sustainability reporting	Page 2
2-3 Reporting period, frequency and contact point	Page 2
2-4 Restatements of information	NA
Activities and workers	
2-6 Activities, value chain and other business relationships	Page 5-9 & the Company's 2023 Annual Report
2-7 Employees	Page 70
2-8 Workers who are not employees	Page 70
Governance	
2-9 Governance structure and composition	Page 10 & the Company's 2023 Annual Report
2-10 Nomination and selection of the highest governance body	P61 & the Company's 2023 Annual Report
2-11 Chair of the highest governance body	the Company's 2023 Annual Report
2-12 Role of the highest governance body in overseeing the management of impacts	Page 62, 64 & the Company's 2023 Annual Report
2-14 Role of the highest governance body in sustainability reporting	Page 10
2-15 Conflicts of interest	the Company's 2023 Annual Report
2-16 Communication of critical concerns	Page 62-64
2-17 Collective knowledge of the highest governance body	Page 10-12

Indicator number and name	Location of our response
Strategy, policies and practices	
2-19 Remuneration Policy	Page 51-52
2-20 Process to determine remuneration	Page 51-52
2-22 Statement on sustainable development strategy	Page 8-9
2-23 Policy commitments	Page 46, 49
2-25 Processes to remediate negative impacts	Page 38, 46-48, 49-52, 58, 63-64, 66
2-26 Mechanisms for seeking advice and raising concerns	Page 42, 45, 51, 68
2-27 Compliance with laws and regulations	Page 29-32, 43-47, 49-52, 62-64
Stakeholder engagement	
2-29 Approach to stakeholder engagement	Page 11
2-30 Collective bargaining agreements	Page 51
Material topics	
3-1 Process to determine material topics	Page 11-12
3-2 List of material topics	Page 12
GRI201 Economic performance	
201-1 Direct economic value generated and distributed	the Company's 2023 Annual Report
201-2 Financial implications and other risks and opportunities due to climate change	Page 25-26
GRI203 Indirect economic impacts	
203-1 Infrastructure investments and services supported	Page 6-7



Indicator number and name	Location of our response
GRI205 Anti-corruption	
3-3 Management of material topics	Page 65-68
205-2 Communication and training about anti-corruption policies and procedures	Page 68
GRI206 Anti-competitive Behavior	
3-3 Management of material topics	Page 65-68
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No such incidents were identified in this year
GRI301 Materials	
301-1 Materials used by weight or volume	Page 21
301-2 Recycled input materials used	Page 21
GRI302 Energy	
3-3 Management of material topics	Page 17-27
302-1 Energy consumption within the organization	Page 21
302-3 Energy intensity	Page 21
302-4 Reduction of energy consumption	Page 20
302-5 Reductions in energy requirements of products and services	Page 18-19
GRI303 Water resources	
3-3 Management of material topics	Page 31
303-1 Interactions with water as a shared resource	Page 31-32
303-3 Water withdrawal	Page 31
GRI304 Biodiversity	
3-3 Management of material topics	Page 32
304-2 Significant impacts of activities, products and services on biodiversity	Page 32

Indicator number and name	Location of our response
GRI305 Emissions	
3-3 Management of material topics	Page 17-24
305-1 Direct (Scope 1) GHG emissions	Page 21
305-2 Energy indirect (Scope 2) GHG emissions	Page 21
305-4 GHG emissions intensity	Page 21
305-5 Reduction of GHG emissions	Page 20-21
305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Page 29
GRI306 Waste	
3-3 Management of material topics	Page 30, 33
306-2 Management of significant waste-related impacts	Page 30
306-3 Waste generated	Page 30
306-4 Waste diverted from disposal	Page 30
306-5 Waste directed to disposal	Page 30
GRI308 Supplier environmental assessment	
3-3 Management of material topics	Page 19, 57-58
308-1 Suppliers screened using environmental criteria	Page 58
GRI401 Employment	
3-3 Management of material topics	Page 49-52
401-1 New employees and employee turnover rate	Page 70
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 56

Indicator number and name	Location of our response
GRI403 Occupational health and safety	
403-1 Occupational health and safety management system	Page 43-45
403-2 Hazard identification, risk assessment, and incident investigation	Page 45
403-3 Occupational health services	Page 45
403-4 Worker participation, consultation and communication on occupational health and safety	Page 45-47
403-5 Worker training on occupational health and safety	Page 48
403-6 Promotion of worker health	Page 47-48
403-8 Workers covered by an occupational health and safety management system	Page 43-45
403-9 Work-related injuries	Page 44
403-10 Work-related ill health	Page 44
GRI404 Training and education	
3-3 Management of material topics	Page 53-55
404-2 Programs for upgrading employee skills and transition assistance programs	Page 53-54
GRI405 Diversity and equal opportunities	
3-3 Management of material topics	Page 53
405-1 Diversity of governance bodies and employees	Page 61
GRI406 Non-discrimination	
3-3 Management of material topics	Page 50
406-1 Incidents of discrimination and corrective actions taken	No such incidents were identified in this year

Indicator number and name	Location of our response
GRI407 Freedom of association and collective bargaining	
3-3 Management of material topics	Page 46
GRI408 Child labor	
3-3 Management of material topics	Page 50
GRI409 Forced or compulsory labor	
3-3 Management of material topics	Page 50
GRI414 Supplier social assessment	
3-3 Management of material topics	Page 57-58
414-1 New suppliers that were screened using social criteria	Page 58
GRI416 Customer health and safety	
3-3 Management of material topics	Page 35-39
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	No such incidents were identified in this year
GRI418 Customer Privacy	
3-3 Management of material topics	Page 69
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	No such cases were identified in this year



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