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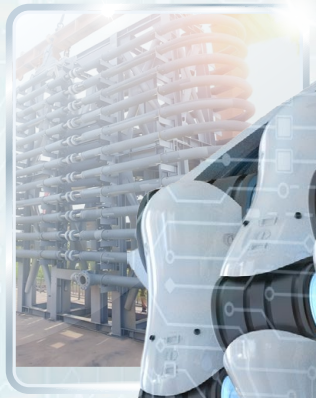

# 2025

# Environmental, Social and Governance Report

Morimatsu (Jiangsu) Heavy Industry Co., Ltd
(Morimatsu Energies and Materials)

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# About this Report

## Overview

Welcome to the 2025 Environmental, Social and Governance Report (hereinafter referred to as the "Report" or "ESG Report") of Morimatsu Energies and Materials Business Sector (hereinafter referred to as the "Company", "Morimatsu Energies and Materials", "Morimatsu" or "we"). Under the co-ordination of Morimatsu International Holdings Limited (Stock Code: 2155. HK, hereinafter referred to as "Morimatsu International", "Morimatsu Group" or the "Group"), we have established our own ESG objectives and governance structure, and we have focused on our ESG management system, progress of our work and performance in our ESG Report to demonstrate our commitment to sustainable development.

## Preparation Basis

This report has been prepared with reference to the requirements of *Appendix C2 Environmental, Social and Governance Reporting Code of the Rules Governing the Listing of Securities* issued by the *Stock Exchange of Hong Kong*, and adheres to the reporting principles of materiality, quantitative, balance, and consistency. The report also makes reference to and responds to the relevant disclosure requirements of the Sustainability Accounting Standards Board (SASB) and the United Nations Sustainable Development Goals (UNSDGs).

## Reporting Period

This is an annual report covering the period from 1 January 2025 to 31 December 2025 (hereinafter referred to as "the Reporting Period", "this year" or "2025"). In order to enhance the completeness of the report, some of the contents have been retrospectively extended or extended forward as appropriate.

## Reporting Scope

This report covers the ESG performance of Morimatsu Energies and Materials business sector under Morimatsu International. The business sector includes Morimatsu (Jiangsu) Heavy Industry Co., Ltd., Shanghai Morimatsu Engineering Technology Co. Ltd., Morimatsu (Jiangsu) Technology and Trading Co., Ltd., Shandong Keda Chemical Engineering Co., Ltd., MORIMATSU (SINGAPORE) PTE. LTD., Morimatsu Houston Corporation, MORIMATSU ENGINEERING & TECHNOLOGY (MALAYSIA) SDN. BHD., MORIMATSU ENGINEERING & TECHNOLOGY (ITALY) S.R.L., Morimatsu Technology and Service Company Limited, MORIMATSU ENGINEERING AND TECHNOLOGY (INDIA) CO., PRIVATE LIMITED, and Morimatsu Dialog (Malaysia) Sdn. Bhd.. It includes our subsidiaries operating in Shanghai, Nantong, Weifang, Wuhan in China, as well as in Japan, the United States, Malaysia, Italy, Singapore and India. For detailed information on corporate governance, please refer to the "Corporate Governance Report" section in Morimatsu International's 2025 Annual Report.

## Sources of Information and Explanations

The information and data disclosed in this report are sourced from our official documents and statistical reports and have been reviewed by the relevant authorities. If the currency is not specifically stated, the data in the amount category in this report are all in RMB. In case of any inconsistency between the relevant data and the section "Environmental, Social and Governance Report" in Morimatsu International's 2025 Annual Report, please refer to the Annual Report of Morimatsu International.

## Access and Feedback to the Report

This Report is available in both Simplified Chinese and English versions for readers' reference. In the event of any discrepancy in interpretation between the two versions, the Simplified Chinese version shall prevail.

# About Us

## Company Profile

In 1990, Morimatsu Group was founded in Pudong New Area, Shanghai by Morimatsu Industry Co., Ltd. (now renamed as Morimatsu Holdings Co., Ltd.). As the first foreign-funded enterprise to settle in Pudong New Area after the Reform and Opening-up. After more than three decades of development and expansion, Morimatsu Group has achieved outstanding growth. Domestically, Morimatsu Group has successively established multiple affiliated companies in Shanghai, Nantong, Changshu, Wuhan and Weifang, along with three large scale manufacturing bases. Internationally, Morimatsu Group has set up affiliated companies in the United States, Japan, Malaysia, Singapore, Italy, Switzerland, India and Sweden respectively, and two manufacturing bases, evolving into a multinational enterprise with global business reach.

Morimatsu Energies and Materials, is one of the key business sector under Morimatsu International Holdings Company Limited(Morimatsu International, Stock Code: 2155.HK). Over the last 3 decades, Morimatsu has produced key equipment in multiple critical industries, including hydrometallurgy, acetic acid, PVC, PTA, BDO, PDH, EVA, MMA, and solar photovoltaics. Morimatsu has been committed to serving industries and sectors including oil and gas, refining, petrochemicals, chemical engineering, fine chemicals, hydrometallurgy, raw materials for power batteries, and green energy (green hydrogen, green ammonia, green methanol, SAF). The Company provides top-tier global clients with ultra-large and ultra-heavy core equipment, process modules, and integrated engineering solutions. Morimatsu has achieved a transformation from core equipment manufacturing to modular construction, integrated engineering solutions, and digital and intelligent operation and maintenance services. The Company is committed to becoming a provider of comprehensive solutions for the oil and gas, refining, petrochemical, chemical, fine chemical, hydrometallurgy, new energy battery raw materials, and green energy (green hydrogen, green ammonia, green methanol, SAF) sectors.

## Mission and Vision

Morimatsu is committed to becoming a global leader in providing core industrial equipment, value-added services, and digital-intelligent plant solutions and services.

We deliver core equipment, high value added proprietary technology modular solutions, integrated digital-intelligent plant solutions, and continuous value added services covering the full lifecycle of new material R&D and production. This includes joint R&D, technical consultation, process optimization, establishment of digital operation platforms, operational maintenance, and continuous improvement. Our solutions empower industries exploring, developing, and producing novel materials and synthesis technologies in their pursuit of healthier living, greener environments, and smarter societies.

### Vision

We are committed to becoming the world's leading provider of core equipment, process systems and digital intelligence plant solutions.

### Mission

We are continuously empowering material innovation and enabling downstream enterprises to cultivate a green world for human health.

## Annual Honors and External Recognition

Leveraging decades-long accumulation of expertise and quality products and services, Morimatsu has earned industry-wide acclaim and multiple client recognitions, with selected honors and certifications including but not limited to:


**Global New Energy ESG Top 100**

The Global Green Energy Council (GGEIC), New Energy Industry Association for Asia and the pasific (NEIAAP), Asia Photovoltaic Industry Association (APVIA)

**2025 ESG Practice Pioneer Award**

The 15th Public Welfare Festival and the 2025 ESG Impact Annual Meeting

**2025 Sustainability Model Enterprise**

The 15th Public Welfare Festival and the 2025 ESG Impact Annual Meeting

**2025 "Best ESG Company Award"**

The 10th Zhitong Finance Listed Company Awards

In addition, we received multiple letters of commendation from global customers, recognizing our achievements in product performance, technical support, and after-sales service.

| Customers | Methods of Commendation | Recognized Entity |
|---|---|---|
| GEM Co., Ltd. | Diamond Partner Award; Inscription at the Global Supplier Conference: "Craftsmanship Spirit" | Morimatsu (Jiangsu) Heavy Industry Co., Ltd. |
| Xinjiang Juli Chemical Co., Ltd. | Commemorative Silk Banner | |
| Vision Zero Carbon Technology (Chifeng) Co., Ltd. | Letter of Appreciation | |
| SAMSUNG E&A | Outstanding Supplier | |

Morimatsu Customer Recognition (Partial)

## Sustainable Development Recognition and Awards

Awarded the Best ESG Award (10th Zhitong Finance Listed Company Selection)

Awarded the 2025 ESG Practice Pioneer Award (15th Public Welfare Festival & 2025 ESG Impact Annual Meeting)

Awarded the 2025 Sustainable Development Model Enterprise (15th Public Welfare Festival & 2025 ESG Impact Annual Meeting)

Awarded a TOYO ESG score of 98 points by customers

Overview of SGS Product Carbon Footprint (PCF) Verification Statement and Decarbonization Planning Report

EcoVadis Bronze Rating

CDP Climate Change Questionnaire Grade C

CDP Water Security Questionnaire Grade C

# From Our CEO

In today's world where the global wave of sustainable development is profoundly reshaping the business landscape, ESG has evolved from an optional topic for enterprises to a core strategy critical to long-term competitiveness. Aligned with Morimatsu International's sustainable development strategy and driven by a sense of responsibility and mission, we have remained committed to our core business, continuously strengthened the foundation of corporate governance, dedicated ourselves to driving R&D innovation, led the green transformation, and made every effort to implement various Sustainable Development Goals (SDGs), achieving encouraging interim results.

The Company has always regarded an efficient and sound ESG governance system as the strategic cornerstone of sustainable development. Under the overall coordination and leadership of the Group, we continue to improve the governance structure and operating mechanisms and fully implement ESG management work. This year, **we formulated and issued the *ESG Policy*** to further strengthen management requirements in the field of sustainable development, promoting the institutionalization, normalization, and refinement of various management practices. At the same time, we are committed to building a multi-dimensional stakeholder engagement mechanism, actively listening to and responding to concerns and demands from all parties, thereby continuously enhancing governance transparency and responsiveness.

Climate change is profoundly reshaping the business environment, presenting both significant risks and challenges while fostering strategic opportunities for the future. To this end, we have consistently maintained a proactive stance by integrating climate governance into our corporate development strategy. **We systematically identified climate-related risks and opportunities and, for the first time, introduced scenario analysis to prospectively assess our climate resilience**, thereby providing a solid foundation for formulating more adaptive decisions. Through diversified initiatives such as **the adoption of green power, the advancement of low-carbon technology innovation, and the development of environmentally friendly solutions**, we are accelerating the construction of a comprehensive green development system. We are promoting energy conservation and emission reduction through pragmatic actions and continuously strengthening the foundation for sustainable development.

The Company has continuously strengthened its internal environmental management foundation by **maintaining ISO 14001** and other environmental management system certifications to ensure sustainable green operations. Externally, leveraging our profound technical accumulation and innovation capabilities, **we provide systematic green solutions for key industries including oil and gas, refining, petrochemicals, hydrometallurgy, battery raw materials, as well as green energy sectors such as green hydrogen, green ammonia, green methanol, and Sustainable Aviation Fuel (SAF)**, empowering their low-carbon transformation. Leveraging our core process and equipment technology advantages, we collaborate with industry chain partners to promote the implementation and adoption of green production methods, contributing to a more efficient and sustainable future for the industry.

The Company adheres to an **innovation-driven development strategy**, continuously expanding and optimizing its industrial chain layout. By leading industry transformation and upgrading through technological breakthroughs, it injects strong momentum into the energy revolution in the field of high-end equipment. **Centered on quality management and continuous improvement**, we have established a full-process management system. We actively integrate digital and intelligent technologies to optimize production processes and enhance decision-making efficiency, thereby achieving greater stability, flexibility, and traceability in the manufacturing process. We have established a defense line for data security and privacy protection based on **ISO 27001 certification** and are exploring the application of Artificial Intelligence (AI) to empower business innovation and efficiency. We continue to provide customers with stable and reliable products and solutions, demonstrating our commitment to high-quality development through concrete actions.

The Company places high importance on the stability and sustainable operation of its supply chain. It continues to deepen the management of suppliers throughout their full lifecycle and the risk prevention and control system, **systematically integrating sustainability requirements into every link of supplier management**. The Company is committed to building a more responsible and resilient green supply chain. At the same time, we uphold the principles of openness, collaboration, and shared value creation. We actively engage in industry ecosystem development by deeply participating in industry associations and various professional exchange activities to promote efficient connectivity of technology, concepts, and market information.

Talent is the most valuable asset of the enterprise. **We consistently adhere to a people-centric approach, aligning employee growth with corporate progress**. We are committed to fostering a diverse, equal, and inclusive work environment, effectively safeguarding employees' rights, and supporting their comprehensive development. Through a systematic and diversified training framework alongside fair and transparent career development pathways, we continuously optimize the talent growth ecosystem, steadily strengthen our high-quality workforce, and inject sustained momentum into the Company's sustainable development. At the same time, we actively fulfill our social responsibilities and wholeheartedly engage in public welfare initiatives. We care for society, convey warmth, and give back to the trust and support of all sectors of society through concrete actions.

Sound corporate governance is the foundation for a company's steady and long-term development and the core guarantee for achieving sustainable development. We consistently adhere to **compliant operations, continuously improve compliance management, risk control, and internal control mechanisms**, strengthen internal audit supervision, and build a solid compliance defense line. At the same time, **we fully uphold the highest standards of business ethics**, integrating integrity culture and principles into daily operations to foster a fair and orderly market ecosystem, thereby earning long-term trust from all parties through honesty and transparency.

Looking ahead, we will continue to use ESG principles as our guiding beacon, actively align with the United Nations Sustainable Development Goals (SDGs), drive breakthroughs in green technology with greater determination, fulfill social responsibilities with stronger commitment, and collaborate with all parties to build a sustainable industrial ecosystem with an expanded vision. We are committed to building an enterprise with both core competitiveness and the ability to create long-term value. While achieving high-quality development for ourselves, we will continuously expand our sustainable impact.

Chief Executive Officer
**Ye Sheng**

# 2025 ESG Highlights

## Governance

A total of 22 material ESG issues were identified and reviewed and confirmed by the Group Board and senior management of the Company, resulting in the 2025 Materiality Matrix.

Establish the *ESG Policy* to strengthen management requirements for the Company in areas such as environmental protection, product quality and safety, employment standards and labor rights, social engagement and contribution, corporate governance, and ethics.

Employees sign the *Letter of Commitment for Integrity and Self-discipline*

There were no anti-corruption-related lawsuits or improper business behaviors in the Company's commercial activities.

## Products

The Company has obtained and maintains ISO 9001:2015 quality management system certification, EN 1090-1 steel structure CE certification, and other quality system certifications/production qualifications.

Module projects have been uniformly deployed on the iMES quality management platform, actively leveraging digital systems for production and project management throughout the product lifecycle.

Set high standard quality objectives and realized that the pass rate for the primary inspection of the products was over 97% and the pass rate for the primary filming of welded seams was over 99%.

No incidents affecting customer health and safety occurred regarding products and services.

During the Reporting Period, R&D investment was approximately RMB 165.58 million.

We attach great importance to customer experience and conduct customer satisfaction surveys achieved full coverage and received widespread acclaim from clients.

The Company has successfully passed the re-verification of its Information Security Management System certification in accordance with ISO/IEC 27001:2013.

No significant information security incidents or data breaches occurred.

## Environment

Identify climate-related risks and opportunities and introduce scenario analysis for the first time to assess climate resilience.

Conducted carbon verification at key operating sites and added Scope 3 Category 3 and Category 5 carbon inventory.

Clarify the direction for carbon reduction, establish long-term climate-related management goals for the Company, and regularly review and track the achievement of these goals.

The Nantong, and Malaysia plants have obtained and maintain ISO 14001 Environmental Management System Certification.

The Nantong plant and the heavy industry Shanghai plant have completed a cumulative photovoltaic equipment construction project exceeding 11MW.

Carbon footprint certifications have been obtained for four typical core products from Morimatsu Energies and Materials: vessels, columns, heat exchangers, and reactors

Cumulative investment in environmental protection reached approximately RMB 0.6389 million.

A compensation policy linking environmental performance with executive performance has been implemented. A certain amount will be deducted monthly from the remuneration of relevant responsible persons to establish an "HSE Risk Guarantee Fund".

100% compliant disposal and standard-compliant discharge of wastewater, air emissions and solid waste.

We continue to provide high-performance, low-emissions, and environmentally friendly solutions for industries and fields such as oil and gas, chemicals, and new energy.

## Industrial Chain

We actively participated in industry exchange activities to facilitate the sharing of technology, concepts, and market information. During the Reporting Period, we took part in more than 20 external events, including trade shows, industry association activities, expos, and seminars.

We established the *Supplier Code of Conduct* to conduct ESG assessments and management of suppliers across dimensions including environmental management, anti-corruption and integrity, and labor management.

We advanced the upgrade of the online Supplier Relationship Management (SRM) platform. The average cycle for supplier registration and review was shortened by approximately 30%, while order collaboration efficiency improved by approximately 25%. These measures further optimized the operational efficiency of the supplier full lifecycle management system.

Sign *Integrity Agreements* with suppliers.

## Society

We place high importance on diversity initiatives. Female employees account for approximately 17.71% of the total workforce, representing approximately 28.74% among non-production roles. Employees from ethnic minorities accounted for approximately 1.10%, and 9 employees with disabilities were hired.

At the Malaysia plant, local employees account for over 70%, effectively implementing localized hiring.

We have obtained and maintained ISO 45001 occupational health and safety management system certification.

Total investment in employee training amounted to approximately RMB 2.0336 million, with an average of approximately 17.25 hours training per employee.

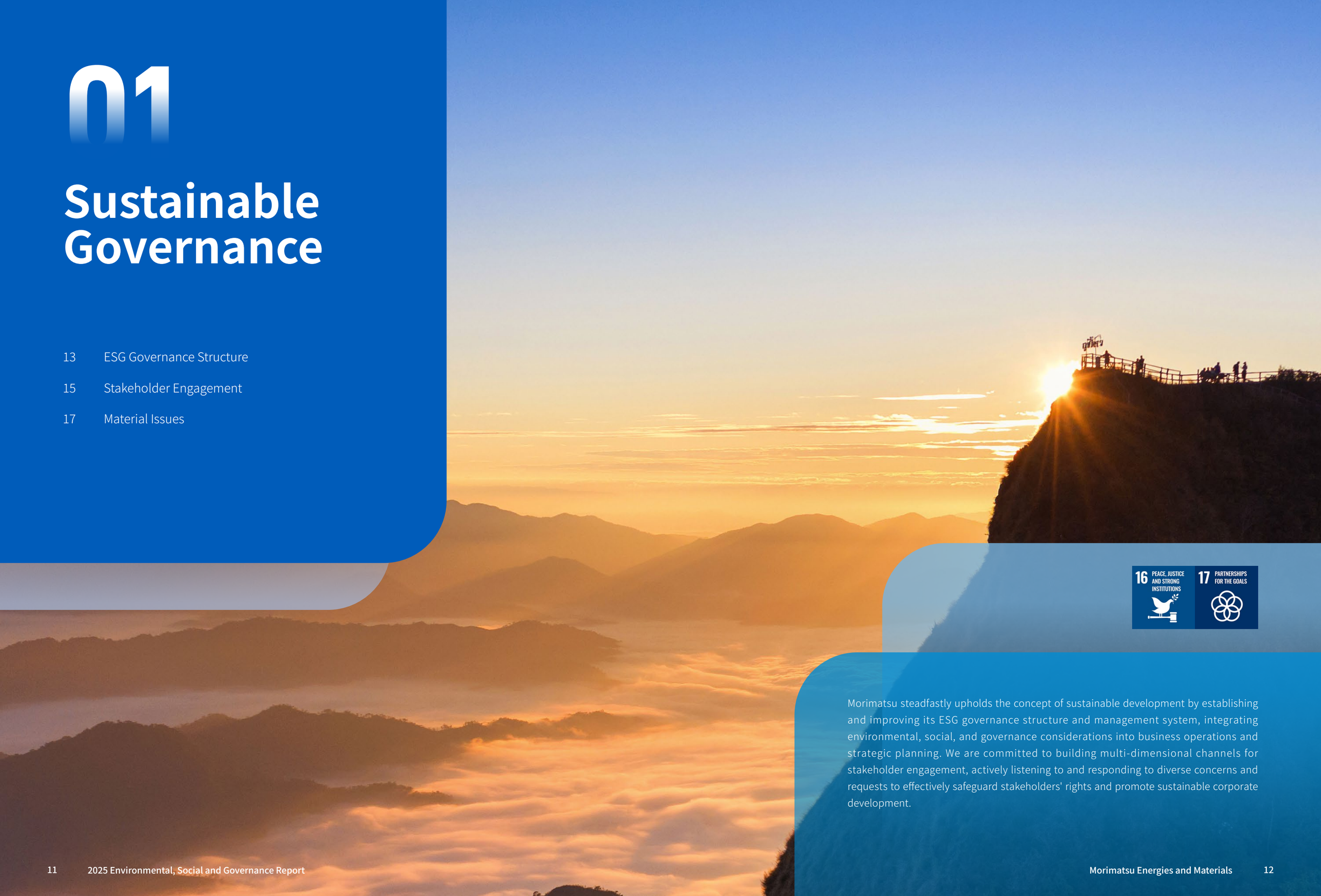
No work-related fatalities or major industrial injuries occurred.

We have cumulatively invested approximately RMB 1.8119 million in social welfare initiatives, and the total duration of employee volunteer service exceeded 46 hours.

# 01

# Sustainable Governance








Morimatsu steadfastly upholds the concept of sustainable development by establishing and improving its ESG governance structure and management system, integrating environmental, social, and governance considerations into business operations and strategic planning. We are committed to building multi-dimensional channels for stakeholder engagement, actively listening to and responding to diverse concerns and requests to effectively safeguard stakeholders' rights and promote sustainable corporate development.

# ESG Governance Structure

The Board of Directors of Morimatsu Group, is responsible for formulating the Company's environmental, social, and governance strategy, assessing and determining relevant risks, and ensuring the establishment of appropriate and effective risk management objectives and internal monitoring systems. The Group's senior management and the heads of key departments jointly constitute the ESG Management Team. In accordance with the *Environmental, Social and Governance (ESG) Management Team Work System*, the Team standardizes ESG operations to ensure the effective implementation of the ESG strategies approved by the Board of Directors of the Group. Concurrently, the Group ESG Management Team regularly reports on ESG performance to the Board of Directors of the Group. Guided by the Board's direction and recommendations, it continues to advance the optimization and enhancement of ESG performance.

The Group has established professional ethics and awareness regarding ESG for Morimatsu employees through its *Code of Business Conduct*. At the same time, the Group has issued *the Supplier Code of Conduct* and also encourages suppliers and partners to practice ESG principles.

Building on this foundation, in 2025 we established the *ESG Policy* to strengthen management requirements for the Company in areas such as environmental protection, product quality and safety, employment standards and labor rights, social engagement and contribution, corporate governance and ethics. We also encourage suppliers and partners to comply with our *ESG Policy*.

**Group Board of Directors**

- Responsible for overseeing and managing the Group's ESG management policy and strategy and reviewing and evaluating ESG related progress.
- Refinement of the ESG governance programme to align with the Group's strategic strategy
- Receive regular reports on ESG-related progress from the ESG Management Team

**ESG Management Team**

- Implementing ESG management objectives, relevant strategic plans, formulating systems and implementation rules, etc.; focusing on ESG-related risks and opportunities that have a significant impact on the Group's business, and proposing ESG materiality issues in relation to the impact of the relevant risks and opportunities on the Group's business; and preparing ESG related disclosure documents for the Group and subsidiaries, including, but not limited to, annual ESG reports.
- Regularly submit ESG related matters such as ESG management policy and strategic planning, significant ESG risks and opportunities, and preparation of annual ESG reports to the Board of Directors for consideration and approval.

Group Senior Management

Heads of ESG - related Departments of Morimatsu Energies and Materials

Responsibilities at Each Level of the ESG Governance Structure

During the Reporting Period, we engaged external experts to conduct specialized ESG training for core business personnel. This initiative strengthened the Company's understanding of the new climate regulations issued by the Hong Kong Stock Exchange and reinforced the management of Scope 3 greenhouse gas emissions as well as climate risk response and mitigation. At the same time, we will continue to learn from industry best practices and better plan the improvement pathways for each dimension of environmental, social, and governance.



# Stakeholder Engagement

The opinions and suggestions of stakeholders serve as a critical basis for our business decision-making and the advancement of sustainable development. Morimatsu places high importance on communication and exchange with stakeholders. The Company has established open channels and a normalized communication mechanism to continuously understand and actively respond to the expectations and demands of various stakeholders, including government and regulatory authorities, investors and shareholders, customers, employees, suppliers and partners, industry association and the community.

| Stakeholders | Expectations for Morimatsu | Communication and Response in Morimatsu |
|---|---|---|
| Government and Regulatory Authorities | • Conduct business in compliance with laws and regulations<br>• Promote employment<br>• Pay taxes in accordance with the law<br>• Cleaner Production | • Implement national policies and comply with national laws and regulations.<br>• Acceptance of regulatory supervision and inspection<br>• Strengthen corporate compliance management and operations<br>• Timely reporting and disclosure |
| Investors and Shareholders | • Financial Performance<br>• Development Strategy<br>• Expansion of new businesses<br>• Corporate Sustainable Development<br>• Technology and Innovation | • Regularly convene shareholders' meetings and board of directors meetings.<br>• Investor Research and Communication<br>• Timely disclosure of statutory matters and promotion of business dynamics<br>• Deepen product and technological innovation while continuously expanding into new business areas. |
| Customers | • Provide products and services that meet customer needs to create greater value for them.<br>• Intellectual Property Protection<br>• Information Security Assurance<br>• Construction of Corporate Social Responsibility | • Enhance product and service quality<br>• Enhance customer satisfaction rates<br>• Protect customer data and information<br>• Actively cooperate with customers' corporate social responsibility audits. |
| Employees | • Protection of Rights and Interests<br>• Compensation and Benefits<br>• Safety and Health<br>• Career Development<br>• Corporate Culture | • Safeguard employee rights and enhance employee welfare benefits.<br>• Improve the employee work environment<br>• Strengthen training and facility investments related to employee health and safety.<br>• Provide employees with enhanced career development training.<br>• Actively engage in employee communication |
| Suppliers and Partners | • Uphold business ethics and national laws and regulations<br>• Equity, Openness, and Fairness<br>• Fulfilling our commitments<br>• We collaborate with suppliers to advance sustainable supply chain management, achieving mutual benefit and win-win cooperation. | • Enhance the supplier communication platform<br>• Optimize the supplier selection mechanism<br>• Establish an open and transparent bidding mechanism.<br>• Provide suppliers with equal competitive opportunities<br>• Enhance supplier assessment |
| Industry Association | • Promote industry development | • Promote sustainable development in the industry<br>• Promote fair competition in the industry |
| Community | • Actively participate in community development<br>• Actively engage in public welfare initiatives | • Conduct employee volunteer activities<br>• Scholarship Donation<br>• Provide more employment opportunities<br>• Charitable Donations |

Morimatsu Stakeholder Communication Mechanism

# Material Issues

In identifying ESG material issues, Morimatsu comprehensively employed questionnaires, email communications, and interviews to systematically collect and analyze the opinions and key concerns of stakeholders. During the Reporting Period, based on our corporate development strategy, industry trends, and changes in internal and external environments, and combining regulatory requirements, industry standards, peer benchmarking, and prior topic assessments, we identified and screened 22 material ESG topics. Following scientific evaluation and prioritization, these were reviewed and confirmed by the Group Board of Directors and senior management of the Company, resulting in the Morimatsu 2025 Materiality Matrix to guide subsequent ESG strategy formulation and specific actions.

In 2025, we added the topics of "Anti-Unfair Competition" and "Diversity and Equality", and elevated the importance of the topic "Social activity participation and contribution".

**Stakeholder Interviews and Communication**

Preliminarily identify the Company's material issues through the analysis of regulatory disclosure documents, peer benchmarking, and the review of the Company's current situation.

**Stakeholder Interviews and Communication**

Conduct interviews with key stakeholders such as investors, customers, and regulatory authorities, and collect, organize, and analyze the issues that stakeholders of the Company focus on.

**Confirmation of the Materiality Issue Matrix**

Integrate the global sustainable development goals, Morimatsu's strategy, and stakeholder concerns to form the Company's materiality issue matrix, and make corresponding adjustments according to the industry and the Company's actual situation.

**Review by Company's Senior Management**

Based on the issue matrix, the Company's senior management conducts a review, and key disclosures of highly important issues are made in the report.

Materiality Issue Identification Process


Morimatsu 2025 Criticality Issues Matrix

# 02

# Green Development






The Morimatsu system identifies risks and opportunities related to climate change, actively embraces global green trends, continuously optimizes its environmental management system, and persistently researches and develops new technologies for energy conservation and emission reduction. It explores low-carbon solutions, partners with stakeholders to jointly promote low-carbon transformation, contributes the Morimatsu strength to the 'Dual Carbon' goals, and builds a new chapter of green sustainable development.

# Addressing Climate Change

Morimatsu proactively manages climate change-related matters through a risk control mechanism, continuously identifying and managing climate risks and opportunities to enhance resilience to climate risks, seize low-carbon transformation market opportunities, and build the Company's sustainable core competitiveness.

## Governance

The Morimatsu Board serves as the highest governing body for addressing climate change, ensuring the effective integration of climate change response strategies with the Group's development strategy. The ESG Management Team, composed of senior management from Morimatsu and heads of relevant ESG departments, serves as the oversight and execution body. It comprehensively coordinates the planning and implementation of work related to climate change and submits specialized reports to the Board of Directors on a regular basis. The ESG Executive Team comprises heads of relevant executive departments from the Group and its subsidiaries, covering functional areas such as environmental and climate management, risk management, and corporate governance. It is responsible for implementing the climate action plan to ensure that all emission reduction measures are effectively executed at the operational level. During the Reporting Period, the ESG Management Team engaged external experts to conduct analysis and training on climate change. It also held regular special discussions and exchanges regarding climate-related risks and opportunities and carbon emission management to ensure that the management possesses the appropriate skills and competencies to oversee strategies addressing climate-related risks and opportunities. At the same time, the climate work outcomes reviewed by the ESG Management Team were submitted to the Morimatsu International Board of Directors for review and confirmation.

## Strategy

Morimatsu strictly complies with Part D of the *Environmental, Social and Governance Reporting Code* in Appendix C2 of the *Listing Rules* of the HKEX. In conjunction with industry benchmarking results, it employs climate scenarios RCP2.6 and RCP4.5 from the Shared Socioeconomic Pathways (SSP) of the IPCC to assess physical risks. At the same time, we refer to the International Energy Agency's (IEA) Stated Policies Scenario (STEPS) and Net-zero Emissions Scenario (NZE) frameworks for 2050 to comprehensively analyze transition risks and potential development opportunities, ensuring the forward-looking nature and scientific rigor of climate risk management.

During the Reporting Period, Morimatsu management led and participated in multiple special meetings on climate change. Discussions covered topics such as corporate adaptability and resilience to various climate risks, current financial investments, and future planned initiatives. The status of managing climate risks and opportunities was also reviewed. At the same time, based on past climate risk analysis results, we identified production and operation sites such as Nantong for inclusion in entity risk analysis.

**Physical Risk Climate Scenario Selection**

**RCP2.6**

RCP2.6 is a low Emission scenario designed to limit the increase in global average temperature during the 21st century to within 2°C relative to Pre-industrial levels, while striving to approach the 1.5°C warming target. This Scenario requires robust climate policies globally, including significant reductions in the use of Fossil fuels, improvements in Energy efficiency, and the promotion of renewable energy.

**RCP4.5**

RCP4.5 is a medium Emission scenario that envisions the implementation of some emission reduction measures, yet global GHG emissions are projected to peak by mid-century and then gradually decline. Under this scenario, the global average temperature increase is projected to reach approximately between 2.4°C and 3.0°C by 2100. RCP4.5 represents a possible future GHG emission trajectory in the absence of achieving the more ambitious goals of the *Paris Agreement*.

**Transition Risks and Opportunities Climate Scenario Selection**

**IEA NZE**

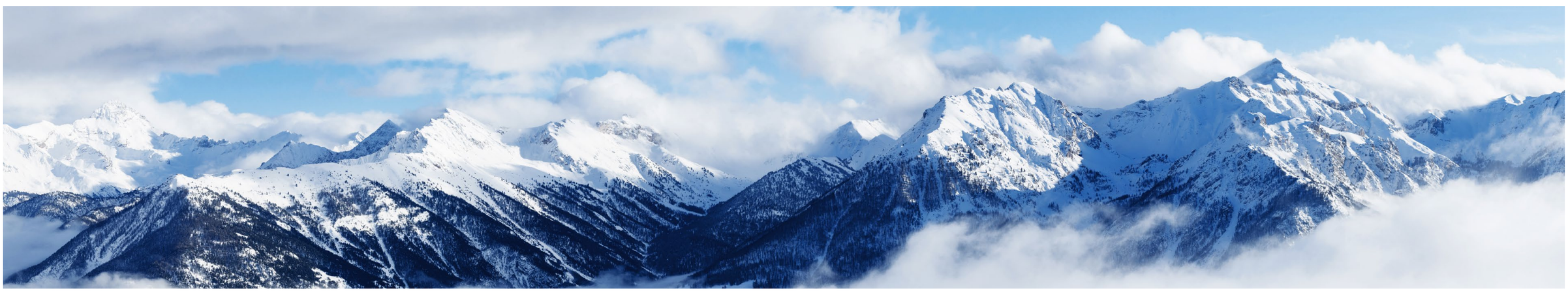
The 2050 Net Zero Emissions (NZE) scenario is a normative pathway proposed by the IEA, requiring the energy sector to achieve net zero emissions by 2050 without relying on external offsets.

**IEA CPS**

The Current Policy Scenario (CPS) is a baseline scenario strictly based on existing laws and regulations. It depicts the development paths of the global energy system under the assumption that government policies are completely frozen starting today.

We selected the analysis time spans based on the Company's strategic development plan: short-term (2025-2027), mid-term (2027-2035), and long-term (2035-2050), to assess climate risks and opportunities across these different time horizons.

Based on the selected scenarios and time horizons outlined above, and considering the industry's business characteristics and strategic development plans, we have identified Morimatsu's primary climate-related risks and opportunities by referencing the HKEX guidelines, the methodology in IFRS S2 (*International Financial Reporting Sustainability Disclosure Standard No. 2 — Climate-related Disclosures*), mainstream rating agency guidelines, peer practices, and external expert advice. We assessed the potential financial impacts of these risks and opportunities on our business model and value chain, as well as their magnitude, to compile the Morimatsu Climate Change and Opportunities List.



## Physical Risks Table

| Physical Risks Category | | Climate Scenario | Short-term | Mid-term | Long-term | Risk Description and Response Measures |
|---|---|---|---|---|---|---|
| Acute Climate Risk | Typhoon | RCP2.6 | Low | Low | Low | Climate change will increase the frequency and severity of extreme weather events, such as floods, typhoons, and droughts.<br>Extreme weather may damage production equipment in factories, resulting in economic losses and production interruptions.<br>The normal operation of the supply chain may be disrupted; transportation and storage of raw materials or finished products could be delayed for extended periods due to extreme weather.<br>Employees' lives and health may be threatened, compromising production efficiency and the assurance of product delivery services.<br>In the long term, climate change will bring chronic climate risks. For instance, rising sea levels may lead to land submersion, obstructed transportation, and water salinization causing water scarcity, which could impact the Group's normal production and operations. |
| | | RCP4.5 | Low | Low | Low | |
| | Flood | RCP2.6 | Medium | Medium | Medium | |
| | | RCP4.5 | Medium | Medium | Medium | |
| | Extreme Heat | RCP2.6 | Low | Low | Low | |
| | | RCP4.5 | Low | Low | Medium | |
| Chronic Climate Risk | Water Stress | RCP2.6 | Medium | Medium | Medium | |
| | | RCP4.5 | Medium | High | High | |
| | Rising sea levels | RCP2.6 | Low | Low | Low | |
| | | RCP4.5 | Low | Low | Low | |

**Risk Avoidance**: During the project planning and construction phase, climate risk factors are incorporated into the integrated assessment system to prioritize avoiding high-risk site selection. In the operational phase, adaptive modifications or strategic relocation plans for operational sites will be implemented as appropriate based on the actual extent of climate risk impacts.

**Early Warning Monitoring**: Establish a dynamic meteorological early warning monitoring mechanism. Strictly follow the warning levels issued by meteorological authorities and initiate graded response measures in accordance with the Group's *Special Emergency Plan for Typhoon and Flood Prevention*. Adjust production plans promptly and submit reports to the competent higher-level authorities.

**Emergency Management System**: Establish a dedicated emergency management team and formulate the *Emergency Contingency Plan for Environmental Emergencies*. Regularly organize specialized training for extreme weather emergency response to fully implement the Group's risk management policies and emergency response procedures.

**Operational Protection**: Continuously improve safety facility construction at operational sites, including the installation of floodwalls in riverside areas and drainage systems for electrical equipment zones, while maintaining professional emergency equipment and material reserves to effectively mitigate risks related to work safety, property loss, and operational interruption. At the same time, commercial insurance is procured for all operational sites to establish a multi-layered risk protection system.

**Heatstroke Prevention and Cooling Supplies**: Provide employees with heatstroke medication, salted soda drinks, mung bean soup and other cooling beverages. Additionally, install professional cooling equipment such as air conditioners, exhaust fans, and cold air blowers in work areas.

**Adjustment of Work Hours During High-Temperature Periods**: When the temperature reaches 35°C or above, work schedules will be adjusted as appropriate to extend the midday break period.

**Critical Equipment Cooling Management**: For areas housing heat-sensitive equipment such as electrical control cabinets and main transformer rooms, professional cooling measures including the installation of air conditioners, exhaust fans, or the use of ice blocks shall be implemented.

**Equipment Inspection and Maintenance**: Arrange for professional personnel to conduct regular inspections of key areas such as power distribution rooms to prevent safety hazards like short circuits caused by excessive equipment load.

**Digital Management**: Establish a digital water resource management system to achieve real-time monitoring and precise control of water usage.

**R&D**: Advance the research and development and application of water recycling technologies to reduce dependence on freshwater resources.

**Regular Assessment**: Establish a regular risk assessment mechanism to continuously monitor the impact of water stress and sea level changes on corporate operations.

## Transition Risk

| Transition Risk Category | | Time Dimension | Likelihood | Impact Magnitude | Risk Description and Response Measures | |
|---|---|---|---|---|---|---|
| Policies and Laws | **Carbon Compliance Risk** | Medium-to-long | High | Medium to High | Governments worldwide are gradually implementing carbon pricing mechanisms, including carbon taxes and emissions trading systems, to effectively control GHG emissions by increasing the cost of corporate carbon emissions and to translate national climate targets down to the enterprise level. Authoritative research institutions, such as the International Energy Agency (IEA), project that carbon pricing levels globally will continue to rise annually. | • Regularly organize and implement carbon inventory assessments to comprehensively evaluate the Company's carbon emission status.<br>• Continuously advance specialized projects for energy conservation and consumption reduction to continuously improve energy utilization efficiency.<br>• Establish an ESG disclosure mechanism and regularly publish the Company's ESG Reporting.<br>• Engage external professional institutions to proactively manage potential regulatory Risk. |
| | **Enhanced Emission Reporting Obligations** | Short-term | High | Medium | Globally, governments and stock exchanges are gradually strengthening GHG disclosure requirements, requiring enterprises to bear corresponding monitoring and audit costs. Failure to comply with the regulations may result in administrative penalties, regulatory warnings, and financing restrictions. | |
| | **Regulation of existing products and services** | Medium-to-long | High | High | If existing products or services exhibit high carbon footprints, significant energy consumption, or relatively backward production processes, the enterprise may face increasingly stringent constraints and regulatory oversight from national laws and industry standards, thereby posing potential risks to normal operations and business growth. | |
| Technology | **Low-Carbon Technology Innovation** | Medium-to-long term | High | Medium | In the process of low-carbon transformation, high-energy-consuming and high-carbon-emission industries often face significant technical barriers and R&D investment pressures. For example, traditional energy enterprises encounter substantial technology upgrade costs and industrialization challenges when shifting to new energy businesses. | • Actively promote the research and development and application of sustainable technology solutions.<br>• Continuously increase investment in low-carbon technology R&D.<br>• Continuously apply photovoltaic power generation facilities at production and operation sites. |
| | **Energy Structure Transition** | Short-to-Medium | High | Medium | Low-emission technologies primarily refer to the research and application of emerging technologies such as renewable energy, energy storage systems, energy efficiency improvements, and carbon capture and storage. Related investments cover areas including retrofitting of energy-saving equipment, deployment of photovoltaic systems, and process optimization. | |
| Market | **Shift in Customer Behavior** | Short-to-Medium | Medium | High | Under the trend of low-carbon transformation, corporate clients are gradually inclined to choose low-carbon products. If suppliers fail to meet their emission reduction requirements, they may face the risk of losing clients and reduced orders, which directly impacts operating revenue. | • Establish a market dynamic monitoring mechanism to promptly identify trends in changes in customer demand.<br>• Continuously optimize the low-carbon attributes of products to enhance market competitiveness.<br>• Optimize procurement strategies by locking in key raw material prices through long-term agreements. |
| | **Changes in Raw Material Costs** | Short-to-Medium | Medium to High | Medium to High | Physical risks arising from climate change, together with impacts associated with the low-carbon transition, may increase price volatility for energy-intensive raw materials such as steel, cement, and chemicals, thereby raising corporate production costs. | |
| | **Uncertainty of Market Signals** | Short-to-Medium | Low | Low | In the global low-carbon transformation process, factors such as policy changes, technological disruption, and market reshaping may cause the industry to face systemic financial risks, including declining revenues, weakened profitability, rising financing costs, and asset impairments. | |
| Reputation | **Concerns of Stakeholders** | Short-term to Long-term | Low | Low | As the focus of stakeholders such as governments, investors, and clients on corporate low-carbon transformation intensifies, inadequate responses by enterprises may trigger negative public opinion, causing significant impacts on their reputation, financing costs, and stock price performance. | • We regularly conduct assessments of the Company's ESG management effectiveness and proactively disclose information regarding the Group's ESG management and low-carbon transformation.<br>• We continuously monitor changes in customer needs, optimize product and service solutions, and timely iterate products and solutions based on shifts in customer preferences. |
| | **Shifts in Consumer Preferences** | Medium-to-long | Medium | Low | Driven by factors such as climate change response policies, technological advancements, and the rising public environmental awareness, consumer preferences are undergoing a structural shift, which may pose potential risks to corporate revenue, market share, and long-term profitability. | |
| | **ESG-related Negative Events** | Short-term to Long-term | Medium | Low | If an enterprise experiences a significant negative event in the areas of environment, society, or Governance, it may face consequences such as reputational damage, loss of customers, regulatory penalties, and increased financing costs, which could have a material impact on its financial position, market value, and long-term development. | |

## Opportunities

| Climate Change Opportunities | Time Period | Response Measures |
|---|---|---|
| **Energy Sources** | Short to Long term | • Accelerate the deployment of distributed photovoltaic systems to reduce energy costs and accumulate green power certificates for potential carbon tariffs.<br>• Gradually build an integrated distributed energy network with energy storage and intelligent control to improve the efficiency of green power utilization and power supply stability. |
| **Resource Efficiency** | Short-term and Long-term | • Continuously apply the digital energy and resource management platform to achieve real-time monitoring, analysis, and optimization of key resource consumption.<br>• We continue to conduct R&D and introduce advanced production processes and energy-saving technologies to improve the efficiency of resource utilization, including energy, water, and materials, from the source. |
| **Products and Services** | Short-term and Long-term | • Accelerate the iteration of core products and services to strengthen their competitiveness in energy efficiency, low carbon, and intelligent dimensions, while expanding the market share of sustainable solutions.<br>• Integrate industrial internet with digital technologies to provide integrated "smart equipment + energy efficiency management" services, empowering clients to achieve green transformation and efficiency improvement. |
| **Market Opportunities** | Short-term and Long-term | • Establish a rapid response mechanism for customer needs and conduct joint R&D with key clients to develop customized solutions addressing pain points such as energy conservation, emission reduction, and process optimization.<br>• We systematically conduct carbon accounting and emission reduction efforts for our own operations and supply chain, while proactively developing green capabilities to meet stringent market access requirements such as the EU CBAM. |
| **Resilience Opportunities** | Short-term and Long-term | • Optimize the supplier structure, expand strategic procurement channels, and establish a critical material reserve mechanism to enhance supply chain resilience.<br>• We are advancing forward-looking technology research and development to proactively develop low-carbon equipment and solutions in emerging fields such as hydrogen energy, CCUS, and bio-manufacturing. This lays the technical foundation for expanding new businesses and adapting to new markets. |

Upon assessment, the Company identified the following physical risks requiring priority attention, ranked by impact: water stress, flooding, extreme heat, and typhoons; transition risks, ranked by impact, are policy and legal, technology, market, and reputation. Through systematic climate risk assessment and opportunity identification, Morimatsu has established a comprehensive response mechanism and organized special working groups to conduct multiple internal discussions. A climate transition strategic plan has been formulated. For specific measures, please refer to the 'Physical Risk' and ' Transition Risk' tables. At the same time, we maintain close communication with value chain partners, proactively sharing industry transition trends and corporate response strategies to fully prepare for future climate transition. Progress on Morimatsu's Green Transitio nis detailed in the sections "Green and Low-Carbon Operations", "Green Solutions", and "Lean Intelligent Manufacturing".

# Risk Management

## Risk Management Structure

Morimatsu has integrated climate change risk management into its risk management processes to conduct risk management activities in an orderly manner and enhance the business resilience of Morimatsu against climate change risks. The Group's Board of Directors and the Audit Committee sit at the highest level of the corporate climate risk management structure and regularly review significant risks faced by the Company. The Group has established a dedicated Internal Control Audit Department as the primary risk management level for its subsidiaries. This department regularly identifies and assesses risks that Morimatsu may face, prioritizes them based on their significance, and formulates and drives the implementation of corresponding response measures. The Company's ESG Management Team, serving as the execution team, is responsible for implementing the Group's risk control strategy. For more information on the Morimatsu risk management system, please refer to Section 7 of this report, subsection 'Compliant Operations - Risk Management'.

We identified a list of the Company's primary climate-related risks and opportunities by referencing HKEX guidelines and IFRS S2 recommendations, alongside guidance from leading rating agencies, peer practices, and external expert advice. This list is regularly reviewed and updated.

Climate Risk Identification

Climate Risk Assessment

Morimatsu employs internationally authoritative climate risk assessment methodologies and utilizes selected climate scenarios to conduct quantitative analysis of climate risks across its global production and operational sites.

Based on the comprehensive climate risk assessment results, we have developed a specialized response plan and implementation schedule. Details are provided in the section titled "Climate Change Strategy". To ensure the effective implementation of risk control measures, we will scientifically decompose overall targets to each business unit and production base. By clarifying responsibility divisions and phased objectives, we will achieve closed-loop management throughout the entire climate risk management process.

Climate Risk Response

Climate Risk Monitoring

The Morimatsu ESG Management Group will regularly monitor the effectiveness of climate risk response measures and progress toward related targets, dynamically optimize implementation plans, and facilitate the steady achievement of climate targets.

Risk Management Process

# Metrics and Targets

Morimatsu actively responds to the national "Dual Carbon" strategic goals, benchmarks against international best practices, establishes long-term climate-related management targets for the Company, and regularly reviews and tracks the achievement of these targets. We systematically advance energy conservation and emission reduction efforts through technological upgrades and optimization of the energy structure. At the same time, Morimatsu Energy Materials' Malaysia factory actively responded to the Malaysian government's green energy goal of achieving a 45% share of renewable energy by 2030. Through technological upgrades and optimization of the energy structure, the factory systematically advanced energy conservation and emission reduction efforts.

**Morimatsu Climate-Related Management Goals**

- Actively responding to the global low-carbon transition and carbon neutrality trends, we organized GHG verification at key operating facilities to understand the Company's GHG inventory and current status of GHG management.
- Actively advance green process upgrades and energy-saving technical renovations to improve the utilization rates of diesel, gasoline, general electricity, and natural gas, while continuously reducing energy consumption per unit of output value.
- Continuously increase the proportion of clean energy applications through pathways such as installing photovoltaic equipment to reduce indirect carbon emissions from energy consumption.


TÜVRheinland

Verification and Validation Opinion

Page1

Verification Number: ADTR-GHG-0055 Report Number: GV51388829

Applicant: Morimatsu (Jiangsu) Heavy Industry Co., Ltd. No.1, Sensong Road, Changjiang Town (Rugao Port Area), Rugao, Jiangsu, P.R.China

Organizational boundary: Morimatsu (Jiangsu) Heavy Industry Co., Ltd. No.1, Sensong Road, Changjiang Town (Rugao Port Area), Rugao, Jiangsu, P.R.China

Tested according to: ISO 14064-3: 2019

Verification Opinion: Unmodified
Level of Verification Assurance: Reasonable Level
Period of GHG statement: from Jan. 1st, 2025 to Dec. 31st, 2025.
GHG Emissions under verification:
Cat. 1: 7391.77 metric tons of $CO_2$ equivalent
Cat. 2: 9714.27 metric tons of $CO_2$ equivalent
GHG Emissions under AUP:
Upstream Fuel & Energy: 3927.66 metric tons of $CO_2$ equivalent
Waste Generated in Operations: 78.85 metric tons of $CO_2$ equivalent
Franchises activities involved in production: 0 metric tons of $CO_2$ equivalent

Agreed-upon Procedures engagement: See the attachment for details.

TÜV Rheinland (China) Ltd. was engaged to conduct an independent verification and validation of the greenhouse gas (GHG) emissions reported by Morimatsu (Jiangsu) Heavy Industry Co., Ltd. This Verification and Validation Opinion applies to the related information included within the scope of work described above. The determination of the GHG emissions is the sole responsibility of Morimatsu (Jiangsu) Heavy Industry Co., Ltd. TÜV Rheinland (China) Ltd.'s responsibility was to provide independent verification and validation on the accuracy of the GHG emissions reported and on the underlying systems and processes used to collect, analyse, and review the information.

Attachment: Report (No.: GV51388829)

Date of issue: 20-05-2026
Verification body: TÜV Rheinland (China) Ltd.
Signature:

TÜV Rheinland (China) Ltd. is the verification & validation body appointed by TÜV Rheinland International GmbH in P.R. China. This verification statement is based on conclusions & verification Process of TÜV Rheinland(China) Ltd. and claims the conformity of the corporation with the requirements of the verification scheme.

Morimatsu Energy Materials Scope 1 and Scope 2 Carbon Verification Certification

During the Reporting Period, we conducted Scope 1 and Scope 2 carbon verification and Scope 3 carbon inventory in accordance with the GHG Protocol standards, comprehensively identifying greenhouse gas emissions across the value chain.

| Indicator | | Unit | 2025 |
|---|---|---|---|
| Environmental Management | | | |
| Greenhouse Gas[1] | Scope 1 GHG Emissions | Metric Tonnes of $CO_2$ Equivalent | 7,391.77 |
| | Scope 2 GHG Emissions | Metric Tonnes of $CO_2$ Equivalent | 9,714.27 |
| | Total GHG Emissions (Scope 1 + Scope 2) | Metric Tonnes of $CO_2$ Equivalent | 17,106.04 |
| | Scope 3 - Fuel and Energy-Related Activities | Metric Tonnes of $CO_2$ Equivalent | 3,927.66 |
| | Scope 3 - Waste Generated in Operations | Metric Tonnes of $CO_2$ Equivalent | 78.85 |

1 The specific disclosure boundary for the greenhouse gas emissions data presented herein covers the Nantong plant of Morimatsu Energies and Materials, and the relevant data is derived from the plant-level greenhouse gas inventory and third-party verification results. The greenhouse gas accounting scope covers emission sources including fugitive emissions arising from the use of refrigerants, and also incorporates energy consumption such as acetylene used in production processes. Accordingly, the accounting scope for Scope 1 emissions and Scope 3 Category 3 (fuel- and energy-related activities) emissions is slightly broader than the relevant disclosure scope adopted in Morimatsu International's ESG Report.

# Green and Low-Carbon Operations

Morimatsu continues to advance its energy conservation and consumption reduction strategy, further improving the energy management system. Through diversified measures such as applying green electricity, promoting low-carbon technology innovation, and developing environmentally friendly solutions, it has built a comprehensive green development system.

## Energy and Greenhouse Gas Management

The primary energy types utilized by Morimatsu include purchased electricity, natural gas used for heat treatment furnaces and cafeterias, diesel fuel for forklifts, and gasoline for official vehicles. Based on the carbon inventory calculation, purchased electricity constitutes the primary source of Morimatsu's operational carbon emissions, accounting for approximately 62.86%. As of the end of the Reporting Period, the Nantong and Shanghai plants have completed a cumulative photovoltaic equipment construction project exceeding 11 megawatts.

**CASE** Morimatsu Photovoltaic Construction Project

During the Reporting Period, the Nantong pant completed the construction of photovoltaic facilities with a cumulative capacity of approximately 3 megawatts. The cumulative installed capacity of solar photovoltaic systems put into operation reached approximately 10 megawatts. The annual power generation is estimated to reach approximately 8.6 million kilowatt-hours.

Picture of Photovoltaic Panels at Nantong Plant

The Shanghai plant has installed a approximately one-megawatt photovoltaic system and is expected to generate up to 36 megawatt-hours of electricity annually.

Furthermore, at the Morimatsu Energies and Materials Malaysia plant, we completed the construction of a approximately 0.455 MW rooftop photovoltaic system, with annual power generation accounting for approximately 15% of the plant's total electricity consumption.

We have established a systematic carbon reduction strategy and implemented multiple energy-saving and decarbonization measures across all Morimatsu production bases. Through measures such as technological innovation, low-carbon retrofitting upgrades, optimization of production processes, and strengthened energy monitoring, we continuously improve energy efficiency and steadily reduce carbon emission intensity, actively promoting Morimatsu's green and low-carbon transformation.

**CASE** Energy Efficiency Monitoring

We have established a comprehensive energy consumption monitoring system and developed a visual energy data dashboard to provide management with real-time and accurate energy usage data support, facilitating the continuous optimization and refined management of energy efficiency.


Morimatsu Energies and Materials Energy Consumption Dashboard

Morimatsu Energies and Materials significantly improved energy efficiency by systematically implementing measures such as energy-saving retrofitting of production equipment, application of advanced technologies, optimization of production processes, and upgrading of high-energy-consuming equipment.

- By applying automated equipment such as semi-pipe automatic welding, insulation automatic welding, and semi-pipe automatic forming winding, the production efficiency of a single process has increased by approximately 200%, and the production cycle has been shortened by more than 40% compared to traditional methods.
- Through internal technical training, advanced welding processes such as dual-wire surfacing, hot-wire surfacing, narrow-gap welding, and saddle welding were promoted. These initiatives significantly enhanced welding efficiency, shortened delivery cycles, and reduced production costs.
- We implemented energy-saving retrofit projects for production equipment. By optimizing and upgrading the boiler waste heat recovery scheme, we effectively reduced natural gas consumption by combustion units.

We continuously promote energy conservation and emission reduction in our plant operations, implementing several measures:

- The Malaysia plant has adopted new energy forklifts and upgraded lighting fixtures to LED energy-saving lamps, reducing lighting energy consumption by over 30%.
- The Nantong plant has replaced traditional diesel forklifts with new energy forklifts, reducing emissions from diesel material handling equipment within the plant.


Nantong Plant New Energy Forklifts

CASE **Energy-Saving Technology and Equipment Applications**

During the Reporting Period, we implemented an energy-saving retrofit project for the roller stand speed control system, upgrading the traditional excitation speed control system to a wireless variable frequency speed control system. By installing variable frequency drives and replacing motors with variable frequency models, the Company has significantly reduced equipment starting current and effectively improved energy efficiency. During the Reporting Period, the Nantong plant has completed the retrofitting of more than 60 units of equipment.

Original Excitation Speed Control Mode

Current Wireless Variable Frequency Drive Mode

Morimatsu has promoted Life Cycle Assessment (LCA) certification for selected products across its subsidiaries. Among them, Morimatsu Energies and Materials' four typical equipment products—heat exchangers, columns, reactors, and vessels—have all obtained carbon footprint certification.


Heat Exchanger


Column


Reactor


Vessel

Carbon Footprint Certification for Morimatsu Energies and Materials Products



# Green Operations

Through systematic energy-saving and carbon-reduction measures, Morimatsu has deeply integrated the concept of green operations into daily office activities and customer service processes, achieving a dual improvement in operational efficiency and environmental benefits.

**Key Initiatives for Green Operations**

## Green Office

| | |
|---|---|
| Reduction of Paper Waste | Morimatsu is actively promoting the green office transformation by comprehensively optimizing operational processes through digital means. We have achieved paperless transformation for core processes such as the repair reporting system and meal voucher management, and continue to deepen the digital upgrade of approval workflows. |
| Reduce Energy Waste | Energy-saving tips are posted next to the switches of frequently used high-power equipment to guide employees in practicing energy conservation concepts during daily production and office operations. Simultaneously, we deployed an intelligent energy management system and established a duty inspection mechanism. Through a dual assurance mechanism combining manual oversight and technical controls, we ensured that equipment was powered off during non-operational periods and promptly repaired aging or malfunctioning energy-consuming devices, effectively reducing energy waste. |
| Water Conservation | We actively encourage employees to conserve water while conducting regular inspections and providing channels for employee reporting to minimize water waste caused by equipment failures. |

## Green Advocacy

In 2025, Morimatsu Energies and Materials launched an employee survey for its sustainability plan. The questionnaire covered multiple business regions both domestically and internationally, inviting all employees to contribute ideas and suggestions for the Company's ESG (Environmental, Social, and Governance) development to comprehensively understand employee needs and expectations.


Morimatsu Energies and Materials Sustainability Plan Survey

Morimatsu regularly conducts sustainability awareness campaigns, calling on employees to conserve energy, water, and paper.


Morimatsu Sustainability Awareness Campaign

# Green Solutions

Morimatsu adheres to green and low-carbon technological innovation as the core driving force for industry advancement, steadily increasing R&D investment and actively broadening the frontiers of exploration in energy conservation, emission reduction, efficient resource recycling, and clean energy applications. We are committed to delivering more environmentally friendly and efficient green solutions to our customers, thereby achieving a true win-win synergy between environmental and economic benefits.

Our business portfolio covers oil and gas, oil refining, petrochemicals, chemicals, fine chemicals, hydrometallurgy, raw materials for power batteries, and green energy sectors including green hydrogen, green ammonia, green methanol, and Sustainable Aviation Fuel (SAF). We provide these industries with high-performance, low-emission systematic solutions. These sectors not only serve as the backbone of traditional energy production and processing but also constitute an integral part of the new energy supply chain. Against the backdrop of a globally accelerating low-carbon economic transition and the rapid growth of the new energy industry, they are among the first to confront the pressing challenges of decarbonization and transformation. Leveraging our leading low-carbon technologies and green processes, we assist our customers in establishing green production systems, jointly addressing the imperatives of our time, and steering the entire industry towards a cleaner and more efficient development pathway.

We have obtained third-party carbon footprint certification certificates for our four typical core products—vessel, column, heat exchanger, and reactor—with the certification scope covering the full "cradle-to-gate" lifecycle. Through systematic carbon footprint analysis, we have accurately pinpointed the most energy-intensive stages and, on that basis, implemented a series of innovative decarbonization solutions and developed a long-term carbon reduction roadmap. These initiatives have not only advanced our own green transformation but also made tangible contributions to global efforts in mitigating climate warming.

## Examples of Green Solutions

### Sustainable Aviation Fuel (SAF)

#### Modular Engineering Solutions for Sustainable Aviation Fuel (SAF)

We are committed to providing advanced modular engineering solutions for Sustainable Aviation Fuel (SAF) to support the green transformation of the aviation industry, and are actively driving progress in this field. This modular process can efficiently convert a variety of sustainable feedstocks—such as waste oils and fats, and non-food biomass—into environmentally friendly aviation fuel. It not only helps reduce the aviation sector's dependence on fossil fuels, but also significantly cuts carbon emissions across the entire life cycle, with reductions of up to 80%.

### Green Hydrogen, Green Ammonia, and Green Methanol

#### Modular Units and Critical Equipment for Green Hydrogen, Green Ammonia and Green Methanol Industry

We are actively expanding our presence in the green hydrogen, green ammonia, and green methanol sectors, offering modular design, as well as manufacturing services for core units and critical equipment, to accelerate the replacement of fossil fuels and advance emissions reduction and environmental protection goals. Leveraging these technologies and equipment capabilities, we are contributing positively to the global transition towards a low-carbon, green, and clean energy system.




### Hydrometallurgy

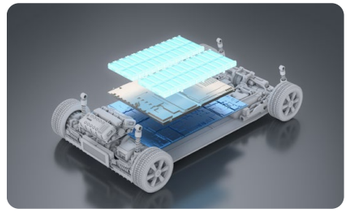
#### Serialisation and Standardisation of Hydrometallurgy

We have custom designed a digital, intelligent, and modular 250 $m^3$ oxygen pressure leaching unit for high grade nickel matte. Leveraging digital management, the unit' s continuous operation cycle has been extended by two months compared to similar equipment. In terms of environmental performance, we have incorporated an advanced circulating wastewater scrubber, which not only enables the recycling of wastewater but also effectively captures and purifies exhaust gas emissions, thereby ensuring the cleanliness and safety of the surrounding environment. These green production measures have received high recognition from the client and widespread acclaim from residents, fully demonstrating our commitment to corporate social responsibility.

### Power Battery

#### Modular One-Stop Solution for Power Battery Raw Material Industry

We provide a modular one stop EPF (Engineering, Procurement, and Modular Fabrication) solution for the power battery raw material industry. This advanced solution significantly increases the production capacity of a single unit, while process intensification and comprehensive heat integration substantially reduce production costs and energy consumption, thus driving technological progress in the global power battery industry.



### Circular Economy

#### Modular Solution for Plastic Chemical Recycling Industry

In the field of plastic recycling, we play a significant role, with a particular focus on the resource utilization of polyethylene terephthalate (PET) plastics. The PET recycling modules we provide not only significantly improve recycling efficiency but also effectively ensure the quality and purity of the recycled plastics. With these efficient modules, we help customers achieve closed loop recycling of plastics, reducing environmental impact, while also supporting the sustainable production of plastic products.

### Solar Photovoltaic

#### CVD Reactor Modules and CVD Reactor for Solar Photovoltaic Industry

As a leading supplier of critical equipment and provider of complete modular process units for the domestic solar photovoltaic polysilicon industry, we leverage our accumulated process design experience and advantages in the chemical sector to substantially reduce energy consumption and production costs, thereby driving technological advancements in the photovoltaic industry. Moreover, we offer tailor made optimization design services on a one to one basis according to clients' specific process requirements.

# 03

# Harmonious Ecology






Morimatsu continues to deepen its green development philosophy, fully integrating it into corporate strategic planning and operational practices. We have established a comprehensive environmental management system. While strictly complying with national environmental protection regulations, we systematically advance pollution prevention and control, energy conservation and consumption reduction, and the cultivation of an environmental protection culture. By implementing a series of environmental management improvement initiatives, we continuously optimize production processes and resource utilization efficiency, injecting green momentum into the Company's sustainable development. In the future, we will continue to uphold the philosophy of 'green development and shared responsibility for mutual benefit', working hand in hand with stakeholders to build a clean and beautiful world.

# Environmental Management

Morimatsu continues to advance the development of an environmentally friendly enterprise by relying on a sound environmental governance structure and establishing a clear environmental responsibility system. Based on scientific environmental risk assessment methods, we systematically identify and quantify the environmental impacts across all stages of production and operations. By optimizing the environmental management system, we established quantifiable environmental performance targets to ensure compliance in environmental management operations. We prioritized the implementation of initiatives such as cleaner production and circular economy to systematically reduce environmental impacts across the full lifecycle, collaborating with industry chain partners to jointly advance green and low-carbon transition.

## Environmental Management System

Morimatsu strictly complies with relevant laws and regulations in each operating location, including the *Environmental Protection Law of the People's Republic of China*, *Integrated Wastewater Discharge Standard*, and the *Integrated emission standard of air pollutants*. The Company has established internal policies such as the *Management Manual for Environmental*, *Occupational Health, and Safety Management System*, the *Regulations on the Management of Air Pollution Prevention and Control*, and the *Regulations on the Management of Water Pollution Control* to guide all units of the Company in conducting environmental management and pollutant discharge work in compliance. During the Reporting Period, we revised internal policies such as the *Regulations on the Management of Water Pollution Control* and the *Regulations on the Management of Noise Pollution Control* in accordance with the latest environmental protection regulatory requirements to ensure that all environmental control measures consistently comply with national and local environmental protection standards.

Morimatsu continues to refine its environmental governance system by establishing a three-tier environmental management system led by senior executives. The highest leadership directly manages and supervises environmental matters, ensuring the deep integration of environmental strategy with corporate governance. Specifically, we implemented a compensation policy linking environmental performance with executive performance. A certain amount is deducted monthly from the remuneration of relevant responsible persons to establish an "HSE Risk Deposit," and the achievement rate of annual environmental targets has been incorporated into the KPI assessment system for executives. If the unit commits a major violation, the compensation of the person in charge shall be deducted; if management objectives are successfully achieved, the person in charge shall be rewarded based on the amount of the risk deposit.

| | |
|---|---|
| Environmental Management Committee | The Environmental Management Committee is composed of senior executives of the Company and is responsible for formulating the Company's environmental management strategy, reviewing and approving relevant policies, and clarifying environmental objectives in accordance with the Group's strategy to ensure the Company's efficient governance and forward-looking planning in environmental protection and sustainable development |
| HSE Department | HSE Department is responsible for overall environmental risk assessment, ensuring effective implementation of policies, systematically collecting and analyzing relevant data, and writing detailed reports accordingly. |
| Environmental Engineer | The environmental protection engineer is responsible for the implementation of environmental and occupational health and safety production, and signs the responsibility guarantee letter |

Environmental Management Structure

To promote the deepening of environmental compliance system construction across all production units, continuously reduce resource consumption, optimize waste disposal processes, and improve energy efficiency, we have established our 2025 environmental management objectives. Ensuring that all emission indicators strictly comply with the laws, regulations, and emission standards of the operating locations, we will strive to reduce pollutant emissions, prevent environmental risk events, and comprehensively advance the transformation of production operations toward an environmentally friendly model.

**Morimatsu Environmental Management Objectives**

The annual compliance rate for pollutant emissions testing shall reach **100%**.

**0** environmental pollution accidents with losses of more than RMB 50,000

Morimatsu strictly adheres to the ISO 14001:2015 international environmental management system standard and has established a comprehensive Environmental Management System (EMS) along with supporting management systems. This system integrates core elements such as environmental management procedure documents and standardized operating manuals to provide standardized guidance for the environmental management work of all departments. We actively promote the digital integration of our environmental management system with local government regulatory platforms, including the National Pollution Discharge Permit Management System, the Jiangsu Province Pollution Monitoring Information Platform, and the Hazardous Waste Full Lifecycle Monitoring System, to achieve real-time data collection and dynamic supervision.

We are actively advancing the establishment and certification of environmental management systems across all operational locations. As of the end of the Reporting Period, both the Nantong plant and the Malaysia plant under the Company have obtained and maintained ISO 14001 environmental management system certification. The Morimatsu Energies and Materials Shanghai Plant is actively advancing its system construction work and is expected to obtain certification by 2026.


DNV

MANAGEMENT SYSTEM CERTIFICATE

Certificate no.: 137089-2013-AE-RGC-RvA | Initial certification date: 01 July 2013 | Valid: 02 July 2025 – 01 July 2028

This is to certify that the management system of
**Morimatsu (Jiangsu) Heavy Industry Co., Ltd.**
No. 1 Sensong Road, Changjiang Town (Rugao Port Area), Rugao, Jiangsu, China 226532

has been found to conform to the Environmental Management System standard:
**ISO 14001:2015**

This certificate is valid for the following scope:
**Manufacture of Pressure Vessel and Process Facilities Module**

Place and date: Shanghai, 27 June 2025

For the issuing office: DNV - Business Assurance, Building 5, No. 1501 Hongqiao Road, Changning District, Shanghai, China 200336

Zhu Hai Ming, Management Representative

Lack of fulfilment of conditions as set out in the Certification Agreement may render this Certificate invalid.
ACCREDITED UNIT: DNV Business Assurance B.V., Zwolseweg 1, 2994 LB, Barendrecht, Netherlands - TEL: +31(0)102922689 - www.dnv.com/assurance

Morimatsu Energies and Materials Nantong Plant
ISO 14001 Management Certification


BUREAU VERITAS

CERTIFICATE

Bureau Veritas Certification Holding SAS - UK Branch certifies that the Management System of
**MORIMATSU DIALOG (MALAYSIA) SDN BHD**
PTD 9640,Tanjung Kapal, Mukim Pengerang, 81600 Pengerang, Johor Darul Takzim, Malaysia.

has been audited and found to be in accordance with the requirements of the management system standards detailed below
**ISO 14001:2015**

***Scope of certification:***
DESIGN, PROCUREMENT, FABRICATION AND ASSEMBLY OF PRESSURE VESSEL, PROCESS MODULE & SKID.

*Certificate number:* MY011192
*Original certification date:* 03-11-2025
*Expiry date of previous cycle:* 13-09-2025
*Recertification Audit date:* 22-08-2025
*Current cycle start date:* 03-11-2025
*Expiry date:* 13-09-2028
*Version:* 1
*Issue Date:* 03-11-2025

Mohd Nizam Abdul Malik, Chief Executive (Malaysia)
*Signed on behalf of BVCH SAS UK Branch*

UKAS MANAGEMENT SYSTEMS 0008

*Certification body address: 5th Floor, 100 Lower Thames Street, London, EC3R 6DL, United Kingdom*
*Local Office: Level 19, CIMB Hub, No. 26 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia.*

Further clarifications regarding the scope and validity of this certificate, and the applicability of the management system requirements, please call: +603 2733 7700

CER CERTIF ALL TPL 001 Rev 4.4 | C2.2 Contractual | 1/1

Morimatsu Energies and Materials Malaysia Plant
ISO 14001 Management Certification

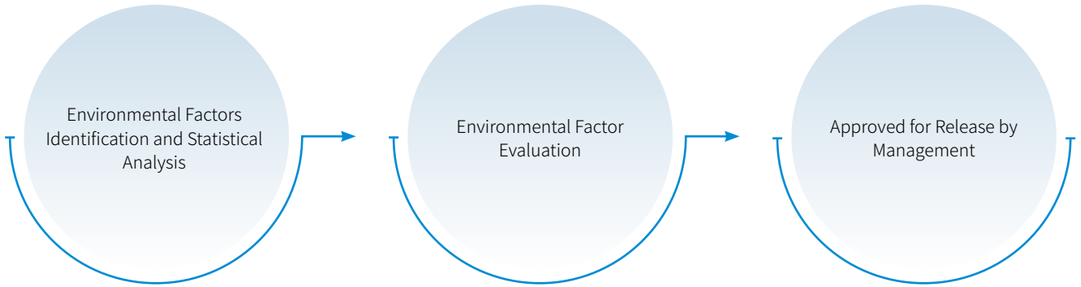
Morimatsu continues to strengthen its EHS management system through a regular internal and external joint audit mechanism, ensuring that HSE management fully complies with national regulations and ISO 14001 environmental management system certification standards. During the Reporting Period, we engaged an external professional agency to audit each production unit in accordance with ISO 14001:2015 requirements. No significant non-conformities were identified during the audit.

We have established a routine environmental monitoring mechanism. Professional third-party agencies conduct sampling and testing of key indicators, including wastewater, air emissions and noise, on a monthly and quarterly basis. Monitoring data indicates that all production units maintain compliant operations. During the Reporting Period, Morimatsu did not experience any environmental accidents or violations of environmental laws and regulations, nor did it receive any environmental penalties.

In terms of environmental protection investment, the Company allocated approximately 638,900 RMB in special funds in 2025, with a focus on the following areas: (1) Environmental protection tax and pollution governance fees; (2) Procurement of professional environmental technical services. According to the assessment report issued by an authoritative third-party organization, all production units successfully achieved their annual environmental management targets.

# Environmental Risk Management

Morimatsu continues to refine its environmental risk management system and fully implements the *Environmental Factor Identification and Assessment Procedure*. This protocol establishes an environmental impact assessment mechanism covering all stages. It systematically guides business units to identify environmental factors throughout the entire production and operation process (including core manufacturing processes such as welding, polishing, and cutting, as well as supporting office activities). Environmental impact analysis is conducted from multiple perspectives, including atmospheric pollution prevention, water body pollution prevention, soil pollution prevention, and resource recycling, ensuring the effectiveness of environmental risk control.

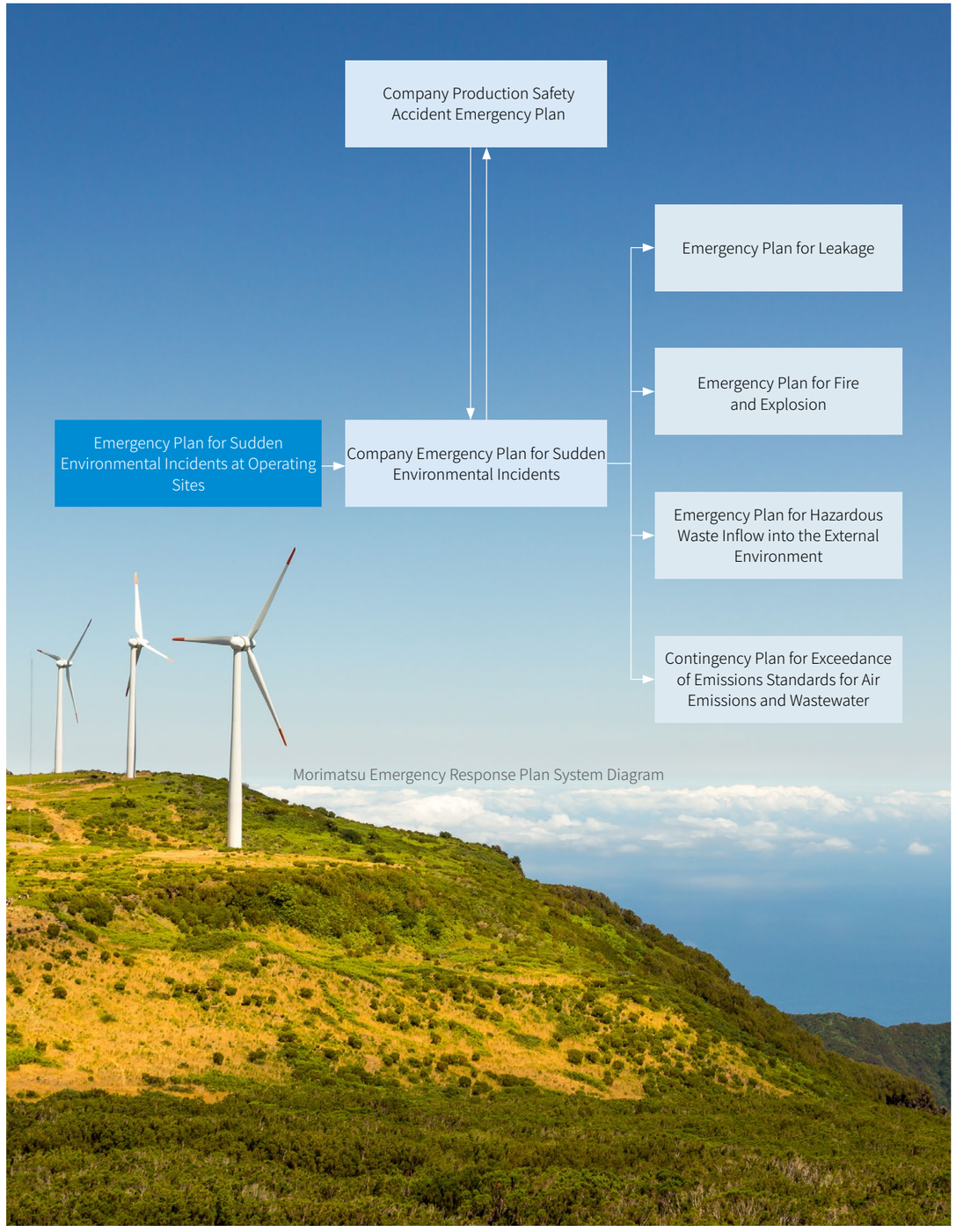



Environmental Factor Identification Process

Based on environmental factor identification procedure, we continuously update the Summary Table of Relevant Laws, Regulations, and *Standards and the Compliance Evaluation Comparison Table* across five dimensions: regulatory compliance, incident occurrence rate, scope of impact, hazard severity, and public concern. Through this mechanism, we ensure that our environmental management system fully complies with current laws and regulations, accurately identifies key points for risk control, effectively fulfills corporate environmental responsibilities, and safeguards the ecological safety of our operational areas and their surroundings.

Based on environmental factor assessment, the Nantong plant strictly adhered to the latest requirements of the *Jiangsu Regulation on Safety Production Risk Reporting of Industrial Enterprises*, revised the *Environmental Risk Assessment Report* and the *Safety Risk Grading Management and Control Report*, and systematically identified environmental risk elements in production operations. By establishing dynamic risk identification thresholds and risk classification standards, and implementing differentiated control measures accordingly, we ensure that environmental risks remain under control.

To continuously strengthen the environmental risk management level of production bases, the Company guided its subordinate production units to improve the *Emergency Contingency Plan for Environmental Emergencies*. This contingency plan comprehensively covers potential environmental risk scenarios, including abnormal pollutant emissions, extreme weather disasters, and hazardous chemical leaks. Through the design of standardized emergency response procedures, it ensures that all production units can quickly and effectively control the scope of impact of environmental incidents.




Morimatsu Emergency Response Plan System Diagram

# Cleaner Production

Morimatsu continues to deepen its green manufacturing practices by optimizing production processes and resource management systems, significantly enhancing resource utilization efficiency while minimizing the impact of production operations on the natural environment.

## Resource Utilization

In our production and business operations, we focus on the rational utilization of core resources such as product packaging materials, energy, and water. Although we do not directly engage in the extraction of natural resources, we consistently regard resource conservation as a critical component of sustainable development. To this end, we established *Regulations on Resource and Energy Management* to systematically control resource consumption during production operations by clarifying the management responsibilities and operational procedures of each department. As our business scale continues to expand, we will continuously enhance resource utilization efficiency, optimize resource allocation, and achieve effective control over the total volume of resource consumption.

We continue to deepen circular economy practices by optimizing resource efficiency through full lifecycle management. Adopting lean manufacturing principles in the production process to minimize raw material consumption; meanwhile, establishing a comprehensive equipment recycling system and collaborating with professional institutions to provide equipment recycling services to customers. Recycling equipment will implement a tiered processing approach: repairable devices will undergo professional refurbishment for reintegration into service, while non-repairable devices will be scientifically dismantled to enable the classified recycling of components and materials such as metals and plastics.

### Water Resource Management

All water sources used in Morimatsu's production and operations are municipal water supplies, and we face no water supply risks. Morimatsu strictly complies with legal and regulatory requirements, including the *Water Law of the People's Republic of China*, and has established a systematic water resource management system. We continuously track water usage data and optimize water conservation measures. In daily operations, we not only strengthen awareness campaigns on water conservation but also promote multiple innovative water-saving technologies across production units. These include high-efficiency water-saving spray systems, industrial water recycling treatment facilities, and intelligent rainwater collection and utilization systems, collectively enhancing overall water resource efficiency.

**CASE** Morimatsu Rainwater Collection Facility

Rainwater recycling systems have been established at both the Nantong and Malaysia plants. The recycled rainwater will be utilized for landscaping.

Picture of the Rainwater Collection Pond at Morimatsu Energies and Materials Nantong Plant

Picture of the Rainwater Collection Pond at Morimatsu Energies and Materials' Malaysia Plant

### Packaging materials

We primarily provide customized products to clients. In the product delivery phase, we utilize various eco-friendly packaging materials, including wooden crates, rainproof tarps, iron pallets, and wooden pallets, while implementing refined packaging designs tailored to the specific protection requirements of different products. To implement the concept of a circular economy, production units have continuously optimized resource utilization efficiency and established a comprehensive packaging material recycling system. Professional processing and reuse are conducted for recyclable packaging materials that meet technical standards.

**CASE** Reuse of Packaging Timber

Morimatsu continues to optimize its supply chain packaging management processes. To address transportation packaging issues for high-value and fragile materials, we have established the "Administrative Measures for the Recycling of Wooden Packaging Materials". This policy establishes comprehensive standards for the identification, classification, and reuse of packaging materials, guiding operators to utilize recyclable wood and wooden crates in accordance with safety regulations. During the Reporting Period, we achieved a saving of approximately 330 cubic meters of timber and approximately 732 cubic meters of wooden pallets and crates.

Wood and Wooden Crate Recycling

CASE **Optimization of Sealing Processes**

We implemented systematic improvements in the packaging process for modular products. By developing recyclable engineering plastic sealing protection devices to fully replace traditional wooden blind plates, we have enhanced the efficiency of sealing operations while achieving efficient resource utilization. This solution has been successfully applied to multiple key projects. Calculations indicate an average reduction in sealing material costs of 81%, alongside a significant decrease in timber resource consumption.

Sealing Material Replacement

# Wastewater Management

Morimatsu continues to strengthen the construction of its water resource management system, strictly adhering to environmental protection regulations such as the *Water Pollution Prevention and Control Law of the People's Republic of China*, and refining the implementation rules for the *Regulations on the Management of Water Pollution Control*. All factories have established rigorous wastewater treatment processes. By regularly commissioning third-party testing agencies to conduct water quality inspections, they achieve monitoring and compliance management of wastewater discharge data.

All production bases strictly enforce classified wastewater treatment standards and continuously improve water resource recycling efficiency through technological innovation. We have established a comprehensive reclaimed water treatment system, prioritizing the use of compliant reclaimed water in production processes. For highly polluting wastewater from processes such as pickling, we employ internationally advanced neutralization treatment technologies for deep purification and subsequent recycling. To strengthen environmental risk prevention and control, we have equipped emergency water storage facilities in key production areas to ensure timely collection of wastewater in the event of anomalies in the water treatment system, effectively mitigating environmental risks. During the Reporting Period, we achieved 100% compliance in wastewater discharge.

CASE **Morimatsu Key Wastewater Treatment Facility**

We have established wastewater treatment facilities within our production plants to pre-treat industrial wastewater prior to discharge or reuse, thereby achieving compliant management of production wastewater and the recycling of water resources.

Picture of Wastewater Treatment Facility at Morimatsu's Nantong Plant

The Morimatsu Malaysia Plant's Wastewater Treatment Facility officially commenced operations in November 2025. This initiative will effectively reduce pollutant concentrations within the facility and ensure compliance with discharge requirements at the operational site.

Picture of Morimatsu Malaysia Plant Wastewater Treatment Facility

# Air Emissions Management

During the Company's production and operations processes, air emissions are generated through procedures such as heat treatment furnace combustion of natural gas, hot melt welding, and pulse welding. These waste gases include particulate matter, sulfur dioxide, nitrogen oxides.

Morimatsu strictly complies with laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* and Jiangsu Province's *Integrated emission standard of air pollutants*. The Company has established the *Administrative Provisions on the Prevention and Control of Atmospheric Pollution*, which clearly stipulates emission standards for various types of air pollutants. Furthermore, Morimatsu requires regular organization of emission monitoring to ensure compliant air emissions.

We continue to deepen the green transition of production processes. Through technological innovation, we have effectively reduced the generation of harmful gases in production stages and comprehensively promoted the use of environmentally friendly raw materials, significantly reducing total air emissions. For major pollutants such as sulfides, particulate matter, and benzene series compounds, we have established a classified governance system and implemented precise control measures to ensure that all emissions undergo rigorous harmless treatment. In 2025, we continued to achieve 100% compliance with air emission standards.

**CASE** **Efficient Waste Gas Treatment Process**

The Nantong plant employs high-efficiency VOCs waste gas treatment facilities utilizing a pre-dry filtration and catalytic combustion process, achieving a collection and treatment efficiency of over 95%.

VOCs Waste Gas Treatment Facilities

**CASE** **Update Waste Gas Treatment Equipment**

The Malaysia plant continues to apply bag filter systems, significantly improving the removal efficiency of particulate matter air pollution.

Bag Filter System

In the manufacturing process, processes such as polishing, cutting, and heat treatment generate metal dust. To effectively control pollutant emissions, we have equipped key workstations in each production workshop with high-efficiency dust removal equipment and optimized the ventilation system design. By implementing these environmental measures, we have not only significantly reduced dust emissions during the production process but also comprehensively safeguarded the occupational health and safety of personnel. In 2025, the Company continued to maintain 100% compliance with dust emission standards.

Nantong Plant Dust Collection Processor

# Waste Management

We implement waste classification management. Hazardous wastes involved in our production and operations include mineral oil, used rags and packaging, spent fixing solution, and spent developing solution. Non-hazardous wastes include scrap metal, domestic waste, food waste, and construction debris.

Morimatsu strictly complies with the requirements of the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* and relevant environmental protection regulations at its operating locations. It has established and improved the *Implementation Rules for Waste Management*, systematically standardizing the taxonomy for general waste and hazardous waste, as well as disposal processes and management responsibilities. We continue to optimize the waste management system at our production sites by introducing internationally advanced site management methodologies and implementing full-process control over waste generation, collection, storage, and disposal.

In waste management, we strictly comply with the relevant provisions of the *Measures for the Management of Urban Household Waste* and have established a comprehensive system for the storage and treatment of domestic waste. To ensure the professional disposal of industrial solid waste, we continue to entrust qualified third-party institutions to handle transportation and processing. Regarding hazardous waste management, we have implemented stricter control measures: requiring operators to complete the *Waste Disposal Process Record Form* in accordance with regulations, using dedicated containers and designated storage areas, and entrusting disposal solely to units holding a Hazardous Waste Operation License. In 2025, we maintained our excellent performance of 100% compliant disposal of solid waste. The collection, transfer, and treatment rates for hazardous waste all reached 100%, successfully achieving our environmental management goals.

# 04

# Quality Leadership



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Morimatsu centers on quality management and continuous improvement, establishing and refining a management system that covers the entire process from R&D, manufacturing, delivery to service, continuously providing customers with stable and reliable products and solutions. Morimatsu continues to drive technological innovation and enhance operational management, committed to achieving the Company's steady development across diverse business scenarios and creating sustainable long-term value.

# Lean Intelligent Manufacturing

Morimatsu continues to advance the construction of its quality management system by integrating lean management principles with digital and intelligent technologies. We have adopted data-driven production management methods, intelligent equipment, and information systems to continuously optimize production processes, enhance decision-making efficiency, and improve the stability, flexibility, and traceability of manufacturing operations, thereby ensuring high-quality delivery. Furthermore, we maintain continuous investment in research and development innovation to accelerate the transformation of technological achievements, injecting strong momentum into sustainable development.

## Quality Assurance

Morimatsu regards product quality and operational safety as critical control elements in business management and systematically incorporates them into its long-term development planning. We continue to advance the improvement of our quality management mechanisms, strengthen full-process quality control, and solidify the foundation of product reliability to support sustainable business development. The Company continues to practice and deepen its transition from an integrated solution model combining core equipment manufacturing, module construction, and modular engineering toward a service-oriented manufacturing model. Driven by innovation, this approach facilitates more convenient, efficient, green, and healthy sustainable development for downstream industries.

**Quality Policy**

Achieve quality management with full-process coverage and participation from all employees, continuously improve, ensure product safety, and meet user needs. Enhance the Company's core competitiveness to make it an enterprise that customers fully trust.

Based on the requirements of the ISO 9001 quality management system and considering its own business characteristics, we strictly implements the *Quality Management Manual* and supporting operating procedures. During the Reporting Period, we revised the *Quality Control Manual* to strengthen the construction of quality management policies. The relevant documents clarify the quality policy and quality objectives, systematically define the organizational structure, division of responsibilities, and operational mechanisms of the quality management system, and provide an institutional basis for the implementation of quality management activities.

### Quality System Certification

Morimatsu deeply recognizes the critical importance of quality systems to product quality and strictly adheres to internationally advanced quality management standards and certification specifications. Based on our products and business characteristics and in compliance with regulatory requirements in sales regions, we have established and continuously optimized our quality management system. We have successfully obtained multiple international quality certifications and ensured their long-term validity through continuous audit verification.

**Major Quality System Certifications and Production Qualifications Obtained by Morimatsu Energies and Materials**

- ISO 9001:2015 Quality Management System Certification
- ISO 3834-2 Certification Requirements for Quality in Fusion Welding of Metallic Materials
- EN 1090-1 Steel Structure CE Certification
- Special Equipment Production License (Industrial Pipeline Design GC1)
- Special Equipment Production License (Industrial Pipeline Installation GC1)
- Special Equipment Production License (Pressure Vessel Design SAD)
- Special Equipment Production License (Pressure Vessel Manufacturing A1, A6)
- American ASME "U", "U2", "U3", and "PP" Stamp Authorization Certificates
- R and NB Steel Stamp Authorization Certificate
- TSSA Canadian Pipe Fabrication Certificate
- CSA W47.1 Canadian Steel Fabrication Certificate
- Korea KGS Certificate
- Qualification Certificate for Construction Enterprises
- Work Safety License Certificate

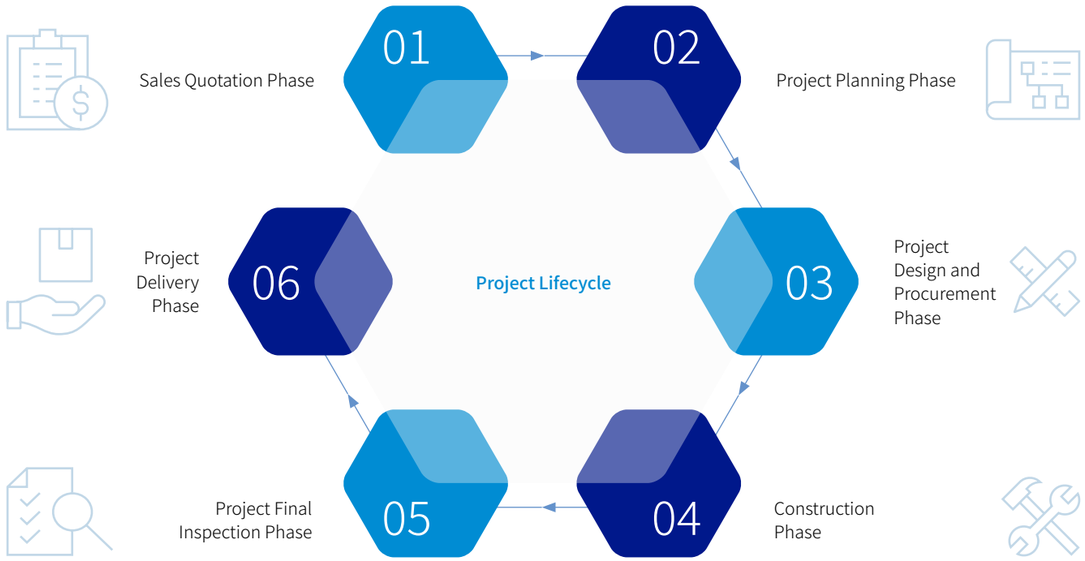
### Quality Objectives

Morimatsu has established high-standard quality objectives and implemented a daily monitoring mechanism for quality indicators to continuously strengthen product quality assurance. As of the end of the Reporting Period, all quality objectives for the current year have been achieved.

| Targets | | Achievement Status | |
|---|---|---|---|
| Pass rate for the primary inspection of the products reaches 95% | Primary Pass Rate for equipment installation is 96% | Pass rate for the primary inspection of the products was over 97% | Primary Pass Rate for equipment installation was over 98% |
| Pass rate for the primary filming of welded seams reaches 96% | Primary Yield Rate of external interface dimensions 96% | Pass rate for the primary filming of welded seams was over 99% | Primary Yield Rate of external interface dimensions was over 98% |

Annual Quality Objectives and Achievement Status

## Life Cycle Quality Management




Morimatsu actively leverages digital systems such as the iMES management platform to manage production and project execution across the entire product lifecycle, establishing a comprehensive and efficient quality management system.

In 2025, module projects of Morimatsu were launched and utilized on the iMES Quality Management Platform. This initiative implements digital control over key processes including welding process application, welder qualification verification and validity management, and automated selection for non-destructive testing (NDT). It achieves dynamic monitoring and stable inspection throughout the entire welding joint lifecycle, continuously strengthening welding quality control and ensuring that flaw detection ratios meet requirements. Building on this foundation, the platform has introduced functionalities such as mobile-based online blueprint viewing, group reporting of pipeline weld joints with verification against design data, and condition assessment prior to pipe section pressure testing, thereby enhancing management capabilities and efficiency throughout the full lifecycle.

## Quality Inspection

Morimatsu has established and continuously strengthened its in-house testing capabilities. It operates quality inspection facilities, including laboratories certified by CNAS ISO/IEC 17025 and a non-destructive testing center. The Company strictly enforces standardized product quality testing and tracks the management of various product quality indicators to safeguard product quality.

We utilize the Total Quality Management (TQM) platform to promptly record and facilitate the rectification of quality risks identified during the production process.

## Quality Audit

Morimatsu conducts internal and external quality audits annually, leveraging internal and external oversight mechanisms to continuously monitor the effective implementation of product quality management:

**Internal Audit**

Internal audit of quality management system covering allbusinesses shall be carried out once a year to verify whetherthe quality management conforms to relevant provisions ofquality policy, planning and arrangement, and quality management, evaluate the comprehensiveness and effectiveness of the quality system, and provide basis for continuous improvement of the quality management system.

**External Audit**

Conduct external audits of ISO 9001 and other quality certifications on an annual basis to ensure continuous compliance with quality management system standards;

Conduct external quality audit according to customer requirements, actively respond to customer needs, and enhance customer trust in product quality through quality audit.

## Quality Culture

Morimatsu has established a multi-level quality management and capacity-building mechanism to solidify the execution capability of quality management and continuously strengthen the culture of quality. We implemented a mentorship policy to support new employees in accelerating their integration and enhancing their capabilities through on-the-job practice. Additionally, we conducted professional competency assessments for workers with promotion and demotion mechanisms to encourage continuous improvement of professional standards. We also regularly provide quality training to employees involved in quality management. This includes training on the quality management system, specialized operational guidelines, raw material inspection, and job qualification certification, continuously strengthening employees' quality management capabilities.

During the Reporting Period, Morimatsu organized a total of **99** internal quality-related training sessions, including **6** Zero Defect Quality Training sessions.

Morimatsu encourages all employees to identify and report daily quality hazards via the Total Quality Management mini-program, document the handling process of quality issues, and conduct monthly statistical analysis of relevant data to continuously improve quality management practices.

During the Reporting Period, the quality management mini-App recorded a total of **78** quality improvement proposals.

Morimatsu regularly holds Quality Month events to focus on tracking the quality performance of key areas such as pressure pipelines. Combined with quality-themed campaigns like 'Zero Defects', these initiatives strengthen quality awareness among all employees.

**CASE** **Morimatsu Energies and Materials held a Quality Month campaign**

From August to September 2025, Morimatsu Energies and Materials organized a Quality Month campaign. Centered on the theme of *Overcoming Challenges to Forge Excellence and Pursuing Perfection to Earn Trust*, we conducted quality training, on-site inspections, a call for outstanding quality improvement proposals, a quality knowledge competition, selection of quality role models, and promotion of preventive quality management tools. These initiatives systematically enhanced employees' quality awareness and operational skills, driving the implementation of quality management requirements in production and operational processes.

## Product Safety

Morimatsu places paramount importance on product safety, consistently positioning it at the core of our operations. We have established and strictly enforced a series of scientific and rigorous management mechanisms to ensure that all products comply with applicable safety standards. We implemented effective measures during the design phase to identify potential hazards through comprehensive risk assessment and eliminate or mitigate various risks at their source.

We have installed safety devices on equipment and systems and configured access permissions in programs to ensure operational safety and controllability. We have also established a comprehensive alert mechanism to provide timely warnings of various risks and abnormal situations. In addition, we have implemented physical security measures to effectively isolate personnel from hazardous sources, further enhancing overall safety.

Based on business characteristics and product attributes, we are not involved in product recalls or traceability. In the event of product quality issues, we will promptly carry out necessary repairs to ensure customers can safely use our products.

During the Reporting Period, Morimatsu did **not** experience any incidents where products or services impacted customer health and safety.

# Innovation and R&D

Morimatsu places high importance on the systematic and standardized management of R&D activities. The Company has formulated and implemented internal policies such as the *Management Measures for R&D Projects*, *Personnel Assessment Plan*, and the *Trial Implementation Regulations on Awards for Scientific and Technological Innovation, Product R&D and Investment*, etc. These measures govern the entire process of R&D projects, from preliminary research and budget management to project approval, implementation, evaluation assessment, acceptance of results, and archival of materials. Furthermore, a fair and transparent incentive and assessment mechanism has been established to encourage R&D personnel to continuously engage in technological innovation.

We prioritize capacity building of R&D talent. In 2025, Morimatsu will incorporate talent development as one of the key objectives of R&D projects. Guided by the approach of integrating 'project practice, multi-scenario training, and knowledge accumulation,' we are progressively constructing an R&D talent development system that synergizes theory with practice. Leveraging actual order-driven R&D projects, Morimatsu has established a full-process tracking mechanism for its R&D personnel, covering requirement analysis, solution design, prototype testing, and acceptance. This mechanism guides them to deeply understand equipment operating conditions and customer needs, thereby enhancing the alignment between technical solutions and market demands. Simultaneously, we organize R&D personnel to conduct technical exchanges with suppliers and participate in on-site installation, commissioning, and acceptance work for customers. These activities strengthen their understanding of material characteristics, processing technologies, and equipment operation status, continuously improving their capabilities in problem analysis and technical optimization. Furthermore, we encourage R&D personnel to engage in industry exchanges and industry-academia-research collaborations to drive the long-term improvement of the Company's R&D capabilities.

| As of the end of the Reporting Period | Morimatsu had | Morimatsu's R&D investment was |
|---|---|---|
| | **260** R&D personnel | approximately RMB **165.58** million |

## R&D Capability Building

Morimatsu continues to advance R&D capability building through initiatives such as establishing in-house laboratories and joint laboratories, as well as constructing process and equipment verification facilities. These efforts continuously enhance our scientific research and verification capabilities in engineering technology and product development, driving technological progress and innovation practices.

**CASE** Morimatsu Energies and Materials's R&D Capability Building

**The Taiyuan Iron & Steel-Morimatsu Joint Laboratory for High-End Materials and Equipment was officially unveiled**

In September 2025, Taiyuan Iron & Steel (Group) Co., Ltd. and Morimatsu (Jiangsu) held the unveiling ceremony for the "Joint Laboratory for Steel Used in Boilers and Pressure Vessels," marking a significant breakthrough in the innovative model of material R&D and equipment manufacturing. The joint laboratory is committed to establishing itself as a source of industry technological innovation, a base for cultivating high-end talent, and a demonstration site for the transformation of scientific and technological achievements. Both parties have established an innovation mechanism featuring deep integration among industry, academia, research, and application, which will jointly promote the coordinated development of upstream and downstream segments of the industrial chain.


Taiyuan Iron & Steel (Group) Co., Ltd. and Morimatsu Energies and Materials established a joint laboratory.

**Case Study on the Construction of Morimatsu Energies and Materials R&D Facility**

**Capability Building for Key Equipment and System R&D**

Focusing on key R&D projects such as photocatalytic continuous flow devices and systems, high-efficiency separation internals, and ultra-high-pressure equipment, Morimatsu concentrates on materials and process R&D, the integration of multiple unit systems, and enhancing capabilities in combining separation and mass transfer theories with simulation. We are planning and constructing an experimental testing platform to continuously enhance our product performance verification and reliability testing capabilities, providing support for the research and development of new equipment and processes.

# Key R&D Projects

Morimatsu Energies and Materials adheres to an innovation-driven development strategy. Building on the refinement and optimization of its products and equipment, it expands and extends the industrial chain, focusing on high value-added segments. Through innovation, it leads industry transformation and promotes a revolution in high-end energy equipment.

## Morimatsu Energies and Materials Key R&D Case Study

### Efficient separation of internal components

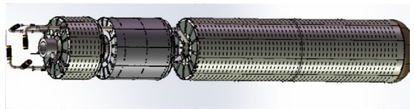
Efficient separation of internals is the core functional component of multiphase separation equipment for gas-liquid, gas-solid, and liquid-liquid systems. It is widely applied in petrochemicals, natural gas processing, coal chemical industry, environmental protection, and fine chemicals sectors. The relevant products achieve a separation accuracy of approximately 5 μm, reduce equipment pressure drop by over 30%, and decrease separator volume by more than 50%. While enhancing recovery rates and operational stability, they effectively lower energy consumption and capital costs, demonstrating the capability to adapt to complex operating conditions such as high pressure, high temperature, and high viscosity.

One of the Efficient Separation of Internal Components


Proprietary Internal Component Design Software

### Ammonia Synthesis Tower Foaming Reactor

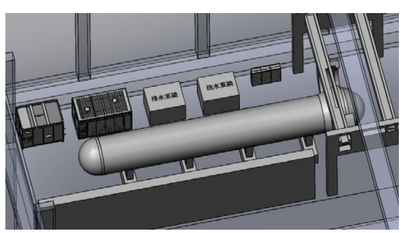
Driven by the steady growth in demand for agricultural fertilizers and the expanding applications of green ammonia in energy storage, transportation, and clean fuel sectors, the demand for ammonia synthesis towers—the core equipment in the ammonia synthesis process—continues to rise. Single-unit capacities generally reach or exceed 300,000 Metric Tonnes per year. The internals of the ammonia synthesis tower perform critical functions such as reaction and heat exchange. Their structural design and material selection directly impact the plant's capacity, energy consumption, and operational stability. Morimatsu-related products utilize a combination of two-dimensional design and three-dimensional digital modeling. Leveraging high-end processing equipment, specialized tooling, and precision inspection methods, these products achieve the machining of complex structures, special materials, and high-precision seals, meeting stringent operating conditions such as high temperature, high pressure, and hydrogen corrosion.



Three-dimensional digital model of the catalyst bed in the ammonia synthesis tower

### Ultra-high Voltage Equipment

Relying on its technical expertise in high-strength material applications, precision machining, sealing structures, and intelligent measurement and control, Morimatsu has developed an ultra-high-pressure deep-sea simulation test platform. This platform integrates five major systems: the main unit, pressure pressurization and depressurization, water injection and drainage, utilities, and electrical control. It is capable of covering deep-sea pressure environments up to 10,000 meters and conducting full-unit testing, providing critical support for the research, development, and inspection of deep-submergence equipment. Focusing on the core manufacturing requirements for pressure vessels, the project achieved breakthroughs in key processes such as welding and heat treatment of ultra-thick, high-strength steel with wall thicknesses ranging from 300 to 390 mm and a yield strength of ⩾690 MPa.

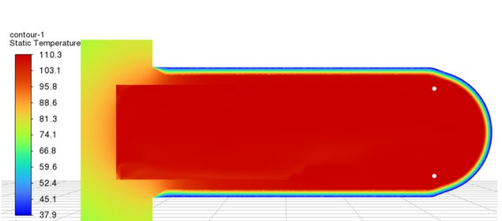


Model Diagram of the Ultra-High-Pressure Deep-Sea Simulation Test Platform

### Foaming Kettle Unit

Foamed polymer materials are widely used in footwear, transportation vehicles, and high-end manufacturing sectors due to their characteristics of lightweighting, thermal insulation, soundproofing, and high specific strength. Leveraging its technical expertise in the design and manufacturing of ultra-high-voltage equipment, thermal engineering, CFD simulation, and system integration, Morimatsu has developed a supercritical foaming reactor. This advancement enhances foaming uniformity and product yield rates, achieving a finished cell deviation of ⩽5%, a rebound rate of ⩾65%, and a density as low as 0.2–0.4 g/cm$^3$. The system also supports continuous production and refrigerant recovery, thereby reducing energy consumption costs.

Foaming Kettle System




CFD Simulation of Foaming Kettle (Thermal Field)

## R&D Collaborative Innovation

Morimatsu places high value on industry collaboration and cooperative innovation. Working alongside partners, the Company jointly undertakes R&D projects to promote complementary advantages and drive collaborative innovation. In this process, Morimatsu established multi-level communication and cooperation mechanisms with partners focusing on technology R&D, market applications, and talent exchange. By utilizing forms such as joint laboratories and industry-academia-research cooperation projects, the Company continuously deepened its cooperative relationships and enhanced collaboration levels. We advance diversified R&D cooperation projects to accelerate the development of new technologies and the transformation of results, expand product application scenarios, and jointly explore cutting-edge technologies and solutions with partners.

**Morimatsu R&D Collaboration Case**

### Photocatalytic Equipment Project

In 2025, Morimatsu continued to jointly develop photocatalytic equipment projects with well-known universities such as Shanghai Jiao Tong University and corporate partners. In this arrangement, the enterprise acts as the requester and is responsible for organizing and implementing pilot-scale experiments. The university is tasked with process development and providing technical guidance for the pilot experiments, while Morimatsu undertakes the development of pilot-scale equipment and provides experimental support. The project achieved effective integration of processes and equipment between the process development and pilot scale-up stages. It met the technical requirements for the target photocatalytic reaction regarding throughput, selectivity, and precision temperature control. Phase-scale pilot results have been obtained, laying a foundation for subsequent engineering applications.

# Intellectual Property

Morimatsu strictly complies with laws and regulations such as the *Civil Code of the People's Republic of China*, the *Patent Law of the People's Republic of China*, and the *Trademark Law of the People's Republic of China*. The Company has formulated and implemented internal policies including the *Measures for the Administration of Intellectual Property Rights and the Incentive System for Intellectual Property Rights* and the *Incentive System for Intellectual Property Rights*. These measures standardize the application, protection, utilization, and incentives for intellectual property rights, thereby promoting the continuous improvement of independent innovation capabilities. We have established a three-tier management structure covering the decision-making, management, and execution levels. We have clearly defined the responsibilities at each level to strengthen the overall coordination and execution supervision of intellectual property-related matters.

**Decision-Making Layer**

- The Group President is responsible for formulating the intellectual property strategy and approving major intellectual property decisions.

**Management Layer**

- The Intellectual Property Committee is a dedicated intellectual property management department established by the Group. It comprises members from the intellectual property teams of Morimatsu's and Life Science segments, as well as representatives from legal, finance, budgeting, audit, and IT departments. The Committee is responsible for the daily management, protection, and operation of intellectual property

**Executive Layer**

Morimatsu established an intellectual property team to specifically handle the following:

- Application and maintenance of intellectual property rights
- Conduct risk investigations on R&D projects.
- Monitor the cutting-edge patent technologies of industry competitors and provide timely feedback to the technical team.
- Prevent infringement of the Company's patents and participate in resolving patent disputes.
- Coordinate efforts to enhance intellectual property awareness among R&D project teams and marketing teams, and provide patent training and support services for relevant departments.

Morimatsu International Intellectual Property Three-Level Management System

Morimatsu actively advances product and project R&D efforts, promptly implements patent applications, and continuously optimizes its patent portfolio. At the same time, we have incorporated overseas patent applications and systematic layout of key business products into our intellectual property management priorities to continuously enhance compliance in international market operations and risk prevention capabilities.

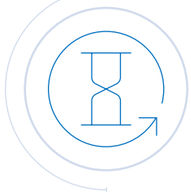
Morimatsu convened a special meeting on intellectual property and tracked the patent planning for major projects, clarified the patent objectives and implementation pathways for key projects, and completed the confirmation of relevant responsibilities.

**Patent Layout Phase**

A "Trinity" patent layout team comprised of a product R&D team, an internal intellectual property team and an external collaborative patent agency was formed to conduct multiple rounds of collaborative discussions to systematically sort out the core innovation points of the product and promote the formation of a systematic patent portfolio, ensuring structural competitive advantage in key technology areas.

**Patent Application Stage**

Morimatsu has carefully reviewed the patents and specifications, combined with the review practices and judicial tendencies in different target countries, optimized the focus of writing, and reasonably selected Paris Convention, PCT international applications, regional patent system and PPH quick review based on technical and business values, product export planning and budgetary control requirements, so as to improve the efficiency, stability and cost efficiency of authorization.



**Patent Examination Phase**

Morimatsu actively responds to examination opinions by coordinating internal and external patent agency resources to secure a reasonable and stable scope of grant. Simultaneously, we established a monthly internal reporting mechanism to regularly update business units and management on patent application progress, ensuring the overall work proceeds in an orderly manner.

## Supply Chain Protection Initiatives

We are fully aware that in engineering projects, some key equipment and core components need to be supplied by external suppliers and these products may be at risk of patent infringement in the customer's country or region. To reduce the potential for intellectual property disputes in the supply chain at the source, Moritmasu incorporated supplier patent risk prevention and control into the mandatory requirements of procurement and project management, and built a full process compliance system through supplier introduction, equipment selection, contract signing and performance monitoring.At the stage of equipment and component selection, Morimatsu immediately initiated a pre patent risk review, requiring suppliers to provide patent clearance analysis reports or freedom to operate (FTO) analysis opinions within the target country, and if necessary, entrust a third-party patent lawyer to conduct an independent infringement risk assessment. For high risk components, the company organises a joint internal review to evaluate alternative designs, patent avoidance possibilities, and license negotiation space.These initiatives effectively safeguard the intellectual property rights of the project and the interests of customers.

During the Reporting Period, We conducted a total of **4** intellectual property management training sessions, reaching over **242** participants, which significantly enhanced the team's capability in intellectual property management.

**Status of Authorized Patents in 2025**

As of the end of the Reporting Period, we have accumulated a total of **166** valid patents and **1** valid software copyright.

# Excellence in Operations

Morimatsu systematically integrates customer requirements into the entire service management process. We continuously optimize our service processes to enhance response efficiency and delivery quality. At the same time, we have established a rigorous information security assurance mechanism and are progressively building AI-supported and digital service platforms. With an innovative approach and a solid information security defense line, we aim to enhance operational efficiency and provide customers with more stable and efficient service support.

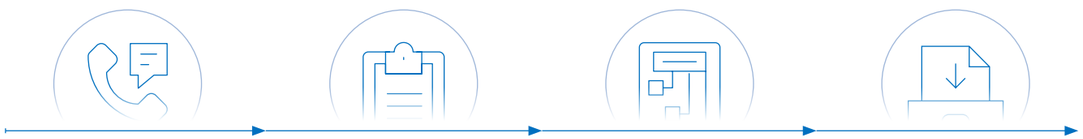
## Customer Service

Morimatsu continues to deepen long-term partnerships with clients by integrating customer needs throughout the entire service and operational management process. The Company continuously optimizes service response and delivery quality, committed to providing stable and reliable support services to our clients. At the same time, we maintain communication with customers through multiple channels, systematically collect and analyze customer feedback, and utilize relevant information to optimize service processes and enhance service capabilities, continuously improving service quality and customer satisfaction.

### Service Management

The Company regards customer relationship management and after-sales service as key components of sustainable operations and is committed to providing customers with an exceptional service experience. We have implemented an integrated Customer Relationship Management (CRM) system to centrally manage customer information and sales and service records. This system supports the standardized execution of marketing activities, thereby enhancing both the efficiency and compliance of our customer service. We provide customized services for customer groups with diverse needs while offering comprehensive training and technical support to enhance the user experience of our customers' products through high-quality service.

We utilize channels such as telephone, email, and social media to promptly collect and respond to customer feedback, effectively resolve customer issues, and enhance customer satisfaction and retention rates.



| | | | |
|---|---|---|---|
| Upon receiving a customer complaint, we respond immediately, confirm receipt of the information, and inform the customer that preliminary actions will be taken. | Complaints are thoroughly documented and analyzed. Where necessary, on-site investigations or product testing are conducted to develop effective solutions with the responsible department, such as product replacement, repair, or provision of alternatives. | Implement solutions while maintaining communication with customers throughout the process. Provide timely updates on progress in resolving issues and monitor outcomes to ensure customer complaints are properly addressed. | Record all complaints and their handling outcomes, and feed the results and lessons learned from complaint handling back into product design and production processes to improve product and service quality. |

Product Complaint Response, Investigation, and Handling Procedures

### Satisfaction Survey

Morimatsu places high importance on customer experience. The Company regularly conducts satisfaction surveys to systematically collect feedback from customers regarding product quality, service responsiveness, customer support, and delivery timeliness, thereby continuously optimizing product quality and service levels.

During the Reporting Period, Morimatsu distributes a "Customer Satisfaction Survey Form" to clients to gather feedback and evaluate satisfaction levels. The assessment scale comprises four categories: A (Very Satisfied), B (Satisfied), C (General/Average), and D (Abandoned/ No Response). A total of 960 evaluation items were assessed via the survey. There were zero instances of "Abandoned" responses. The statistical breakdown of the remaining results is as follows: A (Very Satisfied): approximately 73.02%, B (Satisfied): approximately 23.33%, C (General): approximately 3.23%. The comprehensive customer satisfaction score reached approximately 99.58%, reflecting the high recognition of our products and services by customers. At the same time, Morimatsu continuously improves its products and services based on investigation findings to ensure that customer expectations are met and exceeded.

### Responsible Marketing

Morimatsu adheres to compliant marketing and strictly complies with applicable marketing laws and regulations in the operating location, including *the Advertising Law of the People's Republic of China*. We have established a dedicated compliance team to conduct unified review and supervision of the authenticity, accuracy, and compliance of advertising, product labeling, and marketing activities. All advertising and marketing materials must undergo an internal compliance review process prior to external release to ensure that the relevant content complies with applicable laws, regulations, and regulatory requirements.

In product labeling management, Morimatsu clearly labels product ingredients and origins, explains product composition and usage requirements, provides guidance on safe use and disposal, and assesses relevant environmental and social impacts to enhance the transparency and standardization of Disclosure. At the same time, the Company conducted marketing compliance training to strengthen marketing personnel's sense of responsibility regarding legal compliance, contract review, and information protection, while continuously improving marketing management practices.

During the Reporting Period, we experienced **NO** violations in marketing communications, **NOR** were there any non-compliance issues regarding product and service information or labeling.

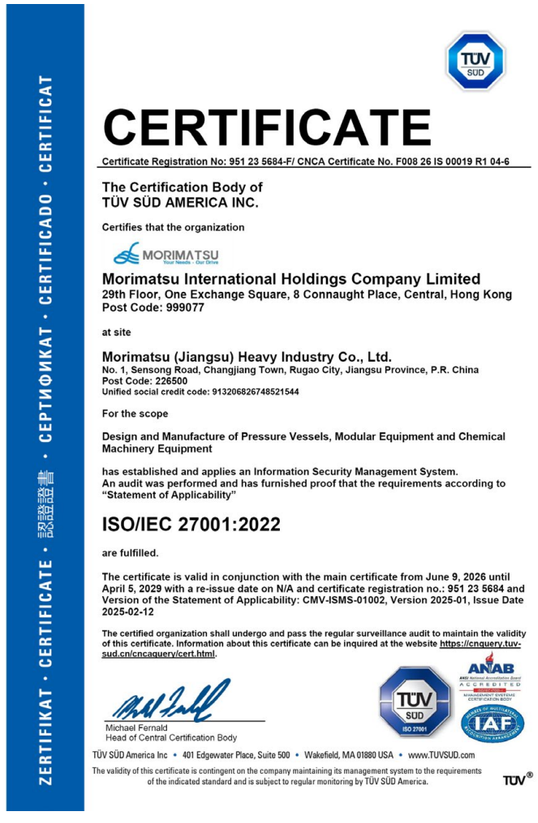
# Platform Upgrade

Morimatsu has always upheld a strong sense of social responsibility by establishing and improving information security policies and systems to fully safeguard the information security and privacy rights of global customers and relevant stakeholders. At the same time, we closely follow technology development trends by developing and launching an AI platform exclusively for employees. We have also incorporated Artificial intelligence (AI) applications into the scope of information security supervision, thereby strengthening digital empowerment while building a robust digital security defense line to support sustainable corporate development.

## Information Security and Privacy Protection

With the continuous development and deepening application of information technology, information security and privacy protection have become a critical foundation for the Company's stable operations. Morimatsu strictly complies with relevant laws and regulations, including the *Personal Information Protection Law of the People's Republic of China, the Cybersecurity Law of the People's Republic of China, and the Data Security Law of the People's Republic of China.* In addition, Morimatsu adheres to international privacy protection standards to effectively safeguard the information security and privacy rights of its global customers and related parties. At the same time, the Group has formulated and implemented internal policies such as *Information Security Policy and Strategy* and *Administrative Measures for Data Security*. During the Reporting Period, the Company completed revisions to and issued the *Morimatsu Group Personal Information Security Management Standard*, further improving the information security management framework and establishing a comprehensive information security and privacy protection management system.

In 2025, Morimatsu successfully passed the surveillance audit for its Information Security Management System certified to ISO/IEC 27001:2013. During the Reporting Period, Morimatsu did not experience any significant information security incidents or data breaches.



ZERTIFIKAT · CERTIFICATE · 認證證書 · СЕРТИФИКАТ · CERTIFICADO · CERTIFICATO

TÜV SÜD

**CERTIFICATE**

Certificate Registration No: 951 23 5684-F/ CNCA Certificate No. F008 26 IS 00019 R1 04-6

**The Certification Body of**
**TÜV SÜD AMERICA INC.**

**Certifies that the organization**

MORIMATSU

**Morimatsu International Holdings Company Limited**
**29th Floor, One Exchange Square, 8 Connaught Place, Central, Hong Kong**
**Post Code: 999077**

**at site**

**Morimatsu (Jiangsu) Heavy Industry Co., Ltd.**
**No. 1, Sensong Road, Changjiang Town, Rugao City, Jiangsu Province, P.R. China**
**Post Code: 226500**
**Unified social credit code: 91320682674852154 4**

**For the scope**

**Design and Manufacture of Pressure Vessels, Modular Equipment and Chemical Machinery Equipment**

**has established and applies an Information Security Management System.**
**An audit was performed and has furnished proof that the requirements according to "Statement of Applicability"**

**ISO/IEC 27001:2022**

**are fulfilled.**

**The certificate is valid in conjunction with the main certificate from June 9, 2026 until April 5, 2029 with a re-issue date on N/A and certificate registration no.: 951 23 5684 and Version of the Statement of Applicability: CMV-ISMS-01002, Version 2025-01, Issue Date 2025-02-12**

**The certified organization shall undergo and pass the regular surveillance audit to maintain the validity of this certificate. Information about this certificate can be inquired at the website https://cnquery.tuv-sud.cn/cncaquery/cert.html.**

Michael Fernald
Head of Central Certification Body

TÜV SÜD America Inc • 401 Edgewater Place, Suite 500 • Wakefield, MA 01880 USA • www.TUVSUD.com

The validity of this certificate is contingent on the company maintaining its management system to the requirements of the indicated standard and is subject to regular monitoring by TÜV SÜD America.

TÜV®

ISO 27001 Information Security Management System Certification Certificate

We regularly update and strengthen information security management measures in alignment with the latest regulatory requirements and technology trends. We organize internal and external information security audits and risk assessments, develop remediation plans for identified risks, and ensure the effective implementation of control measures.

**Employee Information Security Management**

- Establish management strategies for the application system development phase to avoid collecting employees' private and sensitive data. For necessary sensitive data, implement a management approach involving signed authorization agreements and prior notification. All collected employee personal data shall undergo database salting processing, and historical data shall be destroyed on a regular basis.

**Visitor Information Security Management**

- We utilize compliant and credible platforms for relevant information systems and regularly delete visitor registration data.

**Morimatsu Information Security Management Initiatives**

**Customer Information Security Management**

- Sign confidentiality agreements with customers.
- Comply with data protection policies and standardize customer information management processes.
- Implement strict access control measures and utilize confidential technologies to protect customer information both at rest and in transit.

**Confidential Project Management**

- Members of the project team signed confidentiality agreements and utilized special codes to review relevant materials and documents.
- Establish relevant physical confidentiality studios where the confidentiality project team operates independently with dedicated hardware and software. The project manager strictly controls the entire data lifecycle, including generation, usage, archiving, and destruction.

To continuously enhance information security management capabilities, Morimatsu has established a tiered information security training mechanism. For technical professionals, we conduct external targeted training and annual technical certifications to continuously improve professional competencies. For management personnel, quarterly training sessions on trade secret protection and cybersecurity are organized. For new employees, information security training and assessments are conducted during the onboarding phase to strengthen all-staff information security awareness and compliance understanding.

During the Reporting Period, Morimatsu's information security training achieved full coverage of new employees, with a completion rate of **100%**.

To continuously enhance the security resilience of information systems and the capability to handle emergency incidents, the Company has established a normalized information security emergency drill mechanism. Practical simulations were conducted around high-risk scenarios such as data breaches, malicious software attacks, and core system failures. Measures including the deployment of antivirus software, implementation of cloud-based data backups, and access controls have been put in place to strengthen information system security protection. During the Reporting Period, we conducted emergency drills for information security to systematically verify the effectiveness of emergency plans and cross-departmental collaborative response capabilities.

## AI Applications

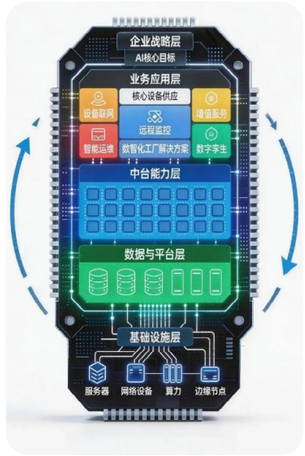
Against the backdrop of accelerating digital transformation, Morimatsu actively embraces the technological revolution in Artificial Intelligence (AI), deeply integrating AI into the entire chain of internal management and business development. The Morimatsu International AI Group has developed and deployed over ten customized AI application scenarios based on the actual needs of business units, providing diverse intelligent support to employees in R&D, engineering design, and daily operations.

### Morimatsu Group AI Platform

Focusing on the enhancement of internal digital capabilities, the Group developed and launched an AI platform accessible to all employees. The platform covers mobile devices, web browsers, and PC desktops. It integrates AI dialogue, an AI tool suite (personal AI assistant), AI agents, an AI toolbox, a knowledge base, and over ten customized project tools developed in response to the specific needs of various business departments. The platform's functionality is undergoing continuous iteration and upgrades. Each month, new modules or tools are developed to align with the latest business requirements and AI trends.

### AI-Enabled Process Optimization

Morimatsu applies Artificial intelligence (AI) tools to frontline business needs, deeply integrating AI technology with business processes. The Company has currently achieved implementation in multiple key business areas.




AI Application System Architecture

**CASE** **Morimatsu Energies and Materials: AI-Optimized Process Design**

In 2025, Morimatsu Energies and Materials introduced an AI-assisted process design methodology during the engineering package design for a certain overseas new energy materials project, implementing global differential pressure coupling and thermal integration optimization for the distillation system. Unlike traditional trial-and-error approaches that rely on engineering experience, this method utilizes AI algorithms to generate and evaluate multiple combinations of tower pressure matching and heat exchange network configurations. It selects the optimal solution based on minimizing overall system energy consumption, rather than being limited to local optimization of individual towers.

The AI-assisted design process effectively enhanced system analysis capabilities and process design precision. Calculations indicate that the new process scheme reduces the theoretical steam consumption in the distillation section by approximately 20%, corresponding to an annual reduction of approximately 15,000 Metric Tonnes of carbon dioxide emissions and helping customers reduce equipment investment costs by approximately 5%.

### AI-Empowered Supplier Management

Morimatsu actively explores the application and empowerment of AI in supplier management to enhance procurement quality and management efficiency during precise screening, risk assessment, and audits.

#### AI tools empower suppliers to enhance quality and efficiency

**Supplier Resource Expansion**

Morimatsu leverages natural language parsing and big data screening to rapidly match suppliers meeting complex requirements, such as those in specific regions or with special requirements.

**External Dynamic Data**

Morimatsu utilizes AI to capture industry policy changes and market sentiment keywords, while integrating external data affecting supply, such as port throughput and raw material price fluctuations.

**Compliance and Credit Data**

AI is utilized for qualification approval documents, financial statements, and credit records.

**Material Certificate Review**

Morimatsu utilizes AI to conduct reviews of material certificates.

**Performance Assessment**

Morimatsu has established a multi-dimensional quantitative assessment model to evaluate supplier quality through data analysis, while also employing attribution analysis to trace the root causes of performance strengths and weaknesses.

### AI Application Training

During the Reporting Period, we conducted a total of eight training sessions on AI-related knowledge and tools for Morimatsu University students and newly hired college graduates. Additionally, five sessions were organized to train all employees on Copilot usage and AI prompt engineering techniques. Relevant courses and training materials have been launched on the Morimatsu University Learning Platform and the AI platform to support employees in learning on demand and achieving continuous improvement, further solidifying the talent foundation for Morimatsu's digital and intelligent applications. Morimatsu also organized two "Morimatsu AI Prompt Competitions" to encourage all employees to master AI prompts and facilitate the transformation of work models.


Poster for the Morimatsu AI Prompt Challenge

### Guidelines for Data Security in AI Usage

While advancing technological innovation, Morimatsu places equal emphasis on risk prevention and control. We have established a governance mechanism for the safe use of AI, clearly defining the boundaries of AI applications and data protection requirements.

#### AI Use Safety Governance Mechanism

Released the *Morimatsu Employee AI Tool Data Security Guide* to provide clear guidance for the safe use of AI tools.

All employees must read and confirm the *AI Platform User Agreement* before logging into the AI platform for the first time. It is strictly forbidden to upload or input sensitive information involving production processes, customer data, employee personal information, contract amounts, etc., and they are obligated to carry out data anonymization.

AI-generated content must not be directly used for official decisions, external release, or as a substitute for professional review.

All AI usage on the platform are uniformly controlled through the company's network egress, interaction logs are fully retained and incorporated into the information security monitoring system, enabling traceability of abnormal behavior and full-process auditing.

# 05

# Co-creation of Value



17 PARTNERSHIPS FOR THE GOALS

Morimatsu places high importance on the stability and Sustainability of its supply chain by implementing standardized supplier management mechanisms and strengthening value chain collaboration to promote responsible procurement and efficient resource allocation. We continue to deepen industry cooperation and coordinated development, committed to enhancing the overall resilience of the industrial chain and promoting long-term prosperity and sustainable development within the sector.

# Supply Chain Responsibility

Morimatsu is committed to establishing robust partnerships with suppliers, continuously strengthening supplier lifecycle management and supply chain risk management, integrating sustainability requirements into the supplier management system, and building a more responsible and resilient sustainable supply chain.

## Supplier Management

Morimatsu complies with laws and regulations such as the *Civil Code of the People's Republic of China* and the *Tendering and Bidding Law of the People's Republic of China*, as well as industry regulations. During the Reporting Period, the Company systematically upgraded its supplier management policy by revising and implementing internal policies including the *Supplier Development Procedure*, *Procedures for Handling Quality Issues of Suppliers*, *Regulations on the Management of Purchasing Inquiry and Comparison* and *Procurement Bidding System*. These actions continuously improve procurement management mechanisms and processes while strengthening the supplier management policy system.

During the Reporting Period, we advanced the upgrade of the Supplier Relationship Management (SRM) platform to accelerate digitalization and paperless processes, while prioritizing improvements in supplier collaboration efficiency and risk and compliance management capabilities.

Morimatsu has added features to the SRM platform, including self-service registration for suppliers, order delivery visualization, and online electronic contract signing. The company has also strengthened the online closed-loop handling of supplier violations, dynamic monitoring of ESG risks, and performance evaluation mechanisms. These measures have reduced the average supplier registration and review cycle by approximately 30% and improved order collaboration efficiency by approximately 25%, further optimizing the operational efficiency of the supplier full lifecycle management system.

As of the end of the Reporting Period, there were a total of **957** suppliers associated with Morimatsu's production activities, comprising **867** suppliers from mainland China and **90** suppliers from Hong Kong, Macao, Taiwan regions, and overseas.

### Supplier Onboarding

During the supplier onboarding phase, multiple departments conduct a comprehensive review combining document assessment and on-site evaluation. Suppliers are comprehensively scored based on the *Supplier Comprehensive Capability Review Form* across dimensions including quality, technology, delivery, cost, and ESG. Simultaneously, we perform a risk assessment on their financial status, compliance performance, reputation level, and supply chain stability. Potential suppliers may be included in the list of qualified suppliers only after passing the review.

### Supplier Management

Morimatsu advances supplier quality management and evaluation through measures such as unannounced audits, on-site support for key projects, and on-site audits, thereby ensuring supply chain stability and enhancing resilience.

Morimatsu implements a tiered classification management system for suppliers based on quality, delivery and service performance, as well as material risk levels. Suppliers are categorized into three tiers: A (Strategic), B (Core), and C (General). The classification is dynamically adjusted according to performance fulfillment, directing resources toward key suppliers.

In performance management, the Company leverages the "Performance Dashboard" system to collect real-time data on quality, delivery, cost, and service online, and issues quarterly evaluation reports while conducting performance review meetings.

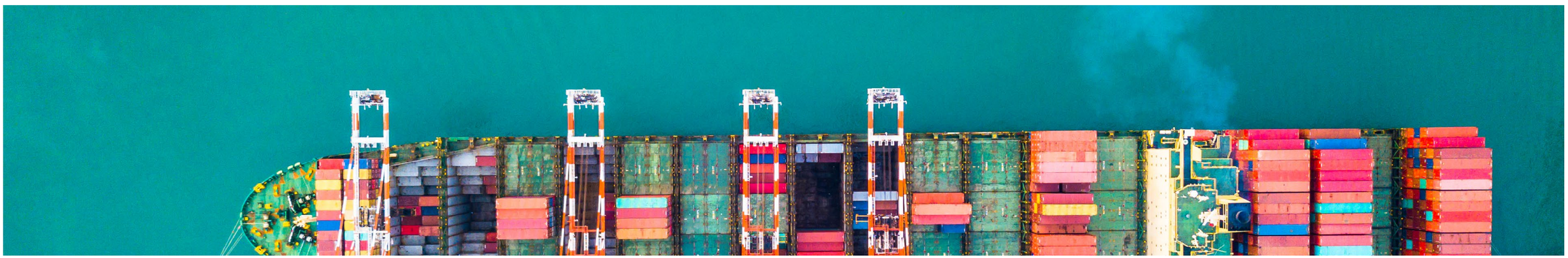
**CASE** **Morimatsu Supplier Quality Management Enhancement Initiatives**

In 2025, Morimatsu issued a total of approximately 56 improvement notices to suppliers. Addressing capability gaps among B and C class suppliers, the Company conducted one-on-one quality mentoring, dispatching quality engineers to provide on-site guidance on applying statistical process control, mistake-proof design, and Eight Disciplines Problem Solving (8D) methods for quality management issues. In total, approximately 23 suppliers were mentored throughout the year. Additionally, the Company implemented surprise inspections and on-site supervision for high-risk suppliers and key projects, focusing on critical areas such as raw material traceability, process discipline, and inspection records, thereby continuously enhancing the overall stability and reliability of the supply chain.

### Supplier Exit

Morimatsu conducts continuous quality supervision and management of approved suppliers. For suppliers that have ceased supply relationships with the Company for 12 months or longer, experienced major product quality incidents, encountered recurring quality issues of the same nature, or committed serious breaches of contract, we will conduct on-site assessments at any time. Where necessary, their supplier qualifications may be revoked.

Morimatsu Energies and Materials strictly enforces the rapid response mechanism for quality issues and the red/yellow card warning system. For major quality issues, a response is required within 24 hours, and an 8D problem-solving report on quality management must be submitted within 72 hours. Repeated issues trigger escalated mechanism up to suspension of cooperation.



# Supply Chain Risk Management

Morimatsu Group places high priority on supply chain risks and continues to deepen supply chain cooperation. The Group established a risk management team to continuously identify potential supplier risks and develop emergency response plans.

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| Daily supervision of suppliers is conducted through on-site inspections and interviews to promptly understand their status. | Leverage the supplier management system to monitor potential risks via public information channels. | Monitor and analyze raw material price trends on a monthly basis to identify raw material risks. | Equip critical materials with three or more alternative suppliers of different types, prioritizing local and domestic suppliers to gradually enhance the availability of critical materials and services within the region. |

**Supplier Risk Management Initiatives**

Morimatsu reports and maintains bulk material prices and trends monthly via the SRM system. Additionally, it convenes the Morimatsu International Risk Management Group meeting semi-annually to urge relevant departments to implement risk response measures. Furthermore, a substitution strategy involving three or more suppliers within the same category is implemented for key materials, prioritizing local and domestic suppliers to reduce reliance on single sources and enhance supply chain resilience.

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| Regarding critical materials, we are advancing localization and domestic substitution. For instance, we have attempted to introduce domestic suppliers for 800-series and 600-series nickel-iron-chromium alloys. Additionally, technical exchanges and welding assessment preparations are being conducted around the high-performance N10276 nickel-molybdenum-chromium alloy. | We initiated the development of alternative suppliers by incorporating products from backup companies in the raw material selection for certain projects to enhance supply chain resilience. | At the same time, we facilitate the sharing of domestic supplier resources with overseas bases and support the Malaysia plant in connecting with mature domestic suppliers. |

# Sustainable Supply Chain

Morimatsu has fully integrated ESG requirements into its supplier management system to strengthen the construction of a sustainable supply chain. We have established the *Supplier Code of Conduct* to convene ESG assessments and management of suppliers across dimensions including environmental management, anti-corruption and integrity, and labor management. We strictly evaluate suppliers' ESG performance in accordance with ISO 9001 standards and relevant ESG assessment criteria.

We actively promote suppliers in obtaining certifications for management systems such as ISO 14001 and ISO 45001 and utilize these certifications as criteria for performance evaluation and preferential selection.

## Supply Chain Integrity Management

Morimatsu requires suppliers to adhere to the principles of Equity and Integrity by incorporating anti-commercial bribery, information security, and compliance fulfillment requirements into contracts and assessment mechanisms, while conducting regular ESG risk screenings. During the supplier onboarding and review process, we require all suppliers to sign integrity agreements.

## Supplier Environmental Management

Morimatsu Group regularly provides environmental protection training to procurement personnel and encourages them to implement green procurement principles in their daily purchasing activities. When selecting suppliers, the Group prioritizes those that offer energy-saving, environmentally friendly, long-lasting, or recyclable products and services.

We require suppliers to establish an environmental management policy and encourage them to minimize the impact of their operations on the environment through measures such as reducing three-waste emissions and improving energy efficiency.

**Environmental management initiatives for suppliers**

The Company has formulated and implemented the *Supplier Development Procedure*, which includes a questionnaire survey for suppliers regarding the environmental impact of products to determine whether potential risks are identified in a timely manner during the product production process.

Environmental bonus points are incorporated into supplier assessments for initiatives such as photovoltaic power generation, steel recycling, and the use of clean energy.

## Supplier Labor Management

Morimatsu maintains a zero-tolerance stance towards child labor, human trafficking, and forced labor. It requires suppliers not to discriminate against or harass employees based on their insignificant characteristics, whether consciously or unconsciously. In addition, Morimatsu requires suppliers to treat all employees with equity and comply with applicable laws and regulations in their operating locations regarding employee compensation.

**Labor safety management measures for suppliers**

1. Mandatory safety qualification for supplier access; high-risk suppliers are additionally required to submit project-specific safety plans.
2. Labor safety responsibilities are contractually specified; violations may trigger work stoppages, contract termination, and legal accountability.
3. Establish a compliance verification mechanism for labor practices, covering worker age verification, social insurance contributions, and working hour compliance.
4. Implement a tiered safety training program for all personnel, including site induction, risk briefings, and regular refresher training.
5. Enforce mandatory PPE provision at worksites, permit-to-work systems for high-risk operations, and joint HSE inspections.
6. Extend management obligations to second-tier subcontractors, with the general contractor assuming joint and several liability.

## Supplier Occupational Health and Safety Management

Morimatsu requires suppliers to provide necessary safety facilities and equipment as well as technical protective measures for their employees to ensure health and safety in the workplace. We urge suppliers to conduct occupational health-related assessments and examinations, implement employee occupational health monitoring programs, develop emergency plans related to occupational health and safety, and conduct regular drills.

We require all suppliers entering the Morimatsu facility to strictly comply with various policies and regulations related to occupational health and safety and to conduct relevant training.

# Industry Development

Morimatsu actively contributes to the construction of the industry ecosystem based on the principles of openness, collaboration, and shared value. By joining various industry associations, we collaborate with industry partners to jointly plan the future of the sector. We actively participate in multiple industry exchange platforms to facilitate the flow of technology, concepts, and market information. On this basis, we are also committed to promoting the improvement of relevant industry norms and standards to support the healthy and sustainable development of the industry.

## Industry Engagement

Morimatsu actively leverages its strengths to play a significant role in industry development while actively engaging in industry exchanges, undertaking advanced practices and sharing its own experiences.

In 2025, Morimatsu Energies and Materials participated in more than 20 industry exchange activities such as external exhibitions, industry association events, expos, and seminars, continuously injecting vitality into the industrial ecosystem.

### Participation of Industry Associations

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| Jiangsu Petrochemical Equipment Industry Association<br>Vice-Chairman Entity | China Association of the National Shipbuilding Industry<br>Member Entity |
| China Chemical Equipment Association<br>Standing Council Member Entity | China Chemical Fibers Association<br>Member Entity |
| China Petroleum & Chemical Survey and Design Association<br>Member Entity | Shanghai Society of Mechanical Engineering, Professional Committee on Pressure Vessels and Pipelines<br>Member Entity |

**CASE** **Morimatsu participated in the SNEC PV+ 18th (2025) International Solar Photovoltaic and Smart Energy & Energy Storage and Battery Technology and Equipment Conference (Shanghai)**

In June 2025, Morimatsu participated in the 18th (2025) SNEC PV+ International Solar Photovoltaic and Smart Energy & Energy Storage and Battery Technology and Equipment Conference (Shanghai), where it engaged with global pioneer enterprises in the photovoltaic and energy storage sectors to jointly explore energy transformation and a low-carbon future. During the meeting, Morimatsu highlighted its core technology—the PECVD (Plasma Enhanced Chemical Vapor Deposition) equipment—used in HJT (Heterojunction) solar cell production lines. This equipment features rapid plasma ignition, low reflected power, adjustable electrode spacing, and uniform coating. Through its low-cost modular design, it can flexibly adapt to production line layouts, ensuring high capacity, high yield, and high equipment availability, thereby providing customers with core battery manufacturing equipment that delivers high performance and efficiency.


Morimatsu Booth at the SNEC PV+ 18th (2025) International Solar Photovoltaic and Smart Energy & Energy Storage and Battery Technology and Equipment Conference (Shanghai)

CASE **Morimatsu participated in the SAF APAC 2025 conference**

In November 2025, Morimatsu participated in SAF APAC 2025, a premier industry gathering for sustainable aviation fuel (SAF) in the Asia-Pacific region held in Singapore, where it presented its core modular technologies and integrated solutions to attendees. During the exhibition, Morimatsu comprehensively demonstrated its full-chain engineering service capabilities, ranging from raw material preprocessing and conversion reactions to product refining. This attracted significant attention from upstream and downstream enterprises in the global aviation industry, renewable energy developers, policy-making institutions, and technical expert groups. The on-site professional team and visiting guests conducted in-depth discussions on the commercialization of the SAF project. They precisely exchanged practical experience regarding process design, equipment selection, engineering delivery, and operations and maintenance, laying a solid foundation for building a cross-regional SAF industry collaboration ecosystem.


Morimatsu participated in the SAF APAC 2025 conference

CASE **Morimatsu and TÜV SÜD Sign Strategic Cooperation Agreement**

During the 2025 Third Shanghai International Carbon Neutrality Technology, Product and Achievement Expo, Morimatsu formally signed a strategic cooperation agreement with TÜV SÜD, a globally leading third-party testing, certification, and technical service provider. Both parties will engage in deep cooperation in fields such as hydrogen energy, low-carbon technologies, and green fuels to jointly promote the global green energy transformation. Both parties will focus on tackling three core areas: establishing a precise and efficient carbon footprint verification system, participating in the formulation of internationally credible certification standards, and developing low-carbon technology solutions for the future. Through comprehensive strategic collaboration, we will provide global customers with more reliable and cutting-edge green energy options.


Morimatsu and TÜV SÜD Sign Strategic Cooperation Agreement

# Industry Empowerment Case

Morimatsu continues to support industry progress and actively participates in standard-setting. Building on our continuous benchmarking against international frontiers and the strengthening of our independent technological capabilities, we aim to leverage our accumulated expertise and innovative solutions to empower the collaborative development and overall efficiency enhancement of the industrial chain.

CASE **Morimatsu Energies and Materials completes over 10,000 Metric Tonnes of core modules, empowering North America's new energy industry.**

In September 2025, Morimatsu successfully completed the core modules of the U.S. new energy project constructed for customer, laying a solid foundation for subsequent project delivery and commissioning. Throughout this collaboration, Morimatsu consistently applied the "Lean Intelligence Manufacturing" philosophy. Leveraging its independently developed iMES intelligent management system, the company achieved full-process digital control from design to manufacturing. This effort successfully completed the design, procurement, and fabrication of nearly 10,000 tons of core process units and pipe rack modules. These achievements have effectively supported customer's expansion into the US new energy market, laying a solid foundation for constructing advanced production facilities for key materials in electric vehicle batteries, while contributing to the establishment of a world-class benchmark for new energy factories. This collaboration fully demonstrates Morimatsu's significant contribution to upgrading infrastructure and expanding the global footprint of the new energy industry through its advanced modular manufacturing and digital solutions.

Morimatsu Energies and Materials Modular Solutions

# 06

# Responsibility First






For a long time, Morimatsu has placed high importance on the dual improvement of economic benefits and social value. We are dedicated to building a diverse and equitable work environment that promotes the protection of employee rights and their comprehensive development. Through a systematic and diversified training system along with fair and transparent career development pathways, we optimize the talent growth environment and continuously build a high-quality workforce. Morimatsu focuses on the two core areas of occupational health and production safety, continuously improving management measures to effectively safeguard employees' physical and mental well-being and operational safety. At the same time, we actively fulfill our social responsibilities and continue to engage in public welfare initiatives, establishing a positive image as a responsible corporate citizen.

# Talent Acquisition and Retention

Morimatsu steadfastly upholds its people-centric mission, continuously strengthening capabilities in talent aggregation, technological innovation, and refined management to strive for excellence as an advanced enterprise characterized by "top-tier talents, first-class enterprise, top-tier performance, and premium compensation packages.". We are committed to cultivating an inclusive team culture grounded in equality and diversity, growing alongside our employees, continuously refining our occupational health and safety system, and implementing multi-level, empathetic employee care initiatives to genuinely enhance the sense of belonging, achievement, and professional well-being for all staff.

## Employment

Morimatsu upholds the principle of equality in employment and strictly complies with laws and regulations such as the *Civil Code of the People's Republic of China*, the *Social Insurance Law of the People's Republic of China*, the *Labor Law of the People's Republic of China,* and the *Interim Provisions on Labor Dispatch*. The Company has formulated and implemented internal policies, including the *Employee Handbook*, to safeguard legitimate rights and interests of all employees.

### Diverse Teams

Employees are the core driving force and valuable asset for the Company's sustainable development. Morimatsu has always placed high importance on the diversity and inclusion of its workforce. We are committed to respecting and safeguarding the legitimate rights and interests of every employee while continuously fostering a diverse work environment that respects differing opinions, viewpoints, and beliefs.

Throughout the entire process of talent recruitment, promotion and development, compensation and benefits, and contract management, we adhere to the principles of equity, fairness, and transparency. We strictly prohibit any discriminatory practices based on factors such as age, gender, marital and family status, race, skin color, region, nationality, religious belief, or political affiliation. Morimatsu has always adhered to the principle of equality in employment, respected the legitimate rights and interests of employees with disabilities, and strictly complied with relevant laws and regulations on employment of persons with disabilities. We arrange suitable personnel for employment by integrating objective factors such as industry production characteristics, job suitability requirements, and safety production management policies. In expanding its overseas operations, Morimatsu has continued to strengthen the recruitment and development of local employees, effectively contributing to the resolution of employment issues in Malaysia while actively cultivating and supplying professional technical talent for relevant sectors.

We strictly adhere to relevant International Labour Organization conventions and national laws and regulations, comprehensively prohibiting the employment of child labour and forced labour. We also require our suppliers to comply with these provisions, ensuring they uphold equivalent standards. We firmly oppose and prohibit all forms of slave labor and human trafficking. No individuals under the age of 16 are permitted to engage in any type of work at Morimatsu in China. Morimatsu is committed to reasonably planning employee workloads and schedules. The Company also pledges not to engage in or support business activities involving slave trafficking, human trafficking, or the recruitment of child labor. Furthermore, Morimatsu implements rigorous due diligence for suppliers to ensure no procurement of raw materials, components, or outsourcing of products and services from entities or groups involved in such illegal practices.

Morimatsu strictly enforces a comprehensive anti-discrimination policy and continuously monitors and verifies the effective implementation of the policy through a combination of internal audits and external third-party assessments. Annually, we conduct specialized risk assessments on labor rights and business ethics by evaluating risk levels based on likelihood, severity, and risk value. Our assessment scope covers key risk areas such as forced labor, child labor, humiliation of personality, and improper penalties. Relevant functional departments lead the formulation and implementation of risk control measures. The Company systematically reviews and updates the implementation and effectiveness of relevant initiatives on a regular basis to ensure that risks are continuously managed and controlled.

Morimatsu has incorporated explicit anti-harassment clauses and related policies into the *Employee Handbook* and conducted mandatory anti-harassment training for all employees to ensure that every employee fully understands their rights and obligations. At the same time, we have established confidential and convenient anonymous reporting channels to effectively protect the rights and interests of victims.

In 2025, Morimatsu recorded **zero** incidents of child labour, forced labour, or workplace harassment.

### Attracting Talent

Morimatsu plans its talent deployment in alignment with business strategy and development goals, systematically formulating annual and medium-to-long-term recruitment plans. During the recruitment process, we strictly adhere to the principles of openness, equity, and fairness. We actively attract diverse talent from the global talent market and domestic and international higher education institutions who align with Morimatsu's values and development needs.

To build a diversified talent acquisition system, Morimatsu integrated online and offline channels to expand multi-dimensional pathways including social recruitment, campus recruitment, internal referrals, and specialized hiring. Through deepening cooperation with mainstream recruitment platforms, operating corporate new media live-streaming recruitment sessions, regularly holding specialized job fairs, strengthening headhunter collaboration mechanisms, and implementing internal referral incentives, we have comprehensively achieved the precise acquisition and efficient absorption of high-quality talent.

We prioritize localized recruitment by focusing on local talent resources during the hiring process, effectively activating and leveraging existing networks of local employees to attract potential candidates.

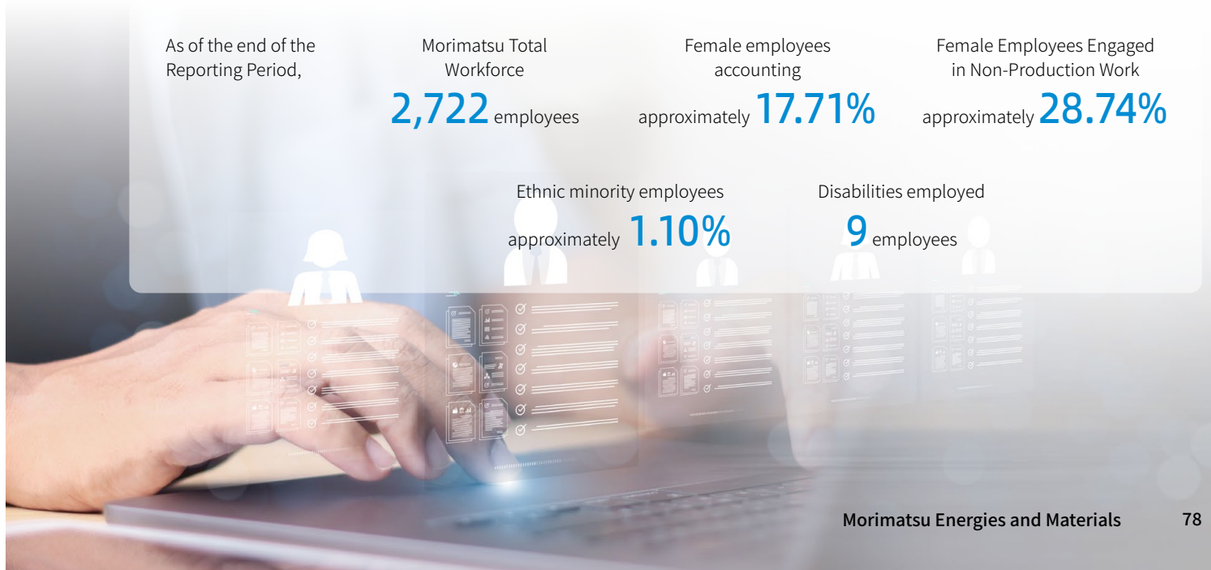
Morimatsu continues to deepen industry-academia cooperation by establishing long-term and stable talent development partnerships with multiple educational institutions. Through collaborative curriculum development and the linkage of industry-academia-research projects, both parties jointly promote the deep integration of professional knowledge systems with social practice capabilities. This systematic approach facilitates students' transformation into industry professionals, ensuring a continuous supply of composite talents who possess both professional literacy and practical skills for the industry.

**CASE** **Industry-University Cooperation**

Morimatsu continues to deepen collaborative cooperation with secondary vocational institutions, laying a solid foundation for frontline talent reserves. In April 2025, we visited Rugao No. 1 Secondary Vocational School, integrating cutting-edge industry technologies and practical corporate experience into the teaching curriculum. Combining the cognitive patterns and learning characteristics of secondary vocational students, we innovatively adopted a teaching model that integrates case-based instruction, interactive seminars, and scenario-based practice. This approach helps students solidify essential job-related knowledge and foundational skills in advance, thereby establishing a robust professional foundation for their future successful employment.



Morimatsu conducted teaching activities for students at Rugao No. 1 Secondary Vocational School



# Talent Development

Morimatsu has always closely integrated employee growth with the Company's development, focusing on promoting the comprehensive growth of its employees. Through multiple channels and methods, we continuously assist employees in enhancing their comprehensive capabilities and professional literacy, supporting them in systematically planning and achieving their personal career pathways.

## Employee Training

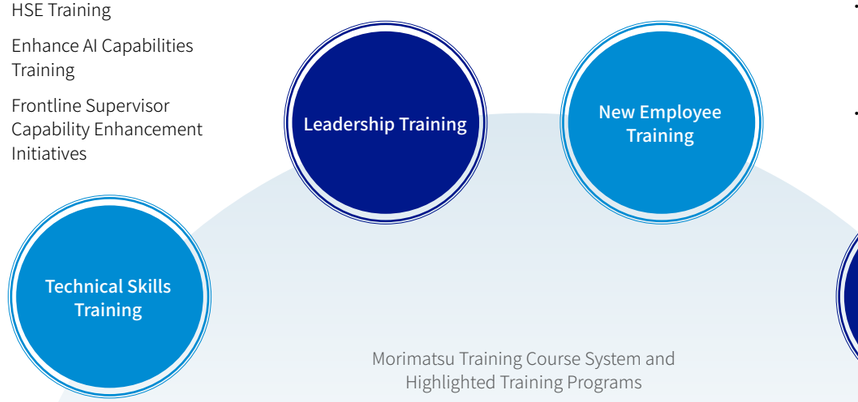
Morimatsu is actively building a learning organization and establishing a systematic, diversified career development training system to comprehensively support the continuous growth of employees. Morimatsu has established the *Employee Education and Training Management System*, which clarifies the requirements and standards for various types of training. Aligned with the Morimatsu development strategy and medium-to-long-term objectives, we formulate annual training plans to systematically advance various training activities. We regularly evaluate training effectiveness to continuously optimize our talent development mechanisms.

- Professional Competency Training
- Specialized Operational Training
- HSE Training
- Enhance AI Capabilities Training
- Frontline Supervisor Capability Enhancement Initiatives

- Management Skills Advancement Course
- Advanced Executive Management Program
- Sustainable Development - Carbon Management Training

- Intensive Training for Recent College Graduates
- Mentorship and Training

- Degree Advancement Programs Japan Technical Exchange Program for Welders
- Foreign Language Proficiency Training




Morimatsu Training Course System and Highlighted Training Programs

We continuously optimize our curriculum resources and integrate and refine the internal training platform, "Morimatsu University," to cultivate composite talents possessing excellent character, systematic knowledge, and practical capabilities. Morimatsu University has established a high-caliber faculty team by integrating senior executives and technical experts from within the organization while also inviting industry elites and professors from renowned universities to participate in teaching. We conduct 1-2 sessions of youth cadre training classes and senior management reserve classes. Through a diversified curriculum, we systematically enhance participants' comprehensive literacy and management capabilities.

In 2025, Morimatsu continued to increase resource allocation, with a total annual training investment of approximately RMB **2.0336** million.


Strategies for Corporate Survival and Development in the New Era


Introduction to Enterprise Management


Lean Production Management

Smart Supply Chain in the New Landscape

Morimatsu University 2025 Highlights Training Courses

We established the "Morimatsu Knowledge Sharing Center" by integrating online and offline training resources and launched the "Morimatsu E-Learning", a professional learning platform that provides flexible and personalized learning support for our employees. Simultaneously, we deployed Morimatsu library self-service borrowing terminals in all office areas and regularly updated the book collection based on employee needs to continuously enrich learning resources. To stimulate employees' enthusiasm for learning, we conduct monthly themed knowledge competitions via WeChat Mini Programs. Employees who emerge as winners receive exclusive rewards, fostering a positive and vibrant learning atmosphere.

While refining our internal training system, we actively expanded external cooperation channels and continuously introduced high-quality training resources. Morimatsu supports employees in pursuing academic advancement programs, such as upgrading from junior colleges to universities and furthering their studies toward master's or doctoral degrees, while providing corresponding tuition subsidies. Additionally, reimbursement is provided for fees related to professional qualification certifications and title evaluations that meet the prescribed eligibility criteria, comprehensively facilitating employees' professional growth.

## Morimatsu Employee Career Development Program

### Academic Advancement Programs

- In 2025, Morimatsu selected an international open selection to send employees to pursue doctoral degrees at Kyoto University and actively advance enterprise-university cooperation and engagement.
- Domestic part-time postgraduate programs (e.g. MBA, MEM) at institutions such as Fudan University, Shanghai Jiao Tong University, and Tongji University In 2025, the Company added 1 employee to pursue an MBA degree at Fudan University. During the period from 2024-2025, Morimatsu sponsored a total of 5 employees to complete advanced academic improvement programs. Among them, there are 4 people from Morimatsu Energies and Materials.
- In 2025, a total of 11 employees successfully upgraded their academic qualifications from junior college to bachelor's degree and received incentives issued by the Company.

### Professional Certification Support

- Reimbursement for professional title assessment fees
- Subsidy for accredited qualification examination costs


Kyoto University
Recruitment Poster

**CASE** **Morimatsu Organizes Series Training on AI Tool Learning and Usage**

Morimatsu places high importance on the practical application of AI tools in daily work to assist employees in enhancing their efficiency. In 2025, Morimatsu University incorporated specialized training modules on "AI-Empowered Enterprise Management" and "AI-Driven Enterprise Digital Transformation and Decision Reconstruction + Global Operations and Supply Chain Resilience Construction under Geopolitical Dynamics" into its youth cadre training classes and senior management reserve classes. Aligned with current trending events and development directions, these initiatives aim to assist participants in acquiring essential work skills as quickly as possible.

**CASE** **Case: Morimatsu Energies and Materials "Qinglan Plan" Project**

To facilitate the learning and growth of apprentice workers and junior employees, Morimatsu Energies and Materials has established the "Qinglan Plan", aimed at helping relevant staff acquire job skills as quickly as possible. We have advanced the systematic training of skilled technicians on the front lines of production across all departments in accordance with our established plan and achieved the expected results. In the future, we will treat this project as a long-term development plan to lay the foundation for cultivating skilled workers on the production front line.

"Qinglan Plan" Symposium

## Employee Promotion

Morimatsu has established a standardized and clear promotion system to define employees' career development pathways. This provides systematic support for employees to realize their personal value, thereby enhancing their sense of identification with the organization and cohesion. Morimatsu has established career development pathways covering four key areas for employees. The Company conducts regular performance assessments and promotion reviews while implementing specialized promotion mechanisms for critical roles to support continuous employee growth.

In the talent assessment phase, we established a multi-dimensional evaluation standard covering professional competence, professional ethics, practical experience, and comprehensive potential. This initiative aims to achieve precise job-person matching, foster mutual growth between employees and the organization, and thereby lay a solid talent foundation for Morimatsu's sustainable development. For core roles such as technology, project management, and sales, we have established a career planning mechanism involving four parties: the individual, the mentor, the department, and Human Resources. This mechanism tailors career development goals for each employee, optimizes their career paths, and facilitates mutual growth between employees and Morimatsu.

- Management Track for Leadership Role Progression
- Technical/ Managerial Dual-path System
- Professional Specialist Track
- Operations Workforce Development

Morimatsu Employee Job Sequence

In terms of employee evaluation, Morimatsu employs a performance management system that integrates the "Balanced Score Card (BSC)" and "Key Performance Indicator (KPI)". Upholding principles of equity and fairness, evaluations are conducted strictly in accordance with institutional policies and standardized procedures, based on the achievement of departmental objectives and individual employee performance. We conduct performance reviews and feedback interviews twice annually. Based on the assessment results, we implement corresponding adjustments to employee positions, including promotions, renewals, transfers, or terminations. Additionally, we have established an expedited review channel for outstanding performers, which facilitates the accelerated career development of top talent. For professional and technical personnel, we conduct professional and technical position reviews twice annually.

Simultaneously, Morimatsu Energies and Materials in Malaysia Plant has implemented a multi-level evaluation mechanism encompassing monthly KPI assessments, quarterly reviews, and annual appraisals. Additionally, the Company provides production frontline employees with promotion review opportunities on a quarterly basis.

# Employee Rights

Morimatsu provides sincere care for its employees and strives to build a harmonious and positive work environment. We have established a diverse and comprehensive compensation and benefits system to support employees in achieving work-life balance. We consistently listen attentively to employee feedback and actively respond to their needs.

## Compensation and Incentives

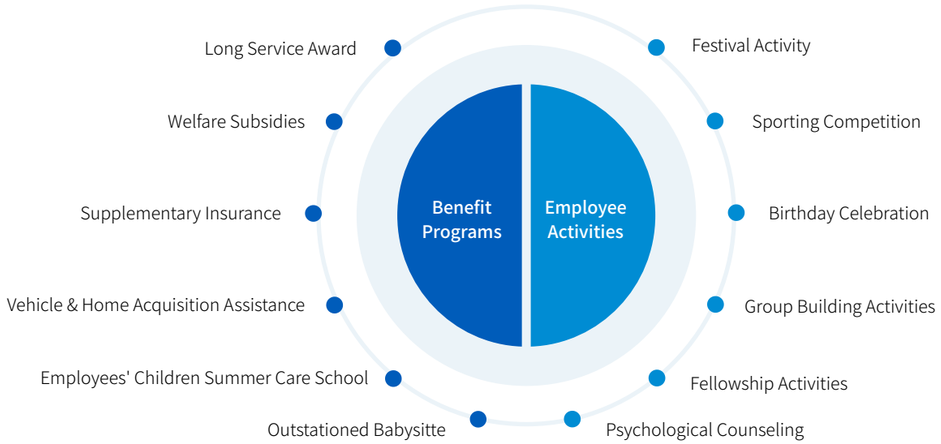
Morimatsu provides employees with fair and market-competitive compensation and benefits. We continuously optimize our compensation system to ensure a reasonable structure and effective incentives, fully recognizing and rewarding employees' contributions and value. Currently, Morimatsu's employee compensation primarily consists of base salary, post-based salary, position allowances, and performance-based wages, designed to comprehensively reflect employees' capabilities, responsibilities, and performance.

We are committed to sharing the fruits of development with our employees. We have implemented a long-term equity incentive mechanism to recognize employee contributions and continuously motivate them to create value for the Company's long-term growth. As of the end of the Reporting Period, Morimatsu had 192 employees holding shares

## Benefits System

Morimatsu continues to refine its non-compensation benefits system while strictly adhering to national regulations and implementing comprehensive statutory benefits. Through diversified benefit programs and employee care activities, we provide support and warmth to every member in a manner that closely aligns with their needs. Morimatsu has systematically established a comprehensive employee care system covering health care, benefits support, and work-life balance. We provide employees with benefits medical examinations and establish daily care measures such as holiday subsidies, birthday gifts, and high-temperature allowances. Additionally, through special programs, we offer financial support for eligible employees' needs, including vehicle and housing purchases, to alleviate their temporary economic pressures. In parallel, to promote work-life balance, we regularly organize employee social events, provide nannies for family care support, and offer childcare services for employees' children during school holidays such as winter and summer breaks. In addition, Morimatsu actively organizes employees to participate in diverse team-building and cultural and sports activities to enrich their leisure lives, enhance team cohesion, and foster a sense of belonging.

**Morimatsu's Important Benefit Programs**




**CASE** **Morimatsu conducted Traditional Chinese Medicine therapeutic activities**

To care for the physical and mental well-being of our employees, we have carefully prepared a series of Traditional Chinese Medicine (TCM) therapeutic services. These include signature offerings such as TCM pulse diagnosis, soothing massage, cupping therapy, and one-on-one health consultations. We provide personalized health advice and conditioning recommendations to every employee, helping them gain a deeper understanding of their own health status and effectively enhancing their health awareness.

**CASE** **Morimatsu Energies and Materials Launches Childcare Services for Employees' Children**

To better support employees in balancing work and family life, Morimatsu launched a childcare service for employees' children during the winter and summer holidays of 2025. We precisely align with employee needs by engaging external professional instructors and college student volunteers to implement standardized management and centralized supervision. Prioritizing safety and health, the after-school care program provides diversified activities for children, including academic tutoring, interest cultivation, and physical training, to deliver a childcare service that ensures employees peace of mind. In September 2025, Morimatsu Energies and Materials was recognized as an Outstanding Site for the "Public Welfare Summer Care Service" in Rugao City.

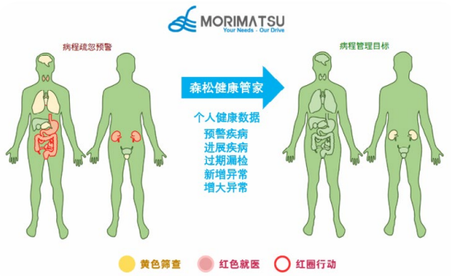
Morimatsu Employees' Children Summer Care School

**CASE** **Morimatsu Employee Health Steward**

Morimatsu provides a full-cycle solution for employee health management through digital means. In 2018, it introduced the "23Care Health Steward" digital health management tool to establish an individualized dynamic health warning digital management system for key employees, shifting from passive reimbursement assistance for major illnesses such as cancer to proactive risk management. We focus on the three core elements for improving cure rates of critical illnesses—time, technology, and responsibility—to provide employees with individualized risk assessment, customized health check-ups, medical access support, and self-risk control measures:

- Establish tools such as the *Disease Progression Management Form* and *Abnormal Tracking Form* to conduct disease progression analysis and indicator early warning, achieving a 100% coverage rate for key employee common cancer risk management and a 100% support rate for screening and medical consultation.
- We provide the "Digital Health Radar" and "Morimatsu Health Decision Card" to every key employee to improve compliance with medical follow-ups, thereby increasing the cure rate for common serious diseases. The compliance rate for standardized screening and medical actions among key employees has reached 90%.

Morimatsu applies this digital health management tool to help key employees identify early cancer risks and provide continuous medical care guarantees, effectively improving the cancer cure rate. Morimatsu's innovations and their effectiveness in the field of cancer prevention and treatment for key employees have received high recognition from the Cancer Prevention and Screening Professional Committee of the Shanghai Anti-Cancer Association, earning the "2025 Best Employee Health Protection Support Award".





2025 Best Employee Health Protection Support Award

**CASE** **Implementation of an Employee Retention Plan During the Migration of Morimatsu Energies and Materials Facilities**

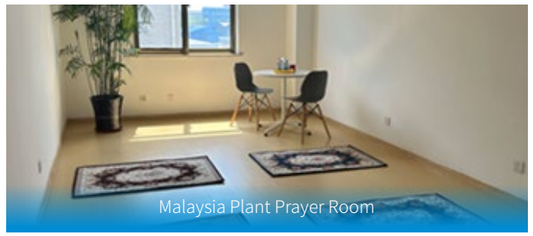
In 2025, the Company relocated its production facilities in accordance with the Group's systematic plan. During the relocation of the plant, considering the number of local employees, we retained the staffing plan for the Shanghai facility. The employee retention rate reached 95%. We fully respect the decisions of every employee and have made appropriate arrangements for those who chose to stay. Through regular symposiums, we continue to closely monitor their actual needs regarding clothing, food, housing, and transportation. We are continuously improving the supporting facilities at the Shanghai plant, such as long-term open employee dormitories, laundry rooms equipped with dryers, and bathing facilities.

## Employee Activities

Billiards Competition

Badminton Competition

Mobile Game Competition


Malaysia Plant Prayer Room

## Assistance for Special Groups

Morimatsu is committed to optimizing support policies for vulnerable groups, reducing practical work barriers and alleviating stress. The Company provides warmth and care, offering precise and personalized assistance tailored to different types of vulnerable individuals facing difficulties.

**CASE** **Care for Employees with Disabilities**

To facilitate the work and daily lives of employees with disabilities, we have constructed accessible ramps and accessible restrooms within the plant premises to effectively address their practical needs. In the next step, Morimatsu will continue to monitor relevant employment policies. While ensuring safe production and job suitability, the Company will further improve barrier-free facilities, broaden employment channels for employees with disabilities, and steadily enhance the quality and effectiveness of fulfilling social responsibilities.


Accessible Restroom

## Women's Support

Morimatsu places high value on safeguarding the rights and interests of female employees. By improving care mechanisms and optimizing the work environment, we provide concrete support for their career development. Morimatsu addresses the basic needs of female employees during lactation by providing maternity benefits, regularly organizing exclusive care activities for women, and establishing dedicated nursing rooms in office spaces equipped with necessary supplies.

**CASE** **Morimatsu Opens a Loving Nursing Room**

Morimatsu has established a nursing room in its office area, equipped with a refrigerator, sterilization cabinet, air conditioning, comfortable seating, and emergency supplies to provide a private, safe, and hygienic dedicated space for breastfeeding mothers. In the future, we will also invite parenting experts to deliver lectures to help employees gain a deeper understanding of childcare knowledge and alleviate parenting anxiety.

Morimatsu Energies and Materials Love Mother-and-Baby Room

## Communication Mechanism

Morimatsu has always believed that sincerity, trust, and respect form the essential foundation for employees' healthy mindset and a harmonious team atmosphere. To this end, we are committed to establishing an environment of equality and open communication, safeguarding employees' rights to freedom of association and collective bargaining, and refraining from interfering with their voluntary right to join trade unions.

We have established a multi-channel and multi-form communication system to facilitate employee feedback and expression. Through diversified communication platforms including proposal submission systems, employee satisfaction surveys, trade union representative congresses, regular all-staff meetings, anonymous feedback mechanisms, and cross-departmental exchanges, we ensure that employees can express their opinions. We actively listen to and respond to the voice of every employee, enhance their participation in the Company's development, and promote collaborative progress between employees and the Company.

In the event of damage to interests or unfair treatment, employees may submit feedback or complaints at any time. Relevant functional departments will provide timely assistance in areas such as labor rights protection, occupational psychological support, and grievance handling. We will strictly protect the complainant's personal information, conduct a thorough investigation, and promptly provide feedback on the handling results to the relevant employees.

## Employee Satisfaction Survey

Morimatsu consistently values employees' genuine feelings by regularly collecting feedback through multiple channels and publicly disclosing the implementation status. This approach drives management to promptly optimize work processes, ensuring that employee voices truly become a driving force for organizational progress.

In 2025, we conducted a specialized satisfaction survey focused on daily services including cleaning, catering, security, and commuter shuttle buses. Based on collected employee feedback, the Company promptly implemented measures such as optimizing shuttle bus routes and improving cafeteria meals, demonstrating its commitment to continuously enhancing its capacity to serve employees.

# Occupational Health and Safety

Morimatsu remains committed to safeguarding employee health and safety, continuously investing resources to optimize the working environment, and systematically conducting safety training and capacity building. Morimatsu continuously refines emergency response plans and risk management mechanisms to effectively reduce various hazards in the workplace. We strictly comply with the laws and regulations of the jurisdictions in which we operate. We have established a policy framework including the *Work Safety Management System*, the *Occupational Health and Safety Management Regulations*, the *Occupational Health Monitoring and Archiving Management System*, and *Labor Protection Articles Management Regulations* to solidify our management foundation. At the same time, we actively introduce internationally advanced safety management methods and implement standardized work processes to ensure the systematic, standardized, and effective nature of health and safety management.

In 2025, Morimatsu Energies and Materials Nantong Plant has obtained the ISO 45001 occupational health and safety management system certification.

In 2025, our total investment in occupational health and safety amounted to approximately RMB **7.55** million.


DNV

MANAGEMENT SYSTEM CERTIFICATE

This is to certify that the management system of
**Morimatsu (Jiangsu) Heavy Industry Co., Ltd.**
No. 1 Sensong Road, Changjiang Town (Rugao Port Area), Rugao, Jiangsu, China 226532

has been found to conform to the Occupational Health and Safety Management System standard:
**ISO 45001:2018**

This certificate is valid for the following scope:
**Manufacture of Pressure Vessel and Process Facilities Module**

Occupational Health and Safety Management System Certification

To ensure the effective operation of the occupational health and safety management system, Morimatsu has established clear health and safety management objectives and implemented a regular review mechanism, creating a closed-loop management process from objective setting to execution review. At the same time, we incorporate the safety management of contractor personnel into our own management objectives to further promote comprehensive coverage of safety management.

- No serious injuries or fatalities occurred
- Work-related injury incidents Rate: ⩽1.2, with no serious injuries or work-related fatalities
- Occupational health inspection rate: 100%
- 100% coverage of employees in safety education and training

Morimatsu Health and Safety Management Objectives

## Health and Safety Management

Morimatsu has established a systematic and effective health and safety governance structure to fully implement health and safety management. We established the *Twelve-Point Assessment Regulations for Employee HSE Behavior* to link health and safety with the performance appraisal of all employees. In addition, we have established a "HSE Risk Guarantee Fund" mechanism. Quarterly and annual rewards and penalties are implemented based on safety management performance and the achievement of annual safety targets. Department heads whose HSE management is rated as "non-compliant" in the annual assessment shall be disqualified from promotion and merit evaluation for that year.

**Highest Responsible Person**

General Manager

**Management Authority and Responsible Department**

Safety Production Committee and HSE Department

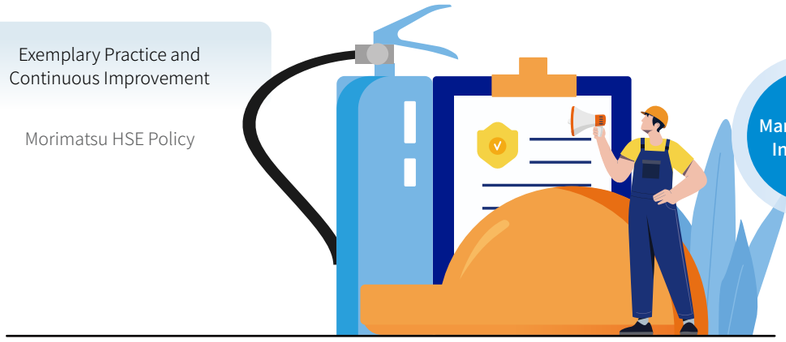
Morimatsu Health and Safety Management System

Putting People First and Prevention First

Active Advocacy and Full Participation

Exemplary Practice and Continuous Improvement

Morimatsu HSE Policy



## Health, Safety and Risk Management

To continuously strengthen health and safety management, Morimatsu has deeply integrated systematic risk management into daily operations. We regularly conduct health and safety risk identification and assessment, issue the *Occupational Disease Hazard Factor Testing Report*, and implement targeted control measures and emergency plans. Simultaneously, we established a standardized mechanism for accident and incident investigation and root cause analysis to fundamentally prevent recurrence and comprehensively safeguard the health and safety of employees, customers, suppliers, and the public.

**Risk Assessment**

- The *Dual Prevention Mechanism Management Manual for Risk Grading Control and Hazard Investigation Governance* has been formulated to provide clear operational guidance for the comprehensive implementation of risk grading and hazard investigation work, while clearly defining objectives and execution measures for all relevant tasks.

**Risk Check**

- Implement the Violation Inspection plan and establish a tiered inspection mechanism. Through routine patrols and special inspections, identify violations, immediately correct them, record findings, and conduct root cause analysis. Enforce corrective measures at both personnel and system levels.
- Responsibilities and deadlines are assigned to rectification measures for tracking and verification. Monthly statistical analysis of violation data is conducted to formulate targeted prevention strategies, promoting the formation of a closed-loop safety management system and continuous improvement.

**Management Initiatives**

- Implement company-level safety production meetings (once weekly), departmental and workshop-level employee morning meetings (once each weekly), and team-level morning meetings (daily) to effectively control safety production risks.
- Strengthen the emergency response plan system and organize regular drills to ensure that response procedures can be rapidly initiated and effectively executed in various emergency situations.
- We are promoting the acquisition of external safety certifications by safety management personnel to systematically enhance the team's professional capabilities in risk prevention and control, emergency command, and other areas.

Morimatsu Health and Safety Risk Assessment, Inspection, and Management Initiatives

## Hazardous Chemicals Management

Based on the actual use of hazardous chemicals in its business operations, Morimatsu conducted a comprehensive assessment of related health and safety risks. The Company is committed to building a full lifecycle management system covering procurement, storage, usage, and disposal, continuously strengthening management capabilities and execution safeguards to ensure that all links remain under safe control.

**Procurement**

- For suppliers of hazardous chemicals, we conduct a focused review to verify that they hold the relevant *Hazardous Chemical Operation License* and that their designated logistics providers possess the *Hazardous Chemical Road Transportation License*, ensuring the safety of hazardous chemical supply.

**Usage Phase**

- Strictly adhering to the ISO 14001 and ISO 45001 standard frameworks, we have formulated and implemented management procedures such as the *Chemical Safety Management Regulations* and the *Chemical Spill Contingency Plan*. These procedures establish clear regulations for the entire lifecycle of chemical handling, including storage, operation, and disposal, to prevent safety incidents such as spills.
- Specialized safety training is regularly organized for employees in relevant positions to consolidate their safety awareness and emergency response capabilities.

Morimatsu Hazardous Chemical Management Initiatives

## Contractor Safety Management

Morimatsu strictly manages contractor safety by integrating it into the overall EHS management system. During the contractor onboarding phase, we conduct a comprehensive review of their safety management systems, relevant qualifications, and historical safety performance to ensure compliance with regulations and company policies. All contractors are required to sign a series of health and safety documents, including the *Occupational Health, Safety, and Environmental Protection Construction Agreement* and the *Site Entry Safety Commitment* in written form to explicitly state and commit to complying with the Company's various health, safety, and environmental requirements.

Morimatsu Energies and Materials has established a quantitative performance compliance safety evaluation system. While integrating contractors into the overall health and safety objectives, we also formulated specific health and safety management targets for them; all relevant targets were achieved in 2025.

In 2025, we updated the *Contractor Safety Management Policy* to adjust and further clarify requirements regarding contractor safety insurance and the establishment of safety officers.

**Morimatsu's Safety Management Requirements for Contractors**

- Provide employees with pre-employment medical checkups; ensure employees exposed to occupational hazards undergo occupational health examinations.
- Secure work-related injury insurance and accident insurance coverage for all employees.
- Ensure all employees performing specialized operations hold the relevant qualification certificates.
- Conduct safety inspections of equipment and tools prior to entry.
- Conduct regular safety inspections of construction operations.
- Implement timely corrective measures to address safety hazards identified by Morimatsu.
- Develop safety training programs to educate all newly onboarded employees on safety protocols, operational procedures, and emergency response measures. Actively participate in Morimatsu's organizational safety training.
- Formulate emergency response plans and implement regular emergency drills to enhance emergency response capabilities.

## Occupational Health Management

Morimatsu has established a systematic occupational health and safety management system, including the *Responsibility System for Prevention and Control of Occupational Disease Hazards*, the *Warning and Notification System*, and the *Occupational Disease Hazards Disposal and Reporting System* to ensure effective implementation of relevant work. Morimatsu strictly implements the "one person, one file" management system for employee health records to ensure their integrity, standardization, and traceability.

Morimatsu continues to refine its occupational health and safety management system by systematically configuring protective equipment and facilities for occupational diseases, regularly organizing safety inspections and occupational health examinations, thereby establishing a working mechanism that prioritizes prevention and operates on an ongoing basis. To address potential occupational health risks, we have established a comprehensive management mechanism covering the entire process from emergency response and root cause analysis to the implementation of corrective measures, aiming to minimize the hazards and impacts of related incidents. In 2025, the coverage rate of occupational health examinations for employees exposed to occupational hazard factors reached 100%. Morimatsu strictly complies with all professional occupational health laws and regulations. In 2025, no significant penalties, lawsuits, claims, or disciplinary actions occurred.

**Occupational Disease Prevention Facilities and Measures**

- Implement a weekly routine inspection mechanism for the wearing of protective equipment and continuously improve the working environment.
- Establish an employee psychological counseling room to provide professional mental health support and consulting services for employees.
- We conduct annual testing of occupational hazard factors at production sites to ensure the working environment complies with national occupational health standards.
- For dust-prone work areas, dedicated dust collection systems shall be installed to control dust dispersion at the source.
- Physical protective barriers shall be installed in the laser processing area to prevent laser radiation from causing injury to operators.

**Occupational Health Examination**

- Regularly organize occupational health and safety examinations for employees, provide personalized interpretation of examination results and health guidance, systematically screen and manage suspected occupational diseases and occupational contraindications, and achieve full-process monitoring of occupational health risks.

Morimatsu Occupational Health and Safety Management Measures

## Safety Culture Development

Morimatsu is committed to building a safety culture system that engages all employees. Through continuous education and guidance, the company transforms safety concepts into shared awareness and conscious actions among its workforce. We regularly organize specialized activities such as core skills training and knowledge competitions for safety management personnel. Affiliated companies simultaneously conduct multiple practical safety skills drills and emergency response exercises to effectively enhance employees' on-site risk coping capacity.

**In 2025, Morimatsu organized** A total of **51** occupational health and safety training sessions **17** Safety drills


**CASE** **Morimatsu Energies and Materials Organized Conducted Emergency Drill for Accident Response**

In August 2025, Morimatsu Energies and Materials conducted an emergency response drill for acid burn accidents during pickling operations. The drill simulated the immediate actions taken by relevant personnel following an acid burn incident occurring in the pickling stage of actual operations. This drill effectively enhanced the emergency response and on-site disposal capabilities of relevant personnel during pickling operations, verified the practicality and operability of the emergency plan, and accumulated practical experience for preventing similar accidents and ensuring operational safety.

Emergency Drill

**CASE** **Morimatsu Group Organized First Aid Training**

In July 2025, Morimatsu Group invited personnel from the Shanghai Red Cross Society to conduct first aid training. Participating employees passed the assessment and obtained relevant certificates. This training effectively equipped employees with fundamental first aid skills, enhanced their ability to respond promptly to sudden injuries or illnesses in the workplace, and further strengthened overall emergency response capabilities.

First Aid Training

# Social Engagement and Contribution

Morimatsu has always regarded fulfilling social responsibilities as a key component of driving sustainable development. The Company actively engages in public welfare initiatives and gives back to society through concrete actions. We focused on two core themes: social contribution and compassionate public welfare. We carried out diverse activities including international cooperation in vocational education, support for the elderly, environmental protection, and health promotion. These efforts extend care to every corner of the community, contributing to the construction of a warmer and more inclusive social environment.

## Social Contribution

Morimatsu actively responds to the call for international cooperation in vocational education under the Belt and Road Initiative by establishing the Morimatsu-Shanghai Zhongqiao International Class talent program with Shanghai Zhongqiao Vocational and Technical University, systematically supporting the cultivation of skilled youth talents in Malaysia. We not only provide students with opportunities for professional learning and industry practice but also are committed to integrating advanced technologies and educational expertise locally. This supports Malaysia in building a sustainable local talent ecosystem and contributes long-term value to regional economic and social development.

**CASE** Morimatsu - Zhongqiao International Class Talent Program

The Morimatsu-Zhongqiao International Class Talent Program is a talent development initiative launched by Morimatsu to meet the dual needs of academic advancement and employment. By combining theoretical knowledge learning with hands-on workshop training, the program equips students with production and management skills, empowering them to become professional talents.

In October 2025, the second cohort of the Morimatsu-Zhongqiao International Program officially commenced, and Malaysian students formally enrolled. While providing learning and practical opportunities, we also offer them meticulous care in their daily lives. This project provides full scholarships and grants to Malaysian students, significantly alleviating their financial pressure. We have assigned a Morimatsu "Corporate Academic Mentor" to every student, establishing a profound bond that is both teacher-like and friend-like, covering academic pursuits, daily life, cultural adaptation, and career guidance. We also facilitated their rapid integration and strengthened interpersonal bonds through holiday events and gift-giving.

This project not only meets the talent needs of Morimatsu's Malaysia plant but also transfers professional technology to Malaysia's machinery manufacturing sector. It contributes to cultivating scarce professional talents in the industry, further facilitates cultural exchange between China and Malaysia, broadens employment opportunities for the new generation in Malaysia, and helps achieve a win-win outcome in localized talent development and industry talent growth.


Morimatsu - Zhongqiao International Class Opening Ceremony

## Public Welfare and Community Service

As a vital member of society, Morimatsu consistently upholds the spirit of public welfare by actively engaging in various social charitable activities. We are dedicated to spreading warmth and care, contributing to the construction of a more harmonious and inclusive society. We have long focused on vulnerable groups within the community. Through diverse public welfare activities such as caring for the elderly, organizing voluntary blood donation drives, and participating in environmental cleanup initiatives, we actively fulfill our corporate social responsibilities to foster the common development of the community. In 2025, Morimatsu invested approximately 1.8119 million yuan in social welfare initiatives, with employees contributing a total of over 46 hours to volunteer services.

**CASE** Morimatsu Conducts Chongyang Festival Outreach Activity

During the Double Ninth Festival in 2025, Morimatsu collaborated with the local community residents' committee to carry out a Double Ninth Festival visitation activity titled "Joint Efforts of Society and Enterprise Delivering Sincerity: Holiday Condolences Warm Hearts." The initiative visited and offered condolences to 76 elderly residents aged 80 and above, demonstrating a concrete commitment to social responsibility.



Chongyang Festival Outreach Activity

**CASE** Morimatsu Group Organized a Public Blood Donation Activity

In November 2025, Morimatsu Group organized employees to participate in a public blood donation drive. Nearly 100 colleagues donated blood, with a total volume of 23,200 ml. As a continuing tradition of public welfare, the Group organizes employee blood donation activities annually. Most employees have actively responded to the call and participated in these charitable blood donation events multiple times. For employees participating in voluntary unpaid blood donation, we also provide appropriate paid leave as an incentive to jointly contribute to public welfare.


Charitable Blood Donation Activity

# 07

# Prudent Operations



16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Guided by scientific decision-making and relying on a sound corporate governance structure, Morimatsu integrates comprehensive risk management and internal control throughout its entire operations, adhering to compliant practices. Through continuously improving corporate governance and actively fulfilling social responsibilities, we have built a solid foundation for providing compliant, high-quality products and services to customers, while laying a long-term cornerstone for the Company's sustainable development.

# Compliant Operations

We consistently adhere to compliant operations and continuously improve our compliance management, risk management, and internal control mechanisms. We strengthen the compliance defense line and uphold the bottom line of business operations.

## Compliance Management

Morimatsu strictly adheres to laws and regulations such as the *Company Law of the People's Republic of China*, as well as regulations including the *Hong Kong Standards on Auditing*, the *China Internal Auditing Standards*, and the *Listing Rules* of the Stock Exchange of Hong Kong, to formulate and implement the *Internal Control and Audit Management System*. We have established and improved a compliance system to form an effective internal compliance risk management mechanism, embedding compliance awareness into corporate operations and management.

To continuously strengthen compliance management, Morimatsu strictly adheres to the annual internal control audit process and collaborates with the Group's Internal Control & Audit Department to conduct systematic internal audits, fully verifying the effective implementation and continuous operation of all compliance management measures. As an independent oversight department, the Internal Control & Audit Department incorporates compliance audits into its business and financial audit processes. This includes evaluating conformity between internal policies and external regulations, as well as assessing the effectiveness of policy implementation, thereby systematically ensuring the legality and compliance of corporate operations.

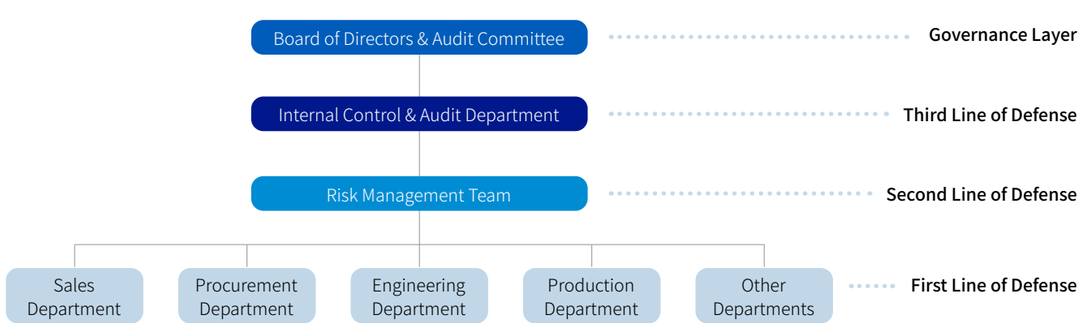
The Company strictly adheres to the reporting procedures and investigation and handling mechanisms established by the Group. It has established and publicly disclosed a hotline and email address for reporting, with designated departments promptly conducting investigations and driving corrective actions. Based on the findings from whistleblower investigations and regular inspections, we conduct dynamic assessments and continuous optimization of our compliance management system. The Company's management team regularly reviews the operational status of this system.

In 2025, the Group's Internal Control & Audit Department organized a corporate compliance sharing session for all management cadres. The initiative aims to enhance the management team's proactive identification and systematic coping capacity regarding compliance risks. It is also committed to strengthening the leadership role of management cadres in compliance and raising risk prevention awareness among all employees.

During the Reporting Period, we had no cases of legal disputes arising from illegal operations.

## Risk Management and Internal Control

The Company adheres to the three-tier architecture of risk management and internal control established by the Group, comprising the governance layer, management layer, and execution layer. It systematically advances risk management work in accordance with the principles of comprehensiveness, prudence, independence, effectiveness, and timeliness.




Risk Control Management Structure

The Company has established a three-line defense model for risk management, clearly defining the specific positioning and division of responsibilities for each department in risk management work to ensure that risks are effectively identified, assessed, and addressed.

**Third Line of Defense**

The Internal Control & Audit Department operates as the third line of defense. It conducts independent and objective reviews of corporate governance and risk management processes. Using systematic evaluation methods, it enhances the effectiveness of risk management, internal controls, and governance procedures.

**Second Line of Defense**

The Risk Management Functional Group, established by the leaders and executives of various functional departments, serves as the second line of defense, leading and assisting the various business units in risk management

**First Line of Defense**

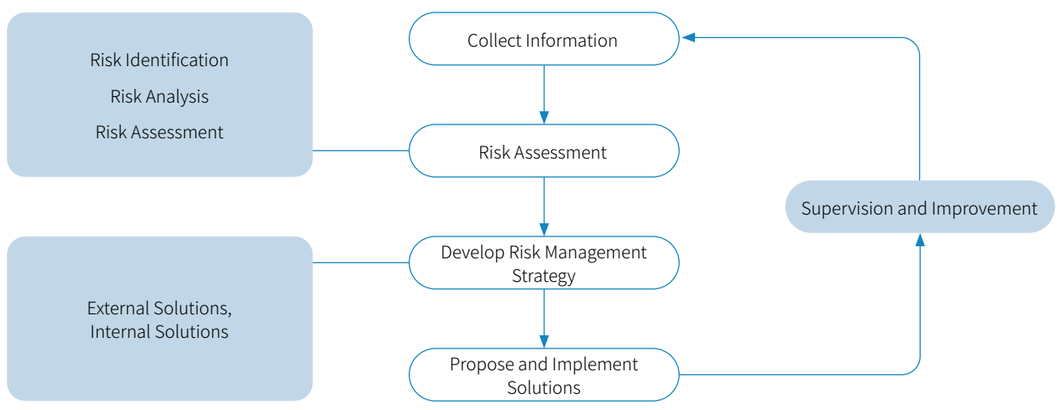
The business departments serve as the first line of defense. They are responsible for systematically analyzing, identifying, managing, and monitoring various risks within business units—including strategic risks, market risks, financial risks, and operational risks.

Three Lines of Defense in Risk Management

The Group's Board of Directors serves as the highest decision-making body for risk management and internal monitoring. It is responsible for assessing and determining the nature and extent of risks that the Group is willing to accept in achieving strategic objectives, and for supervising management's design, implementation, and oversight of the risk management and internal monitoring systems. The Group's Board of Directors conducts an annual review and assessment of the effectiveness of relevant policies to ensure their continued appropriateness, robustness, and efficient operation.

The Group has established a dedicated Internal Control & Audit Department to perform internal audit functions. This department supervises the design and implementation of internal control policies and continuously analyzes and assesses the adequacy and effectiveness of risk management and internal monitoring systems, reporting assessment results to the Audit Committee.

The Risk Management Functional Team strictly conducts its work in accordance with the *Working System of the Risk Management Team* and establishes and regularly updates the risk register. The committee convenes twice annually to discuss current and potential future risks facing the Group. By assessing the probability of occurrence and the magnitude of potential impact, it evaluates and prioritizes various risks. To further enhance the agility of risk response and the forward-looking nature of control measures in addressing rapid changes in the external environment, such as geopolitical shifts, the Group has decided to adjust the frequency of the Risk Management Functional Team meetings to quarterly, effective from 2026. Based on the urgency and severity of specific risk events, we formulate corresponding risk management strategies, propose and implement solutions, and continuously monitor the effectiveness of risk responses to achieve closed-loop optimization of the risk management process.




Risk Management Process

# Corporate Responsibility

In our continuous pursuit of business excellence and steady development, we consistently regard business ethics and an integrity culture as core elements in fulfilling corporate responsibility. We firmly believe that only by upholding integrity as the guiding principle and ethics as the standard can we truly build sustainable competitiveness, contribute to fostering a fair and orderly market ecosystem, and earn long-term trust from all stakeholders.

## Business Ethics

Morimatsu is committed to upholding the highest standards of business ethics, integrity, and equity. The Company strictly complies with all applicable laws and regulations regarding business ethics in its operating locations. It has established internal policies including the *Code of Business Conduct*, the *Letter of Commitment of Integrity and Self-discipline*, *Confidentiality Agreement, Anti-Bribery and Anti-Corruption Management System,* and *Anti-Fraud Management System*. Morimatsu firmly resists unfair competition practices and integrates these business ethics standards throughout its business activities and management practices. In 2025, we revised the *Whistleblowing Management Policy* to enhance the effectiveness and transparency of our reporting and investigation handling mechanisms. We believe that fair and standardized competition will enhance market transparency, enabling us to better serve our clients with products and services.

To mitigate risks related to anti-corruption and anti-bribery, the Company has implemented the following measures:

### Ethical Requirements

Morimatsu is committed to fully integrating Ethics and compliance requirements into its corporate operations, requiring all employees to adhere to the code of Ethics when conducting business activities. We have clearly stipulated anti-corruption and anti-bribery behavioral standards in our *Code of Employees Conduct* and require every employee to sign the *Letter of Commitment for Integrity and Self-discipline*.

Furthermore, we require business partners to implement anti-bribery control measures, provide written commitments, and sign integrity agreements during cooperation.

### Process Compliance

In corporate management, we implement rigorous and comprehensive financial control measures. We adhere to the requirements of segregation of duties and authorization approval for payment processing to ensure compliance with the payment procedures. We have also strengthened controls in non-financial areas such as procurement, operations, sales, human resources, and legal and regulatory activities to comprehensively prevent risks.

At the same time, the Company also conducts regular compliance inspections on high-risk businesses, activities, business partners, and personnel in specific positions to ensure that all control measures are effectively implemented.

### Specialized Training

Regularly participate in the Group's anti-corruption and anti-bribery thematic training to enhance the compliance awareness of directors and employees regarding anti-corruption and anti-bribery. Annually, the Legal Department conducts training on business ethics and professional integrity for personnel involved in procurement and sales activities across all departments.

To continuously strengthen corporate integrity governance, the Company has established open and transparent reporting procedures and investigation and handling mechanisms. We have published contact information on our official website to ensure that the Company's customers, suppliers, and other business partners can report suspected or actual bribery. We conduct at least two annual reviews of the operations of the whistleblower hotline and the General Manager's mailbox. If reports related to business Ethics are identified, we intervene in the investigation promptly.

After receiving a complaint, the relevant department will be notified and conduct an investigation.

After obtaining the preliminary investigation results, the relevant department will interview the whistleblower.

Based on the interview and the investigation results, the relevant department will notify the complained party to assist in investigating the violation.

If the violation is confirmed to be true, the group will handle it fairly in accordance with relevant systems.

Complaint Acceptance Process[2]

The Company has established a whistleblower protection policy to ensure the independence of personnel responsible for receiving and managing reports, while strictly regulating the access permissions of reception staff and whistleblowing information. All personnel responsible for receiving, recording, and processing reports, as well as those with access to report information, must fulfill strict confidentiality obligations. Any access to whistleblower materials and archives must be approved by management.

During the Reporting Period, the Company had no litigation cases related to anti-corruption and anti-bribery, and there were no unfair competition or other improper business practices in the Company's commercial activities.

## Culture Construction

Morimatsu places high importance on cultivating an integrity culture, is committed to creating a clean and upright, fair and transparent working atmosphere, and builds a clean, transparent, and compliant business ecosystem for all stakeholders.

We regularly organize participation in the Group's compliance management training annually. The content covers key areas such as anti-corruption and anti-bribery, systematically promoting compliance policies and processes. This initiative continuously enhances all employees' integrity awareness and moral self-discipline, thereby consolidating and fostering a corporate culture that upholds business ethics.

2 "Relevant departments" are mainly departments that handle reported information, including the Audit Committee, managers of each company, etc

# Appendix I: ESG Performance Table

## Social and Governance Performance Table

| Indicator | | Unit | 2025 |
|---|---|---|---|
| **Anti-Corruption** | | | |
| Signing Rate of the Annual Integrity and Self-discipline Commitment Letter | | % | 100 |
| Corruption Litigation Cases | | Case | 0 |
| **Employment**[3] | | | |
| Number of Employee | | / | 2,722 |
| Number of Employee by Employment Type | Permanent employee | / | 2,609 |
| | Contractor[4] | / | 113 |
| Number of Employee by Gender | Male | / | 2,240 |
| | Female | / | 482 |
| Number of Employee by Age | 30 years old and below | / | 635 |
| | 31-40 years old | / | 1,075 |
| | 41-50 years old | / | 688 |
| | 51 years old and above | / | 324 |
| Number of Employee by Nationality[5] | The Chinese Mainland | / | 2.429 |
| | China Hong Kong, Macao and Taiwan Regions | / | 0 |
| | Overseas Regions | / | 293 |
| Number of Employee by Function Type | Employees engaged in production work | / | 1,213 |
| | Employees not engaged in production work | / | 1,509 |
| Overall Employee Turnover | | / | 333 |
| **Employee Training** | | | |
| Total Hours of Employee Training | | Hour | 46,958.55 |
| Average Training Hours for Employee[6] | | Hour | 17.25 |
| Average Training Hours per Employee by Gender | Male | Hour | 16.43 |
| | Female | Hour | 21.09 |
| Percentage of Employees Trained by Gender | Employees engaged in production work | Hour | 16.86 |
| | Employees not engaged in production work | Hour | 17.57 |
| Training Participation Rate by Gender | Male | % | 100.00 |
| | Female | % | 100.00 |
| Participation Rate by Job Level | Employees engaged in production work | % | 100.00 |
| | Employees not engaged in production work | % | 100.00 |

| Indicator | Unit | 2025 |
|---|---|---|
| **Health and Safety** | | |
| Work-Related Fatality Rate | % | 0 |
| Number of Workplace Fatalities | Case | 0 |
| Number of Work-Related Injury Incidents | Case | 9 |
| Lost Workhours Due to Work-Related Injuries | Hour | 5,193 |
| Lost Workdays Due to Work-Related Injuries | Day | 649 |
| **Community Engagement Contributions** | | |
| Total Volunteer Service Hours | Hour | 46 |
| Public Welfare Investment Amount | RMB 10,000 | 181.19 |
| **R&D Innovation** | | |
| R&D Investment | RMB 10,000 | 16,558.75 |
| R&D Personnel | Person | 260 |
| Number of Self-Developed Projects | Number | 24 |
| **Intellectual Property** | | |
| Number of Participants in Intellectual Property Training | Person | 242 |
| Number of Hours of Intellectual Property Training Participation Hour | Hour | 366.5 |
| Valid Patent | Item | 166 |
| Valid Software Copyright | Item | 1 |
| **Privacy Protection and Information Security** | | |
| Number of Information Security Training Time | Time | 1 |
| Significant Information Security and Data Leakage Incidents | Case | 0 |
| **Product Safety and Quality** | | |
| Pass Rate for the Primary Inspection of the Products | % | >97 |
| Pass Rate for the Primary Welded Seams | % | >99 |
| Incidents of Products and Services Affecting Customer Health and Safety | Case | 0 |
| **Customer Service** | | |
| Comprehensive Customer Satisfaction | % | 99.58 |
| Major Products and Services Complaints | Case | 0 |
| Incidents Related to Information and Labeling of Products and Services | Case | 0 |
| Incidents Related to Marketing Communication Violations | Case | 0 |
| **Supplier Management** | | |
| Total Number of Suppliers | Count | 957 |
| The Chinese Mainland Suppliers | Count | 867 |
| China Hong Kong, Macau, Taiwan Regions and Overseas Suppliers | Count | 90 |

3 Employee counts categorized by gender, age, nationality, and function type are calculated based on total workforce headcount, inclusive of permanent employees and contractors.

4 This encompasses labor contract employees in Mainland China and part-time employees at overseas regions

5 Categorization is implemented according to employee nationality

6 Average training hours for employees = (Total training hours completed by employees within the category) / (Number of trained employees in the category)

# Environmental Performance Table

| Indicator | | Unit | 2025 |
|---|---|---|---|
| **Environmental Management** | | | |
| Greenhouse Gas[7] | Scope 1 GHG Emissions | Metric Tonnes of $CO_2$ Equivalent | 7,391.77 |
| | Scope 2 GHG Emissions | Metric Tonnes of $CO_2$ Equivalent | 9,714.27 |
| | Total GHG Emissions (Scope 1 + Scope 2) | Metric Tonnes of $CO_2$ Equivalent | 17,106.04 |
| | Scope 3 - Fuel and Energy-related Activities | Metric Tonnes of $CO_2$ Equivalent | 3,927.66 |
| | Scope 3 - Waste Generated in Operations | Metric Tonnes of $CO_2$ Equivalent | 78.85 |
| Environmental Expenditure | Environmental Protection Tax and Sewage Discharge Fees | RMB 10,000 | 4.89 |
| | Environmental Protection Equipment and Construction in Progress | RMB 10,000 | 0 |
| | External Service Fees Related to Environmental Protection | RMB 10,000 | 59.00 |
| Energy Use | Diesel | Metric Tonnes | 167.75 |
| | Gasoline | Metric Tonnes | 24.08 |
| | Natural Gas | 10,000 Cubic Meters | 294.40 |
| | Purchased Steam | Metric Tonnes | 0 |
| | Purchased General Electricity | Kilowatt-hour | 19,017,688.00 |
| | Self-generated and Self-consumed Solar Electricity | Kilowatt-hour | 7,154,560.80 |
| **Emissions** | | | |
| Wastewater | Discharge Volume | Cubic Meter | 679,581.90 |
| Waste Gas | Nitrogen Oxides | Metric Tonnes | 1.34 |
| | Sulfur Dioxide | Metric Tonnes | 0.30 |
| | Particulate Matter | Metric Tonnes | 1.84 |
| | Benzene | Metric Tonnes | 0.04 |
| | Toluene | Metric Tonnes | 0.30 |
| | Xylene | Metric Tonnes | 0.42 |
| Solid Waste | Total General (Non-hazardous) Solid Waste | Metric Tonnes | 4,818.78 |
| | Total Recycled General (Non-hazardous) Solid Waste | Metric Tonnes | 4,501.77 |
| | Total Hazardous (Harmful) Waste | Metric Tonnes | 108.11 |
| | Total Recycled Hazardous (Harmful) Waste | Metric Tonnes | 98.17 |
| **Resource Usage** | | | |
| Water Resources | Total Water Withdrawal | 10,000 cubic meters | 75.51 |
| | Total Water Consumption | 10,000 cubic meters | 75.51 |
| Packaging Materials | Paper | | |
| | Printing Paper - Usage | Metric Tonnes | 18.96 |
| | Packaging Materials | | |
| | Rain-proof Cloth/Bag - Usage | Square Meters | 368,510.00 |
| | Wooden Board/Wooden Box - Usage | Square Meters | 23,974.53 |
| | Wooden Cubes/Wooden Brackets - Usage | Square Meters | 677.88 |
| | Iron Saddle/Frame - Usage | Metric Tonnes | 2,460.00 |
| | Tray - Usage | Square Meters | 10,610.00 |
| | Drying Agent - Usage | Kilogram | 2,531.00 |
| | Packing Tape/Plywood Tape - Usage | Meter | 1,752.44 |

7 The specific disclosure boundary for the greenhouse gas emissions data presented herein covers the Nantong plant of Morimatsu Energies and Materials, and the relevant data is derived from the plant-level greenhouse gas inventory and third-party verification results. The greenhouse gas accounting scope covers emission sources including fugitive emissions arising from the use of refrigerants, and also incorporates energy consumption such as acetylene used in production processes. Accordingly, the accounting scope for Scope 1 emissions and Scope 3 Category 3 (fuel- and energy-related activities) emissions is slightly broader than the relevant disclosure scope adopted in Morimatsu International's ESG Report.



# Appendix II: SASB Index Table

## Industrial Machinery & Goods

### Sustainability Disclosure Topics & Metrics

| Topic | Metric | Category | Unit of Measure | Code | Corresponding Chapter |
|---|---|---|---|---|---|
| **Energy Management** | (1) Total energy consumed,<br>(2) Percentage grid electricity and<br>(3) percentage renewable | Quantitative | Gigajoule (GJ), percentage (%) | RT-IG-130a.1 | Green and Low-Carbon Operations<br>Appendix I: ESG Performance Table |
| **Workforce Health & Safety** | (1) Total recordable incident rate (TRIR),<br>(2) fatality rate, and<br>(3) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees | Quantitative | Rate | RT-IG-320a.1 | Talent Acquisition and Retention<br>Appendix I: ESG Performance Table |
| **Fuel Economy & Emissions in Use-phase** | Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles | Quantitative | Liters per 100 tonne-kilometres | RT-IG-410a.1 | Not applicable |
| | Sales-weighted fuel efficiency for non-road equipment | Quantitative | Liters per hour | RT-IG-410a.2 | Not applicable |
| | Sales-weighted fuel efficiency for stationary generators | Quantitative | Kilojoule per litre | RT-IG-410a.3 | Not applicable |
| | Sales-weighted emissions of (1) nitrogen oxides (NOx) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines and (d) other non-road diesel engines | Quantitative | Grammes per kilojoule | RT-IG-410a.4 | Not applicable |
| **Procurement of Materials** | Description of the management of risks associated with the use of critical materials | Discussion and Analysis | n/a | RT-IG-440a.1 | Lean Intelligent Manufacturing Excellence in Operations |
| **Remanufacturing Design & Services** | Revenue from remanufactured products and remanufacturing services | Quantitative | Presentation Currency | RT-IG-440b.1 | Not applicable |

### Activity Metrics

| Activity Metrics | Category | Unit of Measure | Code | Corresponding Chapter |
|---|---|---|---|---|
| Number of units produced by product category | Quantitative | Number | RT-IG-000.A | Not applicable |
| Number of employees | Quantitative | Number | RT-IG-000.B | Talent Acquisition and Retention<br>Appendix I: ESG Performance Table |

# Appendix III: UNSDGs Response


Morimatsu actively fulfills its corporate citizenship responsibilities by integrating philanthropy into long-term development. We carry out ongoing activities centered around community care.

Morimatsu actively responds to the Belt and Road Initiative by launching and deeply operating the "Morimatsu-Zhongqiao International Class" talent program, thereby establishing a new paradigm for strategic and sustainable international cooperation in vocational education.


We prioritize employee health and safety by establishing a systematic framework and allocating resources to build a robust protection network. In 2025, approximately RMB 7.55 million was invested in the field of occupational health and safety. By strictly enforcing the institutional policy for health examinations, we achieved 100% coverage of occupational health check-ups for employees exposed to occupational hazards and successfully maintained a zero incidence rate of work-related fatalities and major industrial accidents, demonstrating significant achievements in safety management.


In safeguarding employee rights and interests, we are committed to providing comprehensive care. Building upon the statutory implementation of legally mandated benefits, we have launched a long-term equity incentive plan to share development outcomes. Additionally, through daily welfare measures such as holiday subsidies, birthday care, and high-temperature allowances, alongside special initiatives like financial support for housing and vehicle purchases, we effectively assist employees in alleviating pressure while enhancing their sense of gain and well-being.


We firmly believe that diversity and inclusion are the source of innovation and fully implement equal employment. The Company strictly prohibits any form of discrimination and actively fosters a diverse team. As of the end of the Reporting Period, women accounted for 17.71% of the Company's employees, with women comprising 29.09% of non-production roles.

At the same time, we actively recruit employees from ethnic minorities and persons with disabilities. Employees from ethnic minorities account for 1.10%, and we have hired 9 persons with disabilities. In our overseas operations, we have deeply implemented localization strategies. Local employees account for over 70% of the workforce, creating employment opportunities and cultivating professional technical talent for the community.


Morimatsu conducts wastewater management under strict emission standards to ensure compliant discharge of sewage. We utilize advanced industry-standard neutralization processes for deep treatment and reuse to reduce wastewater generation.


We provide high-performance, low-emission solutions for key industries and sectors including oil and gas, refining, petrochemicals, chemical engineering, fine chemicals, hydrometallurgy, raw materials for power batteries, and green energy (green hydrogen, green ammonia, green methanol, and Sustainable Aviation Fuel).

We actively develop and provide modular designs for green hydrogen, green ammonia, and green methanol, along with the manufacturing of core equipment and key components, to accelerate the substitution of fossil fuels and promote emission reductions and environmental protection.


Morimatsu manages the entire R&D project lifecycle, encompassing preliminary research, budget management, project initiation approval, implementation and organization, review and evaluation, acceptance of results, and archival of documentation. The company has established a fair and transparent incentive and assessment mechanism to promote continuous technological innovation by R&D personnel.


Guided by the principle of minimizing resource consumption, we are committed to advancing a circular economy throughout our product manufacturing processes. Our efforts focus on reducing resource usage and enhancing overall resource utilization efficiency, while also encouraging users to recycle equipment upon reaching the end of its lifecycle.


Morimatsu regards product quality and operational safety as critical control elements in business management and systematically incorporates them into its long-term development planning. We continue to advance the improvement of our quality management mechanisms, strengthen full-process quality control, and solidify the foundation of product reliability to support sustainable business development.


Morimatsu identifies and assesses climate-related risks and opportunities, introduces scenario analysis to further evaluate climate resilience, and formulates targeted response measures.

Actively responding to the global low-carbon Transformation and carbon neutrality trends, we organized GHG (greenhouse gases) verification at key operating facilities to understand the Company's GHG inventory and current status of GHG management.


Morimatsu adheres to compliant operations and upholds the highest standards of business Ethics, integrity, and Equity, integrating them into all business activities and management practices to foster sustainable corporate development and contribute to a fair and orderly market ecosystem.


Morimatsu attaches great importance to communication and exchange with all stakeholders. Through normalized communication mechanisms, we actively respond to the expectations and demands of stakeholders, promoting continuous improvement in our sustainable governance level.


MORIMATSU
Your Needs · Our Drive