

SICC

SICC CO., LTD.

山東天岳先進科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 2631.HK / 688234.SH

ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT

2025

Adhering to the Value of

“**TECHNOLOGY QUALITY** and
SUSTAINABILITY”



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About This Report

This report is the 2025 Environmental, Social and Governance Report (the “**Report**”) published by SICC CO., LTD. (hereinafter referred to as “**SICC**”, the “**Company**”, the “**Enterprise**” or “**Tianyue**”). Adhering to the principles of objectivity, standardization, transparency and comprehensiveness, this report sets out in detail SICC’s practices and performance in 2025 in areas including environmental protection, social responsibility and governance (collectively, “**ESG**”).

TIME HORIZON

The reporting period of this report is from 1 January 2025 to 31 December 2025. To enhance comparability and completeness, certain content in this report extends beyond the aforesaid period.

REPORTING BOUNDARY

This report takes SICC as the reporting entity and covers SICC and its wholly-owned subsidiaries and controlled subsidiaries. Unless otherwise specified, the scope of this report is consistent with the scope of consolidation of the Company’s financial statements.

PREPARATION BASIS

This report has been prepared in accordance with Appendix C2 to the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited (“**HKEX**”) — Environmental, Social and Governance Reporting Code (the “**ESG Reporting Code**”) (January 2025 revision), Self-Regulation Guidelines No. 4 of Shanghai Stock Exchange for Listed Companies — Preparation of Sustainability Reports (January 2026 revision), Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies — Sustainability Report (Trial) (promulgated in April 2024), Rules Governing the Listing of Stocks on the STAR Market of the Shanghai Stock Exchange (April 2025 revision), and SSE Guidelines No. 2 on the Application of Self-Regulation Rules for Listed Companies on SSE STAR Market — Voluntary Information Disclosure (March 2025 revision).



This report is prepared in accordance with the requirements of the ESG Reporting Code and ensures that its contents comply with the four reporting principles of materiality, quantitative, balance and consistency. Details are set out below:

Reporting Principle	Description
Materiality	In the preparation process, the Company conducts in-depth identification and analysis of ESG issues that are closely related to stakeholders and the Company's operations, to ensure that the information disclosed truly reflects topics that have a material impact on the Company and relevant parties.
Quantitative	In accordance with the requirements of the ESG Reporting Code, the Company presents environmental and social KPIs using measurable methods to demonstrate our ESG performance. The calculation methods and assumptions are also disclosed in the relevant KPI sections.
Balance	We strive to disclose information in an objective and impartial manner, presenting both achievements made and challenges and shortcomings encountered, so as to provide stakeholders with a comprehensive and truthful overview of the Company's ESG performance.
Consistency	To ensure comparability of data disclosure, the Company adopts reporting scope, methodologies and standards consistent with those used in previous years, so that the Company's performance over time can be compared on a fair basis, unless otherwise specified due to special circumstances.

DATA STATEMENT

The information and data used in this report are derived from the official documents or statistical data of SICC. The Company undertakes that this report contains no false or misleading statements and is responsible for the truthfulness, accuracy and completeness of its contents.

PUBLICATION

An electronic version of this report is available for download on the websites of The Stock Exchange of Hong Kong Limited ([HTTPS://WWW.HKEXNEWS.HK](https://www.hkexnews.hk)), the Shanghai Stock Exchange ([HTTP://WWW.SSE.COM.CN](http://www.sse.com.cn)) and SICC CO., LTD. ([HTTPS://WWW.SICC.CC/](https://www.sicc.cc/)) for further information about the Company.

FEEDBACK

The Company firmly believes that active interaction and effective communication with our stakeholders are crucial to our sustainable development. Your views and suggestions are of great value to our decision-making and business operations. Therefore, should you have any comments or suggestions, please feel free to contact us via email at DMO@SICC.CC, so that we can refine our sustainable development policies and advance towards a more sustainable and successful direction.

About SICC

CORPORATE PROFILE

SICC CO., LTD. was established in 2010 and is a leading high-tech enterprise specializing in the research and development, production and sales of silicon carbide substrate materials. The Company was successfully listed on the STAR Market of the Shanghai Stock Exchange in 2022 and on the Main Board of The Stock Exchange of Hong Kong Limited in 2025. Since its establishment, the Company has consistently adhered to a technology-driven development strategy and, in 2024, took the lead in launching the industry’s first 12-inch silicon carbide substrate. According to estimates in a report published by Fuji Keizai in March 2026, SICC held a 27.6% share of the global conductive silicon carbide substrate materials market in 2025, ranking first worldwide. Among this, its market share was 27.5% in the 6-inch segment and 51.3% in the 8-inch segment. Upholding its business philosophy of “Advanced, Quality and Sustainability”, the Company is committed to continuously enriching its product portfolio and enhancing product performance through its leading technological, manufacturing and management capabilities, so as to provide customers with exceptional products and services and achieve sustainable business development.



Our Mission	Vision	Business Philosophy	Core Values
<ul style="list-style-type: none"> To provide better products and services for customers To achieve greater profits for shareholders To offer better development platform and benefits for employees To create greater value and wealth for the society 	<ul style="list-style-type: none"> To become an international semiconductor company 	<ul style="list-style-type: none"> Technology: Represents advanced technology, advanced management and advanced productivity Quality: Represents excellent product and services quality Sustainability: Represents the sustainable development of the company, the business is long-lasting, and the products are stable and reliable 	<ul style="list-style-type: none"> Technology First, Talent Foremost Be Humble in Conduct, and Diligent in Work Be Honest and Trustworthy, and Practice Self-criticism

CERTIFICATIONS AND AWARDS

In 2025, the Company received a number of honors in technological innovation, brand building, ESG management and capital market development, demonstrating its industry influence and overall strength and earning broad recognition from the industry, the capital market and the wider community.

1. Technical and Brand Honors

With remarkable achievements in substrate technology breakthroughs and mass-production applications, the Company received a number of prestigious awards, with major breakthroughs in its flagship honors. The Company's conductive silicon carbide substrate was recognized as a "National Champion Enterprise of Manufacturing Industry". Following the earlier conferment of the same honor on its semi-insulating silicon carbide substrate, the Company became the first enterprise in the industry to secure this title for both conductive and semi-insulating silicon carbide substrates, thereby becoming the industry's first "double National Champion", fully demonstrating its clear leadership in the core field of silicon carbide substrates. For its achievements relating to the "Key Technologies and Applications for the Industrialized Preparation of High-quality Silicon Carbide Single-crystal Substrates", the Company received the Special Prize of the Shandong Provincial Science and Technology Progress Award, one of the highest honors in the science and technology field in Shandong Province, fully recognizing its outstanding contribution to the industrialization of silicon carbide technology and to promoting the high-quality development of the regional semiconductor industry. The Company also received the China Patent Silver Award conferred by the China National Intellectual Property Administration, a highly competitive award and one of the highest government honors in China's intellectual property field, fully demonstrating the Company's strong research and development capabilities and its ability to cultivate high-value patents. Its achievement in the "global debut of a full product series of 12-inch silicon carbide substrates" was selected as one of the "Top 10 Advances in China's Third-Generation Semiconductor Technology in 2025", highlighting its global leadership in the field of large-diameter substrates. The Company also received the "Semiconductor Materials Industry Outstanding Contribution Award" from the Semiconductor Materials Branch of the China Electronic Materials Industry Association, in recognition of its breakthrough contributions to technology research and development and domestic substitution. In addition, its project "Key Technologies and Applications for the Industrialized Preparation of High-quality Silicon Carbide Single-crystal Substrates" received the "Silver Award at the International Exhibition of Inventions", reflecting the international influence of the Company's technological innovation. At the same time, the Company was recognized as an "Advanced-level (Provincial-level) Smart Factory of Shandong Province", demonstrating its benchmark standard in intelligent manufacturing, and as a "High-quality Chain-leading Enterprise Serving Industrial Chain Development in Jinan", underscoring its leading role in regional industrial development. In addition, the Company's previous receipt of the "2025 Aurora Award honors" for "Global Influential Enterprise in SiC Substrates" and the "2025 Outstanding Product Award" further consolidated its leading position in the industry.

2. ESG and Compliant Operations

Relying on its systematic ESG management system and solid sustainability practices, the Company received the "2025 Best ESG Practice Award for Listed Companies", reflecting its outstanding performance in environmental, social and governance areas. The Company consistently maintained a high standard of information disclosure and continuously enhanced the standard of its regulated operations and investor relations management. This not only established a strong benchmark for compliant operations among STAR Market-listed companies, but also laid a solid foundation for its successful Hong Kong listing by operating in line with the compliance standards of international capital markets, thereby setting a model for domestic silicon carbide enterprises seeking to connect with global capital markets. In addition, the Company was recognized as a "Jinan Industrial Water-saving Demonstration Enterprise", actively implementing the ecological protection strategy for the Yellow River Basin and demonstrating its commitment to green development.

3. Industry Influence and International Recognition

The Company's silicon carbide materials were selected for the Achievements Exhibition of China's Manufacturing during the "14th Five-Year Plan Period" and displayed at the National Museum of China, demonstrating the Company's strong technological capabilities and also reflecting the country's high recognition of the silicon carbide industry and the Company's development. As a leading enterprise in China's silicon carbide substrate industry, the Company actively co-organized relevant meetings of the Sub-technical Committee on Semiconductor Materials Standardization, contributing to the improvement of industry standards and promoting the high-quality development of the industry. On the international front, the Company received the Bosch Global "Supplier Award", becoming one of only 49 award-winning companies selected by Bosch from approximately 35,000 suppliers worldwide, which demonstrates international recognition of its product quality and supply capability. In addition, the Company became the first Chinese enterprise in the 31-year history of the award to receive the Gold Award in the "Semiconductor Electronic Materials" Category at the 31st Semiconductor of the Year Awards organized by Japan's Electronic Device Industry News, placing it among the world's leading semiconductor materials enterprises and marking a significant enhancement in the overall strength of China's silicon carbide industry.

4. Capital Markets

In August, the Company successfully achieved its Hong Kong listing, becoming the first enterprise in China's silicon carbide substrate sector to secure an "A+H" dual listing. This major breakthrough in capital market development not only marked the Company's entry into a new stage of growth supported by "A+H" dual capital platforms, but also set a benchmark for domestic hard-tech enterprises in the third-generation semiconductor industry in connecting with global capital and pursuing international development, fully evidencing the international capital market's strong recognition of the Company's core technological strength and global growth potential. In addition, by virtue of its outstanding scientific and technological innovation capabilities and global development footprint, the Company received the "Golden Bull Award for Sci-Tech Innovation of Listed Companies (New Materials)", the "2025 Golden Bull Award for Technological Innovation (Hong Kong-listed Companies)" and the "2025 Hard Tech, Hard Talk Innovation Breakthrough Award", with its recognition in the capital markets continuing to rise. In addition, the Company's R&D team was commended as an "Outstanding Youth Collective for Contributions to High-quality Development", highlighting the notable achievements it has made in talent team development.



China Patent Silver Award



Silver Award at the International Exhibition of Inventions



Golden Bull Award for Sci-Tech Innovation of Listed Companies (New Materials) 2025 Golden Bull Award for Technological Innovation (Hong Kong-listed Companies)



Top 10 Advances in China's Third-Generation Semiconductor Technology in 2025



Semiconductor Materials Industry Outstanding Contribution Award



Bosch Global Supplier Award



2025 Best ESG Practice Award for Listed Companies



2025 Hard Tech, Hard Talk Breakthrough Award



Aurora Award/Aurora Awards



Gold Award in the "Semiconductor Electronic Materials" Category at the 31st Semiconductor of the Year Awards



High-quality Chain-leading Enterprise Serving Industrial Chain Development in Jinan



Industrial Water-saving Demonstration Enterprise

FEATURE – SICC LEADING A LOW-CARBON FUTURE

Facing the severe challenge of global warming, China set out in 2020 the strategic goals of “peaking carbon emissions before 2030 and achieving carbon neutrality before 2060”. This major strategic decision not only demonstrates the responsibility of a major country in addressing climate change, but also reflects the intrinsic need to promote the green and low-carbon transformation of the economy and society and to build a community with a shared future for mankind. Against this backdrop, energy structure transformation and energy efficiency improvement have been elevated to the level of national strategy.

By improving energy efficiency, advancing the substitution of clean energy and optimizing industrial energy consumption, silicon carbide materials have become a key technological support for achieving the dual-carbon objectives. With characteristics such as high temperature resistance, high voltage resistance, low loss and high thermal conductivity, silicon carbide materials improve energy conversion efficiency and extend the service life of equipment.

Guided by the “dual carbon” strategy, efficient energy utilization and full electrification have become inevitable trends in the global energy transition. Leveraging core advantages such as high power density and low loss, silicon carbide semiconductors are becoming one of the indispensable key technologies for achieving carbon neutrality and driving innovation in the new energy industry. The Company will continue to increase its R&D investment, improve product yield and efficiency, and reduce downstream costs, thereby contributing SICC’s strength to the development of China’s semiconductor industry and the achievement of the “dual-carbon” objectives.

ROBUST MASS PRODUCTION CAPABILITIES FOR HIGH-QUALITY, EFFICIENT AND STABLE DELIVERY

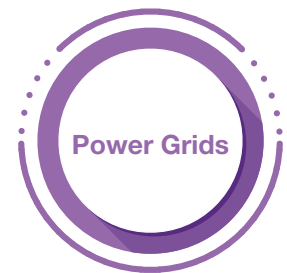
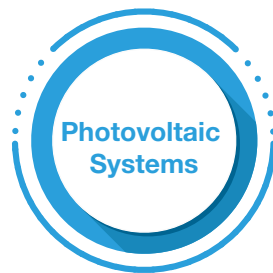
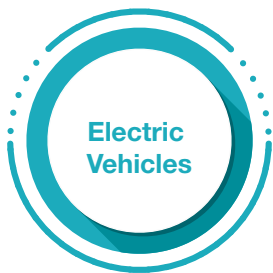
Through years of deep industry cultivation and accumulated experience, the Company has achieved technological breakthroughs and is able to ramp up production capacity rapidly. As of 31 December 2025, the Company established two major production bases in Shandong and Shanghai. Supported by extensive production management expertise, the Company’s manufacturing capacity ensures the quality of its silicon carbide substrates. Through continuous monitoring, analysis and optimization of its production processes, the Company leverages its strong production management capabilities to maintain an industry-leading position in large-scale delivery.

CONTINUOUSLY EXPANDING AND HIGH-PERFORMANCE PRODUCT PORTFOLIO TO SUPPORT DOWNSTREAM APPLICATIONS

The Company has a continuously expanding portfolio of high-performance silicon carbide substrates, enabling it to further explore and promote downstream application innovation across multiple industries. By proactively responding to changes in downstream market demand, the Company continuously advances product iteration in order to capture opportunities in emerging markets. Supported by its forward-looking technology deployment and efficient innovation capabilities, the Company’s silicon carbide substrate products have achieved broader adoption in promising fields such as new energy. This not only drives revenue growth, but also expands downstream application scenarios, further strengthens the Company’s industry-leading position and lays the foundation for capturing new development opportunities.

MAINTAINING INNOVATION LEADERSHIP TO ACCELERATE THE ADOPTION OF SIC MATERIALS

As a global leader and innovator in the silicon carbide industry, the Company remains committed to accelerating the adoption of silicon carbide materials in downstream fields by leveraging its technological advantages and deep integration into the global semiconductor market, while building a stable global silicon carbide industry ecosystem. With advanced technology, strong production capacity and efficient manufacturing processes, the Company continues to reduce the overall cost of silicon carbide substrates, promote the commercialization of high-performance substrates in diverse applications such as power electronics and new energy, and accelerate their penetration in the power semiconductor market.



STRENGTHENING GLOBAL COLLABORATIVE ECOSYSTEM, EXPANDING CUSTOMER BASE AND DEEPENING CUSTOMER RELATIONSHIPS

The Company is committed to building a mutually beneficial silicon carbide industry ecosystem through deep collaboration with upstream suppliers and downstream customers. This strategy aims to expand market size, accelerate the industrial application of silicon carbide materials, and lead the innovative development of the silicon carbide industry at both the technological and application levels. The Company will continue to deepen long-term strategic cooperation with upstream and downstream partners, while expanding its customer base in both domestic and international markets in order to increase business scale and global market share. By strengthening cooperation with global leading enterprises, the Company will jointly define product process and supply chain standards, accelerate the commercialization of new technologies, optimize the performance and cost-effectiveness of existing products, and ultimately enhance market penetration.



CLIMATE CHANGE AND ESG-RELATED GOVERNANCE

As a leading enterprise in the global wide-bandgap semiconductor materials industry, the Company continues to drive innovation in green power technologies represented by new energy vehicles, smart grids and wind-solar-storage systems by leveraging the excellent properties of silicon carbide materials, including high temperature resistance, high power handling capability and low loss. Driven by both the “dual-carbon” strategy and digital transformation, silicon carbide substrates, as a core material supporting the transformation of the energy structure and the upgrading of digital infrastructure, are becoming a cornerstone for building a low-carbon society. Looking ahead, the Company will remain committed to technological innovation, accelerate breakthroughs in the preparation technologies for large-diameter and high-quality substrates, provide key material support for efficient energy utilization and carbon neutrality goals, and contribute to the development of a global green and low-carbon industrial ecosystem.



ESG MANAGEMENT STRUCTURE

The Company places great emphasis on ESG risk management and continuously improves its ESG governance structure and management mechanisms. As the highest governance body, the Board of Directors is responsible for assessing the effectiveness of existing governance structures and processes in addressing ESG issues, to ensure proper oversight of material ESG matters. An annual ESG report is prepared at least once a year.

ESG Management Structure and Responsibilities of the Company

Decision-Making and Supervisory Level: Board of Directors

- Formulate ESG vision, objectives, strategies and management guidelines
- Guide the Company in improving its ESG structure
- Review and monitor the ESG management structure, policies and operational management

Management Level: Company Management

- Daily management of specific ESG work
- Arrange for relevant departments to collect and submit ESG information, and implement specific ESG work tasks
- Regularly review the Company's key ESG data
- Lead the annual ESG information consolidation and report preparation

Execution Level: Departments and Subsidiaries of the Company

- Implement ESG-related work within their respective areas according to the plan
- Report to management on the phased progress and annual implementation status of the Company's ESG work plan

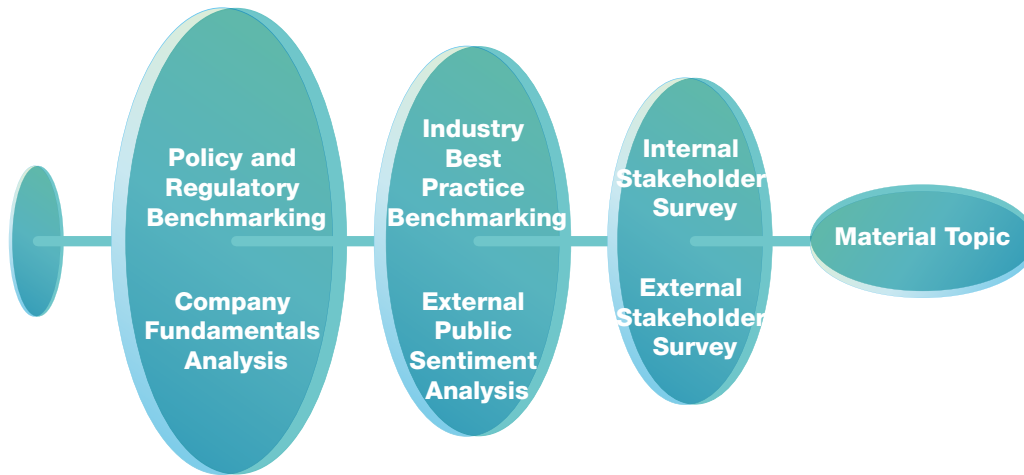
In December 2025, SICC received the “2025 Best ESG Practice Award for Listed Companies” granted by “Value Online”. The award aims to recognize listed companies whose ESG management systems and implementation practices are of demonstrative significance to the industry. Award-winning companies represent benchmark practices in creating sustainable value through measurable improvements. The selection focuses on the social and environmental value created by enterprises, as well as their performance, in areas such as carbon reduction and efficiency improvement, resource conservation, employee and community well-being, and supply chain responsibility.



MATERIAL TOPIC ANALYSIS

The Company actively responds to the ESG development requirements of the capital market in environmental, social and governance aspects, and strictly follows the relevant requirements for ESG topic disclosure. With “material topic identification” at its core, the Company systematically establishes an ESG topic analysis framework. By analyzing the policy direction of China’s “dual-carbon” strategy, industry development trends and the Company’s strategic objectives, and combining multi-dimensional stakeholder surveys, the Company evaluates topics across the environmental, social and governance dimensions using an “impact–materiality” matrix, identifies the material topics for the year, and establishes a dynamic optimization mechanism. This materiality analysis framework strengthens the synergy between the Company’s ESG strategy and its business operations, while also providing a scientific basis for decision-making in achieving sustainable development goals.

The Company attaches great importance to ESG work and deeply integrates this philosophy into its strategic planning, key decision-making and daily operations. The Board has established specific requirements for ESG work and assumes responsibility for supervision and decision-making. The Board Office, in collaboration with a third party, formulates an information checklist and reporting framework, regularly consolidates ESG-related data and information, advances ESG initiatives, ensures the implementation of ESG strategies and objectives, and prepares the ESG report for submission to the Strategy and Sustainable Development Committee, which is then reviewed by the Board.

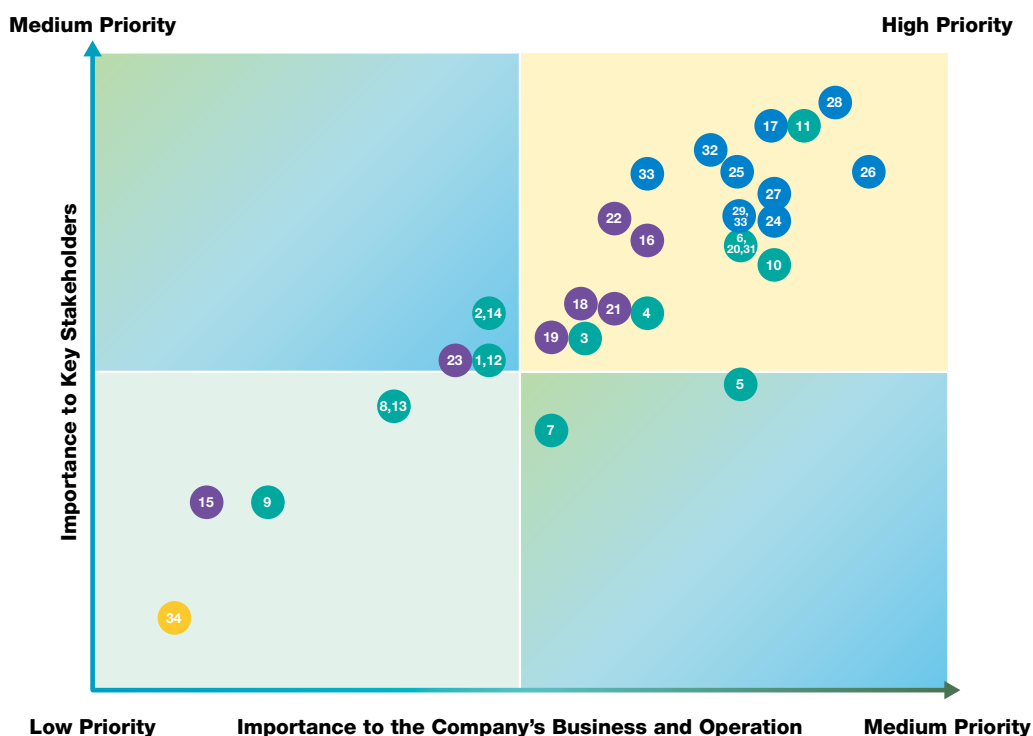


MATERIALITY TOPIC MATRIX

During the reporting period, with reference to the ESG Reporting Code of HKEX and taking into account the results of prior-year materiality assessments, stakeholder communication, financial impact, changes in the external environment and management discussions, the Company updated its list of material topics and preliminarily identified the financial materiality and impact materiality of each topic. Information relating to financial materiality primarily serves the information needs of the primary users of general purpose financial reports. Information relating to impact materiality primarily serves the information needs of affected stakeholders and is intended to provide sustainability-related information that helps assess the externalities of the Company’s operations.

Upon completion of the questionnaire survey, and with reference to the concerns of stakeholders including shareholders, investors and employees regarding 34 topics, the Company, together with external experts and through internal discussions, developed a double materiality matrix and defined the boundaries of the material topics. Based on the results of the materiality assessment, topics are categorized into three levels: high, medium and low. Topics located in the upper-right quadrant are those of greatest significance to the Company’s business and of greatest concern to stakeholders.

Materiality Matrix



Environmental	Social	
	Labor	Operating
1. Exhaust emission	15. Employment Rights and Benefits	24. Customer Satisfaction
2. GHG emission	16. Labor Relations	25. Quality of Customer Service and Complaint Handling
3. Carbon Reduction	17. Talent Retention	26. Customer Health and Safety
4. Ecosystem Protection	18. Diversity and Equal Opportunity	27. Compliance with Laws and Regulations on Marketing and Labelling of Products and Services
5. Nature-related Risks and Opportunity Management	19. Anti-discrimination	28. Intellectual Property Rights
6. Circular Economy	20. Occupational Health and Safety	29. Customer Privacy and Data Confidentiality
7. Environmental Data Management	21. Employee Training	30. Responsible Supply Chain Management
8. Climate Change Mitigation	22. Employee Development	31. Fair Business Practices for Suppliers
9. Climate Risk Management	23. Prevention of Child Labor and Forced Labor	32. Business Ethics
10. Energy Efficiency		33. Compliance with Socio-economic Laws and Regulations
11. Water Use and Wastewater		Community
12. Materials Use		34. Community Engagement
13. Waste Management		
14. Compliance with Environmental Laws and Regulations		

IDENTIFICATION AND COMMUNICATION OF STAKEHOLDERS

The Company adheres to the concept of green development and actively fulfills its social responsibilities. By continuously enhancing the efficiency of overall resource utilization, it promotes the sustainable development of the enterprise. In terms of stakeholder identification and communication, the Company places great importance on the demands for rights and interests of stakeholders such as investors, customers, employees, and partners. Leveraging diversified communication channels, it proactively collects and promptly responds to the concerns of all parties regarding ESG issues, thereby fostering mutual development.

Stakeholders	Stakeholder Concerns	Communication and Responses
Clients	R&D and Innovation	<ul style="list-style-type: none"> Industry-Academia-Research Collaboration and Industry Exchange Conferences Industry Exhibitions Quality System Certification Customer Visits and Exchanges Customer Satisfaction Surveys Customer Service Hotline Customer Complaint Response Mechanism
	Intellectual Property Protection	
	Product Quality and Safety	
	Customer Service	
	Customer Complaint Management	
	Privacy Protection	
Government and regulatory authorities	Lawful and Compliant Operations	<ul style="list-style-type: none"> Visits and Exchanges Participation in Meetings Permit Applications Submission of Environmental Data Acceptance of Research and Inspections Public Opinion Monitoring Safety Training/Drills
	Tax Payment in Accordance with the Law	
	Local Employment	
	Environmental Protection	
	Promoting Industry Development	
	Workplace Safety	
Investors	Protecting Shareholders' Rights and Interests	<ul style="list-style-type: none"> General Meetings Press Releases Public Announcements Investor Receptions Performance Briefings E-Interaction Replies Investor Hotline
	Maintaining and Increasing Asset Value	
	Return on Investment	
	Corporate Governance	
	Information Disclosure	
	Risk Management	
Suppliers	Procurement Amount	<ul style="list-style-type: none"> Open Tender Supplier On-Site Inspection Daily Communication Supplier Supervision and Training Integrity Agreement
	Supplier Access Management	
	Supplier Evaluation	
	Anti-Corruption and Business Ethics	
	Supply Chain Management	

Stakeholders	Stakeholder Concerns	Communication and Responses
Employees	Equal Employment	<ul style="list-style-type: none"> • Labor Contract • Trade Union • Employee Communication Mechanism • Employee Care Visits • Team Building Activities • Employee Suggestion Box • Occupational Health Protection
	Compensation and Benefits	
	Training and Career Development	
	Employee Care	
	Democratic Management	
	Occupational Health and Safety	
	Inclusiveness and Diversity	
Community	Charitable Initiatives	<ul style="list-style-type: none"> • Charitable Donations • Social Practice Activities • Voluntary Services • Localized Recruitment
	Promoting Employment	
	Social Value	



ENVIRONMENTAL SECTION

As a new-generation low-carbon, green and energy-saving semiconductor material, SiC is poised to further enhance its contribution to sustainable development with the arrival of the new era of larger dimensions, injecting new impetus into green and low-carbon development. Leveraging SiC, a strategic emerging material, SICC actively responds to the national “carbon peak and carbon neutrality” policy, integrating the concept of green and low-carbon development into the Company’s overall strategy. It continuously drives the transition and advancement towards green and low-carbon practices across multiple dimensions, including management system innovation, efficient energy management, intelligent technological upgrades and the tackling of technical challenges. Through a dual approach combining management enhancement and technological advancement, the Company continues to amplify energy-saving effects, improve green and low-carbon production and operational efficiency, and achieve energy conservation, emission reduction and efficient resource utilization, thereby further advancing the process of sustainable development.

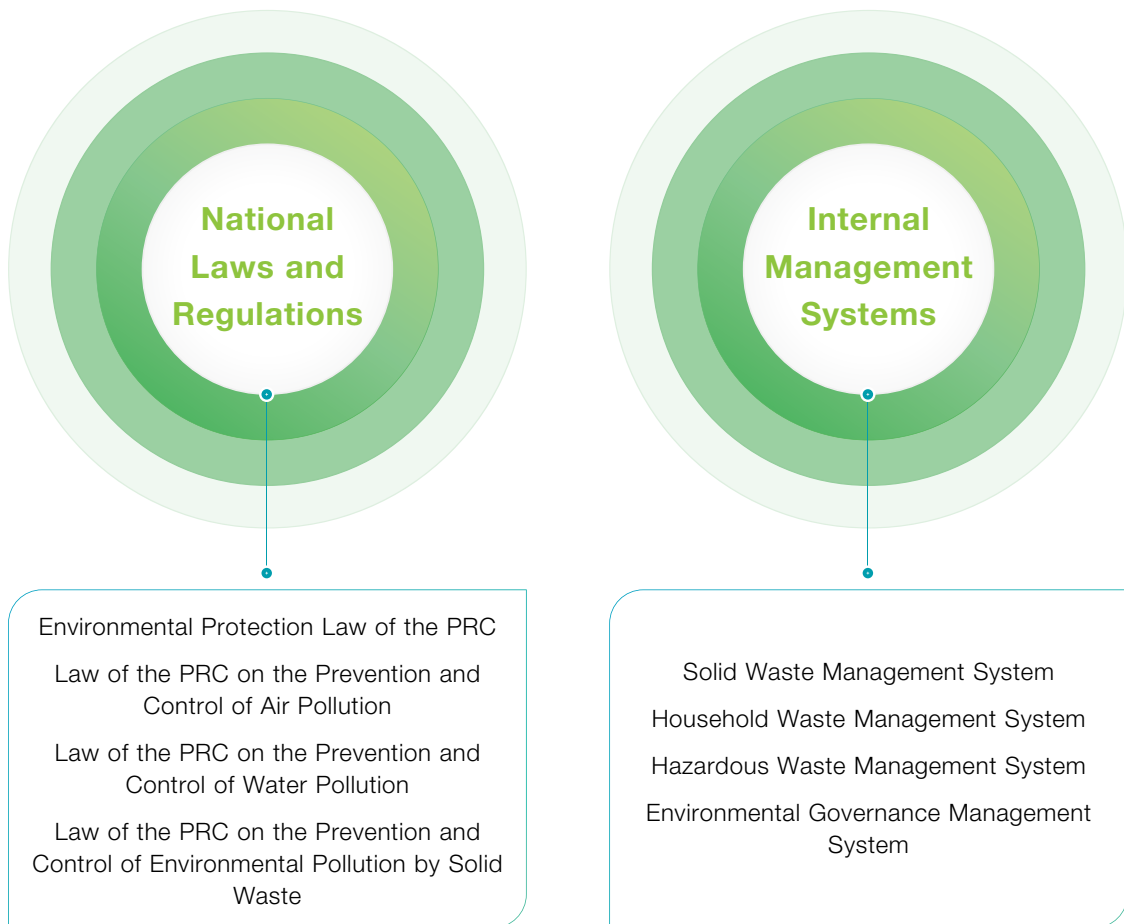


ENVIRONMENTAL MANAGEMENT SYSTEM

The Company consistently adheres to the corporate environmental management philosophy of “meticulous deployment, comprehensive planning, scientific layout, efficient integration and circular utilization”, continuously optimizing and improving its environmental management system. It is committed to reducing the negative impact of production and operational activities on the ecological environment and effectively preventing various environmental risks. Throughout the entire lifecycle of SiC crystal materials, covering design and development, manufacturing and market sales, the Company has established a comprehensive and rigorous environmental management system, successfully obtaining ISO 14001:2015 certification for its environmental management system.



The Company strictly adheres to national environmental protection laws and regulations and has formulated a series of internal systems. At the same time, the Company continuously increases its resource investment in areas such as energy conservation, emission reduction, environmental protection and workplace safety. It persistently optimizes and upgrades its facilities for treating wastewater, waste gas and solid waste, enhances energy recovery and utilization rates, and actively expands application scenarios for renewable energy. Through these efforts, the Company comprehensively improves its performance in resource utilization efficiency, pollution prevention and control, laying a solid foundation for achieving harmonious coexistence between corporate sustainable development and the ecological environment. The Company conscientiously complies with national environmental protection laws and regulations. During the reporting period, there were no violations of environmental protection laws or regulations, nor was it subject to any penalties related to environmental protection.



RESPONSE TO CLIMATE CHANGE

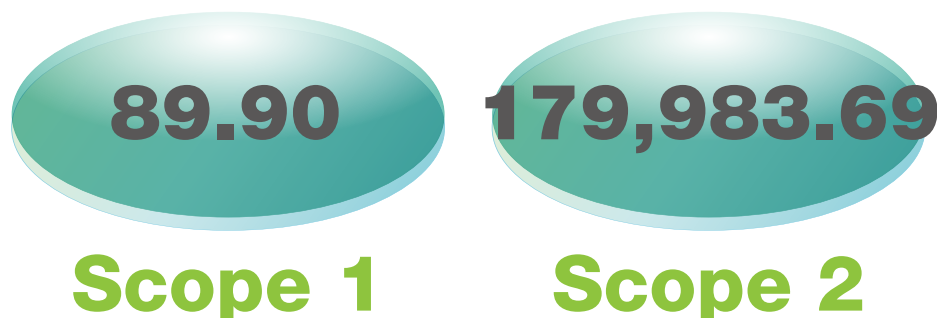
Since its inception, the Company has consistently adhered to the core philosophy of “independent innovation and green manufacturing”, placing a strong focus on the application of intelligent technologies and the construction of smart factories. Through continuous R&D investment and technological innovation, it has successfully established an intelligent and efficient production operation system, achieving energy conservation and emission reduction throughout the production process. This has set a benchmark for energy saving and green manufacturing within the wide bandgap semiconductor material industry, providing a development model that can be referenced and replicated. Concurrently, SICC has taken continuous action during the reporting period, leveraging both technological innovation and management optimization. Upholding the business philosophy of “Advancement, Quality, Sustainability”, the Company strives to become a benchmark enterprise for green and low-carbon development in the SiC semiconductor material industry, contributing the wisdom and strength of a Chinese enterprise to the global effort against climate change.

On September 19, 2025, SICC, as a co-organizer, deeply participated in the conference “Net Zero Carbon Future (2025): Global Carbon Pricing Mechanisms under International Cooperation” hosted by Shandong University of Finance and Economics. Centered on the core theme of “Building a Global Cooperation Framework for Carbon Pricing,” SICC joined global scholars, representatives of international organizations, policymakers and representatives of leading industry enterprises in jointly exploring pathways for establishing a fair and efficient carbon pricing mechanism in the context of globalization.



Furthermore, in September 2024, SICC officially joined the global Science Based Targets initiative (“SBTi”) and submitted its letter of commitment to establish science-based targets. This initiative not only demonstrates SICC’s firm resolve in addressing the global challenge of climate change, but also marks a significant step forward for the Company on its path toward sustainable development.

SICC'S CARBON EMISSION DATA FOR THE YEAR 2025 (tCO₂e)



Notes:

1. The Group's greenhouse gas inventory includes carbon dioxide, methane and nitrous oxide. For ease of reading and understanding, greenhouse gas emission data is presented in carbon dioxide equivalent (CO₂e). Greenhouse gas emissions are calculated in accordance with the reporting requirements set out in the "How to Prepare an ESG Report"- "Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Hong Kong Stock Exchange.
2. Includes direct emissions from fuel combustion in vehicles. The emission factors used to calculate carbon emissions are provided by the National Development and Reform Commission of the PRC.
3. Includes indirect energy emissions from purchased electricity. The emission factors used to calculate carbon emissions are provided by the National Development and Reform Commission of the PRC.

In 2025, the Company conducted greenhouse gas emissions accounting and disclosed greenhouse gas emission data by type. The Company's total greenhouse gas emissions (Scope 1 and Scope 2) amounted to 180,073.59 tCO₂e. Our Group is currently in the process of determining its Scope 3 emissions baseline for its operations and will continue to expand the scope of our Scope 3 emissions measurement to comprehensively present our Group's performance.

INTELLIGENT MANUFACTURING EMPOWERS LOW-CARBON PRODUCTION

Through years of continuous R&D investment, the Company has developed a resource recycling production chain centered around its core product, SiC substrates, following the process of "carbon powder and silicon powder — SiC single crystal — SiC substrates." By leveraging digital twin technology in smart factories and applying the circular economy concept to transform its production model, the Company has achieved digital simulation production in the crystal growth process. This entire process realizes zero emissions and low-carbon energy consumption, creating a new model where digital production empowers traditional manufacturing and providing a benchmark for green product manufacturing in industrial enterprises. Recognized for its outstanding practices in digital transformation and intelligent manufacturing, in July 2025, the Shandong Tianyue SiC Substrate Material Smart Factory was recognized as a "Advanced-Level (Provincial) Smart Factory of Shandong Province"; in December 2025, the Shanghai Tianyue SiC Substrate Material Smart Factory was recognized as a "Advanced-Level Smart Factory of Shanghai".

ENERGY AND RESOURCE MANAGEMENT

In accordance with the ISO 50001 energy management system standard, the Company has established an energy management policy guided by the principles of “Green Intelligent Manufacturing, Energy Conservation and Efficiency Improvement, and Full Participation.” The Company has built a systematic energy management organizational structure, clearly defining the responsibilities of each department and position in energy management. It has set challenging and measurable energy targets and indicators, and has established a comprehensive and rigorous energy management system, successfully obtaining ISO 50001:2018 certification for its energy management system.



In its daily operations, the Company strictly implements the responsibility system for energy targets and indicators, and has established a robust energy statistics and analysis mechanism to accurately monitor and regularly assess the achievement of various energy indicators. The Company has adopted diversified energy-saving measures, including equipment energy conservation and management energy conservation. These include implementing energy-saving retrofits on production equipment, utilizing smart factory simulation of the crystal growth process to optimize production processes and reduce energy consumption, and extensively using solar-powered streetlights within the factory premises to reduce reliance on the external power grid. These efforts provide strong support for the Company’s sustainable development and the achievement of its energy conservation and emission reduction goals.

SICC’s Energy and Resource Consumption Data for the Year 2025

Indicator	Unit	2025
Electricity Consumption	MWh	320,426.72
Green Electricity Purchased and Used	MWh	37,504.51
Water Consumption	'000 tonnes (t)	1,770.13
Gasoline Consumption	Litres	15,649.64
Natural Gas Consumption	cubic metre (m³)	27,100.00
Packing Material Used	tonnes (t)	51.67

WATER RESOURCE MANAGEMENT

In the field of water resource management, the water used by the Company in its production and operations is sourced entirely from the local municipal water supply network. The Company strictly adheres to the provisions of the General Rules for Equipping and Managing the Water Measuring Instrument in Water-use Organization (GB/T24789-2022), accurately configuring water measuring instruments and conducting regular calibration to ensure the accuracy and reliability of measurement data. At the same time, specialized personnel are assigned to carry out daily inspections and maintenance of the water measuring instruments. Once any leakage is detected, repair procedures are initiated immediately, effectively reducing the leakage rate of the pipeline network. In addition, the Company continuously optimizes its water resource management strategies through technological upgrades and management innovation, reducing water consumption in key processes, improving the recycling rate of water resources, and achieving sustainable water utilization.



In June 2025, SICC was awarded the title of “Industrial Water Conservation Demonstration Enterprise of Jinan” in recognition of its outstanding performance in efficient water resource utilization and refined management. The Company consistently regards water resource protection as a core aspect of its green operations. By introducing advanced water recycling treatment systems, optimizing production processes and implementing strict water quota management, it has significantly improved the industrial water reuse rate and achieved a continuous reduction in water consumption per unit of product.

USE OF CLEAN ENERGY

The Company is actively restructuring its energy mix, continuously reducing the share of coal-fired heating and power generation while steadily introducing clean energy. At the Lingang Plant in Shanghai, the Company has installed solar photovoltaic panels on the factory rooftop. By utilizing solar power generation, this approach not only aligns with environmental protection principles but also provides a stable supply of electricity to the plant, effectively reducing energy costs. During the reporting period, the Company purchased and used a total of 37,504.51 MWh of green electricity, marking a solid step forward on the Company’s energy transition path. Looking ahead, the Company plans to further increase its procurement of green electricity through the introduction of diverse clean energy power generation projects, gradually raising the proportion of green power and making every effort to promote the deep application of clean energy.



CHERISHING RESOURCES

The Company has always considered environmental protection as its responsibility and is committed to becoming an environmentally friendly enterprise. As a leading company in the third-generation semiconductor industry, the Company actively introduces energy-efficient crystal growth furnaces and automated control systems in core processes such as crystal growth, slicing, grinding and polishing during the production of SiC substrates. To reduce energy consumption, the Company has optimized the temperature and humidity control schemes for cleanrooms and installed energy-efficient power equipment and cooling water systems at our production bases. The Company regularly cleans lighting fixtures, air conditioning filter systems and heat exchangers to maintain optimal system performance. Additionally, the Company adopts other measures to enhance building energy efficiency, such as installing UV-blocking films, adding sealing strips and regularly inspecting the effectiveness of air sealing at our R&D center and offices. The Company continuously monitors energy consumption and, in the event of abnormal data, will immediately take corrective actions.

The engagement of employees is crucial to cherishing resources in the workplace. To achieve the Company's energy reduction goals, the Company has been sharing energy-saving tips and other environmental protection measures with employees via email and posters, such as turning off R&D equipment, lighting and air conditioners that are not in use, and adjusting air conditioner temperatures to energy-efficient levels. Employees are permitted to wear casual attire every Friday or during hot weather to minimize air conditioning load as much as possible.

POLLUTANT AND WASTE MANAGEMENT

Our Company is a leading enterprise focused on third-generation semiconductor materials, with its core business being the R&D, production and sales of silicon carbide (SiC) substrates. Our products are widely used in green energy fields such as electric vehicles, solar inverters, charging stations and power modules. The Company deeply recognizes the importance of environmental protection and is committed to minimizing its environmental impact during advanced manufacturing processes. The Company closely monitors relevant local laws and regulations concerning wastewater, waste gas emissions and waste, including but not limited to the Law of the PRC on the Prevention and Control of Water Pollution, the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste and the Law of the PRC on the Prevention and Control of Air Pollution. The Company also regularly provides professional training on environmental, health and safety policies to its R&D and production personnel to enhance the awareness of all employees regarding environmental protection and green production.

Our Company strictly adheres to national and local environmental protection laws and regulations, as well as relevant guidance from ecological and environmental protection departments. It strictly implements the pollutant discharge permit system and continuously invests special funds for environmental protection. Through various effective means such as purchasing advanced environmental protection equipment or self-constructing environmental protection facilities, strengthening energy consumption management measures, and optimizing production processes, the Company rigorously monitors pollutant emissions, ensuring the compliant treatment and up-to-standard discharge of various pollutants during the production process.

Our Company generates non-hazardous waste, such as general office waste and non-chemical packaging materials from production processes, which are collected and further processed by local environmental sanitation departments. The Company actively implements office environmental protection practices, including reusing envelopes, binders, file cards and other stationery items. Hazardous waste generated from semiconductor production processes, including waste chemicals, grinding waste liquids, waste ink cartridges and electronic waste, is strictly segregated and collected in accordance with relevant regulatory requirements, and is then entrusted to qualified third-party organizations for proper disposal and harmless treatment. The primary sources of our Company's hazardous waste are industrial by-products from production processes and dry cell batteries supporting daily office operations. Adhering to the principles of "Reduce, Reuse, Replace and Recycle," the Company optimizes production processes to minimize raw material losses, and collects and recycles all used batteries. During the year, with improvements in production processes, the generation of non-hazardous and hazardous waste has been maintained at stable and controlled levels. Our Company aims to minimize the generation of hazardous and non-hazardous waste through technological R&D and lean management.

Our Company has also established specialized wastewater treatment facilities to ensure that industrial wastewater generated during production processes meets stringent environmental standards before being discharged into the municipal drainage system. For waste gas emissions generated during production processes, the Company is equipped with efficient purification and filtration systems to ensure that gas emissions do not cause harm to the surrounding environment. In addition, our Company pays attention to the carbon footprint of its daily operations, including regularly inspecting company vehicles and inflating them to maintain proper tire pressure, and providing low-carbon driving training to drivers to reduce exhaust emissions and maintain vehicle efficiency.

SICC's Pollution and Waste Data for the Year 2025

870.09 tonnes (t)

Hazardous waste generated

767.43 tonnes (t)

Non-hazardous waste generated

1,264.03 '000 tonnes (kt)

Wastewater discharge

1.80 tonnes (t)

Exhaust gas emissions

STRENGTHENING THE FOUNDATION OF CARBON EMISSIONS DATA

The Company completed its annual greenhouse gas inventory in accordance with the ISO 14064-1:2018 standard, and conducted a comprehensive carbon footprint assessment for its core products, 6-inch and 8-inch conductive SiC substrates, following the ISO 14067 and PAS 2050 international standards. This assessment covered the entire product lifecycle, including raw material acquisition, manufacturing and product transportation. This systematic carbon footprint inventory work has been verified and certified by an authoritative third-party organization, laying a solid foundation for the Company to accurately identify key areas for emission reduction and to formulate a scientific emission reduction roadmap.

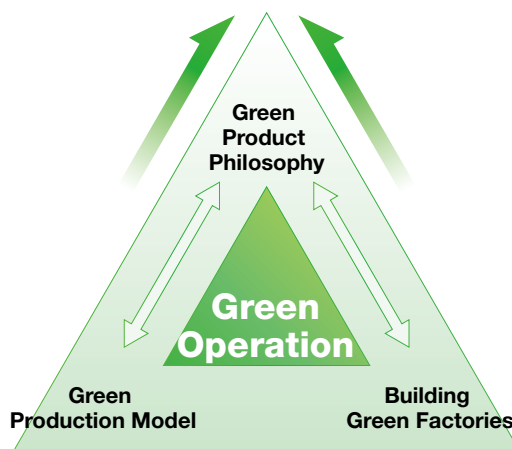
ENHANCING EMERGENCY RESPONSE CAPABILITIES

The Company has established a systematic emergency management framework and formed a professional team for drafting emergency response plans. It has meticulously prepared safety production accident emergency plans and, in accordance with the predetermined schedule, conducted various types of emergency drills in an orderly manner, covering scenarios such as fires, hazardous chemical leaks and mechanical injuries, thereby comprehensively enhancing the Company's overall risk response capabilities. At the corporate level, a series of rigorous and detailed systems have been formulated, including but not limited to the Environmental Pollution Incident Reporting and Handling System, Environmental Risk Inspection and Hidden Hazard Rectification System, System for Listing and Supervising Major Safety Hazards and Grading Standards for Potential Environmental Emergencies, aimed at strengthening employees' awareness of risk response and ensuring the orderly implementation of hidden hazard investigation and rectification work. In addition, the Company has established a three-tiered red, orange and yellow environmental pollution early warning system, achieving comprehensive monitoring and management of sudden environmental pollution incidents, ensuring rapid response at the onset of an environmental pollution event to minimize potential environmental risks.

GREEN OPERATIONS REALIZE A CIRCULAR ECONOMY

The Company actively responds to the national "carbon peak and carbon neutrality" policy, integrating the concept of green and low-carbon development into its overall strategy. It continuously drives the transition and advancement towards green and low-carbon practices across multiple dimensions, including management system innovation, efficient energy management, intelligent technological upgrades and the tackling of technical challenges. By skillfully combining management energy conservation with technological energy conservation, the Company has enhanced its green and low-carbon production and operational efficiency, achieving energy conservation, emission reduction and efficient resource utilization, thereby further advancing the process of sustainable development.

GREEN OPERATIONS SYSTEM OF THE COMPANY



GREEN PRODUCT PHILOSOPHY

The Company designs its products in accordance with the General Principle and Requirements of Eco-design for Products (GB/T 24256–2009). During the product design process, it comprehensively considers the environmental impact throughout the entire product lifecycle, including raw material selection, production processes, transportation, storage, and end-of-life recycling. The Company places equal emphasis on R&D and practical application, striving to achieve life-cycle environmental harmlessness, efficient energy utilization and circular material use. This ensures product quality meets standards while reducing energy and resource consumption and mitigating negative environmental impacts.

GREEN PRODUCTION MODEL

Through sustained R&D investment over the years, the Company has built a resource recycling production chain of “carbon powder and silicon powder — SiC monocrystal — SiC substrate wafers” centered on the production of SiC substrates, its core product. It has transformed its production model by adopting digital twin technologies for smart factories and the concept of circular economy, realizing digitally simulated production in the crystal growth process and achieving zero emissions and low-carbon energy utilization throughout the process. This has established a new model of digital production empowering traditional manufacturing industries and set a benchmark for green product manufacturing among industrial enterprises.

ESTABLISHMENT OF GREEN FACTORIES

The Company attaches great importance to the development of green factories, and has established the organization structure of the green factory in accordance with the requirements of the General Principles for Assessment of Green Factories, and formulated the objectives and responsibilities of each departments. The Company conducts regular internal audits in accordance with the requirements of the Self-Evaluation Criteria for Green Factory, and continuously implements the various requirements of green factories in combination with the management of environmental, energy, health and other systems. It adheres to the continuous optimization of the industrial chain under the current framework to promote the green development of the Company.

ECOSYSTEMS AND BIODIVERSITY CONSERVATION

The Company, with reference to external guiding policies including the National Outline for Ecological and Environmental Protection (《全國生態環境保護綱要》), the Master Plan for the National Wildlife Conservation and Nature Reserve Development Project (《全國野生動植物保護及自然保護區建設工程總體規劃》), and the Outline of the National Plan for the Conservation and Utilization of Biological Species Resources (《全國生物物種資源保護與利用規劃綱要》), identifies the impacts of construction projects on ecologically sensitive targets such as rare wild animals and plants, key areas, nature reserves, scenic spots and forest parks at the environmental impact assessment stage of new construction, reconstruction and expansion projects. Meanwhile, the Company attaches great importance to the cultivation of employees' environmental protection literacy and organizes environmental protection knowledge training for employees every year to enhance their environmental protection awareness.

SOCIAL



R&D AND INNOVATION

Dedicated to the SiC industry for over 15 years, the Company achieved industrialization of semi-insulating SiC substrates relatively early in China and further realized industrialization of conductive SiC substrates. Leveraging its experience in R&D, production and management, the Company has continuously solidified its advantage in product scaling. The size of mass-produced SiC substrates has been upgraded iteratively from a 2-inch to an 8-inch. In 2024, the Company launched the industry's first 12-inch SiC substrate, and completed technical breakthroughs for the full range of 12-inch conductive N-type, conductive P-type and semi-insulating SiC substrates in 2025, fully bringing the global SiC substrate industry into a new era of 12-inch products. While achieving full-size industrialization from 2 inches to 12 inches, the Company has also made key technological breakthroughs in diversified products including semi-insulating substrates, conductive substrates, P-type substrates, optical substrates and advanced packaging thermal dissipation interposers. It has continuously promoted the domestic substitution of key equipment and achieved full-process independent control from raw materials to finished products.

R&D MANAGEMENT SYSTEM

R&D Talent Management

The Company adheres to independent R&D, provides ample resource support for R&D personnel, and consolidates its position as industry leaders through its robust technological platform and continuously accumulated professional expertise. The Company will continuously refine its R&D incentive mechanism and R&D management systems to stimulate the innovative vitality of R&D personnel.

In terms of talent and organizational capabilities, the Company continues to build a global talent hub for SiC. As of the end of the reporting period, the Company's R&D team included 67 employees with master's or doctoral degrees, accounting for 37.43% of the total number of R&D personnel. The Company has 2 experts receiving special government allowances from the State Council, and has gathered 7 national-level talents, 12 provincial-level talents and 14 municipal-level talents. Over the next three years, the Company will continue to optimize its talent matrix and further improve its R&D team with multidisciplinary backgrounds covering materials science, electronic engineering, physics, chemistry, mechanical engineering and other disciplines, so as to support the Company's continuous progress in basic research, product development and engineering transformation.

R&D PROCESS MANAGEMENT

The Company typically conducts targeted R&D to focus on the pain points and needs of downstream customers, and optimizes and improves products based on customer feedback. This approach enables the Company's products to better support customers while further deepening the collaboration between the Company and its customers. The Company's R&D activities are led by the R&D team, operating under a hierarchical management project system with the following processes:

1 Demand Application

The company combines information gathered from daily operation, cooperation with industry participants, market research and analysis of customer feedback, and submits demand application to the R&D team

2 Project Approval

Once the demand application is approved, the R&D team identifies the project manager and project team members, puts together a designated project team, and the project manager is responsible for writing a project approval report

3 Project Research

The project team formulates the R&D design plan based on the project requirements, details the experimental plan and schedule, and completes the experimental verification according to the design plan

4 Project Acceptance

Based on the project plan and delivery status, the project manager initiates the project acceptance application, and prepares the Project Acceptance Report for the R&D team to review

5 Project Evaluation

Following project acceptance, the R&D team evaluates the R&D results and takes various measures to safeguard intellectual property rights

The Company is committed to R&D and innovation. It has invested substantial resources into the R&D of SiC substrates and production technologies. Striving to maintain a leading technological position is embedded in the Company's corporate DNA.

R&D AND INNOVATION INITIATIVES – SCIENTIFIC AND TECHNOLOGICAL INNOVATION AND INCENTIVES

The Company has been continuously improving its systems for scientific and technological innovation and incentives. It has formulated the Administrative Measures for R&D Projects, which provides material and moral incentives to employees with outstanding achievements in product R&D and innovation, so as to stimulate the innovation vitality of all employees. The Company has formulated the Intellectual Property Rights Management System, which clarifies the application, protection and administration of intellectual property rights, encourages employees to make inventions and creations, and protects the Company's core technologies. In addition, the Company has formulated the External Cooperation Management System, under which it has established technical cooperation relationships with other enterprises, research institutions or universities to share technical resources and accelerate product innovation. During the reporting period, the Company carried out industry-university-research cooperation with Tsinghua University, Qilu University of Technology and other universities.

The Company continues to increase R&D investment to support research on new technologies, new products, quality improvement and other aspects, so as to maintain its technological leadership. It has cultivated and gathered a team of highly skilled R&D teams through internal training, external talent introduction and other approaches. The Company regularly organizes technical exchanges and training activities to enable employees to continuously master cutting-edge technologies in the industry, and has established an open innovation platform to attract external innovation resources.

PROMOTING INDUSTRIAL DEVELOPMENT

The Company actively participates in industrial cooperation. By presiding over or participating in the formulation of standards, attending exhibitions and forums, the Company conducts in-depth exchanges with stakeholders to discuss development trends and contribute to industrial progress.

Participated in Formulating 11 National Standards

- Test Method for Transmittance of Semiconductor Single Crystal Materials (GB/T 46227–2025)
- Test Method for Thickness and Flatness of SiC Single Crystal Wafers (GB/T 32278–2025)
- Test Method for Micropipe Density of SiC Single Crystal Wafers (GB/T 30868–2025)
- Semiconductor Devices – Non-Destructive Testing and Identification Criteria for Defects on SiC Homoepitaxial Wafers for Power Devices – Part 1: Defect Classification (GB/T 43493.1–2023)
- Semiconductor Devices – Non-Destructive Testing and Identification Criteria for Defects on SiC Homoepitaxial Wafers for Power Devices – Part 2: Optical Testing Method for Defects (GB/T 43493.2–2023)
- Semiconductor Devices – Non-Destructive Testing and Identification Criteria for Defects on SiC Homoepitaxial Wafers for Power Devices – Part 3: Photoluminescence Testing Method for Defects (GB/T 43493.3–2023)
- Defect Atlas of SiC Single Crystal Materials (GB/T 43612–2023)
- Test Method for Surface Quality and Micropipe Density of SiC Polished Wafers – Confocal Differential Interference Contrast Method (GB/T 43313–2023)
- Determination of Boron, Aluminum and Nitrogen Impurity Contents in SiC Single Crystals – Secondary Ion Mass Spectrometry (GB/T 41153–2021)
- Greenhouse Gases – Carbon Footprint of Products – Quantification Requirements and Guidelines (GB/T 24067–2024)
- SiC Epitaxial Wafers (GB/T 43885–2024)

Led the Formulation of 2 Industrial Standards

- Φ 150 mm N-Type SiC Substrates for Power Devices (SJ/T 11865–2022)
- Semi-Insulating SiC Single Crystal Substrates (SJ/T 11864–2022)

INTELLECTUAL PROPERTY PROTECTION

The Company attaches high importance to intellectual property management, continuously improves its capabilities and standards in the creation, transformation, application, protection and management of intellectual property. The company strictly follows the Patent Law of the PRC and has formulated and further improved internal systems such as Intellectual Property Management Measures, the Management Measures for Scientific and Technological Achievement Release, the Patent Application Management Measures, and the Patent Reward Management Measures, to implement intellectual property management standards and effectively protect intellectual properties. Furthermore, the company has established an intellectual property information monitoring mechanism and strengthened the promotion and training of intellectual property protection, thereby enhancing the awareness of intellectual property protection among all employees, and forming an intellectual property management system covering all aspects of production and operation.

List of Intellectual Property Rights Obtained by the Company During the Reporting Period				
	Current Year Additions		Cumulative Quantity	
	Number of Applications (Units)	Number of Grants (Units)	Number of Applications (Units)	Number of Grants (Units)
Invention Patents	49	10	367	203
Utility Model Patents	13	7	373	308
Design Patents	0	0	0	0
Software Copyrights	0	0	63	63
Others	2	2	46	41
Total	64	19	849	615

QUALITY MANAGEMENT

The Company is a world-leading manufacturer of wide bandgap semiconductor materials, focusing on the R&D and industrialization of high-quality SiC substrates. Since its inception, the Company has attached great importance to quality development and taken quality development as the cornerstone of corporate growth. Adhering to the quality policy of “scientific management, technological innovation, continuous improvement and pursuit of excellence”, the Company comprehensively implements lean quality management methods to provide customers with high-quality products.

QUALITY MANAGEMENT SYSTEM

In accordance with the Product Quality Law of the PRC and other relevant laws and regulations, the company has formulated internal quality management systems and standards to manage and supervise the entire production process, and ensure the products compliance with quality standards. The company has developed and implemented a Zero-Defect Plan, aiming for high-quality products and defect-free delivery. Led by the management team, the company promptly reviews major quality incident handling opinions and regularly reviews quality management reports, aiming to continuously improve the quality management system.

To achieve these objectives, the company has formulated a series of quality management systems, including:



The Company has obtained two important certifications, including IATF 16949:2016 and ISO 9001:2015. Among them, IATF 16949:2016 certification, issued by the International Automotive Task Force (IATF) and recognized by the International Organization for Standardization (ISO), is a major standard for quality management systems in automotive production parts and related service parts. The acquisition of this certification demonstrates that the Company's design and production of SiC materials fully comply with the requirements of IATF 16949:2016 quality management system, marking that the Company has obtained access to the supply chain of global automotive industry.

QUALITY CONTROL MEASURES

Through these integrated quality management strategies, the Company is committed to ensuring the excellence and reliability of products. Its quality control measures encompass a wide range of activities, covering R&D quality management, raw material supplier quality management, production process management, shipment inspections and customer service quality management.

R&D Quality Management

The company has established a comprehensive R&D management process consisting of thorough project tracking, phase management and rigorous quality control measures.

Raw Material Supplier Quality Management

The Company has implemented a robust supplier onboarding management system, clearly defining supplier qualification principles. It has established precise material standards for all raw materials used and conducts regular performance assessments of suppliers, driving continuous improvement in the supply chain.

Production Process Management

The Company has established comprehensive control plans for each stage of production to ensure thorough manufacturing and product quality control. When product quality non-conformances occur, the Company will activate the non-conforming product control procedure, conduct non-conformity reviews, perform root cause analysis and formulate corrective and preventive measures. The Company's production process management measures help prevent the release of non-conforming products and mitigate recurrence of quality issues.

Shipment Inspections

Before delivery, the Company conducts thorough inspections of product appearance to ensure compliance with customer quality expectations, and these inspections inform ongoing improvements in the Company's production processes.

Customer Service Quality Management

The Company has instituted a standardized process for resolving customer complaints efficiently. By employing a tiered approach based on the severity of each issue, the Company maintains the high standards of product and service quality that customers rely upon.

DIGITAL AND INTELLIGENT DEVELOPMENT OF QUALITY MANAGEMENT

The Company empowers the industrial ecosystem with digital intelligence to support the efficient, green and low-carbon development of the SiC industry. Through intelligent control systems and real-time data analysis, the Company can more accurately predict the coupling relationship of various process conditions, which helps to achieve precise preparation and quality management and promote the sound development of the Company. The Company continuously optimizes its intelligent quality data analysis system, which supports online editing, approval, revision and management of all quality system documents. The data analysis system enables real-time and accurate recording and analysis of product quality-related data, improving the efficiency of data statistics and analysis. The Company's SiC substrates have achieved near-zero micropipes as manifested by no stacking faults, low basal plane dislocation (BPD) density, low threading screw dislocation (TSD) density and low threading edge dislocation (TED) density, showcasing the Company's leadership in production quality management.

QUALITY CULTURE DEVELOPMENT

The Company vigorously promotes company-wide quality management and continuously strengthens employees' quality awareness. It has firmly established the core concept of "Quality First", laying a solid foundation for the continuous improvement of product and service quality. During the reporting period, the Company conducted a number of quality management training courses.

CUSTOMER SERVICE

The Company adheres to a customer-centric approach and has formulated internal policies including the Administrative Measures for Customer Requirements, making every effort to serve customers and meet their needs. On the customer side, the Company is committed to:

1

Implement the Brand Touch-points Plan (Plan P) to ensure that customers form lasting memories and impressions of the brand with every interaction they have with the Company

2

Establish a global sales and service network that covers China, Europe and Japan to provide timely responses to various business demands from global customers

3

Build a closely connected ecosystem with customers from their design-in stage

Leveraging the Company's technological advantages, exceptional product quality and strong delivery and customer service capacities, the Company has maintained robust and long-term cooperative relationships with leading customers.

OPTIMIZING CUSTOMER SERVICE

The Company has formulated documents including the Control Procedure for Contract Review, Control Procedure for Product Delivery, Administrative Measures for Customer Complaints and Control Procedure for Customer Satisfaction, and standardizes and manages customer-related requirements in accordance with internal processes such as the Contract Review Form and Customer Parameter Review Process.

To better maintain customer relationships, the Company has conducted various internal trainings, including onboarding training for new employees, customer relationship training, sales skills training and product knowledge training. Externally, the Company has continuously enriched communication methods with customers. The Marketing Center showcases the Company's products and services through customer visits, customer invitations to the Company, participation in company-hosted events, exhibition invitations and other forms.

AFTER-SALES SERVICE SYSTEM

The Company offers product return and exchange services tailored to meet the needs and concerns of customers. Its standard product return procedure is outlined in customer return merchandise authorization (RMA) policy. When a customer reports a quality issue, the Company's technical team will quickly conduct internal investigations to confirm a product defect, and the quality control department will notify the product department to initiate the return process. Upon receiving a complaint, the Company will respond within 24 hours and take corresponding actions within five working days to properly resolve customer complaint.

In the event that the Company's products have any defects or quality issue, the Company will provide replenishment or replacement within the specified timeframe upon receiving notification from customers. Customer feedback is collected through telephone, email, and the Company's product department and marketing team. When a complaint arises, the Company's dedicated team will proactively liaise with customers by phone or email. If a quality problem is linked to products, the Company aims to promptly address such problem according to customer's requirements. The technical team will quickly conduct quality issue analysis or resolve the issue through replenishment or replacement within the time period specified by customers.

During the reporting period, the Company's customer complaint response rate and resolution rate both reached 100%, and no major product replenishment or replacement incidents occurred.

CUSTOMER PRIVACY PROTECTION

The Company attaches great importance to the protection of customer privacy and strictly complies with laws and regulations such as the Personal Information Protection Law of the People's Republic of China and the Data Security Law of the People's Republic of China. Internally, the Company transmits customer information through customer codes, which are formulated in accordance with the Administrative Measures for Customer Codes to ensure the confidentiality of customer information.

SUPPLIER MANAGEMENT

The Company typically cooperates with experienced and reputable suppliers. Its supplier selection criteria focus on technical expertise, infrastructure and equipment, product quality, credentials, reputation, and pricing. To continuously optimize and improve supplier management, the Company has established a supplier lifecycle management system, aiming to enhance supply chain efficiency and ensure the smooth progress of the Company's production activities.

The Company is committed to establishing a responsible supply chain and has formulated the internal policies including the Control Procedures for Supplier Management and the Supplier Access Management Measures, which clearly stipulate the requirements for supplier access, investigation, selection, evaluation and optimization.

Additionally, the Company has established an evaluation system including ESG criteria for supplier self-inspection and supervision, to strengthen supplier management, promote suppliers to follow business ethics and conduct business in a responsible manner, ensure that the partners in the supply chain align with the Company's philosophy in terms of ethics, safety, health, labor standards, environmental protection, among others, and promote the safety and stability of the supply chain.

Supplier Access

The Company conducts thorough due diligence on potential suppliers, covering investigations into systems including environmental protection, energy management, occupational health and safety, information security and ESG. Clear access criteria have been established, and suppliers are reviewed through qualification assessment.

Supplier Audit

ESG requirements, including occupational health and safety, environmental protection, elimination of child labor and conflict minerals, are incorporated into the scope of supplier audits. Non-compliant suppliers are resolutely excluded from the supply system.

Agreement Execution

Requiring suppliers to sign related policies and documents such as the Corporate Social Responsibility (CSR) Agreement and the Guarantee of Non-Use of Environmentally Harmful Substances. During the reporting period, the agreement signing rate reached 100%. A large number of qualified suppliers have been evaluated via questionnaires and supplier audits, and no major violations involving labor disputes, environmental non-compliance or other related issues have been identified.

SUPPLIER ESG MANAGEMENT

Adhering to the concept of sustainable development, the Company implements social responsibility requirements in its supply chain management. It incorporates standards such as occupational health and safety, environmental protection, elimination of child labor, and conflict minerals into its supplier assessment scope. The Company requires key suppliers to obtain ROHS and REACH certifications, and resolutely excludes non-compliant suppliers from its supply system.

The company focus on the ESG performance of our suppliers and consider it as a key evaluation criterion. The main measures the company has adopted for supplier ESG management include but are not limited to:

1

Requiring suppliers to sign the **Corporate Social Responsibility (CSR) Agreement and the Guarantee of Non-Use of Environmentally Harmful Substances**, which include requirements for environmental protection, labor, and human rights;

2

Requiring suppliers to minimize packaging materials in the production process while ensuring compliance;

3

Ensuring that the use of hazardous substances complies with national and international requirements and is continuously validated through regular updates of relevant certificates;

4

Prioritizing cooperation with suppliers that have environmental management system certifications in supplier evaluations, reaching a consensus on efficient energy and resource utilization;

5

Assessing suppliers' energy consumption levels, supporting them in improving energy management systems, and jointly achieving objectives of energy conservation and carbon reduction with upstream suppliers;

6

Providing energy conservation management training and other supporting services to key suppliers to enhance their awareness of energy conservation and emission reduction and their energy management capabilities.

SUPPLIER MANAGEMENT DATA OF THE COMPANY IN 2025

Metric	Unit	2025
Number of Suppliers (China)	Suppliers	1,007
Number of Suppliers Audited	Suppliers	16
Number of Suppliers Certified with ISO 14001 System	Suppliers	158
Total Hours of Supplier Social Responsibility Training	Hours	32
Number of Participants in Supplier Social Responsibility Training	Participants	168

TRANSPARENT PROCUREMENT

The Company is committed to establishing an honest, fair, and trustworthy business partnership with its suppliers, implementing “transparent procurement” to eliminate corrupt, monopolistic, and other unfair competition practices. The Company has established an end-to-end online process from supplier registration to execution, creating an open and fully transparent procurement platform. Additionally, the Company requires suppliers to sign the Code of Conduct for Business Partners to regulate the cooperative behavior of suppliers. Furthermore, the Company conducts internal audit activities to supervise the compliance of procurement processes, effectively fostering an atmosphere of transparent procurement.

SUPPLIER RISK MANAGEMENT

The Company continuously improves its supply chain security management system. It has developed different contingency plans for various supply chain disruption factors, accurately identifies sources of supply chain risks, and takes effective measures to mitigate risks to business operations and cooperation with suppliers, and conducts emergency drills and other activities in accordance with the contingency plans.

SUPPLIER EMPOWERMENT

The Company maintains close communication and exchanges with its partners through activities such as holding supplier conferences and conducting supplier training, achieving mutual benefits and win-win outcomes. In addition, the Company promotes relevant requirements, including ESG, to key leaders of key suppliers and, by means of supplier audits, promotes the Supplier Manual, which contains requirements and system frameworks concerning ESG and other aspects, to suppliers.

EMPLOYEE RIGHTS

The Company is committed to “providing employees with better development opportunities and benefits”, following a “people-oriented” talent philosophy. We are also committed to creating a healthy, happy, harmonious and developmental working environment, aiming for a win-win situation where the company’s growth is aligned with employee development.

EMPLOYMENT AND COMPOSITION

Lawful Employment: The Company strictly complies with the Labor Law of the PRC, the Labor Contract Law of the PRC, the Law of the PRC on the Protection of Minors, the Social Insurance Law of the PRC, and other pertinent laws and regulations. We have formulated internal systems such as the Employee Handbook and the Management Measures for Recruitment Age Compliance and the Protection of Minors. We firmly prohibit the use of child labor and strictly verify identity information during the recruitment process to ensure all new employees meet the requirements of legal working age. The rate of labor contract signing for our employees is 100%.

National Laws and Regulations	Internal Systems
Labor Law of the PRC	Employee Handbook
Labor Contract Law of the PRC	Management Measures for Recruitment Age Compliance and the Protection of Minors
Law of the PRC on the Protection of Minors	Legally signing labor contracts with employees
Social Insurance Law of the PRC	Strictly verifying identity information during the recruitment process

Transparent Recruitment: The Company’s recruitment adheres to the principles of “fairness, impartiality, openness and transparency”. Job seekers can learn about the Company’s recruitment positions, job requirements and other information through the Company’s official website, public accounts, third-party recruitment software, internal referrals, recruitment presentations and other channels.

Democratic Management: The Company strictly complies with relevant laws and regulations to strengthen democratic management. We understand employee demands through multiple channels such as employee interviews and feedback from the labor union, safeguard employees’ rights to information, participation, expression and supervision, protect employees’ legitimate rights and interests, and enhance employee satisfaction and work efficiency.

职位	地区	人数	学历	职位描述	状态
软件开发	上海	10	本科	1. 计算机专业; 2. 英语六级; 3. 熟练使用Java, Python, JavaScript等语言。	已招
产品经理	上海	5	本科	1. 计算机专业; 2. 逻辑思维能力强。	已招
前端开发	上海	5	本科	1. 计算机专业; 2. 熟练使用HTML, CSS, JavaScript。	已招
后端开发	上海	5	本科	1. 计算机专业; 2. 熟练使用Java, Python, JavaScript。	已招
测试开发	上海	7	本科	1. 计算机专业; 2. 熟练使用Java, Python, JavaScript。	已招

Graduate Recruitment

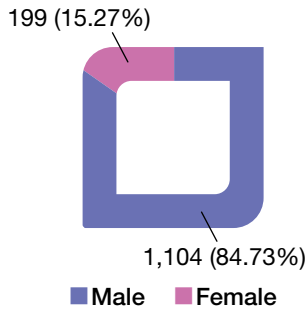
职位	地区	人数	学历	职位描述	状态
销售经理	上海	10	本科	1. 市场营销专业; 2. 沟通能力强; 3. 熟练使用CRM系统。	已招
销售代表	上海	10	本科	1. 市场营销专业; 2. 沟通能力强。	已招
客户经理	上海	10	本科	1. 市场营销专业; 2. 沟通能力强; 3. 熟练使用CRM系统。	已招
技术支持	上海	10	本科	1. 计算机专业; 2. 沟通能力强; 3. 熟练使用CRM系统。	已招
运营专员	上海	10	本科	1. 市场营销专业; 2. 沟通能力强; 3. 熟练使用CRM系统。	已招

Social Recruitment

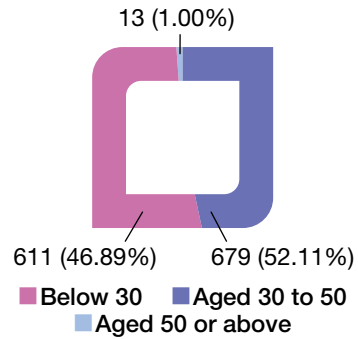
As of December 31, 2025, the Company had a total of 1,303 employees. Our employees work full-time primarily in China. A detailed breakdown of our employee data is set forth below:

Total number of employees 1,303

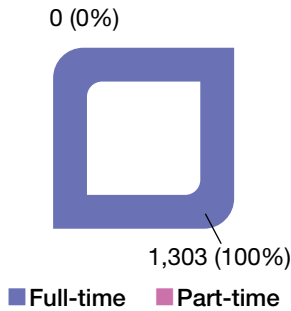
Number and percentage by gender



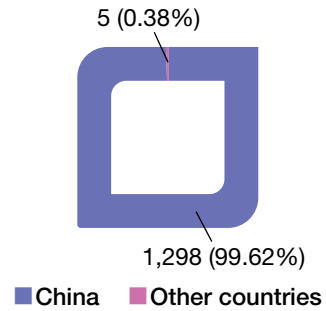
Number and percentage by age group



Number and percentage by employment type

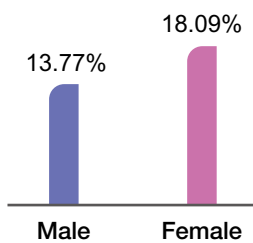


Number and percentage by geographic region

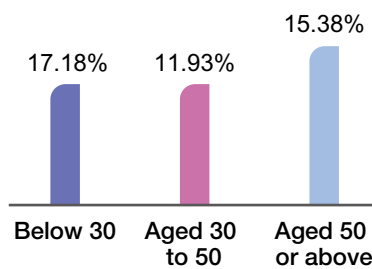


Employee turnover rate 12.60%

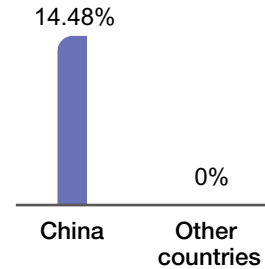
Percentage by gender



Percentage by age group



Number and percentage by geographic region



DIVERSITY AND EQUAL OPPORTUNITIES

The company is committed to creating a diverse workplace environment, and always advocate and adhere to the principles of gender equality and employment diversity, and oppose any form of discrimination based on religious beliefs, family, ethnicity, region, gender, education, disability, or other factors.

COMPENSATION AND BENEFITS

The Company has established a comprehensive compensation and benefits system to ensure that employees are duly compensated for their work and have their livelihood needs met. Employee compensation consists of base compensation and performance-based compensation, with a competitive compensation system designed by taking into account national and local regulations, industry and regional compensation levels, and the company's operating conditions. This system is linked to performance objectives and fully reflects job responsibilities, work capabilities and individual contributions, which helps attract and retain experienced talents, maintain a stable R&D and management team, and enhance the Company's technological innovation capabilities. The Company has established employee shareholding platforms to provide equity incentives to eligible employees, thereby aligning their interests with those of the Company. During the Reporting Period, 30 individuals were granted awards under the Company's Restricted Share Incentive Scheme.

On May 24, 2025, SICC organized its employees and their families to participate in the "2025 China (Jinan) Fifth International Hiking Conference" held at the Jinan Red Leaves Canyon Scenic Area. The Company places significant emphasis on the physical and mental well-being and work-life balance of its employees, encouraging them to cultivate a passion for sports, connect with nature, and enjoy warm moments of parent-child interaction while challenging themselves. During the event, SICC employees and their families strolled together amidst the springs and landscapes, which not only enhanced their physical fitness but also strengthened team cohesion and a sense of family belonging.



The Company continuously improves its employee support system, revising policies such as the Employment Management Measures to standardize the criteria and procedures for welfare management. The employee welfare system includes:

Employee Insurance	Leave Benefits	Health Check-ups
The Company provides five social insurances and housing provident fund, achieving a 100% social insurance coverage rate	The implementation of statutory paid leaves, such as annual leave, marriage leave, paternity leave, and parental leave, complies with relevant national regulations	The Company organizes regular health check-ups for employees, achieving a 100% health check-up coverage rate
Employee Accommodation	Work Hour System	Employee Canteen
The Company provides employees with clean and tidy accommodation	The Company implements both standard and comprehensive working hour systems, adhering to the requirements of the state, provinces, cities, and districts regarding working hours, rest, and leave	The Company provides employees with safe, affordable, and convenient meals

ADDRESSING EMPLOYEE WELL-BEING CONCERNS

Satisfaction survey questionnaires were distributed to all employees, covering aspects such as the Company's prospects, management capabilities, departmental atmosphere and management, compensation and benefits, training, and the working and living environment. The Company is driving management reforms to gradually address employee well-being concerns.

DEPARTMENT COVERAGE REACHED 100%

To support the Company's survey initiatives, the Human Resources Department concurrently conducted employee interviews and department-by-department research, focusing on facilitating employee feedback channels. In conjunction with the Company's complaint and supervision channels, it supervised and guided various departments in addressing employee suggestions. During the Reporting Period, the department coverage rate for the survey and research efforts reached 100%.

TRAINING AND CAREER DEVELOPMENT

The Company has established a comprehensive employee training and development system, which includes general training covering corporate culture, employee rights and responsibilities, workplace safety, data security, among others, as well as specialized training designed to enhance employees' knowledge and expertise in certain important areas related to the business.

EMPLOYEE TRAINING DATA OF THE COMPANY IN 2025		2025
Metric		
Number of Employees Trained (Percentage of Employees Trained)		1,228 (94.24%)
Total Employee Training Hours		20,646
Average Training Hours per Employee		15.84
Average Training Hours by Gender (Percentage of Employees Trained)	Male	16.66 (94.29%)
	Female	17.64 (93.97%)
Average Training Hours by Employee Category	Senior management members	24.04
	Management/Supervisor	17.64
	General Staff	15.24

The Company focuses on the career development of its employees, establishing career advancement pathways through competency identification and individual development aspirations, while providing comprehensive career development resources to employees. The Company prioritizes the enhancement of employees' overall competencies and professional skills as the focus of its training efforts. It implements a three-level training system at the team, department and company levels across the organization, concentrating on the professional capabilities required for employee positions and establishing a customized training system to facilitate employee growth and improvement.

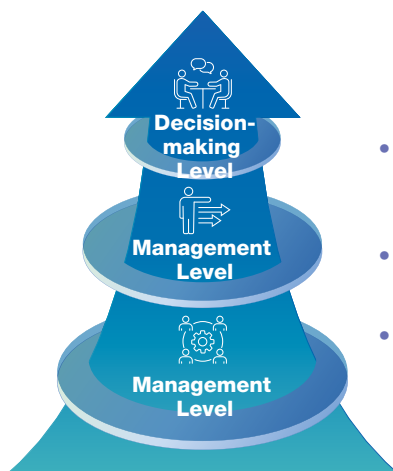
For new employees, the Company continues to optimize the “dual-mentor mentoring model”, under which mentors provide full guidance on basic skill training. The Company adopts strict assessment standards and implements post-oriented certification, enabling new employees to undertake work tasks quickly and with high quality. During the Reporting Period, the Company conducted four sessions of new employee training.

To enhance the management capabilities of managerial personnel and the professional expertise of business staff, the Company systematically carries out various activities such as management training, industry technology seminars, professional knowledge and skills competitions, quality tool learning, and safety system knowledge sessions. These activities broaden employees' perspectives, accumulate professional knowledge and strengthen the Company's core competitiveness. SICC embeds the concept of sustainable development at the starting point of talent growth and has innovatively implemented a “mandatory ESG orientation for all employees” mechanism. The Company designs a tailored ESG (Environmental, Social and Governance) training course for each new employee, making it the “first lesson” and a “compulsory course” of the orientation program. The course content closely aligns with the Company's sustainable development strategy, systematically explains global carbon neutrality trends, and, through case studies and interactive discussions, helps new employees quickly establish an ESG thinking framework and clarify their specific roles and action guidelines in areas such as energy conservation, emissions reduction, compliant operations and social responsibility.



INFORMATION SECURITY AND DATA GOVERNANCE

During the course of its business operations, the Company collects, stores and processes various types of business and transaction data. The Company strictly complies with the Cybersecurity Law of the PRC, the Data Security Law of the PRC and other relevant laws and regulations, continuously advancing information security management and privacy protection. By fully implementing the accountability system for cybersecurity and conducting regular training, the Company continuously enhances employee awareness regarding personal information security and privacy protection. To effectively safeguard the information security of relevant parties, including customers, partners and internal employees, the Company has implemented a series of management measures covering account and password management, terminal device security protection, unified software configuration management, documentation and information data management, and physical environment security controls, thereby establishing a multi-layered, comprehensive information security protection system. At the same time, the Company places great emphasis on the development of its data governance framework, continuously strengthening top-level design and improving organizational support mechanisms, gradually forming a closed-loop management model covering data asset production, governance and business enablement. In terms of organizational structure, the Company has established a three-tier data governance system consisting of a “decision-making layer, management layer and execution layer”.



- Establish a data governance decision-making task force, centered on senior executives of the President's Office, has been established
- Establish a routine working group for thematic-domain data governance, comprising plant managers and heads of centers
- Staff members in various positions across the Company serve as the execution level, and data governance officers are designated in each first-level department

The Company continuously refines its data governance-related policies and has formulated various rules and systems, including the SICC Data Governance Work Requirements, the SICC Data Security Management Measures and the SICC Master Data Management Measures, to ensure data quality and data security.

OCCUPATIONAL HEALTH AND SAFETY

Safety Management System

The Company strictly adheres to international safety standards, and have obtained ISO45001:2018 Occupational Health and Safety Management System certification. The Company has formulated a comprehensive internal safety management system, including the Safety Production Regulations, the Occupational Health Management System, and the Confined Space Operation System.

The Company effectively prevents production safety accidents through a robust emergency rescue system, safety investment system, risk grading control system, and hidden danger investigation and governance system. Additionally, the Company regularly conducts safety training, safety inspections, and emergency drills to effectively enhance employees' safety skills and awareness. During the Record Period, the Company did not experience any material workplace injuries.

Hazard Identification and Control

The Company is consistently dedicated to fostering a healthy occupational environment for its employees, comprehensively enhancing their safety awareness and skills, and effectively reducing the probability of workplace accidents. To this end, the Company has established a comprehensive emergency rescue system, safety investment system, risk grading control system, and hazard identification and control system. By classifying and grading risks, it implements layered control at the corporate, departmental, and team levels, with full employee participation in hazard identification and control, thereby building a solid foundation for employee occupational health and workplace safety.

SAFETY EMERGENCY MANAGEMENT

The Company strictly adheres to national workplace safety laws, regulations, and industry standards. In accordance with the “Guide for Compilation of Work Safety Accidents Emergency Response Plans for Production and Business Units” GB29639–2020 issued by the Ministry of Emergency Management, it has established a comprehensive risk grading control and hazard identification and control system, and has compiled a “Corporate Risk Identification and Assessment Report”. The report includes a detailed analysis of the internal and external emergency rescue materials, teams, and equipment that can be mobilized under accident conditions, and has compiled an emergency rescue material list to ensure the operability, implementability, and evaluability of the workplace safety emergency response plan.

The Company has established comprehensive workplace safety management system and workplace safety responsibility system. It regularly organizes safety training and education for employees, conducts safety accident emergency drills, and performs periodic calibration of safety accessories to ensure the proper functioning of facilities. Concurrently, the Company has established an emergency management organization and formed an emergency response plan compilation team, which prepared workplace safety accident emergency response plans. Various emergency drills, including those for fire, hazardous chemical leaks, and mechanical injuries, are organized as scheduled and on a regular basis. The Company has also developed emergency response plans based on environmental emergencies. During the Reporting Period, the Company organized 2 environmental emergency drills for environmental accidents, clarifying emergency response responsibilities, honing the response capabilities of its emergency teams, and enhancing safety awareness.

In 2025, the Company had no material safety issues. Through regular safety drills, the Company continuously summarizes experiences and persistently enhances its safety management level. Additionally, the Company has established and refined its workplace accident management system, worker health monitoring management system, and occupational disease hazard handling and accident management system. It regularly arranges in-service health examinations and occupational disease hazard monitoring for employees exposed to occupational disease hazards, supervises the distribution of labor protection supplies, and implements full-process monitoring for employees from pre-employment, during employment, to post-employment, ensuring employee occupational health and safety.

Metric	2025	2024	2023
Number of workplace safety incidents	0	0	0
Number of employees injured in work-related injury accidents	0	0	0
Frequency of employees injured in work-related injury accidents	0	0	0
Number of working days lost due to work-related injuries	0	0	0
Occupational health examination coverage	100%	100%	100%
Number of new occupational diseases	0	0	0

PUBLIC WELFARE ACTIVITIES

As the Company steadily develops, we remain mindful of our responsibilities and role as a corporate citizen, actively giving back to local communities and taking concrete actions to support social welfare initiatives. In 2025, SICC actively fulfilled its corporate social responsibilities by making aggregate external donations of RMB150,000 and HKD100,000. Among these, we donated RMB150,000 to the Shandong Integrated Circuit Industry Association to support the collaborative development of the industry, and donated HKD100,000 to the Wang Fuk Court in Tai Po District, Hong Kong Aid Fund for fire relief and community care. In addition, the Company’s chairman donated RMB250,000 to the Beijing Entrepreneurs Environmental Protection Foundation to support environmental protection and public welfare initiatives.

In addition, on March 15, SICC, together with the Alxa SEE Foundation, organized a tree-planting activity for the “Plant a Tree for the Mother River” Yellow River Ecological Carbon Neutrality Forest Construction Project. Employees of the Company and their families planted sand-fixing vegetation, taking concrete actions to support the ecological restoration and carbon sink enhancement of the Yellow River Basin. This activity not only effectively increased regional green coverage, but also integrated environmental protection concepts into family culture, significantly enhancing the ecological awareness of all employees.



In July, faculty and student teams from the Qiushi College of Zhejiang University and Xiamen University College of Materials visited SICC to conduct summer social practice programs. Leveraging our industry advantages, the Company bridged the gap between theory and practice for university students through technology sharing and academic exchanges, helping young students gain insights into industry frontiers and deepening collaboration between the Company and universities in talent development and technological innovation.



SUSTAINABILITY-RELATED GOVERNANCE DIMENSION ISSUES



GENERAL MEETING

The Company's general meeting strictly complies with relevant laws, regulations, normative documents, as well as the provisions of the Company's Articles of Association and the rules of procedure of the general meeting, and performs its duties in accordance with laws and regulations. In 2025, the Company convened a total of 4 general meetings, all of which were convened by the Board of Directors and adopted a voting method combining on-site voting with online voting. After the meetings, the Company's Board of Directors and management strictly followed the relevant authorizations to diligently implement the resolutions passed by the general meetings. As of the end of the Reporting Period, all resolutions had been effectively implemented.

When deliberating matters that have a significant impact on the interests of minority investors, the general meeting counts the votes of minority investors separately and discloses the results of such separate vote counting in a timely manner. Where a shareholder has a connected relationship with the matters to be deliberated at the general meeting, such shareholder is required to abstain from voting, and the shares held by such shareholder carrying voting rights are not counted in the total number of shares of the general meeting with voting rights.

Board of Directors

- The Company has given full play to the key role of the Board of Directors in setting strategy, making decisions and preventing risks. The Board of Directors brings together nine directors from different industries and academic fields, covering multiple professional areas including technology R&D, financial management, and finance.
- Among them, independent directors account for one third of the Board of Directors, giving full play to their role as think tanks and checks and balances in the Board, making prudent and independent judgments on major corporate affairs with an independent and objective attitude, thereby effectively protecting the rights and interests of the Company and its minority shareholders.
- In 2025, the Board of Directors convened a total of 9 meetings, with 100% attendance by directors, fulfilling their duty of diligence to ensure a standardized and efficient decision-making process.

Independent Directors

- In 2025, the independent directors diligently performed their statutory duties and participated in the entire process of the Board of Directors and general meeting. After prudent review, the independent directors confirmed that the convening and holding of the Board of Directors and general meeting of the Company were in compliance with legal procedures, and all major decision-making matters went through the necessary approval and disclosure procedures, ensuring the legality and compliance of the procedures.
- Regarding the proposals submitted by the Board of Directors, the independent directors conducted careful reviews and considered that the relevant proposals did not harm the legitimate rights and interests of the Company and all shareholders, especially minority shareholders, and expressed no objection to the content of each proposal.

Special Committees

- The Company's Board of Directors has established a comprehensive system of special committees, comprising four committees: the Nomination Committee, the Strategy Committee, the Remuneration and Appraisal Committee, and the Audit Committee. Each committee is composed of directors and provides professional advice and recommendations to the Board of Directors on major decisions, ensuring the professionalism and efficiency of the Board's deliberation and decision-making.

CLIMATE RISK AND OPPORTUNITY MANAGEMENT

The Company is committed to maintaining robust risk management and internal control systems to ensure the safety of its operations. The Company's internal control mechanisms are continuously optimised to ensure compliance and effectiveness, supported by periodic reviews of risk management systems. The Company focuses on legal compliance, asset protection, and the integrity of financial reporting, while achieving strategic objectives through enhanced operational efficiency. The Company has established an independent internal audit department, which supervises the above areas in accordance with legal and regulatory requirements and adheres to the principles of objectivity and impartiality. The Board is responsible for establishing risk management systems and overseeing overall risk management practices. The Directors consider that the Company's existing internal control systems are adequate and effective.

In managing climate-related risks and opportunities, the Company has established definitions for time horizons: short-term refers to the next 1 to 2 years, focusing primarily on annual operational continuity and compliance requirements; medium-term refers to 3 to 5 years, aligning with the Company's strategic planning and major capital expenditure cycles; long-term refers to more than 5 years, covering the profound impacts of technological iteration, industrial restructuring, and climate policies.

Risk Categories	Risk Type	Time Horizon	Value Chain Impact	Potential Financial Impact
Physical Risks	Acute: extreme weather events (e.g. typhoons, floods, heatwaves, storms)	Short-term to medium-term	Internal operations: damage to production facilities, equipment downtime, threat to employee safety; Supply chain: logistics disruptions, instability in raw material supply	business interruption leading to revenue loss; increased repair costs; rising insurance premiums; emergency response expenditure
	Chronic: long-term climate changes (rising average temperatures, increased water scarcity)	Medium-term to long-term	Internal operations: reduced cooling system efficiency, increased water costs; Supply chain: water stress in certain raw material sourcing regions	Rising water and energy costs; potential site selection or relocation costs; reduced operational efficiency

Risk Categories	Risk Type	Time Horizon	Value Chain Impact	Potential Financial Impact
Transition Risks	Policy and regulatory: stricter carbon emission regulations, carbon tax/carbon border adjustment mechanism	Medium-term	Increased compliance costs; potential additional tariffs or quota restrictions on product exports	Carbon-related tax and fee expenses; increased compliance investments (e.g., equipment upgrades, monitoring systems)
	Technology: low-carbon technology substitution, breakthroughs by competitors in silicon carbide size or performance	Medium-term to long-term	Increased R&D pressure; potential loss of market share if technology lags behind	Sustained increase in R&D investment; potential impairment of existing equipment or technology
	Market: increased requirements from customers (particularly in industries such as automotive and new energy) for supply chain decarbonisation	Short-term to medium-term	Need to meet customers' ESG procurement standards; impact on brand reputation and customer loyalty	Risk of order loss; potential loss of key customers if requirements are not met
	Reputational: negative public opinion or investor scrutiny due to ineffective management of climate issues	Short-term to long-term	Decreased trust from stakeholders (investors, communities, media); potential deterioration of financing terms	Increased financing costs; share price volatility; increased difficulty in accessing green financial instruments

Opportunity Categories	Specific Opportunity Description	Time Horizon	Value Chain Impact	Potential Financial Impact
Resource Efficiency	Adoption of energy-efficient equipment (e.g., energy-efficient crystal pullers), smart factory optimization (digital twin simulation for crystal growth), use of rooftop solar photovoltaic panels, and purchase of green electricity	Short-term to medium-term	Internal operations: reduced energy consumption per unit of product; reduced production costs	Operational cost savings; enhanced profitability; eligibility for green factory certification
Products and Services	Accelerated penetration of silicon carbide substrates in high-growth sectors such as new energy vehicles, photovoltaics, energy storage and smart grids; launch of large-size products such as 12-inch substrates, leading industry technological evolution	Short-term to long-term	Market expansion: new customers, new application scenarios (e.g., 12-inch products); enhanced industry chain position	Revenue growth; market share expansion; enhanced bargaining power
Market	Participation in global carbon trading markets to sell emission reductions; green premium due to low-carbon product attributes (downstream customers willing to pay higher prices to reduce their Scope 3 emissions)	Medium-term	Internal: generation of carbon credits through emission reduction projects; External: green brand premium	Additional revenue streams; product pricing advantage
Resilience	Investment in distributed production capacity (dual bases in Shandong and Shanghai), backup power systems, water recycling facilities (reclaimed water reuse); establishment of extreme weather emergency response plans and drills	Medium-term to long-term	Internal operations: reduced single-point failure risk; enhanced resilience to extreme weather events	Reduced business interruption losses; potential reduction in insurance costs



Based on the climate-related risks and opportunities identified above, the Company adopts scenario analysis to assess the potential impacts under different warming pathways. The Company simulates two distinct futures with reference to the Representative Concentration Pathways of the Intergovernmental Panel on Climate Change: global warming limited to 1.5°C (aggressive emissions reduction scenario) and warming exceeding 4°C (high emissions scenario). Under the 1.5°C scenario, transition risks dominate, with accelerated global decarbonisation policies leading to stringent carbon regulations, high standards for supply chain carbon footprints from customers, and intense competition in low-carbon technologies; however, this scenario also creates significant market opportunities for silicon carbide substrates in high-growth sectors such as new energy vehicles and photovoltaics, while physical risks remain relatively manageable. Conversely, under the 4°C scenario, physical risks escalate sharply, with extreme weather events (e.g., typhoons, floods) directly threatening the operational continuity of the Company's Shandong and Shanghai facilities, increased water scarcity potentially driving up water costs, and supply chain disruption risks rising significantly; meanwhile, policy interventions may be delayed but abrupt due to climate disasters, exposing businesses to sudden compliance cost shocks. Through comparative analysis of these two scenarios, the Company is able to assess the resilience of its business model under different climate futures and dynamically adjust its strategy accordingly: accelerating low-carbon technology R&D and product carbon footprint certification to capture market opportunities under the 1.5°C pathway; and enhancing facility resilience to disasters and water recycling to ensure operational stability under the 4°C pathway.

COMPLIANCE MANAGEMENT

During the reporting period, the Company did not experience any material non-compliance incidents.

The Company is consistently committed to strengthening its compliance management system and strictly adheres to the Company Law of the PRC, the Securities Law of the PRC, the Governance Code for Listed Companies, and other relevant laws, regulations, and rules, upholding the principle of managing the enterprise in accordance with laws and regulations. The Company continuously enhances its internal compliance mechanisms, regularly reviews and optimises internal policies and procedures, deeply integrates compliance requirements into existing rules and regulations, and makes timely updates and improvements as needed to ensure alignment between internal policies and compliance standards. In response to changes in laws and regulations as well as adjustments in regulatory policies, the Company responds promptly and translates external compliance requirements into internal management standards.

The Company embeds the concept of compliance into its management and employee code of conduct, continuously improving its compliance management capabilities and law-based governance capacity, thereby providing a solid foundation for the stable development of the enterprise.

Establishment of the Regulatory Committee	Relevant Compliance Training
<p>The Company places great emphasis on compliance review and established the Regulatory Committee in 2023. The Committee is responsible for convening relevant departments to review policy and procedure documents submitted by various departments, ensuring that the Company's rules and regulations comply with legal, regulatory and supervisory requirements, thereby further enhancing the Company's compliance management capabilities and risk management capacity.</p>	<p>To ensure that the Company's operations and management are lawful and compliant, to safeguard the integrity of its assets, financial reporting, and related information, to improve operational and management efficiency, and to support the achievement of the Company's development strategies, the Company has organised multiple compliance training activities. In addition, the Company actively arranges for its directors, supervisors, senior management and relevant personnel to participate in compliance training and learning programmes on corporate governance, information disclosure, and other topics organised by institutions such as the local securities regulatory bureau, the Shanghai Stock Exchange and the Listed Companies Association, continuously strengthening the compliance awareness of its directors, supervisors, and senior management and enhancing their ability to perform their duties effectively.</p>

BUSINESS ETHICS

The Company places great emphasis on business ethics management, upholding integrity and compliant operations as the core philosophy of its corporate development, and strictly complies with laws, regulations, and requirements such as the Anti-Unfair Competition Law of the PRC and the Interim Provisions on the Prohibition of Commercial Bribery.

The Company upholds the principle of fair competition, firmly opposes commercial bribery and industry monopolies, and is committed to fostering a fair, just, and transparent market competition environment, actively promoting the healthy development of the industry. To foster a sound market competition environment, the Company maintains unimpeded internal feedback channels, strengthening oversight of work quality across departments and the exercise of authority by management, and combating abuse of power. To this end, the Company has established a complaint handling mechanism and opened reporting channels to accept both named and anonymous complaints. For all complaints, the Company arranges for its inspection and audit departments to conduct investigations and verifications, and fulfills its obligations to provide feedback on complaint outcomes and protect the rights of whistleblowers. The Company also provides internal training for all employees while keeping stakeholders informed of the Company's practices.

Indicator	2025 (Number of Cases)
Number of public litigation cases involving corruption	0
Number of employees dismissed or disciplined for corruption	0
Number of business partner contracts terminated or not renewed due to corruption-related issues	0

ANTI-COMMERCIAL BRIBERY

The Company continuously strengthens education on laws and regulations relating to anti-commercial bribery and has established internal policies such as the Integrity Management System and the Gift and Cash Management Measures to regulate the management of gifts and cash in business interactions, while reinforcing the development of a clean and honest corporate culture and the fight against corruption. Through these measures, the Company is committed to preventing violations of laws, regulations, and acts of commercial bribery, promoting lawful operations and integrity-based practices among its management and all employees, and reinforcing the ethical foundation of the organisation.

The Company upholds a principle of integrity and fairness in all business activities. Employees and their family members shall not, by virtue of the business relationship between suppliers or customers and the Company, demand or accept money or gifts from suppliers or customers for personal gain. Similarly, employees and their family members shall not provide money or gifts to suppliers or customers.

Gift and Cash Management Measures	Integrity Management System
<p>Explicitly prohibits the payment of bribes (gifts and/ or entertainment) or anything of value to third parties for the purpose of influencing business or government decisions, prohibits corruption and acts of dishonesty, and adheres to the principles of “no bribery, no gift-giving, no improper association, no falsification, no cutting corners, no commercial fraud, and commitment to integrity”; strict confidentiality is maintained for whistleblowers.</p>	<p>Sets out the expected conduct of employees in terms of self-discipline, integrity, and dedication to public duty, defines requirements for internal and external integrity, and establishes a mechanism for addressing integrity-related issues. Employees of the Company have signed the Integrity and Self-Discipline Agreement and strictly comply with its terms; no breaches of integrity or compliance have occurred.</p>

ESG DATA TABLES AND NOTES

Environmental Performance

Indicator	Unit	2025
Energy Utilisation		
Gasoline consumption	Litres	15,649.64
Natural gas consumption	Cubic metres	27,100.00
Electricity consumption	MWh	320,426.72
Green electricity purchased and consumed	MWh	37,504.51
Total energy consumption intensity	MWh/million (RMB)	244.64
Water Utilisation		
Water consumption	'000 tonnes (t)	1,770.13
Water consumption intensity	'000 tonnes (t)/million (RMB)	1.21
Pollutant Emissions		
Wastewater discharge	'000 tonnes (t)	1,264.03
Exhaust gas emissions	tonnes (t)	1.80
Waste Management		
Packing material used	tonnes (t)	51.67
Hazardous waste generated	tonnes (t)	870.09
Non-hazardous waste generated	tonnes (t)	767.43
GHG Emissions Management		
Total GHG emissions	tCO ₂ e	180,073.59
Scope 1 emissions	tCO ₂ e	89.90
Scope 2 emissions	tCO ₂ e	179,983.69
GHG emission density	tCO ₂ e/million (RMB)	122.93

SOCIAL PERFORMANCE

R&D and Innovation

Indicator	Unit	2025
Number of R&D personnel	Person	179
Number of personnel with a master's degree or above	Person	67
Proportion of personnel with a master's degree or above among R&D personnel	%	37.43

Indicator	Newly Added in the Year		Cumulative Number	
	Number of Applications (Unit)	Number Obtained (Unit)	Number of Applications (Unit)	Number Obtained (Unit)
Invention patents	49	10	367	203
Utility model patents	13	7	373	308
Design patents	0	0	0	0
Software copyrights	0	0	63	63
Others	2	2	46	41
Total	64	19	849	615

SUPPLIER ESG MANAGEMENT

Indicator	Unit	2025
Number of suppliers (China)	Number	1,007
Number of suppliers reviewed	Number	16
Number of suppliers certified to ISO14001	Number	158
Total hours of supplier social responsibility training	Hours	32
Number of participants in supplier social responsibility training	Participants	168

EMPLOYMENT AND COMPOSITION

Indicator	2025	
Total number of employees		1,303
Number and percentage by gender	Male	1,104 (84.73%)
	Female	199 (15.27%)
Number and percentage by age	Under 30	611 (46.89%)
	30 to 50	679 (52.11%)
	Over 50	13 (1.00%)
Number and percentage by employment type	Full-time	1,303 (100%)
	Part-time	0 (0%)
Number and percentage by function	Production	900 (69.07%)
	Sales	40 (3.07%)
	R&D	179 (13.74%)
	Management	184 (14.12%)
Number and percentage by education level	Doctoral degree	19 (1.46%)
	Master's degree	121 (9.29%)
	Bachelor's degree	336 (25.79%)
	Junior college and below	827 (63.47%)
Number and percentage by geographical region	China	1,298 (99.62%)
	Other countries	5 (0.38%)
Employee turnover rate		12.60%
Percentage by gender	Male	13.77%
	Female	18.09%
Percentage by age	Under 30	17.18%
	30 to 50	11.93%
	Over 50	15.38%
Number and percentage by geographical region	China	12.60%
	Other countries	0%

TRAINING AND CAREER DEVELOPMENT

Indicator		2025
Number of employees trained (Percentage of employees trained)		1,228 (94.24%)
Total training hours		20,646
Average training hours per employee		15.84
Average training hours by gender (Percentage of employees trained)	Male	16.66 (94.29%)
	Female	17.64 (93.97%)
Average training hours by employee category	Senior management	24.04
	Management/Supervisor	17.64
	General staff	15.24

BUSINESS ETHICS MANAGEMENT

Indicator	2025 (Number of Cases)
Number of public litigation cases involving corruption	0
Number of employees dismissed or disciplined for corruption	0
Number of business partner contracts terminated or not renewed due to corruption-related issues	0

SAFETY AND EMERGENCY MANAGEMENT

Indicator	2025	2024	2023
Number of safety production accidents	0	0	0
Number of employees injured in work-related accidents	0	0	0
Frequency rate of employee work-related injuries	0	0	0
Number of work days lost due to employee injuries	0	0	0
Occupational health examination ratio	100%	100%	100%
Number of new occupational diseases	0	0	0

BENCHMARK INDEX TABLE OF “SHANGHAI STOCK EXCHANGE SELF-REGULATORY GUIDELINES FOR LISTED COMPANIES NO. 14 SUSTAINABILITY REPORT”

Disclosure Requirement	Corresponding Section of this Report
Climate Change Response	Climate Change Response
Pollutant Emissions	Pollutant and Waste Management
Waste Management	Pollutant and Waste Management
Ecosystem and Biodiversity Protection	Ecosystem and Biodiversity Protection
Environmental Compliance Management	Environmental Management System
Energy Utilisation	Energy and Resource Management
Water Utilisation	Energy and Resource Management
Circular Economy	Green Operations for Circular Economy
Rural Revitalisation	Public Welfare Activities
Social Contribution	Public Welfare Activities
Innovation-Driven Development	R&D and Innovation
Technology Ethics	Not Applicable

Disclosure Requirement	Corresponding Section of this Report	
Supply Chain Security	Supplier Management	
Equal Treatment of Small and Medium-sized Enterprises	Customer Service	
Product and Service Safety and Quality	Quality Management	
	Customer Service	
Data Security and Customer Privacy Protection	Customer Service	
	Information Security and Data Governance	
Employees	Employee Rights	
Due Diligence	Materiality Analysis	
Stakeholder Communication	Materiality Analysis	
Anti-Commercial Bribery and Anti-Corruption	Business Ethics	
Anti-Unfair Competition	Business Ethics	
Voluntarily Disclosed Topics	Corporate Governance	Corporate Governance
	Risk and Compliance Management	Climate Risk and Opportunity Management
		Compliance Management

INDEX OF THE HKEX ESG REPORTING CODE

Disclosure Requirement		Explanation/ Reference Section
Aspect A Environment		
A1 Emissions	Information on: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to exhaust gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	
KPI A1.1	Types of emissions and respective emissions data.	Environmental Section — Pollutant and Waste Management
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Section — Pollutant and Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Section — Pollutant and Waste Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental Section — Pollutant and Waste Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and description of reduction target(s) set and steps taken to achieve them.	Environmental Section — Pollutant and Waste Management
A2 Resource Use	Policies on the efficient use of resources, including energy, water and other raw materials.	
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Section — Energy and Resource Management
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Section — Energy and Resource Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Section — Energy and Resource Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Section — Energy and Resource Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Section — Energy and Resource Management
A3 Environment and Natural Resources	Policies on minimising the issuer's significant impacts on the environment and natural resources.	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Section — Ecosystem and Biodiversity Protection

Disclosure Requirement		Explanation/ Reference Section
Aspect B Society		
B1 Employment	Information on: <ul style="list-style-type: none"> (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. 	
KPI B1.1	Total workforce by gender, employment type (e.g. full-time or part-time), age group and geographical region.	Social Section — Employee Rights
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Social Section — Employee Rights
B2 Health and Safety	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. 	
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Social — Occupational Health and Safety
KPI B2.2	Lost days due to work injury.	Social — Occupational Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Social — Occupational Health and Safety
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	
KPI B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	Social — Training and Career Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Social — Training and Career Development
B4 Labour Standards	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. 	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Social — Employee Rights
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Social — Employee Rights

Disclosure Requirement		Explanation/ Reference Section
B5 Supply Chain Management	Policies on managing environmental and social risks of the supply chain.	
KPI B5.1	Number of suppliers by geographical region.	Social — Supplier Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Social — Supplier Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Social — Supplier Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Social — Supplier Management
B6 Product Responsibility	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. 	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Social — Customer Service
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Social — Customer Service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Social — Intellectual Property Protection
KPI B6.4	Description of quality assurance process and recall procedures.	Social — Quality Management
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Social — Customer Privacy Protection

Disclosure Requirement	Explanation/ Reference Section	
B7 Anti-corruption	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Sustainability-related Governance Dimension Issues – Business Ethics
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Sustainability-related Governance Dimension Issues – Business Ethics
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Sustainability-related Governance Dimension Issues – Business Ethics
B8 Community Investment	Policies on community engagement to understand the needs of the communities in which it operates and to ensure its activities take into consideration the communities' interests.	
KPI B8.1	Focus areas of contribution (e.g., education, environmental matters, labour needs, health, culture, sports).	Social – Public Welfare Activities
KPI B8.2	Resources contributed to the focus area (e.g., monetary or time).	Social – Public Welfare Activities

Disclosure Requirements	Explanation/ Reference Section
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Category: Governance	
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19. An issuer shall disclose information about:

(a) The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:

(i) how the body(s) or individual(s) determines whether appropriate skills and competences are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;

(ii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;

(iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer’s strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;

Climate Change and ESG-related Governance

(iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see Paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see Paragraph 35); and

(b) Management’s role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:

(i) whether the role is delegated to a specific management-level position or management-level Committee and how oversight is exercised over that position or Committee; and

(ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.

Category: Strategy	
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20. An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer’s cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:

(a) describe climate-related risks and opportunities that could reasonably be expected to affect cash flows, its access to finance or cost of capital over the short, medium or long term;

Climate Risk and Opportunity Management

(b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;

(c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons—short, medium or long term—the effects of each climate-related risk and opportunity could reasonably be expected to occur; and

(d) explain how the issuer defines ‘short term’, ‘medium term’ and ‘long term’ and these definitions are linked to the planning horizons used by the issuer for strategic decision-making.

Disclosure Requirements	Explanation/ Reference Section
<p>21. An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:</p>	
<p>(a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and</p>	Climate Risk and Opportunity Management
<p>(b) a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).</p>	
<p>22. An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:</p>	
<p>(a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:</p>	
<p>(i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities;</p>	Climate Risk and Opportunity Management
<p>(ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect);</p>	Climate Risk and Opportunity Management
<p>(iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan;</p>	
<p>(iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (in any)), described in accordance with paragraphs 37 to 40; and</p>	
<p>(b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).</p>	
<p>23. An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).</p>	Climate Risk and Opportunity Management
<p>24. An issuer shall disclose qualitative and quantitative information about:</p>	
<p>(a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and</p>	Climate Risk and Opportunity Management
<p>(b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.</p>	Climate Risk and Opportunity Management

Disclosure Requirements

Explanation/ Reference Section

25. The issuer shall provide qualitative and quantitative disclosures about:

(a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:

(i) its investment and disposal plans; and

(ii) its planned sources of funding to implement its strategy; and

(b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, after taking into account its strategy to manage climate-related risks and opportunities.

Climate Risk and Opportunity Management

26. An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:

(a) the issuer's assessment of its climate resilience as of the reporting date, which shall enable an understanding of:

(i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;

(ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and

(iii) the issuer's capacity to adjust its strategy and business model according to climate developments over the short, medium or long term;

Climate Risk and Opportunity Management

(b) how and when the climate-related scenario analysis was carried out, including:

(i) information about the inputs used, including: (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; (2) whether the analysis included a diverse range of climate-related scenarios; (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; (6) time horizons the issuer used in the analysis; and (7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);

(ii) the key assumptions the issuer made in the analysis; and

(iii) the reporting period in which the climate-related scenario analysis was carried out.

Disclosure Requirements

Explanation/ Reference Section

Category: Risk Management

27. An issuer shall disclose information about:

(a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about;

(i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);

(ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;

(iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);

(iv) whether and how the issuer prioritises climate-related risks relative to other types of risks;

(v) how the issuer monitors climate-related risks; and

(vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period;

(b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and

(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.

Climate Risk and Opportunity Management

Category: Metrics and Targets

28. An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO₂ equivalent, classified as:

(a) Scope 1 greenhouse gas emissions;

(b) Scope 2 greenhouse gas emissions; and

(c) Scope 3 greenhouse gas emission.

Environmental — Climate Change Mitigation

Disclosure Requirements

Explanation/ Reference Section

29. An issuer shall:

(a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;

(b) disclose the approach it uses to measure its greenhouse gas emissions including: (i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and (iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;

Environmental — Climate Change Mitigation

(c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of such emissions; and

(d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).

30. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.

We are assessing climate-related capital and will disclose the relevant metrics when applicable

31. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.

We are assessing climate-related capital and will disclose the relevant metrics when applicable

32. An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.

We are assessing climate-related capital and will disclose the relevant metrics when applicable

33. An issuer shall disclose the amount of capital expenditure, investment deployed towards climate-related risks and opportunities.

We are assessing climate-related capital and will disclose the relevant metrics when applicable

34. An issuer shall disclose:

(a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and

We are assessing climate-related capital and will disclose the relevant metrics when applicable

(b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.

Disclosure Requirements	Explanation/ Reference Section
<p>35. An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).</p>	<p>We are assessing climate-related capital and will disclose the relevant metrics when applicable</p>
<p>36. An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.</p>	<p>We are assessing climate-related capital and will disclose the relevant metrics when applicable</p>
<p>37. An issuer shall disclose (a) the quantitative and qualitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:</p>	
<p>(a) the metric used to set the target;</p>	
<p>(b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);</p>	
<p>(c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region);</p>	<p>We are assessing climate-related capital and will disclose the relevant metrics when applicable</p>
<p>(d) the period over which the target applies;</p>	
<p>(e) the base period from which progress is measured;</p>	
<p>(f) milestones or interim targets (if any);</p>	
<p>(g) if the target is quantitative, whether the target is an absolute target or an intensity target; and</p>	
<p>(h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.</p>	

Disclosure Requirements

Explanation/ Reference Section

38. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:

(a) whether the target and the methodology for setting the target has been validated by a third party;

(b) the issuer's processes for reviewing the target;

(c) the metrics used to monitor progress towards reaching the target; and

(d) any revisions to the target and an explanation for those revisions.

We are assessing climate-related capital and will disclose the relevant metrics when applicable

39. An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.

We are assessing climate-related capital and will disclose the relevant metrics when applicable

40. For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:

(a) which greenhouse gases are covered by the target;

(b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;

(c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target;

(d) whether the target was derived using a sectoral decarbonisation approach; and

(e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose:

We are assessing climate-related capital and will disclose the relevant metrics when applicable

(i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;

(ii) which third-party schemes(s) will verify or certify the carbon credits;

(iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and

(iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).

SICC

SICC CO., LTD.

山東天岳先進科技股份有限公司