RISUN

China Risun Group Limited
中國旭陽集團有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 1907

2024

Environmental, Social and Governance Report

1995-2025 30 RISUN

CONTENTS

I. Overview

Report Description

Report release cycle

The time scope of the report is from January 1, 2024, to December 31, 2024, and some contents may be beyond it.

Report organization scope

The report covers the relevant data of China Risun Group Limited and its major subsidiaries. For the convenience of expression, the report also uses terms such as "Risun Group", "Risun", "this Group", "the Group", "We", etc.

Report compilation principle

This report has been complied in accordance with the Environmental, Social and Governance Reporting Guide (Main Board Listing Rules Appendix C2) ("ESG Guide") issued by the Hong Kong Exchanges and Clearing Limited ("HKEX"), with reference to the GRI Standards issued by the GSSB and the ISO26000:2010 – Guidance on Social Responsibility issued by the ISO. The preparation of this report adheres to the principle of materiality, quantification, balance, and consistency.

ESG reporting principle

Importance: The report follows the SEHK's principle of importance and discloses the ESG issues reviewed by the Board of Directors and the ESG Working Group, stakeholders communication, substantive issues identification process, and substantive issues matrix. For details of compliance, please refer to the corresponding part below.

Quantification: The statistical standards, methods, assumptions, and/or calculation tools of the quantitative key performance indicators in the report, as well as the sources of conversion factors, are explained in the notes of the report.

Balance: The report presents the performance of the Group in an impartial manner during the reporting period, avoiding the choice, omission, or presentation format that may improperly affect the decision-making or judgment of its readers.

Consistency: The statistical methods used for data disclosure in the report are consistent.

About Risun

China Risun Group Limited (1907.HK) was founded in 1995. Risun is a large enterprise group that integrates the coordinated development of various business segments, including coke, chemical, new energy, and new materials. Thirty years ago, amidst the profound changes of society, Risun seized the historical opportunity and made the most correct choice. Over the past thirty years, Risun has accurately positioned itself amidst the surging tides of the era, adhering to the right direction, persisting on the correct path, and maintaining the right strategy. It has braved numerous challenges and hardships along the way, creating extraordinary achievements and accumulating substantial material and spiritual wealth.

The Group currently operates nine production bases located in Xingtai, Dingzhou, Laoting, and Cangzhou of Hebei Province; Yuncheng, Dongming of Shandong Province; Hohhot of Inner Mongolia Autonomous Region; Pingxiang of Jiangxi Province; and Sulawesi in Indonesia. In addition, it provides operational management services for projects including Longze in Luoyang (coke), an unspecified project in Shandong (coke), Tongda Coal Chemical Industry (coke), Wangcang Coke in Sichuan (coke), Guangna in Wuhai (coke), Tian'an in Xuzhou (coke), Haixing Chemical Industry in Henan (tar), and Kangnair in Jilin (phenylamine).

I. Overview

As of December 31, 2024, starting with coke as its foundation, China Risun Group has developed three unique chemical industrial chains focusing on carbon materials, alcohols and amines, and aromatics, capable of producing 57 types of products across 5 major categories. The Group operates 18 coke production lines, 55 chemical production lines, and 4 high-purity hydrogen production lines, with a total operating scale of 29.84 million tons per year (including 23.80 million tons of coke and 6.04 million tons of chemicals per year). Engaging in domestic and international trade, the Group has established a sales network and raw material supply channels that cover the whole country and radiate globally. It has evolved into:

I. Overview

Safety, environmental protection, and quality are the lifelines of Risun. Risun is committed to safe, green, and low-carbon development, vigorously promoting energy conservation and emission reduction. We persist in technological research and development, innovation-driven strategies, and developing a circular economy. By adopting advanced manufacturing standards, we transform and upgrade traditional industries, achieving equipment intelligence, manufacturing intelligence, and operational intelligence. This enables us to realize high-quality, efficient, low-consumption, clean, flexible, and safe production – namely, automated, informatized, intelligent, flexible, and eco-friendly production. We strive to create new value from traditional industries. Proactively, Risun adheres to stringent standards for environmental construction and governance. We have implemented a series of deep treatment projects, achieving ultra-low emissions and moving towards ultra-ultra low emissions. As a result, Risun has been recognized as a national-level green factory, green base, and demonstration enterprise for green supply chain management. A rigorous quality control system is in place, accurately identifying all critical quality control points throughout the entire process. Material and product quality inspections, data collection, and transmission are fully automated, making quality control traceable throughout the entire process and ensuring long-term stability in product quality.

Over the span of three decades, Risun has grown into a regionally renowned company, and our business is expanding nationwide and globally. Moving forward, over the next thirty years, we are determined to strive towards becoming a nationally and globally recognized industrial plus service group.

1 EBITDA refers to earnings before interest, taxes, depreciation and amortization.

I. Overview

Coke
Production

16532.3 kilotons

Crude benzene
Processing Volume

880.8 kilotons

Coal tar
Processing Volume

997.4 kilotons

Methanol
Production

702.1 kilotons

Phthalic anhydride
Production

154.4 kilotons

Caprolactam
Production

744.6 kilotons

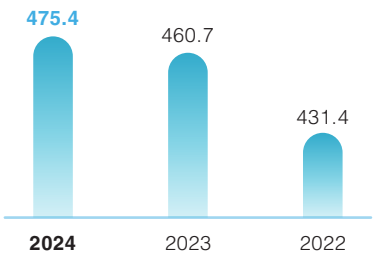
High-purity hydrogen
Production

20,096,922.7 m^3

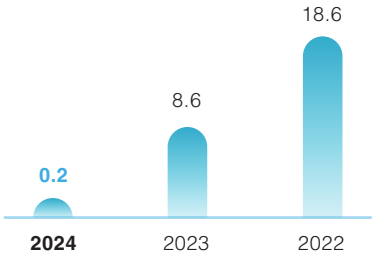
Company performance in 2022-2024

(In 100 million RMB)

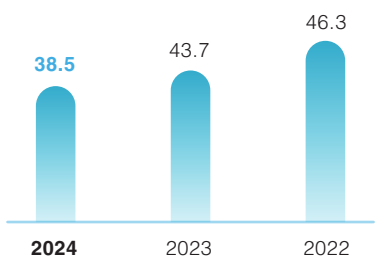
Total operating revenue



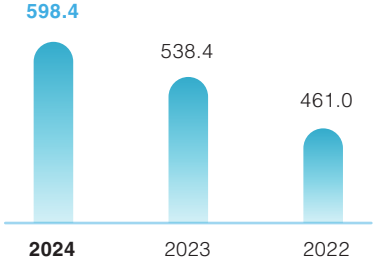
Net income attributable to the parent company



EBITDA[1]



Total assets



1 EBITDA refers to earnings before interest, taxes, depreciation and amortization.

Chairman's Message

In 2025, China Risun Group Co., Ltd. will celebrate its 30th anniversary. Over the past three decades, Risun Group has transformed from a single entity into a diverse enterprise cluster, evolving from a regional market player to a national industry leader, and gradually expanding into the global market, establishing an international leading brand presence in the industry. Throughout these thirty years, we have consistently adhered to the philosophy of "customer-centricity and value creation for customers," with the goal of "maximizing contribution to societal progress." In collaboration with stakeholders such as governments, shareholders, employees, and others, we have seized the pulse of the times and successfully ventured into multiple business areas including coke, chemical, new energy, and new materials. We have established nine industrial bases across China and Indonesia, and our operations cover 39 countries and regions including Australia, Brazil, Italy, Mexico, South Korea, Japan, and Saudi Arabia. We have created several world-first product lines and taken solid steps in our internationalization journey. By setting up overseas offices and participating in international project collaborations, Risun's international influence continues to rise, progressively becoming a globally competitive corporate group. At the same time, we closely follow the trends of global industrial transformation, accelerating the shift towards service-oriented manufacturing. Through customized production, we enhance customer engagement, drive smart and digital manufacturing based on differentiated customer needs, increase the production of small batch sizes with multiple varieties, and establish a comprehensive supply and distribution network system, thereby fully empowering the development of the industry.

In 2024, the world faces numerous challenges and opportunities in sustainable development. The intensification of environmental issues, such as climate change and resource scarcity, has set stricter environmental requirements for all sectors. At the same time, technological innovation and policy support have brought new momentum and opportunities for green and low-carbon development. As a leading independent coking enterprise, Risun Group has identified the development of hydrogen energy as one of the directions for its low-carbon strategic transformation. We have clarified the strategic positioning of the hydrogen energy business: to support the implementation of the group's energy strategy, facilitate the achievement of carbon neutrality goals, and cultivate new business growth points. Based on this, we have formulated the "1124" development strategy and rely on six core advantages to comprehensively promote the full-industry-chain layout of hydrogen energy in "production, storage, transportation, refueling, utilization, and research & development," with Dingzhou City as the base. The aim is to form a complete closed-loop industrial system and ecological model. In 2024, the group achieved sales of 20.1 million Nm^3 of hydrogen, reduced carbon emissions by 20.7 thousand tons, obtained multiple patents, and constructed a closed-loop ecosystem for hydrogen energy, contributing to the realization of carbon neutrality goals.

Risun Group has always adhered to a standardized corporate governance structure and a sound internal control system as its foundation, continuously driving the improvement of governance levels. We strictly adhere to international and domestic disclosure standards, ensuring a high degree of transparency and standardization in the corporate governance process. The board of directors assumes ultimate responsibility to the shareholders and regularly reports work progress to the general meetings. The members of the board bring diverse professional backgrounds and have accumulated rich practical experience in the coke and chemical industry. Additionally, our senior management team is responsible for implementing the decisions of the board and managing the daily operations of the group. They have established a comprehensive risk management system to ensure the legality and compliance of the company's operations.

Safety, environmental protection, and quality are the three lifelines of Risun.

Chairman's Message

We always prioritize safety in production. The company has developed a series of rules and regulations, actively promoting its subsidiaries to obtain occupational health and safety management system certifications and safety production standardization certifications, building a comprehensive and detailed safety management network. We have established a safety production responsibility assessment mechanism that covers all employees, setting clear quantitative assessment indicators and corresponding reward and punishment systems. In daily safety management, we adhere to the principles of "accountability, full participation, whole-process monitoring, all-around coverage, and round-the-clock response," thoroughly investigating and governing potential safety hazards. Moreover, we rigorously implement a hierarchical control of safety risks and a dual prevention mechanism for hazard investigation and governance, perfecting the mechanisms for preventing and resolving risks. We firmly enforce the rigid requirement that "every operation must have a detailed implementation plan, and every plan must undergo strict risk analysis." In 2024, our group achieved an excellent record with zero incidents in terms of the six major safety accident rates and occupational disease incidence rates.

We attach great importance to environmental protection and strictly comply with national and local environmental protection laws and regulations. Guided by the principles of "compliance with laws and regulations, combination of prevention and control, energy conservation and emission reduction, and continuous improvement," we have established a comprehensive environmental management system framework from the management level down to the execution level, and developed a set of institutional documents covering all aspects of environmental management. To advance energy conservation and emission reduction, we have adopted advanced technical measures such as desulfurization and denitrification of coke oven flue gas and the transformation of dry quenching coke installations. In 2024, all 11 production units under the group have obtained ISO 14001 Environmental Management System certification, achieving a certification coverage rate of 100%.

We have always prioritized quality and continuously improved the quality of our products and services. We have established a comprehensive quality control system that accurately identifies the key quality control points in the production process, thus ensuring the stability and reliability of our products. Through ongoing technological innovation and R&D investment, we continually optimize our production processes and enhance the added value of our products to meet the increasingly diverse needs of our customers. During the reporting period, the coke and chemical products produced by the group received full recognition from our customers, with customer satisfaction reaching 100%.

Risun Group has always adhered to the core development philosophy of "people-oriented," regarding employees as the fundamental driving force and core competitiveness of the company's development. In 2024, the group dedicated efforts to optimizing the talent recruitment mechanism and expanding recruitment channels, successfully attracting numerous high-caliber talents to join us. At the same time, we significantly increased investments in employee training and development, providing comprehensive opportunities for training and development to enhance their professional skills and career qualities. Risun Group places great importance on human rights issues, striving to create a fair, inclusive, and diverse working atmosphere. We have established a thorough due diligence procedure for human rights, ensuring that the legitimate rights and interests of employees are fully protected and promoting gender equality and fair compensation. We prioritize the well-being of our employees by organizing a variety of cultural and sports activities, aiding with employees in need, and implementing health care programs for staff. These initiatives have created a warm and harmonious working environment, significantly enhancing the sense of belonging and career growth potential of our employees.

Looking ahead, Risun Group will continue to champion the principle that "the national strategy is Risun's greatest strategy, and the demand of the times is Risun's direction forward." By relentlessly driving management reforms, accelerating scientific and technological innovation, and pursuing intelligent and green industrial transformation, we are committed to evolving into a service-oriented and innovation-driven enterprise. Through close collaboration with stakeholders, we aim to maximize our contributions to societal progress and realize our vision of becoming "the world's leading energy and chemical company – innovating for the future."

Yang Xuegang
Chairman of China Risun Group

ESG Statement of the board of directors

The Board of Directors of China Risun Group Limited undertakes that this report has been complied in accordance with the Environmental, Social and Governance Reporting Guide (Appendix 27 to the HKEX Main Board Listing Rules), with reference to the GRI Standards issued by the GSSB and the ISO26000:2010 – Guidance on Social Responsibility issued by the ISO.

The Board functions as the supreme body in charge of and making decisions for ESG-related matters and sees to comprehensive supervision over the implementation of the Company's ESG governance. The board of directors and senior management are responsible for the environmental, social, and governance strategy and report, periodically review the environmental, social, and governance information and performance, reviewing proposals about ESG such as safety, environment, employees, and investment, and direct, decide, and promote ESG work uniformly.

In 2024, our group established a Sustainable Development Committee, elevating ESG management to the board level to assist the board in managing the group's sustainable development and ESG matters. The Sustainable Development Committee consists of no fewer than three directors and its responsibilities include establishing and reviewing the group's vision, objectives, strategies, frameworks, and significant policies related to sustainable development and ESG matters; assessing progress and performance in achieving sustainability and ESG vision and targets; reviewing and evaluating the implementation of sustainability, ESG, and other long-term corporate strategies to ensure the group's performance, operations, and management align with those strategies, and providing recommendations to the board on development and implementation.

The Sustainable Development Committee has established an office for sustainable development, which is responsible for collecting monthly data on the execution of ESG objectives and ESG performance and reporting to the Sustainable Development Committee and the Board of Directors. This report was also reviewed and released in March 2025 by the Office for Sustainable Development, the Sustainable Development Committee, and the Board of Directors.

In 2024, our group, through the board's review of the assessment of environmental, social, and governance (ESG) risks, the management has confirmed to the board of directors that during the reporting period, the group's risk management and internal control systems for environmental, social, and governance matters were effective.

02

Overview of **2024**

II Overview of 2024

ESG Highlights and Performance

Green

Statistical Highlights

- In the fiscal year 2024, hydrogen sales reached 20.1 million Nm^3, achieving a carbon reduction of 20,700 tons.
- Since its listing in 2019, the total financing in the field of sustainable development-related loans has reached approximately $822 million.
- In 2024, the total procurement of green electricity amounted to 430 million kWh, equivalent to a carbon reduction of 35,000 tons, with the green electricity procurement ratio in the Tangshan and Hohhot bases exceeding 70%.

Action Highlights

- The board of directors formally resolved to establish a Sustainable Development Committee, responsible for the overall management of the group's affairs related to sustainable development and ESG.
- An information zed platform for safety and environmental protection has been established, achieving systematization and intelligence in safety management across various bases.
- Chemicals safety management has been placed at the core, with a lifecycle management system established to effectively reduce risks associated with the use and storage of chemicals.
- With 2030 as a key milestone, a comprehensive low-carbon transition is being actively pursued across eleven core areas.

Innovation

- The company currently owns 520 proprietary technologies, 337 patented technologies, and 14 copyright registrations.
- In 2024, the company recruited 20 doctors, 64 masters, and 113 foreign language talents.
- There are a total of 386 R&D personnel, with R&D funding amounting to 182,615.3 thousand RMB, accounting for 0.38% of sales revenue.
- The company possesses 2 provincial-level engineering technology research centers, 3 provincial-level technology innovation centers, 1 provincial-level key laboratory, 6 provincial-level enterprise technology centers, 6 provincial-level new R&D institutions, 3 nationally certified testing centers, and a postdoctoral research workstation, among other R&D platforms.

High efficiency

- Adhering to the strategy of “complete automation, thorough automation, complete informatization, thorough informatization” and the comprehensive implementation of digital and intelligent transformation and upgrading, the company has developed the “Risun Industrial Cloud” internet platform. It has gathered 55 industry applications and 22 industry solutions, forming a series of typical industry applications including the “Intelligent Coal Blending Expert System” and the “Coke Identity System”. Utilizing the platform + data + service model, the company integrates data resources from production, operation, supply chain, and other aspects of the group, providing functions of intelligent analysis, optimized decision-making, and collaborative management to create efficient, low-carbon, and green smart bases.
- In December 2024, two projects based on the “Risun Industrial Cloud” – Hebei Risun Energy’s “Equipment Predictive Maintenance Project Based on Big Data” and China Coal Risun’s “Intelligent Coal Yard Project” – were selected as the “2024 Industrial Internet Innovation and Development Benchmark Cases” in Hebei Province.`

Common honor

- In 2024, Risun, together with Shanxi Coking Coal Group Co., Ltd. and China Pingmei Shenma Energy Chemical Group Co., Ltd., jointly initiated the establishment of the China Coking Coal and Coke Brand Cluster with another 14 member units.
- The group has a total of 3,024 supplier partners, with producer audits covering 90% of them.

Sharing

- Workforce headcount: 7,389 employees on the payroll, with a labor contract coverage rate of 100%;
- Cumulative employee training: 370,244 hours across 16,009 training sessions;
- Employee health examination rate of 100%, with occupational disease screening coverage rate also reaching 100%.

II Overview of 2024

Awards and Honors

Group awards and honors

Outstanding Green and Sustainable Loan Issuer (Raw Materials Industry) – Visionary Sustainability-Linked Loan Performance Indicator.

Hong Kong Quality Assurance Agency

Xinhua Credit Jinlan Cup ESG Excellence Award – Environmental Action Excellence Case

China Economic Information Service

ESG100 Green Development Grand Award – Annual Outstanding Value Award

Greater Bay Area Listed Companies Association

2024 China Listed Companies Yinghua Award – Hong Kong Stock ESG Value Award

China Fund News

Industry Association

ESG Leadership Working Group of Petroleum and Chemical Industry

China Petroleum and Chemical Industry Federation

Council Member Unit

China Coking Industry Association

Vice President Unit, Director Unit of Market Committee

All-China Federation of Industry and Commerce Metallurgical Chamber of Commerce

Vice President Unit

China Iron and Steel Association

Council Member Unit

Hebei Province Coking Industry Association

President Unit

China National Coal Association

Member Unit

Hebei Province Metallurgical Industry Association

Vice President Unit

Transportation and Energy Branch of China Industrial Gases Industry Association

Council Member Unit

Hebei Province Petroleum and Chemical Industry Association

Vice President Unit

Subsidiaries, joint ventures and associates

High-tech Enterprise
Hebei Provincial Department of Science and Technology, Hebei Provincial Department of Finance, State Taxation Administration Hebei Provincial Tax Service
Cangzhou Risun

Hebei Provincial Honest Enterprise
Hebei Provincial Honest Enterprise Evaluation Committee
Cangzhou Risun

Hebei Provincial Specialty Industrial Cluster "Leader"
Hebei Provincial Department of Industry and Information Technology
Cangzhou Risun

Cangzhou Municipal Model Enterprise for Standardized Environmental Management of Hazardous Waste
Cangzhou Municipal Ecological Environment Bureau
Cangzhou Risun

Outstanding Contribution Award for Significant Increase in Tax Payment
Communist Party of China Dongming County Committee, Dongming County People's Government
Dongming Risun

Third Prize for Coking Technology Innovation – New Technology for Low-Cost High-Quality Ramming Coke Coal Blending
China Coking Industry Association
Hebei Risun

Hebei Province Leading Industry Clusters
Hebei Provincial Department of Industry and Information Technology
Hebei Risun

Top 100 Enterprises for High-Quality Industrial Development in Hebei Province
Hebei Provincial Department of Industry and Information Technology
Hebei Risun

Advanced Collective in Hebei Province
Hebei Provincial People's Government
Hebei Risun

Friendly Co-organizer of the Provincial Party Committee's Party History Research Office and Party History Bo Cai Magazine
Hebei Provincial Party Committee's Party History Research Office, Party History Bo Cai Magazine
Hebei Risun

Outstanding Organizer for the 2024 Provincial Emergency Safety Knowledge Online Competition
Hebei Provincial Emergency Management Department
Hebei Risun

Vice President Unit of Jilin Economic and Technological Development Zone Entrepreneurs Association
Jilin Economic and Technological Development Zone Entrepreneurs Association
Jilin Risun

Love Enterprise for Caring about Sanitation Workers
Jilin Economic and Technological Development Zone Public Utilities Bureau
Jilin Risun

Hebei Province Leading Industry Clusters
Hebei Provincial Department of Industry and Information Technology
Tangshan Risun

II Overview of 2024

Outstanding Enterprise for Compliance and Integrity in Labor Security in Hebei Province
Hebei Provincial Department of Human Resources and Social Security
Tangshan Risun

Tangshan Municipal "Green Factory" in 2024
Tangshan Municipal Department of Industry and Information Technology
Tangshan Risun

Municipal Model Enterprise for Safety Culture Construction
Tangshan Municipal Work Safety Committee Office
Tangshan Risun

Outstanding Organizer Award for Quality Management Activities in Hebei Provincial Metallurgical Industry in 2024
Hebei Provincial Metallurgical Industry Association
Xingtai Risun

Second Prize for Outstanding Management Achievements in Hebei Provincial Metallurgical System in 2024
Hebei Provincial Metallurgical Industry Association
Xingtai Risun

Second-Class Quality Scientific and Technological Achievement
Hebei Provincial Market Supervision Administration, etc.
Xingtai Risun

Level II Enterprise for Safety Production Standardization
Xingtai Municipal Emergency Management Bureau
Xingtai Risun

Xingtai Municipal Healthy Enterprise
Xingtai Municipal Health Commission
Xingtai Risun

Post-Doctoral Innovation Practice Base
Hebei Provincial Department of Human Resources and Social Security
Xingtai Risun Coal Chemical

National Workers' Library
All-China Federation of Trade Unions
Xingtai Risun Coal Chemical

Inner Mongolia Autonomous Region Enterprise Technology Center
Inner Mongolia Autonomous Region Department of Industry and Information Technology, etc.
Risun China Gas

Outstanding Enterprise for Quality Management Group Activities in the Autonomous Region in 2024
Inner Mongolia Autonomous Region Quality Association, etc.
Risun China Gas

First-Class Quality Scientific and Technological Achievement for Quality Management Groups in Inner Mongolia Autonomous Region in 2024
Inner Mongolia Autonomous Region Quality Association, etc.
Risun China Gas

Level III Enterprise for Safety Production Standardization (Hazardous Chemicals)
Hohhot Municipal Emergency Management Bureau
Risun China Gas

Advanced Unit for Management of Precursor Chemicals in Hohhot in 2024
Hohhot Municipal Public Security Bureau Narcotics Control Detachment
Risun China Gas

Love Enterprise
Qingshuihe County Red Cross
Risun China Gas

II Overview of 2024

County-wide May Fourth Red Flag Youth League Branch

Communist Youth League Qingshuihe County Committee

Risun China Gas

Third Prize for Coking Technology Innovation at the 3rd China Coking Industry Technology Conference

China Coking Industry Association

Yuncheng Risun

Workers' Pioneer Unit

Shandong Provincial General Trade Union

Yuncheng Risun

Outstanding Innovative Achievements in the Shandong Provincial Enterprise Innovation Achievements Promotion Catalogue

Shandong Provincial Light Industry Collective Enterprise Federation, Shandong Provincial Small and Medium Enterprises Association, Shandong Provincial Enterprise Management Consulting Association

Yuncheng Risun

Annual Contribution Award for Major Project Construction Top 10 Industrial Enterprises in Annual Tax Payment

Communist Party of China Yucheng County Committee, Yucheng County People's Government

Yuncheng Risun

Outstanding Contribution Award for Emergency Drill of "One River, One Policy, One Map" for Sudden Environmental Incidents in the Zouzhao New River Basin in Heze in 2024

Heze Municipal Ecological Environment Bureau

Yuncheng Risun

Third Prize for Coking Technology Innovation at the 3rd China Coking Industry Technology Conference

China Coking Industry Association

Yuncheng Risun

Grade A Enterprise for Environmental Performance in Key Industries in Hebei Province

Hebei Provincial Key Industry Environmental Performance Grade A Creation Work Leading Group Office

CNC Risun Energy

Hebei Provincial Enterprise Technology Center

Hebei Provincial Development and Reform Commission, etc.

CNC Risun Energy

Hebei Provincial Science and Technology Experts Enterprise Workstation

Hebei Provincial Association for Science and Technology

CNC Risun Energy

Advanced Unit for Emergency Management and Work Safety in Hebei Province

Hebei Provincial Emergency Management and Work Safety Association

CNC Risun Energy

Grade A Tax Payment Credit Rating in Hebei Province

State Taxation Administration Hebei Provincial Tax Service

CNC Risun Energy

Demonstration Site for Party Building in New Two Types of Organizations in Hebei Province

Communist Party of China Hebei Provincial Committee Department of Social Work

CNC Risun Energy

Technology Innovation-Oriented Coking Enterprise

China Coking Industry Association

CNC Risun Energy

II Overview of 2024

Feature: Hydrogen Ignites a New Era for a Greener Future

Under the guidance of the "dual carbon" goals, the global energy sector is undergoing an unprecedented and profound transformation. As a leading independent coking enterprise, identifying clean technology opportunities represents a core strategic focus for Risun Group, with hydrogen energy development standing out as one of its key strategic directions for transition. In the Risun Hydrogen Energy Development Plan, we have established the strategic positioning of our hydrogen energy business as "supporting the implementation of the group's energy strategy, aiding in carbon neutrality, and creating a new engine for business growth." We have also formulated the "1124" development approach, comprising one axis, one network, two wings, and four phases. Leveraging six significant advantages – abundant hydrogen resources, superior regional location, low costs, stable and reliable high-quality output, advanced processes, and low-carbon cleanliness – Risun's hydrogen energy division is centered in Dingzhou, radiating outward to implement a comprehensive "production-storage-transportation-application+R&D" industrial chain layout. This initiative aims to establish a hydrogen energy production, storage, transportation, and distribution network, thereby forming an integrated closed-loop industrial ecosystem and ecological model for Risun's hydrogen energy sector. Since 2020, the inaugural year for China's hydrogen energy development, Risun Hydrogen Energy has grown to become the largest hydrogen supplier in the Beijing-Tianjin-Hebei region and one of the first enterprises in the country to achieve certification for clean hydrogen production.

"1124" Development Strategy

One Line	One Network	Two Wings	Four Phases
Establish a seamless industrial chain integrating hydrogen production, storage, transportation, refueling, and utilization.	Build a nationwide, and potentially East Asian, intelligent hydrogen energy supply network.	Master core hydrogen energy technologies + provide high-quality hydrogen energy services.	Implement a phased national rollout to establish the company as a clean, low-carbon energy supplier, an energy ecosystem integrator, an advanced energy technology developer, and an outstanding energy transition service provider.

2025 Hydrogen Sales Target: Exceed 50 million Nm^3 of hydrogen sold.

Annual highlight

- Sold **20.1** million Nm^3 of hydrogen in 2024, achieving a carbon reduction of **20.7** thousand tons.
- Officially signed a strategic cooperation agreement with Space City Research Institute (101 Institute), laying a solid foundation for establishing Dingzhou Base as a space liquid hydrogen supply base.
- Completed the 2024 national clean hydrogen certification under the "Low-Carbon Hydrogen, Clean Hydrogen, and Renewable Hydrogen Standards and Evaluation" program, with comprehensive carbon emissions of **0.49** $kgCO_2/kgH_2$, significantly below industry clean hydrogen standards.
- Filed **5** patents related to hydrogen energy and participated in drafting **1** industry standard, **1** local standard, and **2** group standards.
- Independently completed the design and prototype manufacturing of a **0.5** m^3/h PEM electrolyzer, demonstrating the capability to design and manufacture green hydrogen equipment.
- Assisted Dingzhou City in delivering and commissioning the first batch of **10** hydrogen fuel cell buses and **2** hydrogen fuel cell cleaning vehicles, creating a comprehensive application scenario in Dingzhou for hydrogen-powered public transit, heavy trucks, engineering vehicles, and sanitation vehicles.

Current progress

During the reporting period, leveraging the "one line, one network" layout encompassing hydrogen production, hydrogen storage and transportation, hydrogen refueling station construction and operation, and application scenarios, the Group successfully entered the North China market from the upstream of the industrial chain, establishing a closed-loop hydrogen ecosystem. Building on this foundation, we continued to expand Xiangyang Hydrogen Energy's market presence while actively developing downstream client resources in key sectors such as electronics and aerospace.

Hydrogen Production

We have continuously developed the by-product hydrogen production capacity and utilization in various industrial bases:

- Established a 6,500 Nm^3/h high-purity hydrogen production line in the Dingzhou Industrial Base.
- Completed and put into operation a 10-ton/day high-purity hydrogen production line in the Nei Mongol Risun China Gas Industrial Base, increasing the group's high-purity hydrogen production capacity to 24 tons/day.
- Promoted the construction of a 5,000 Nm^3/h hydrogen production facility in the Leting Industrial Base, Tangshan, and completed market research on surrounding hydrogen energy markets.

Storage and Transportation

- Continuously expanded the company's hydrogen transportation capabilities, achieving an external supply capacity of 5.3 tons/day.
- The 5-ton/day liquid hydrogen demonstration project has been approved and registered, entering the construction phase.
- Steadily advanced the projects for the gas industry pipeline in Dingzhou and the long-distance hydrogen transmission pipeline from Dingzhou to Gaobeidian.

Hydrogen Refueling Stations

Promoted the Risun Comprehensive Energy Station (Tanghe Bridge Station) project, with the main structure of the building completed, while the three existing hydrogen refueling stations continue to operate at full capacity.

Application Terminal

Planned a natural gas pipeline blending hydrogen project and continuously explored the application scenarios of fuel-cell heavy trucks. Conducted preliminary research and demonstration for the project through the stable operation of 2 routes and 42 hydrogen-powered logistics vehicles.

Capital Markets and Corporate Collaborations

Continuously monitored capital market movements and business collaboration expansion, initiated strategic hydrogen energy partnerships with Ji Ran, Guo Hong Hydrogen, and the Aerospace 101 Institute, and constantly strengthened complementary and win-win relationships with enterprises related to the industrial chain.

II Overview of 2024

Case

Dingzhou Risun Hydrogen Energy was elected as a member unit of the Traffic and Energy Branch of the China Industrial Gases Industry Association.

On December 19, 2024, the 2nd China Green Transportation and Energy Development Forum and the 2024 Member Congress of the Traffic and Energy Branch were held in Shijiazhuang City, Hebei Province. At the event, Dingzhou Risun Hydrogen Energy was elected as a member unit of the Traffic and Energy Branch of the China Industrial Gases Industry Association. As a member of the association, Risun will assist in optimizing technical standards and regulations, promote information sharing and technical training, and support the green transformation of China's transportation energy structure and the sustainable development of the transportation energy sector.

Figure 2-1: Risun Hydrogen Energy Company Elected as a Member Unit of the Traffic and Energy Branch of the China Industrial Gases Industry Association.

Case

Hebei Risun Receives Letter of Appreciation from Dingzhou Investment Promotion Bureau.

On July 25, 2024, Hebei Risun, based on its outstanding performance at the 2024 China Langfang International Economic and Trade Fair (referred to as "Langfang Fair"), received a letter of appreciation from the Dingzhou Investment Promotion Bureau. As a leading representative of Dingzhou's hydrogen energy industry, we showcased significant advancements in our hydrogen business at the fair, attracting widespread attention and fully demonstrating the new achievements in Dingzhou's high-quality development, thereby enhancing the region's visibility and reputation.


定州市投资促进局

感谢信

河北旭阳能源有限公司：

6月16日至6月20日，2024中国·廊坊国际经济贸易洽谈会（下称廊洽会）于廊坊举行。期间，我市共组织了9场恳谈会，1场签约仪式，长安民生定州供应链物流一体化项目、鲁文大健康医药科学产业园项目、宝石花集团医疗医养合作项目、香江医养康复中心项目等8个项目现场签约，总投资48亿元。同时，经过精心准备，定州主题场景展在此次综合会上精彩亮相，展厅以"活力定州、智造未来"为主题，以开放式的构造和声光电等科技手段相结合，创造性使用定州元素，全力打造既简约又充满科技感的现代化展厅，共有34家企业90余种产品参展，分别展示了定州现代商贸物流产业、汽车及零部件产业、体育用品产业、康养文旅产业等特色产品，吸引了广大客商驻足参观，受到了各级领导的一致好评。

本次展会的成功举办，离不开贵公司的鼎力相助。贵公司氢基醇等产品等产品参与我市现场展览，进一步提升了定州知名度和美誉度。在此，表示衷心感谢！

当前，我们正在深入学习贯彻习近平总书记视察河北重要讲话精神，牢记嘱托，感恩奋进，积极融入京津冀协同发展，以更加奋发有为的精神状态加快建设经济强市、美丽定州，诚挚希望与贵公司继续深化合作，密切往来，共同打造互惠共赢成果，努力为建设现代化商品房中等城市作出积极贡献，再次感谢贵公司对此次展会的大力支持！

2024年7月25日

Figure 2-2: Hebei Risun Receives Letter of Appreciation from Dingzhou Investment Promotion Bureau.

Win-Win Collaboration

Risun Group actively seeks cooperation with upstream and downstream enterprises in the industrial chain, complementing advantages and achieving mutual benefits. The company has communicated with 55 hydrogen energy enterprises and universities, with collaboration spanning various stages including production, storage, transportation, refueling, and utilization. These partnerships encompass multiple areas such as the production of key materials for fuel cells, the manufacturing of fuel cell systems, and the promotion of hydrogen fuel cell vehicles. While enhancing its own technological capabilities and market competitiveness, Risun also opens up more development opportunities through mutually beneficial collaborations that lead to shared growth.

China Academy of Aerospace Propulsion Technology (CAAPT) 101 Institute	Entered into a strategic agreement with Risun to establish comprehensive collaboration across the liquid hydrogen "production, storage, transportation, refueling, utilization, and research" value chain, as well as in advanced chemical products and high-end technology applications. Both parties are jointly building the first 5-ton/day liquid hydrogen factory in Dingzhou and advancing major scientific research projects. By leveraging R&D initiatives, they aim to achieve breakthroughs in high-end hydrogen technologies and accelerate the commercialization of hydrogen energy innovations, driving both industrial and regional economic growth.
SinoHytec	Leveraging each party's strengths, Yihuacom and Risun are collaborating to advance the development of the green hydrogen industry. Risun brings its core green hydrogen technologies and operational expertise, while Yihuacom contributes its experience in green hydrogen equipment manufacturing. Together, they plan to address key challenges in green hydrogen production and consumption, particularly in regions rich in wind and solar resources, such as the "Three Northern" areas of China. Additionally, Risun's extensive experience in operating synthetic ammonia and methanol, combined with its large customer base for hydrogen demand, provides a strong foundation for rapidly expanding the green methanol and green ammonia value chains. This partnership aims to realize the full "production, storage, transportation, refueling, and utilization" cycle of green hydrogen, promoting the scaling and commercialization of the green hydrogen industry.

Future Plans

As a pioneer and explorer in the field of hydrogen energy, Risun Group will continue to uphold the "1124" development framework. With the goal of "seizing the clean hydrogen market and gradually transitioning to green hydrogen," we aim to establish a comprehensive hydrogen energy ecosystem and drive the harmonious development of the hydrogen energy industry. In terms of technology, we actively promote research and development in hydrogen energy, leveraging advanced methanol-ammonia technology and integrating it with photovoltaic and lithium battery operations. By employing electrolyzed water to produce green hydrogen, green ammonia, and green methanol, along with cost-effective hydrogen transportation solutions, we are building the Risun Clean Energy Network. On the industrial front, we will capitalize on our strengths to expand hydrogen energy applications and markets, aiming for substantial growth in both the scale of hydrogen energy adoption and the breadth of its applications. Furthermore, we will deepen collaborations with partners across the industry value chain, including academic institutions and research organizations, to advance the coordinated evolution of the hydrogen energy sector.

Through phased construction of a clean and low-carbon energy provider, an energy ecosystem integrator, an advanced energy technology developer, and an exceptional energy transition service provider, Risun Group will strive to emerge as a leading enterprise in the hydrogen energy sector. The group is committed to making positive and significant contributions to the rapid and sustainable development of the hydrogen energy industry.

03

Sustainable **Development Management**

III Sustainable Development Management

The Group places high importance on sustainable development management. By enhancing corporate governance, strengthening ESG practices, and optimizing compliance and risk management, we aim to drive the steady and high-quality development of the enterprise. During the reporting period, we officially established a Sustainability Committee and defined detailed responsibilities from the decision-making level to the implementation level, striving to systematically enhance the Group's ESG governance standards. Risun aims to achieve this through effective sustainable development management, enhance the transparency and competitiveness of the enterprise, and contribute to global sustainability efforts.

(I) Corporate Governance

Corporate governance serves as the cornerstone for a company's sustainable development and holds significant implications for its long-term stability and growth. The Group strictly adheres to relevant laws and regulations, including the *Company Law of the People's Republic of China and the Rules* of *The Stock Exchange of Hong Kong Limited*, while continuously refining our governance framework. We maintain open communication channels with shareholders and other stakeholders and are progressively enhancing the transparency of our disclosures. These measures aim to elevate our governance standards, foster market trust, and provide a robust foundation for the Company's sustained and stable growth.

1. Corporate Governance System

Corporate Governance Framework

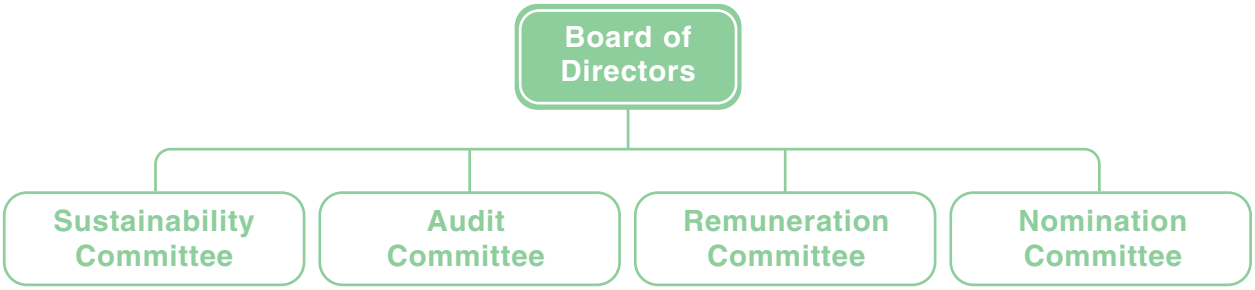


Figure 3-1 Corporate governance architecture

Performance of duties

Board of Directors

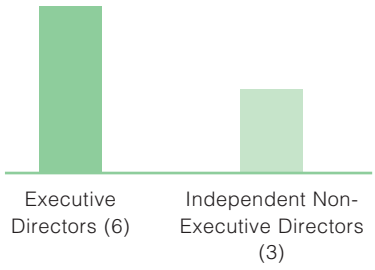
The Board of Directors is responsible to shareholders and has the duty to report to the shareholders' meeting. The Board of Directors is responsible for convening the shareholders' meeting, implementing the resolutions of the shareholders' meeting, finalizing the Group's operating plan and investment plan, formulating the annual financial budget plan, year-end accounts, income distribution plan, capital increase or decrease plan and relevant documentation, deciding on the establishment of the Group's management department, deciding on the appointment or dismissal of senior executives, chief financial officer and other senior management, formulating the Group's basic management system and deciding on the establishment of the special committee of the board of directors.

During the reporting period, the Group held a total of 9 board meetings.

✧ *Diversity of the Board of Directors*

As of the date of this report's disclosure:

The Board of Directors of Risun comprises 9 members.



Mr. Yang Xuegang, Ms. Lu Xiaomei, Mr. Li Qinghua, Mr. Han Qinliang, Mr. Wang Nianping, and Mr. Yang Lu.

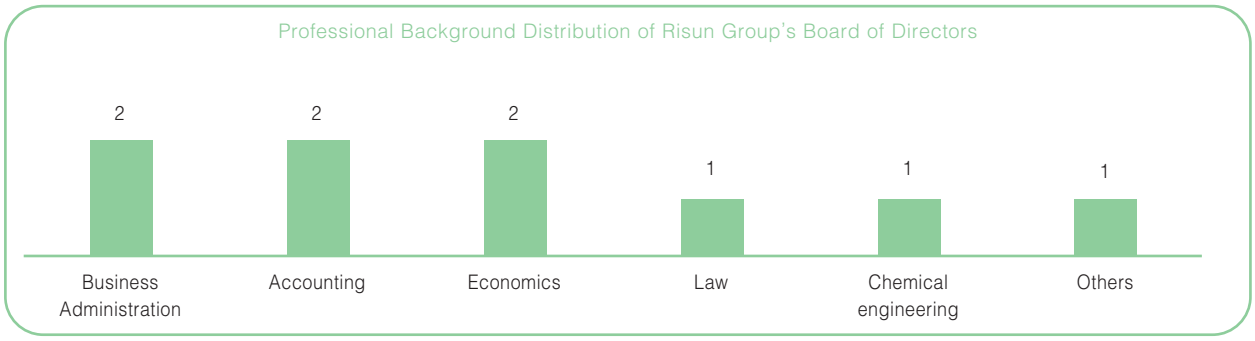
Mr. Yu Kwok Kuen Harry, Mr. Wang Yinping, and Mr. Liu Xiaofeng.

The number of Independent Non-Executive Directors constitutes one-third of the total number of Board members, ensuring compliance with relevant regulatory requirements.

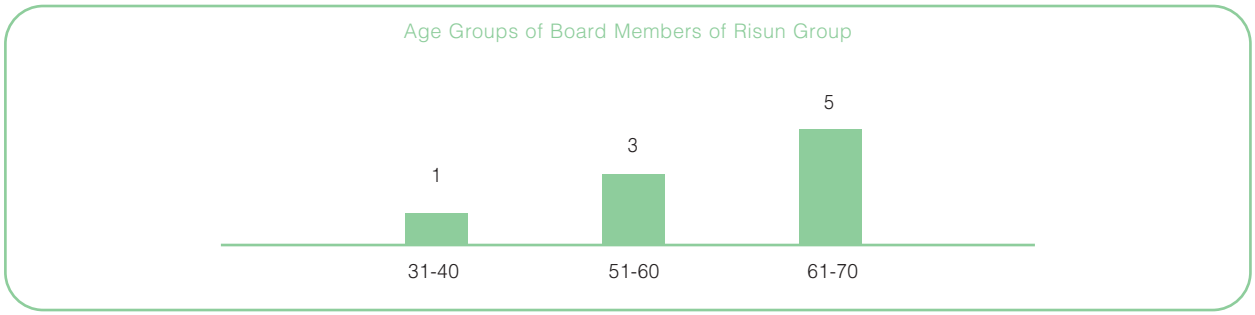
Out of 9 directors, the composition of the Board aligns with its diversity policy, including 1 female director.

III Sustainable Development Management

Our Board of Directors brings together individuals with diverse professional backgrounds and extensive experience in the coke chemical industry. They hold advanced degrees across multiple fields, including accounting, chemical engineering, and law, providing strong professional support for the Company's strategic decisions and operations.



The Board of Directors is of a wide range of ages, ranging from 34 to 64.



✧Board Independence

The Nomination Committee established under the Board of Directors effectively strengthens the assurance of directors' duties and ensures that the Board can obtain independent opinions.

As of the date of this report's disclosure:

There are 3 members of the nominating Committee of the Board of Directors	Among them, there are 2 independent non-executive directors	Chairman of the Nomination Committee: Yang Xuegang Nominating Committee members: Yu Kwok Kuen Harry, Wang Yinping

Senior Management

The senior management team is responsible for implementing the resolutions of the Board and managing the day-to-day operations of Risun, including formulating operational plans and investment proposals, preparing plans for internal management departments, establishing the fundamental management systems of Risun, and developing specific regulations for Risun.

Executive Compensation Clawback Mechanism	We have established and continue to refine executive compensation clawback mechanism. This mechanism allows us to pursue recovery, in varying degrees, of performance-based compensation paid within a reasonable timeframe, based on the severity of specific circumstances.
Linking Compensation to Sustainability Performance	We are continuously refining our performance evaluation system by incorporating sustainability-related s aligned with the Group's annual objectives, and tying the compensation of senior management and employees involved in sustainability-related functions to their sustainability performance.

Note: Some directors have several professional degrees.

Special Committee

The Board has established four specialized committees: the Audit Committee, the Nomination Committee, the Remuneration Committee, and the Sustainability Committee. During the reporting period, these specialized committees held a total of 7 meetings.

Audit Committee	Key responsibilities include: Assist the Board in ensuring that Risun's financial reporting, risk management, and internal control systems are effective and compliant with listing rules; oversee the integrity of financial statements; select and evaluate the independence and qualifications of external auditors; and ensure effective communication between directors and both internal and external auditors. During the reporting period, the Audit Committee held 4 meetings.
Nomination Committee	Key responsibilities include: At least annually, review the structure, size, composition, and diversity of the Board and provide recommendations to the Board on any proposed changes to ensure alignment with Risun's corporate strategy. Assess the independence of independent non-executive directors to determine their eligibility and provide advice to the Board regarding the appointment, re-election, and removal of directors, as well as succession planning. During the reporting period, the Nomination Committee held 1 meetings.
Remuneration Committee	Key responsibilities include: To establish and review the compensation policies and structures for the directors and senior management of Risun, providing recommendations to the Board on employee benefit arrangements, and defining the attribution of equity grants under the stock option plan. During the reporting period, the Remuneration Committee held 1 meetings.
Sustainability Committee	The primary responsibilities can be found in the ESG governance structure content. During the reporting period, the Sustainability Committee convened a total of 1 meetings.

2. Investor Relations Management

Risun firmly believes that strong investor relations are essential for establishing a stable shareholder base. Effective communication with shareholders not only strengthens investor relationships but also provides them with a deeper understanding of the group's business operations and strategic direction. We place great emphasis on shareholder feedback and suggestions. To ensure that shareholders and related stakeholders are well-informed about recent significant project developments, operational achievements, and future business expansion plans, we actively organize and host various investor relations activities. These efforts aim to maintain ongoing communication with shareholders and promptly address their legitimate expectations.

During the reporting period, Risun held one Annual General Meeting, during which 13 proposals were reviewed. Each proposal received majority approval with over 50% of the votes cast.

Online	Publishing news updates on the official website and WeChat official account, showcasing recent project developments, operational status, award achievements, and major project breakthroughs of Risun. Responding to shareholder and potential investor inquiries via email.
Offline	Conducting performance briefings to communicate corporate information to the market and engage in investor dialogues. Organizing regular reverse roadshow events, inviting investors for production base tours and interactive exchanges.

III Sustainable Development Management

Case

On the occasion of its 5th listing anniversary, Risun hosted an annual performance presentation.

In 2024, marking the fifth anniversary of its initial public offering, Risun Group used the presentation as an opportunity to provide shareholders with detailed disclosures regarding the company's financial performance over the past five years and its strategic plans for the future. Yang Xuegang, Chairman of the Board, emphasized the company's unwavering commitment to prioritizing shareholder interests. He highlighted how, through continuous operational optimizations and market share expansion, Risun has achieved steady growth in both revenue and net profit. During the presentation, Risun provided a comprehensive overview of its 2023 financial results and outlined its upcoming investment initiatives in the realms of new energy and advanced materials. These disclosures ensured that shareholders gained a clear understanding of the company's developmental trajectory. This event not only strengthened stakeholder confidence but also further enhanced the company's transparency.

Figure 3-2: Scene from Risun's Annual performance presentation and the 5th anniversary of the listing celebration

3. Information Disclosure

Since our initial public offering, Risun Group has consistently upheld principles of high transparency. We strictly adhere to relevant listing regulations to ensure that investors receive comprehensive, accurate, and timely information, thereby fulfilling our obligations as a publicly traded company. Our transparency has been continuously enhanced, with the publication of "Letters to Shareholders" for four consecutive years, detailing annual performance, strategic planning, and future outlooks. Additionally, Risun began issuing ESG reports shortly after our IPO and has independently published these reports for four consecutive years, beginning with the 2021 annual report.

To further enhance communication with investors, Risun Group has adopted multiple proactive measures. We regularly host roadshows where we engage directly with investors to provide in-depth insights into our strategic plans and business development. Additionally, we actively participate in various investor conferences to interact extensively with industry experts and investors, sharing our experiences and insights. Furthermore, we voluntarily disclose additional information that aids investor decision-making, thereby enhancing our transparency. Our goal is to enable investors to gain a more comprehensive understanding of our corporate strategies and operational conditions, thereby strengthening investor confidence and fostering long-term, stable relationships between the company and its investors.

(II) ESG Management

1. ESG management structure

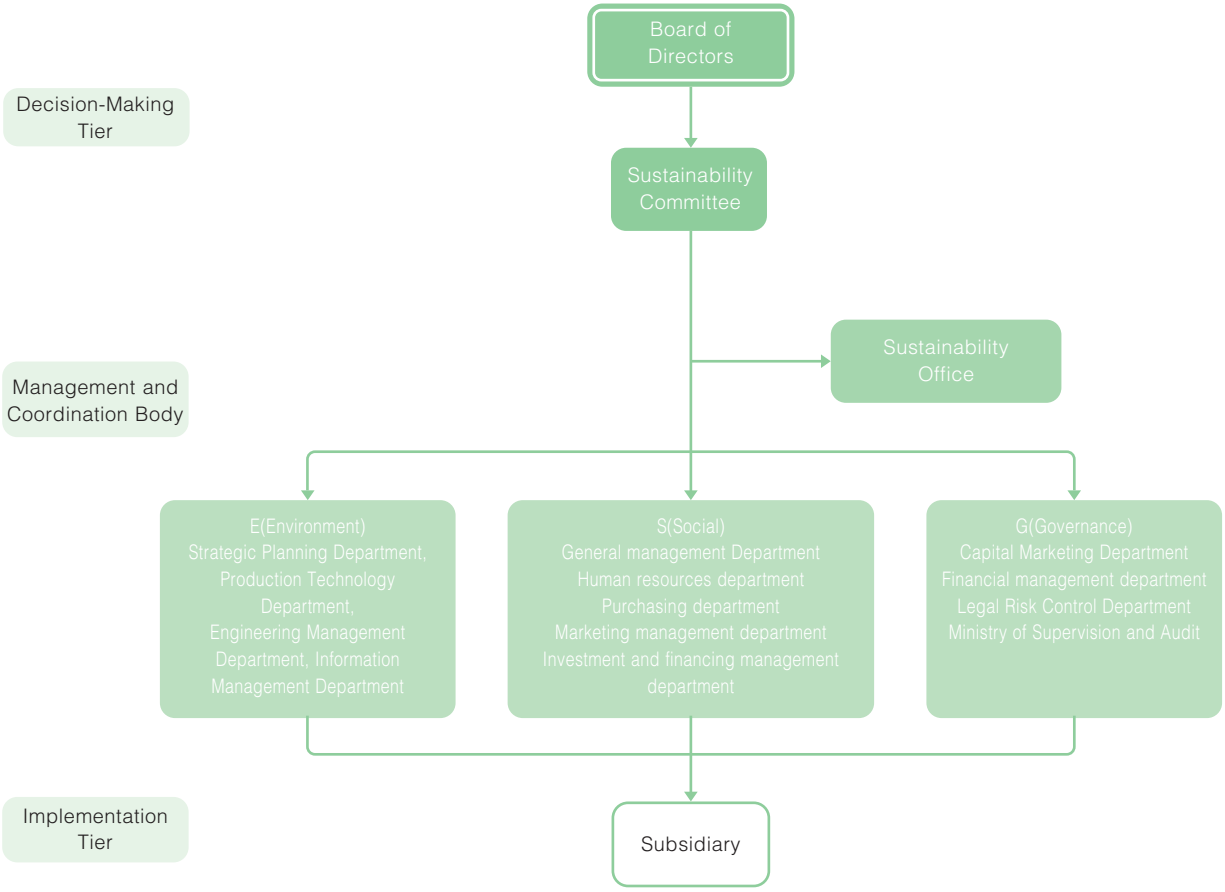


Figure 3-3 ESG management structure

In August 2024, the Board of Directors of Risun Group formally resolved to establish the Sustainability Committee to promote the steady and sustainable development of the group and to ensure coordinated management of ESG-related matters.

III Sustainable Development Management

Decision-Making Tier	Board of Directors	• Responsible for formulating Risu's ESG strategy, setting ESG performances, supervising strategy implementation, identifying ESG opportunities/risks, and guiding risk mitigation • The Board of Directors and senior management are responsible for overseeing the overall strategy and reporting related to environmental, social, and governance (ESG) factors. They periodically review ESG performance and disclosure, deliberate on safety, environmental, employee, and investment-related proposals, and oversee the unified guidance, decision-making, and implementation of ESG objectives.
	Sustainability Committee	• Responsible for coordinating the management of Risun Group's affairs related to sustainability and ESG, and making timely recommendations to the Board, including: vision, goals, strategies, frameworks, and major policies; progress toward targets and work performance; implementation status of long-term corporate strategies; adequacy and effectiveness of frameworks; key trends, risks, and opportunities; and rating performance; corporate governance and ESG reports; and compliance with international standards and guidelines. • Reporting to the Board on other matters in a timely manner and fulfilling other duties and responsibilities as appropriately assigned by the Board. Reporting to the Board on other matters in a timely manner and fulfilling other duties and responsibilities as appropriately assigned by the Board.
Management and Coordination Body	Sustainability Office	• Oversees the management and strategic advancement of sustainability initiatives across the group, while regularly monitoring the execution of strategic initiatives to ensure the steady achievement of all sustainability goals. • Reports progress to the Sustainability Committee and provides execution reports along with improvement recommendations to support the committee's decision-making processes.
Implementation Tier	Functional Departments	• Assigning functional departments to correspond with E, S, and G, with respective departments responsible for the execution and coordination of daily ESG activities, and regularly reporting to the Sustainability Committee.
	Subsidiaries	• Responsible for formulating specific work objectives and plans, implementing them, and maintaining communication with internal and external stakeholders. • Develops detailed work objectives and implementation plans to ensure the group's macro-level sustainability goals are achieved on schedule. • Drives the implementation of these plans, ensuring that ESG measures are effectively executed in daily operations. • Proactively communicates with external stakeholders, gathers their feedback, and reports back to the relevant functional departments.

2. Stakeholder Engagement

Risun Group is committed to building a comprehensive and normalized communication system, proactively responding to the concerns of all stakeholders. We recognize that the support and trust of shareholders, governments and regulatory bodies, customers, partners, employees, and communities are the solid foundation for the group's steady progress. The group has established diversified communication channels to respond promptly to inquiries from stakeholders, ensuring their rights to be informed and to participate. Additionally, from a strategic perspective on sustainability, we have compiled and developed a stakeholder communication matrix. This initiative systematically catalogs the demands of all parties, accurately identifies potential risks and opportunities during the sustainability process, and provides scientific evidence and decision-making support for the group's sustainable development efforts.

Stakeholders	Communication Channels	Topics
Investors/Shareholders	• Periodic report • Public Disclosures via Official Channels (e.g., Website) • General meeting • Investor relations activities	• Business and Financial Performance • Corporate Governance • Product Quality Management • Technological Innovation and IT Development
Governments and Regulators	• Policy Directives • Work Report • Government-Business Collaboration • Government Review	• Carbon Emissions Management • Energy Efficiency Management • Compliance and Risk Management
Customers	• Daily service and communication • Customer visiting mechanism • Customer Complaint Channels	• Product Quality Management • Customer Service and Rights Protection • Chemical Inventory Management • Non-conforming Product Handling • Toxic Emissions Management
Supply Chain	• Open tendering • Symposium • Daily communication	• Fair Procurement • Sustainable Supply Chain Management • Green Procurement
Partners	• Major Project Collaboration • Routine Business Communication • Association Meeting Participation • Online Service Platform	• Clean Energy Development (Hydrogen Energy) • Water Resource Management • Waste Management • Occupational Health and Safety Measures • Employee Recruitment and Labor Rights Protection • Chemical Risk Identification and Assessment

III Sustainable Development Management

Stakeholders	Communication Channels	Topics
Experts	• Industry forum • Project review meeting • Invited Expert Training	• Response to climate changes • Carbon Emissions Management • Water Resource Management • Energy Efficiency Management • Product Quality Management • Chemical Alternatives Development • Chemical Safety Management Policies and Certifications
Employees	• Daily communication • Employee representative meeting • Staff training • Trade unions and cultural activities	• Business ethics and ethical standards training • Anti-bribery and anti-corruption • Whistleblower protection • Occupational health and safety management • Occupational health and safety education • Occupational health and safety safeguards • Intellectual property protection • Staff training and development
Communities	• Charity activities • Community advocacy • Volunteer service	• Staff care and help • Rural revitalization • Charitable donation • Employee volunteer service • Biodiversity conservation

3. Material Issues Identification

In accordance with the "Environmental, Social and Governance Guidance" under Appendix C27 of the Rules on the Listing of Securities of The Stock Exchange of Hong Kong Limited, Risun Group has assessed and prioritized environmental, social, and governance issues based on stakeholder engagement outcomes and the significance to our business operations. These priorities form the Materiality Matrix, which serves as the foundation for identifying core ESG topics and disclosure requirements.

Definition and selection of topics

Aligned with the United Nations Sustainable Development Goals and other international requirements, tracking key developments in global and domestic industries, in line with the guidance of the Hong Kong Stock Exchange, and based on the group's strategic planning, expert analysis identified 35 topics for stakeholder surveys.

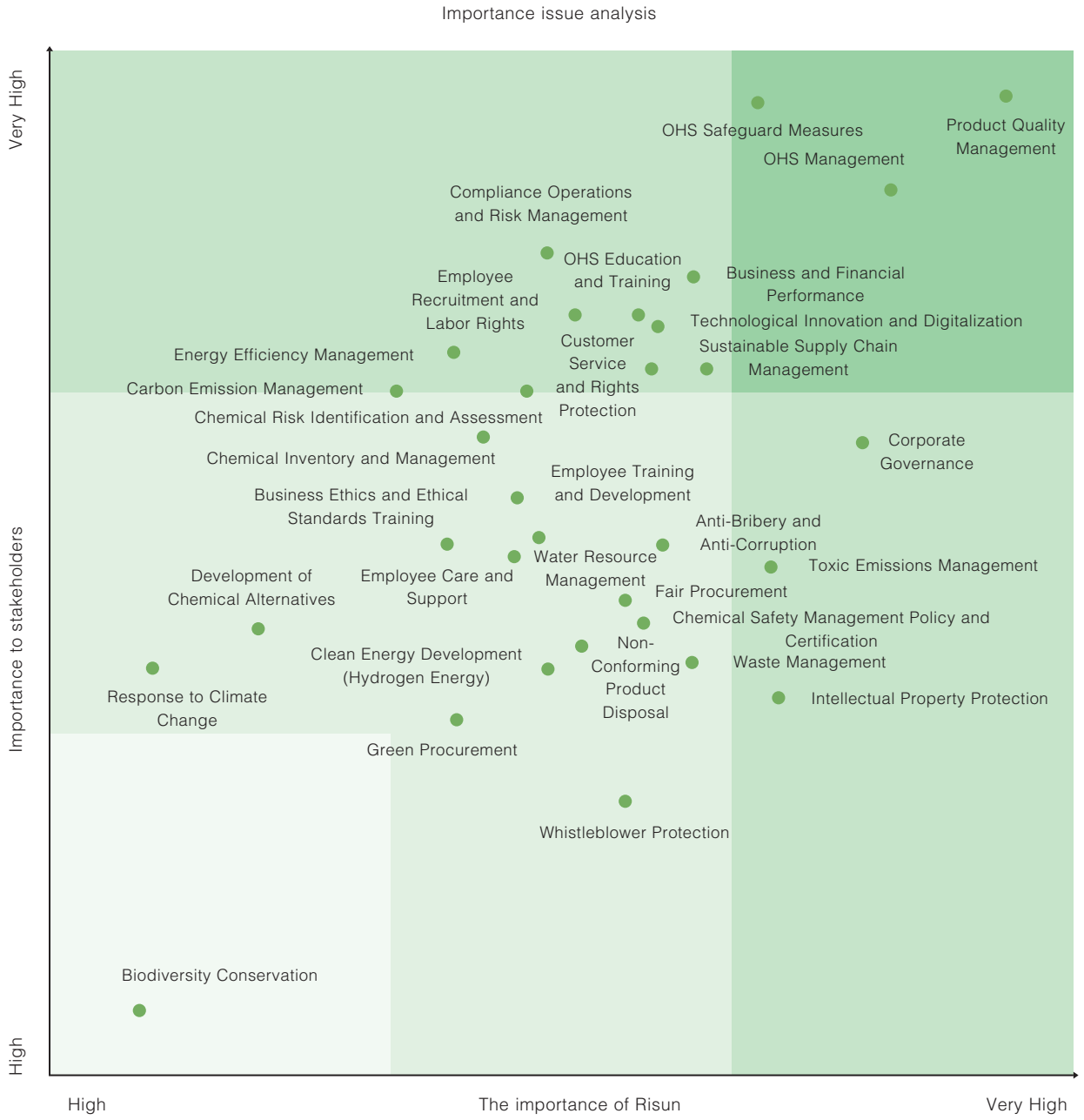
Questionnaire survey

Conducted a survey among stakeholders and collected 119 valid responses.

Questionnaire Analysis and Comprehensive Assessment

Based on the feedback from the questionnaires, the priority of material issues was determined for each group of stakeholders by incorporating the opinions of experts and relevant personnel, leading to the establishment of the Materiality Matrix.

III Sustainable Development Management



III Sustainable Development Management

(III) Compliance & Risk Management

1. Risk Management

We firmly believe that robust risk management and internal controls are the cornerstone of the Group's sustainable development. Therefore, we have established a comprehensive risk management system that covers both internal and external risks, and through a series of practical and effective measures, we ensure that risks are controllable while continuously enhancing our ability to respond to risks, thereby strengthening the defenses for the stable development of Risun Group.

Risk Management System

The Group has established a complete and comprehensive risk management organizational framework. Each operating department identifies and analyzes risks relevant to their respective functions, maintains comprehensive records of these risks, prepares mitigation plans, assesses the effectiveness of these mitigation plans, and reports on the status of risk management.

Risun Group Risk Management Organizational System

System	Personnel/Department	Core Functions
Four-Tier Risk Control System	Senior Vice President in Charge	Submit risk reports based on senior management's understanding of regional operations under their purview.
	Legal and Risk Control Department	Monitor client operational status and other critical factors to advance risk management integration into business processes.
	Dedicated/Part-Time Risk Control Officers in Risun Group's Divisions & Business Units	Formulate departmental risk control plans and oversee implementation.
	Frontline Business Personnel	Submit monthly risk analysis reports aligned with operational conditions.
Dual Legal Governance System	Group Legal and Risk Control Department	Formulate the Group's overall legal strategies and policies, identify/manage Group-level legal risks, conduct legal evaluations for major decisions, and ensure compliance.
	Base-Level Legal and Risk Control Departments	Handle daily legal affairs at base-level operations, identify/manage company-level legal risks, report critical risks to the Group Legal Department, and enforce Group legal policies and regulatory compliance.

Risk Management Measures

Risun places high importance on risk management practices. Through measures such as compiling risk control manuals, improving contract management information systems, conducting legal compliance training, and promoting governance by law, we comprehensively strengthen our risk management framework. This ensures the legality and regulatory compliance of our operations, providing a solid foundation for the stable growth of Risun Group.

Development of Risk Control Manual	Compiled the Business Risk Control Points manual to comprehensively cover major risk points in alignment with departmental conditions and practical business needs. During the reporting period, the Legal and Risk Control Department updated the *Risk Control Manual – Domestic Trade Chapter* based on revisions to relevant laws/regulations and operational practices, further strengthening risk management for domestic trade-related businesses.
Enhancement of Contract Management Digital System	Advanced the implementation of the contract digital platform: • Achieved full-process coverage in client qualification review, contract execution, contract review, contract performance management, accounts receivable control/collection, litigation management, and contract analysis to elevate risk control digitalization. • Strengthened contract performance management and accounts receivable control/collection by establishing specialized risk control ledgers.

Compliance Training for Employees	Through systematic training programs, we enhance employees' professional competence in internal control and risk management, elevate their overall risk management awareness and operational skills, and promote strict adherence to internal control procedures. This ensures the effective operation of our internal control and risk management frameworks, thereby effectively mitigating operational risks.
System-Driven Legal Governance of Enterprises	In accordance with domestic and international laws and regulations, and based on actual business practices, the Group has established hundreds of management regulations to guide its subsidiaries in fostering a culture of legal compliance and ensuring continuous lawful operations. During the reporting period, updates were made to several key management systems, including the *Contract Management Measures*, *Trademark Management Measures*, *Risk Control Management Measures for Financial Businesses*, and the *List of Dishonest Customers*, further advancing governance by law within the organization.

2. Business Ethics and Anti-Corruption

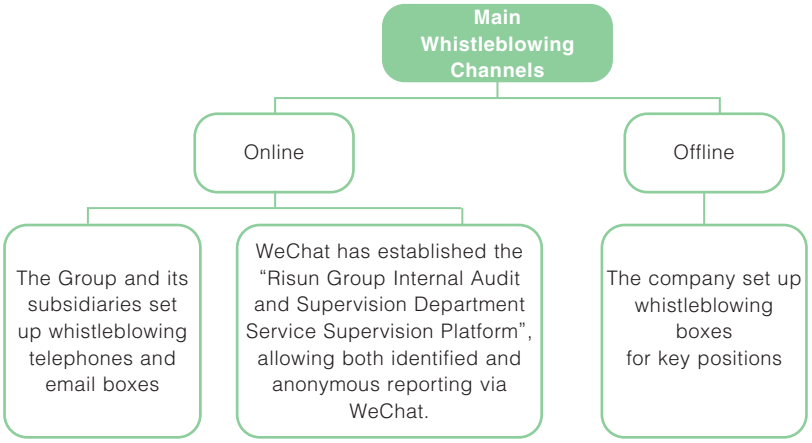
We have consistently adopted a "zero-tolerance" policy towards any form of commercial bribery. Adhering to the principle of compliant operations, we continue to reinforce anti-commercial bribery management across all business processes, ensuring that our operations remain lawful and compliant. We strictly comply with laws and regulations such as the Criminal Law of the People's Republic of China, the Company Law of the People's Republic of China, the Provisional Regulations on Prohibiting Commercial Bribery, and the Anti-Bribery Regulations, to eliminate acts of bribery, extortion, fraud, and money laundering within our business activities, contributing to the maintenance of fair market competition. Through a variety of methods, including the improvement of internal systems and regulations, the promotion of an anti-corruption culture, and internal audits on business ethics, we ensure the stable implementation of our anti-corruption efforts. During the reporting period, we focused on special supervision in key areas, reforms of systems and mechanisms, and comprehensive audits. We did not identify or receive notifications of any illegal or disciplinary violations related to commercial bribery, extortion, fraud, or money laundering.

Internal Policies	The Group has formulated and refined various regulatory documents, including the *Risun Group Integrity and Self-Discipline Code*, *Basic Behavioral Red Lines for Employees*, *Regulations on the Management of Gifts*, *System for Record-Filing of Significant Activities by Senior Management*, *Rules for Handling Employee Misconduct*, *Self-Inspection and Correction Management Measures*, and the *All-Employee Whistleblowing and Suggestion System*. These documents clearly define and regulate employees' compliant behavior, systematically constructing a comprehensive compliance management framework.
Anti-Corruption Culture Development	The Group has established anti-corruption reporting platforms and channels, improved the supervisory and appeal system, conducted anti-corruption and integrity education activities targeting middle and senior management as well as staff in key positions, organized officers and employees at all levels to conduct "self-inspection and correction" before major holidays, and established related filing systems to strengthen the building of an anti-corruption and integrity culture.
Internal Audit on Business Ethics	In internal audit work, we place particular emphasis on sales and procurement business processes among other areas, covering key aspects of business ethics. Through meticulous audit procedures, we identify potential compliance risks and ensure regulatory adherence. During the reporting period, we conducted 5 comprehensive internal audits covering all subsidiaries.

III Sustainable Development Management

Whistleblowing Mechanism

The Group has established a robust supervision and reporting mechanism, utilizing multiple online and offline channels to ensure unimpeded access to reporting pathways. Upon receiving any report, a rapid verification process is initiated, followed by investigations or special audits as warranted by the specific circumstances. Should violations be confirmed, appropriate corrective actions are implemented in accordance with the company's internal auditing and monitoring policies.



Whistleblower Protection Mechanism

- The Group has established internal regulations such as the *All-Employee Whistleblowing and Rationalization Suggestions System*, which strictly prohibits any form of retaliation against whistleblowers, fostering a secure and impartial reporting environment. This ensures that the legitimate rights and interests of every individual who reports concerns or provides suggestions are fully safeguarded.
- The *All-Employee Whistleblowing and Rationalization Suggestions System* explicitly states that any actions violating the protections afforded to whistleblowers will be met with a zero-tolerance policy, leading to severe disciplinary measures against those responsible. In cases where violations are particularly egregious, individuals may face termination from the company.

End-to-End Risk Assessment

- Pre-warning: Assessed whether anti-corruption training and warning activities were conducted to continuously enhance the integrity awareness among officers and employees.
- Ongoing Supervision: Evaluated whether effective supervision mechanisms were established to ensure timely detection and handling of corrupt behaviors.
- Post-event Accountability: Assessed whether strict punishments were imposed for corrupt activities that had occurred, ensuring accountability was assigned and measures were thoroughly implemented to reinforce responsibility.

Supplier Anti-Corruption Management

- Established the *Provisions on the Management of Gifts*, stipulating that all officers and employees are prohibited from accepting gifts or monetary offerings from suppliers or partners during business activities or in the course of their duties.
- Included anti-bribery clauses in supplier contracts at the time of signing.
- Sent regular integrity reminder messages to suppliers during holidays, reminding them to adhere to the company's integrity standards and avoid crossing the red lines of ethical behavior.

Anti-Corruption Training

- Board Training: Conducted monthly at the General Manager's office meeting, providing risk alerts to the President's Council members regarding potential company risks.
- Staff Training: Conducted through employee induction programs, quarterly employee meetings, corporate morning briefings, thematic conferences, and other forums, delivering compliance training presentations.

Table 3-1 anti-Corruption training performance in 2024

Name of indicator	Unit	Regions	Annual data for the year 2024
Total number of anti-corruption training sessions	(Times)		288
Total hours of anti-corruption training	(Hour)		60
Number of anti-corruption training sessions conducted by position	(Times) (Times) (Times)	Directors Management Employees	29 161 98
Number of persons participating in anticorruption training sessions by position	(Person) (Person) (Person)	Directors Management Employees	460 9,104 20,632

04

Focus on **Safety and Health**

IV Focus on Safety and Health

Guided by the core philosophy of "Safety is the foundation for Risun's existence," the Group has consistently adopted "Safety First, Compliance, Prevention, and Sustainable Development" as its fundamental operational principles. We have established a systematic Environment, Health, and Safety (EHS) Management System and implemented comprehensive Chemical Safety Management Regulations, ensuring the scientific basis and effectiveness of our safety protocols. Additionally, through occupational safety management and diverse employee training initiatives, we aim to enhance overall safety awareness and emergency response capabilities across the organization, striving to create a workplace environment with zero incidents and zero injuries.

(I) Production Safety

The Group remains steadfast in its commitment to building an intrinsic safety-oriented enterprise, prioritizing occupational safety and employee life safety above all else. We strictly adhere to national laws and regulations, including The *Safety Production Law of the People's Republic of China* and *Regulations on Safety Production Licenses of the People's Republic of China*. To ensure the effectiveness of safety measures, we have continuously refined our EHS (Environment, Health, and Safety) management system, established comprehensive safety oversight processes, safety standardization systems, and occupational safety emergency response mechanisms. These efforts underpin our vision of "A Safe Risun, A Happy Home," providing a solid foundation for employee well-being and sustainable business growth.

During the reporting period, the Group invested RMB172 million in safety production to provide strong support for ensuring safe operations.

Safety production target	Achievement of the 2024 target
Six accidents occurred at zero	Zero serious injuries or above (including contractor accidents) Zero major production (operational) accidents Zero major equipment incidents Zero major fire and explosion accidents Zero major traffic accidents in the plant Zero incidence of occupational diseases

IV Focus on Safety and Health

1. Development of EHS Management System

Risun places a high emphasis on safety production. The Group has established comprehensive regulations and measures such as the "Regulations on the Management of 'Three Violations' in Safety Production," the "Reporting and Authorization Mechanism for Handling Abnormal Situations in Mechanical and Equipment Production," the "Safety Confirmation Management System for Loading and Unloading Dangerous Chemicals," and the "Management System for Safety Facilities in Construction Projects ('Three Simultaneities')." These measures aim to drive subsidiaries to obtain ISO 45001 Occupational Health and Safety Management System Certification, apply for Secondary Level Certificate for Standardized Safety Production, establish safety management organizations, and build a hierarchical safety management network from top to bottom, left to right, vertically down, and horizontally across.

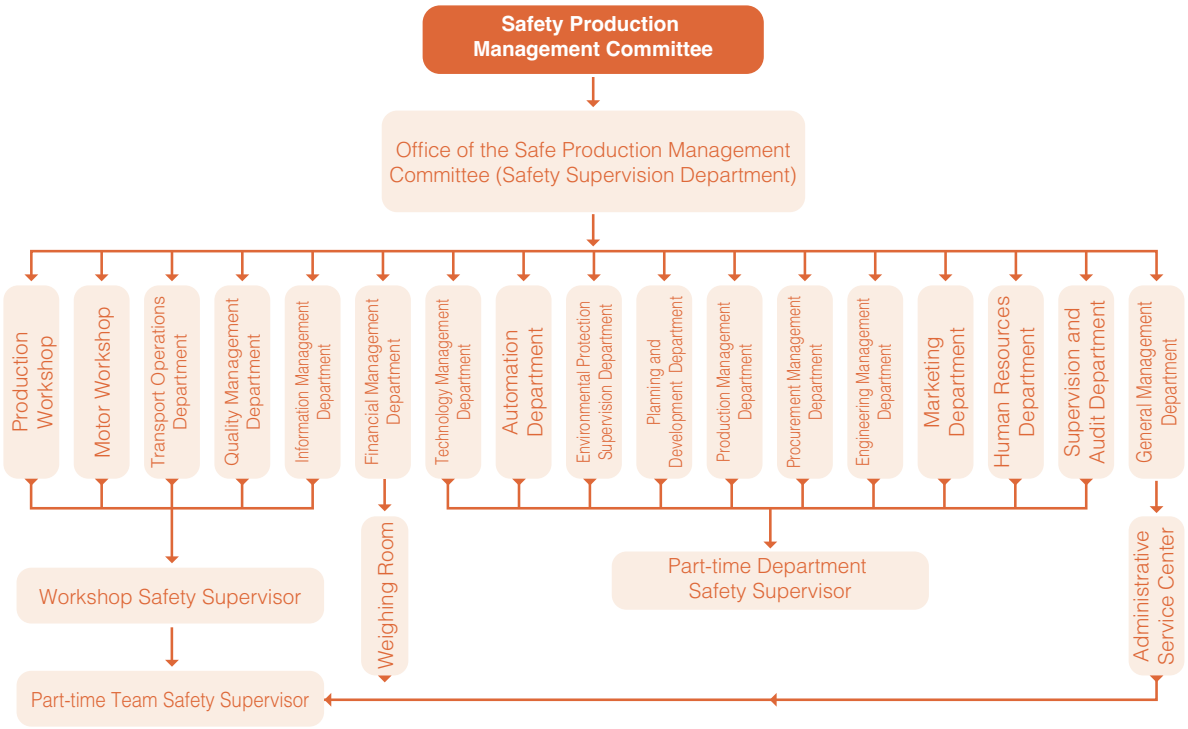


Figure 4-1: Safety Management System Structure

Subsidiaries	• Work Safety Management Committee: Chaired by the General Manager, responsible for overseeing major safety-related decisions. • Safety Director: Leads the implementation of resolutions from the Work Safety Management Committee and ensures compliance with corporate safety protocols. • Safety Supervision Department: Serves as the executive office of the Work Safety Management Committee, conducting safety supervision and management across production, construction, and operational activities.
Workshops	Appoints dedicated safety officers
Teams/Departments	Appoints non-dedicated safety officers (part-time)

2. EHS Management Measures

Strengthening Safety Accountability System	• Established a company-wide safety performance evaluation mechanism with quantified KPIs and reward/penalty standards to reinforce employee safety awareness. • Implemented the "Three Simultaneities" system (simultaneous design, construction, and commissioning of safety measures in construction projects) to ensure safety compliance from project inception.
Safety Oversight Process	Conducted risk governance under the principles of "accountability by leadership" and "all personnel, entire process, comprehensive scope, and round-the-clock monitoring": • Phase 1: Review risk control logs → Develop hazard identification checklist → Formulate inspection plan → Conduct audits → Issue reports → Design corrective actions → Implement rectification → Verify closure → Update hazard management logs. • Phase 2: High/moderate risks managed through corporate-level checklists; routine risks handled by workshops/departments. Regular cross-departmental verifications conducted.
Hierarchical Risk Control & Hazard Management	Operated dual-control system (risk classification + hazard elimination) with mandatory "risk analysis precedes all operational plans" protocol: Conducted three-tier inspections (corporate, departmental, team-level) and root cause analysis: • Primary roots: Systemic gaps (inadequate policies, poor enforceability, implementation failures). • Secondary roots: Human factors (skill deficiencies, accountability lapses).
Safety Standardization	• Launched safety standardization campaigns, including staff certification training at the Hazardous Chemicals Registration Center. • Performed item-by-item audit against corporate safety standards. • Enforced performance-linked safety incentives/discipline mechanisms.
Emergency Response System	• Designated subsidiary General Managers as primary emergency management officers, with 24/7 emergency command centers. • Formulated crisis response teams led by GM and department heads, clarifying role-specific protocols. • Maintained dedicated fire brigade on 24-hour standby for immediate incident containment.

IV Focus on Safety and Health

Contractor Safety Management	• Contractor Qualification Audit: Rigorous review of contractors' qualifications is conducted, and contractors whose documentation does not meet requirements are strictly prohibited from entering the plant premises. • Safety Training: Contractors who meet the requirements must undergo safety training at the Security Department before commencing work. Upon passing the training, they will receive further education or specific training from the supervising department prior to starting onsite operations. • Worksite Management: Work activities are carried out under the supervision of workshop (department) personnel. Technical staff conduct safety briefings for the operations, monitoring personnel provide full supervision, and workers are not permitted to leave the designated work area. Upon completion of the task, workshop supervisors confirm the work and only allow it to conclude if it meets standards. • Disciplinary Actions for Non-compliance: Enforcement of the "One Penalty, Two Suspensions, Three Terminations" management policy: – One Penalty: Implementation of disciplinary actions against contractors who violate company management policies. – Two Suspensions: Contractors that repeatedly commit serious violations within a specified timeframe are subject to work suspension and rectification procedures. – Three Terminations: Contractors that incur severe violations after suspension and rectification are subject to termination of their construction team or contract in accordance with company policies.
EHS Digitalization	• Promoting the digitalization of safety and environmental protection management by developing and deploying intelligent systems such as smart access control, personnel positioning, and intelligent inspection systems. • Building a safety and environmental information platform that integrates modules including legal and regulatory compliance, major hazard sources, dual-control mechanisms, operational controls, emergency management, occupational health, personnel tracking, and alarm interconnection systems.

All subsidiary companies within Risun have established, implemented, maintained, and continuously improved their Occupational Health and Safety, Environmental, and Quality Management Systems, and have been certified in Occupational Health and Safety and Environmental Management Systems, while integrating these with the Quality Management System to achieve an integrated "three-in-one" operation.

Risun places high importance on the systematic development of occupational health and safety, environmental management, and quality control. All subsidiaries have established, implemented, and continuously improved their Occupational Health and Safety (OH&S) management systems and Environmental Management Systems (EMS), both of which have been accredited by authoritative bodies. Furthermore, we have integrated these OH&S, environmental, and quality management systems into a "Three-in-One" operational model, thereby achieving a comprehensive enhancement in management efficiency and synergistic effects.

IV Focus on Safety and Health

Table 4-1 Management system certifications

Subsidiary	Occupational health and safety management system GB/T45001-2020 ISO45001:2018	Environmental management system GB/T24001-2016 ISO14001:2015	Quality management system GB/T19001-2016 ISO9001:2015
Xingtai Risun Chemical	Certified	Certified	Certified
China Coal Risun	Certified	Certified	Certified
Xingtai Risun Coal Chemical	Certified	Certified	Certified
Jinniu Risun	Certified	Certified	Certified
Tangshan Risun Chemical	Certified	Certified	Certified
Yuncheng Risun	Certified	Certified	Certified
Hebei Risun	Certified	Certified	Certified
Dingzhou Tianlu	Certified	Certified	Certified
Cangzhou Risun	Certified	Certified	Certified
Risun CHINA GAS	Certified	Certified	Certified
Dongming Risun	Certified	Certified	Certified

Case

Development of a Safety and Environmental Protection Information Platform for Real-Time Monitoring of Safety Production Status.

The Group has promoted the construction of Safety and Environmental Protection Information Platforms across all bases and subsidiaries. Taking the Dingzhou Base as an example, this platform integrates modules such as legal and regulatory requirements, major hazard sources, dual-control mechanisms, operational controls, emergency management, occupational health, personnel positioning, and alarm linkage. This integration has achieved systemic and intelligent safety management. The platform supports real-time sharing of laws and regulations, monitoring of major hazard sources, dynamic approval of special operations, and statistical analysis. It also provides a visual representation of operational conditions within the facility area through GIS mapping. By leveraging early warning mechanisms, the platform dynamically monitors safety production status, enabling timely corrections to ensure stability and safety throughout the production process. This has significantly enhanced the convenience and efficiency of safety management.

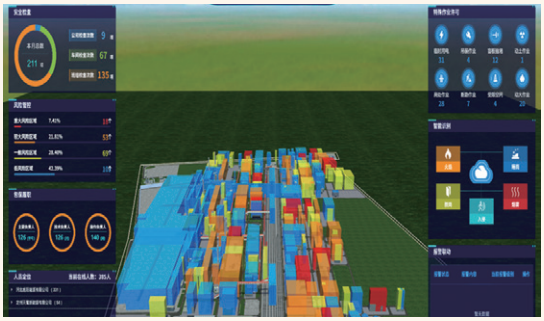


Figure 4-2 Safety and environmental protection information platform interface

Note: 8 subsidiaries have obtained certification for the GB/T 233312020/ISO 50001:2018 energy management system.

IV Focus on Safety and Health

(II) Chemical Safety

As a chemical company, we are deeply aware that chemical safety is a critical responsibility towards our employees, communities, and the environment. We consistently prioritize chemical safety management at the core of our operations. To achieve this, we have established a comprehensive lifecycle management system spanning from transportation to disposal. Through measures such as inventory management, risk identification, and digital management, we have effectively mitigated risks associated with the use and storage of chemicals, ensuring compliance with safety standards and minimizing potential hazards.

1. Safety Management System for Hazardous Chemicals

The Group has established the "Regulations on the Safe Management of Hazardous Chemicals," which clearly defines the scope of hazardous chemicals and the responsibilities of various departments. Detailed specifications have been set for key links in the entire process, including transportation and transfer, loading and unloading, storage, and disposal, comprehensively enhancing the safety management level of chemicals.

During the reporting period, we established goals to achieve zero work-related injuries related to chemical safety, fire and explosion incidents, toxication incidents, and an occupational disease incidence rate of zero, all of which were successfully met.

Transportation and Transfer	• Transportation must comply with all relevant national traffic laws and regulations, and all necessary transportation procedures must be completed. • Vehicles transporting dangerous chemicals must undergo strict inspections. Any violations found during these inspections must result in the refusal to transport the goods. • The use of non-compliant vehicles or tools for transporting or transferring dangerous goods is prohibited. Dangerous goods must not be co-loaded with other items, and passenger transport is strictly forbidden.
Loading and Unloading Operations	• Before loading/unloading, personnel involved must fully understand the characteristics of the hazardous materials and emergency response measures. They must wear appropriate personal protective equipment (PPE), familiarize themselves with the surroundings and escape routes, and ensure proper safety precautions such as connecting static grounding systems, placing wheel chocks, setting up safety signage, and removing ignition keys to a designated secure location. • During loading/unloading operations, supervisory personnel must be present throughout the process. Handling personnel should lift and move materials carefully, wear protective gear, avoid distractions or eating/drinking, use explosion-proof tools, and ensure that firefighting equipment and first aid supplies are readily available and functional. • After completion of loading/unloading, the vehicle must remain stationary for a prescribed period. Supervisors will inspect and confirm that all connections have been safely disconnected, wheel chocks and safety signs removed, and the vehicle is secure before allowing it to leave the loading/unloading area.
Storage	• Dangerous chemicals must be stored promptly in designated tanks or warehouses. Storage facilities should be equipped with automated control systems, emergency shutdown devices, and safety instrumentation. Regular inspections and maintenance are required. Different types of dangerous chemicals must be stored separately, and storage areas should be clearly marked with warning signs. Adequate firefighting equipment should be provided, and dedicated personnel should conduct regular patrols.
Disposal	• Containers such as barrels and sampling bottles used for dangerous chemicals must be collected and recycled properly. Improper disposal is strictly prohibited. Hazardous waste must be transferred in compliance with regulations, and unauthorized dumping or burial is forbidden. Waste repositories must implement leak prevention, fire prevention, and explosion prevention measures. Process wastewater and emergency wastewater should be directed to separate treatment facilities and emergency wastewater pools, respectively, and must not flow into other pipelines.

2. Chemical Management Measures

Chemical Inventory Management and Risk Identification	• Identify chemicals used or produced according to the Catalog of Hazardous Chemicals. Register the identified hazardous chemicals in the local hazardous chemicals registration system and obtain the hazardous chemicals registration certificate. • Assign dedicated personnel in the factory to manage MSDS (Material Safety Data Sheets). Periodically review legal regulations and process changes, and immediately revise and update the MSDS when the Catalog of Hazardous Chemicals or exposure limits are updated.
Chemical Substitution	• For raw materials and high-risk, high-pollution chemicals in production processes, collaborate with universities and research institutions to conduct in-depth research and propose optimization solutions. For example, the solvent rearrangement technology jointly developed with Tsinghua University is nearing the start-up phase as of the end of the reporting period.
Hazard Assessment of New Substances	• For new chemicals that may be introduced in the future, conduct comprehensive conformity assessments and risk identification for their safe use in production facilities to ensure compliance with relevant regulations and standards. • Conduct strict audits in terms of production permits, confirming their applicability and safety. • Apply the chemicals in the production process only after passing all assessments and audits.
Digital Management	• Establish control and supervision systems such as DCS (Distributed Control Systems), GDS (Gas Detection Systems), fire alarm systems, SIS (Safety Instrumented Systems), and emergency broadcast systems to prevent chemical safety incidents. • Use a safety and environmental information platform to monitor the use and production of chemicals in workshops in real time, promptly identifying potential risks and preventing accidental incidents like chemical spills.
Safety Training	• In accordance with the Regulations on Safety Production Education and Training Management and the 2024 Training Plan, safety knowledge-sharing activities have been implemented. Professional engineers and safety management personnel are required to provide 3-5 minutes of safety training to production staff during daily shift handover meetings, including chemical safety. • Provide employees with on-site, systematic training on the use of critical protective equipment for chemical safety, such as respiratory protection devices, to ensure occupational health and safety.


危险化学品登记证
（正本）
证书编号：
企业名称：
注册地址：
企业性质：
登记品种：
有效期：
化学品登记中心
中华人民共和国应急管理部监制

Figure 4-3 Registration Certificate of hazardous chemicals


石家庄海关技术中心
国家化学危险品分类鉴别及包装鉴定
重点实验室（石家庄）
检测鉴定报告
危险特性分类鉴别报告

Figure 4-4 Detection and identification report of hazardous chemicals in light oil


石家庄海关技术中心
国家化学危险品分类鉴别及包装鉴定
重点实验室（石家庄）
检测鉴定报告
危险特性分类鉴别报告

Figure 4-5 Report on detection and identification of hazardous chemicals in ketone oil

Figure 4-6 Training of protective devices

Figure 4-7 Training and trying on respiratory protective devices

IV Focus on Safety and Health

(III) Occupational Health

The Group strictly complies with relevant laws and regulations, including the Law of the People's Republic of China on Safety Production and the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases. It has established internal policies such as the Occupational Health Management System, the Occupational Hazard Factors Identification Report, and the Occupational Health Responsibility System. Additionally, the Group has developed its own Occupational Health and Safety (OHS) management system and reinforced oversight of protective equipment, work areas, hazard monitoring, and occupational health through targeted institutional documents.

During the reporting period, there were no cases of occupational diseases among employees. The coverage rate for occupational disease examinations reached 100%, and the employee medical examination rate was also 100%.

3. Occupational Health and Safety Management System

OHS Management Policies	• Establish a comprehensive occupational disease prevention and control management system aimed at safeguarding the occupational health of employees through institutionalized measures. It ensures full-process control from source prevention to emergency response, creating a safe and healthy working environment for staff. The system includes: "Occupational Disease Hazard Warning and Notification System" "Occupational Disease Prevention Education and Training System" "Construction Project Occupational Health 'Three Simultaneities' Management System" "Occupational Disease Hazard Accident Handling and Reporting System" "Occupational Disease Hazard Emergency Rescue and Management System," among others.
Occupational Health and Safety Management System	• Establish an occupational health management organization by designating the Safety Supervision Department as the company's occupational health management body, clearly defining its specific responsibilities and appointing occupational health managers. • At the beginning of each year, develop an occupational hazard prevention plan and implementation scheme, aiming to systematically prevent and control occupational hazards.

4. OHS Management Policies

Management of Occupational Health Personal Protective Equipment	**Management System:** "Occupational Disease Prevention Equipment Management System" **Implementation Measures:** • Install occupational disease protective facilities for positions that may pose occupational health hazards, and regularly inspect, maintain, and service them to ensure they remain in good working condition. • Provide safety personal protective equipment (PPE) that meets national and industry standards, tailored to the specific occupational hazard factors of each position. • For workplaces with occupational health hazard factors, enhance and standardize hazard warning signs and provide clear Chinese explanations. Ensure that operational personnel wear PPE correctly and conduct regular spot checks. • Set up notice boards in prominent locations to post information on occupational hazard factors, safe operating procedures, and maintenance precautions.
Occupational Health Work Zone Management	**Management System:** Occupational Disease Protection Facilities Maintenance and Repair Regulations **Implementation Measures:** • Adopt advanced production processes and state-of-the-art equipment to minimize or eliminate occupational health hazard factors. • Regularly clean and disinfect areas such as production workshops, office spaces, cafeterias, and dormitories to maintain a sanitary and orderly environment. • Reasonably arrange working hours and shifts, promoting work-life balance, while providing employees with ergonomic work equipment and personal protective gear.
Monitoring and Management of Occupational Hazard Factors	**Management System:** Occupational Health Hazard Monitoring and Assessment Management Regulations **Implementation Measures:** Regularly commission qualified occupational health technical service institutions to monitor and assess occupational health hazard factors in the workplace. This ensures timely awareness of changes in the concentration (intensity) of these hazards. Any identified issues are promptly addressed through corrective actions.
Employee Occupational Health Management	**Management Systems:** Occupational Health Hazard Registration System; Employee Occupational Health Monitoring and File Management System **Implementation Measures:** • Promptly and accurately report the occupational health hazard factors present in the company to the local public health administration authorities and update the registration as required. • Establish and improve comprehensive employee occupational health monitoring records, maintaining one file per employee, stored securely. • Periodically organize medical examinations for employees exposed to occupational health hazard factors, including pre-employment, during employment, and upon resignation, and notify employees truthfully of the results. • Arrange timely diagnosis and treatment for employees suspected of having occupational diseases, ensuring their legal rights are protected.
Occupational Disease Prevention Initiative	**Management Systems:** 2024 Annual Occupational Disease Prevention Plan and Implementation Measures **Implementation Measures:** • Establish occupational disease prevention objectives and formulate the 2024 Annual Key Work Plan for Occupational Disease Prevention. • Form occupational disease prevention leadership groups and other organizational structures. • Optimize and improve the system framework for occupational disease prevention and control. • Strengthen occupational health training programs and promotional efforts. • Further standardize occupational health record management. • Construct and maintain occupational disease protection facilities, emergency rescue facilities, and warning signs. • Implement phased occupational hazard factor detection, occupational hazard reporting, occupational health screenings, and track the health status of personnel in their positions.

IV Focus on Safety and Health

(IV) Safety Training

This group places high priority on enhancing employee safety awareness and cultivating emergency response capabilities. Through regular training sessions and promotional activities, we consistently strengthen our safety culture initiatives. We have established a detailed annual training plan to ensure comprehensive coverage of training content and diverse formats, combining an online learning platform with offline practical training to cater to the varied learning needs of employees across different roles.

Thematic Campaign	To foster a strong safety culture and enhance emergency preparedness within Risun, we organize a variety of publicity and education activities around special dates, including themes such as "Safety Production Month," "Occupational Disease Prevention and Control Law Promotion Week," and "Safety Warning Month." These initiatives are carefully planned and communicated in advance to engage all employees in safety responsibilities.
Awareness Training	Offline Initiatives: We regularly conduct safety knowledge training sessions, focusing on key topics such as typical accident case studies and occupational health education, to ensure employees are well-informed and prepared. Online Initiatives: Through our e-learning platform, we organize courses based on important lectures by President Xi Jinping on emergency management. These programs help employees at all levels gain a deeper understanding of critical safety concepts and principles.
Competitive Engagement	To further promote safety awareness, we host safety knowledge competitions, themed speech contests, and skills demonstrations. These activities encourage collective learning, enhance self-rescue and mutual aid capabilities, and reinforce the company's safety culture.
Incident Simulation Drill	We organize comprehensive emergency drills tailored to the specific characteristics of our production sites and lessons learned from past incidents. These exercises aim to test our emergency response plans, improve rescue readiness, and elevate the practical skills of our teams in handling emergencies.

Case

Subsidiaries Organized “Safe Production Month” Themed Activities

In June 2024, under the call of the Group, subsidiaries organized the 23rd National “Safe Production Month” activities, which were met with active responses and enthusiastic participation from employees. Through focused campaigns and educational programs, the initiative strengthened safety awareness among all employees, disseminated safety knowledge and skills, and fostered a corporate culture at Risun where safety is prioritized in every aspect.

Figure 4-8 Cangzhou Risun held the “Safe Companion Me” keynote speech contest

Figure 4-9 Risun Coal Chemical held a banner signing activity

Figure 4-10 Xingtai Risun Chemical held safety hazard investigation activities

Figure 4-11 Yuncheng Risun held a blackboard newspaper activity

05

Promote
Green and Low-Carbon Development

V. Promote Green and Low-Carbon Development

Risun firmly believes that green development is not only a distinct foundation for high-quality development but also a solid underpinning of new productive forces, whose core connotations include new manufacturing, new services, and new business models. We take a robust environmental management system as our cornerstone and comprehensively implement the dual-carbon strategy while optimizing resource management to proactively address the challenges and opportunities brought by climate change. At the same time, we are committed to minimizing the negative environmental impacts of our operations and progressing steadily towards a greener future. This endeavor injects strong momentum into achieving green transformation and high-quality development.

(I) Environmental Management

This group strictly adheres to the *Environmental Protection Law of the People's Republic of China*, the *Environmental Protection Tax Law of the People's Republic of China*, and the *Clean Production Promotion Law of the People's Republic of China*, among other national and local environmental protection-related laws and regulations. Guided by the environmental management principles of "compliance, prevention and control combined, energy efficiency and waste reduction, and continuous improvement," Risun continually refines its internal environmental management system. Through practical and effective environmental management practices, the group further strengthens its environmental management capabilities.

1. Environmental Management System

Risun firmly believes that a mature environmental management system serves as the cornerstone of environmental management efforts. Such systems enable organizations to comprehensively identify and manage environmental risks while ensuring the effective implementation of all environmental measures. To this end, we have established an environmental management framework spanning from the management level to the operational level, supported by systematic documentation covering all aspects of environmental management. As of the end of the reporting period, all 11 production units within the group had achieved ISO 14001 Environmental Management System (EMS) certification, with a certification rate of 100%.

Environmental management framework

The subsidiaries under Risun have established a comprehensive environmental management architecture that spans from top-tier decision-making to grassroots execution. This ensures clear environmental responsibilities and efficient management, enabling the full implementation of environmental management initiatives.

Management Tier	• Environmental Protection Committee: Provides comprehensive leadership for corporate environmental governance and is responsible for resolving critical environmental governance matters. • General Manager: Holds ultimate accountability for Risun's environmental management system. • Department/Workshop Heads: Bear overall responsibility for environmental compliance within their respective operational jurisdictions.
Oversight Tier	Department/Workshop Heads: Bear overall responsibility for environmental compliance within their respective operational jurisdictions.
Implementation Tier	Production Unit Managers: Directly accountable for environmental protection within their units. Each production unit generating pollutants establishes an Environmental Protection Task Force, with full-time/part-time environmental officers designated for operational management.

Environmental Management System

In response to the national call for environmental protection, Risun Group has established and continuously refined a series of internal regulations and management measures, including but not limited to the "Environmental Protection Responsibility System," "Environmental Protection Management Regulations," "Environmental Protection Facilities Management System," "Environmental Protection Assessment Criteria," "Procedures for Reporting and Evaluating Exceptional Environmental Monitoring Data," "Environmental Protection Training System," and "Environmental Protection Incentive Measures." These comprehensive systems ensure full coverage of all aspects of environmental management, providing a solid foundation for the orderly advancement of the group's environmental management efforts.

V. Promote Green and Low-Carbon Development

2. Environmental Management Measures

The establishment of the environmental management system provides a robust framework for Risun to implement environmental protection practices, ensuring that all conservation measures are systematically advanced. Building on this foundation, we actively engage in environmental issue supervision and integrate environmental practices into our operational processes. Through initiatives such as establishing an Environmental Protection Research Institute, conducting emergency drills, providing employee training, and performing internal audits, we continue to strengthen the company's environmental management capabilities, laying a solid foundation for sustainable development.

Environmental Issue Supervision and Management	• Environmental Supervision and Inspection by Environmental Protection Department (EPD): The EPD conducts supervisory inspections on the company's environmental management. Identified environmental issues are reported, and an environmental risk register is established to promptly urge relevant personnel to make corrections. For issues related to performance evaluation, penalty notices are issued or monthly environmental evaluations are implemented after being signed off by the deputy general manager. • Environmental Risk Identification and Control Procedure: This procedure combines self-inspection at the workshop and team level with company-wide inspections. Regular on-site checks are conducted to identify existing environmental issues. Once issues are found, timely rectification is required, and all processes must follow the "inspection, reporting, correction, and review" requirements to ensure closed-loop management and eliminate environmental risks.
Environmental Protection Measures in Operational Processes	• Factory Construction Process: Establishing the *Regulations on Environmental Management for Construction Sites* and the *Environmental Control Standards for Construction Sites*, these system documents ensure adherence to the principle of "business responsibility, local management, and hierarchical supervision." By implementing the "Six 100% Compliance and Two Prohibitions" control standards, detailed regulations are applied across multiple stages such as fog cannons, sprinkler systems, material transportation, hazardous waste treatment, and more. These measures aim to minimize impacts on the surrounding environment and ensure that pollution generated during construction is controlled and treated in accordance with environmental requirements. • Coke Production Process: Strictly complying with the *Emission Standards for Air Pollutants from the Coke Chemical Industry*, advanced technological measures are employed, including desulfurization and denitrogenating of coke oven flue gas, dry quenching coke oven upgrades, dedusting systems for coke transportation, negative pressure pneumatic ash conveying, and hermetically sealed tankers for coke transportation. These technologies ensure that emissions meet regulatory standards. • Chemical Production Process: Leak detection is performed through dynamic and static sealing points, and infrared imaging inspections are used to identify leaks for timely repair, effectively reducing on-site spills and leaks. Additionally, strict implementation of rainwater and sewage separation systems, construction of emergency wastewater tanks and accident tanks, timely storage of hazardous waste, and annual third-party soil testing are carried out to mitigate adverse environmental impacts.
Establishment of Environmental Protection Research Institute	• In Hebei Risun, an Environmental Research Institute has been established to lead the development of environmental protection technology within the group and enhance its R&D and innovation capabilities. The institute's primary functions include studying national and local environmental policies, developing new technologies to address environmental challenges, driving the upgrade of environmental facilities, collaborating with external organizations on forward-looking technological developments, providing technical support and consulting services, training environmental professionals, applying for government incentives and intellectual property rights, and supporting the establishment of the company's environmental platform.
Emergency Response Drill for Unexpected Incidents	• Developed the *Emergency Response Drill Plan* and organized employee drills according to the plan's requirements. Through these exercises, the agility of employees in responding to sudden events was enhanced. During the reporting period, subsidiaries tailored their drills to their specific production characteristics, conducting a variety of emergency response exercises such as titanium silicon molecular sieve leakage during transport, nicotine tank leakage, crude benzene tank explosion and fire, and toluene unit area leakage and poisoning incidents.
Employee Environmental Awareness Enhancement	• To enhance employees' awareness and practical skills in energy conservation and environmental protection, regular environmental protection training and dissemination activities are conducted. These cover multiple aspects, including green and low-carbon practices, energy management, pollutant discharge permit specifications, and hazardous waste management. During the reporting period, a total of 28 energy conservation and environmental protection training sessions were held, training 5,681 employees.
Internal Audit of Environmental Impact	• The internal audit includes the compliance status of pollutant emissions, the implementation of environmental management systems, and the occurrences of environmental incidents to further enhance the overall level of environmental management.

V. Promote Green and Low-Carbon Development

Case

Risun Zhongneng Hosted a Series of Events for “National Energy Conservation Publicity Week” and “National Low-Carbon Day”

In May 2024, actively responding to the national strategic deployment for carbon peaking and carbon neutrality, and aiming to enhance employees’ awareness of green and low-carbon practices, Risun Zhongneng organized a series of activities during the National Energy Conservation Publicity Week under the theme of “Green Transformation, Energy Efficiency Challenge,” as well as events for National Low-Carbon Day under the theme of “Green Low-Carbon, Beautiful China.” The company established an energy efficiency and low-carbon activity team and conducted various initiatives such as energy efficiency promotions, poster campaigns, essay contests, and energy audits. These efforts encouraged all employees to practice energy-saving principles in their daily work and collectively contribute to the company’s sustainable development.

Figure 5-1 National Energy Saving Publicity Week program

Figure 5-2 National Energy Saving Publicity Week program

Case

Tangshan Risun Chemical Conducts a Series of Emergency Drills for Accidents in the Styrene Workshop.

Given the flammable, explosive, and toxic high-risk characteristics of styrene, Tangshan Risun Chemical places a high priority on safety management in its styrene workshop. In 2024, the facility conducted multiple targeted emergency drills, including scenarios involving toxic leakage accidents in the ethylbenzene unit and large-scale fires in the vicinity of ethylene storage tanks. During these exercises, departments and staff followed established protocols to systematically rescue injured personnel, control the fires, and mitigate toxic gas dispersion, successfully completing the simulated drills.

Through these emergency exercises, all departments enhanced their emergency coordination capabilities and ability to handle sudden environmental incidents. Additionally, based on the insights gained from the actual drills, they reviewed and refined the emergency response plans to ensure continuous improvement.

Figure 5-3 ethylbenzene installation area leakage poisoning accident drill site

Figure 5-4 ethylbenzene installation area leakage poisoning drill site

V. Promote Green and Low-Carbon Development

Case

Xingtai Base Hosts "Environmental Protection Open House" Event.

On June 22, 2024, Xingtai Base hosted the 2024 "Environmental Protection Public Open Day." Through a combination of on-site visits and hands-on experiences, the event showcased the base's exemplary role in environmental protection and low-carbon green development. This initiative aimed to further satisfy the public's rights to information, participation, and supervision regarding corporate environmental protection efforts. By engaging more members of the public, the activity sought to raise awareness of environmental conservation, fostering a broader atmosphere of concern, support, and active involvement in protecting the environment.

Figure 5-5 Primary and secondary school students, parents, and community representatives visit the production and environmental protection devices in the base

Figure 5-6 Visiting the automatic fire unloading of the train dumper

(II) Response to Climate Change

Risun proactively adopted the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), swiftly identifying the risks and opportunities arising from climate change, accelerating its green and low-carbon transformation, establishing a development framework where environmental protection and economic growth are mutually reinforcing. The company has taken significant steps to synchronize progress in maintaining high production levels while enhancing environmental protection, achieving simultaneous advancements in both economic benefits and environmental benefits, thereby forming new high-quality productive capabilities that effectively empower the company's operations.

V. Promote Green and Low-Carbon Development

1. Governance of climate risk

In terms of climate risk governance, Risun has implemented a three-tier governance system that aligns closely with our ESG management framework. This ensures the deep integration of climate risk management into the company's day-to-day operations and management practices, embedding it at every stage, from strategy to execution. Such an approach ensures that the company remains forward-looking and resilient in addressing climate change challenges, providing a robust foundation for achieving our sustainable development objectives.

Tier	Organizational Structure	Key Functions in Climate Risk Management
Decision-Making Tier	Board of Directors	• The highest authority and decision-making body responsible for climate-related matters, overseeing comprehensive supervision of the company's ESG governance implementation and climate risk management. • Regularly reviews climate risk strategies and goals to ensure alignment with the company's long-term sustainable development objectives and oversees the execution of major climate-related decisions.
	Sustainability Committee	• Responsible for the unified management of ESG-related affairs across the group, including assessing the potential impacts of climate change on business operations and supply chains, developing response strategies, and timely presenting recommendations to the board of directors. • Responsible for driving the implementation of the Climate-Related Financial Disclosure (TCFD) framework, ensuring the integration of climate risk management into the company's overall strategic planning.
Management & Coordination Mechanism	Sustainability Office	• The lead and coordinating department is responsible for implementing sustainability initiatives, overseeing the execution of ESG policies, monitoring the implementation of climate risk management measures, and regularly reporting to the board of directors on the progress of ESG-related implementations, including climate risk management. • Responsible for coordinating internal and external resources to drive the implementation of climate adaptation and mitigation measures, ensuring the company maintains leadership in addressing climate change challenges.
Implementation Tier	E/S/G Functional Departments	• The department is responsible for implementing sustainability initiatives, which formulate and drive the execution of action plans related to climate risks. Various departments conduct thorough research on climate-related policies, regulations, and industry trends while organizing training sessions on climate risk to enhance employees' capabilities in addressing climate change. • Oversees all ESG risks, including climate risks, ensuring they are aligned with and support the company's overall sustainability objectives.

2. Climate action strategy

In fulfilling our responsibility as an industry leader and in response to the global low-carbon transition trend and China's "dual carbon" policy, we have conducted in-depth research into policies and development trends. On this foundation, we are releasing the Risun Group Carbon Peak and Carbon Neutrality Action Plan. This plan sets out a long-term vision for Risun Group's overall strategy to achieve carbon peak and carbon neutrality. By pioneering green and low-carbon development paths within our industries, we aim to fully leverage our role as an industry leader to set an example and take the lead in achieving carbon neutrality in the coking and chemical industries. Through these efforts, Risun Group is committed to contributing to China's and the world's goals of reaching carbon peak and achieving carbon neutrality.

Carbon Neutrality Goals

Risun Group hereby declares to all sectors of society —

> **Carbon Peaking by 2030 and Carbon Neutrality by 2060**

V. Promote Green and Low-Carbon Development

Carbon Neutrality Policy

In response to national policies such as the "Opinions on Fully and Accurately Implementing the New Development Philosophy and Doing Well in Carbon Peak and Carbon Neutrality Work," the "Action Plan for Carbon Peaking Before 2030," the "Trial Measures for the Management of Carbon Emissions Trading," the "Guidelines for Greenhouse Gas Accounting and Reporting in Chemical Production Enterprises," and the "Trial Guidelines for Greenhouse Gas Accounting and Reporting in Independent Coking Enterprises," as well as regional greenhouse gas management policies represented by those of Hebei Province, including the "Implementation Opinions on Thoroughly Implementing the New Development Philosophy and Seriously Doing 'Carbon Peak and Carbon Neutrality' Work" and the "Several Policies to Support the Development of Green and Low-Carbon Industries in Hebei Province," the Group has established various systems and schemes. These include the "Carbon Emission and Carbon Asset Management System," the "Air Pollution Prevention and Control Emergency Response 'One Plant, One Policy' Implementation Plan," and the "Risun Group Hydrogen Energy Development Plan." Through these measures, the Group actively engages in green and low-carbon transformation, explores opportunities for reducing consumption and emissions, and strives to achieve its carbon neutrality targets on schedule.

Carbon Neutrality Strategy

Consistent with our longstanding commitment, Risun adheres to the principles that "national strategies represent our highest priority" and "meeting the needs of the era defines our direction forward." Guided by our ideal "to contribute the greatest possible force toward societal progress," we focus intently on four key areas of low-carbon development: full lifecycle green operations, green and low-carbon transformation and upgrade, carbon capture/utilization/storage, and low-carbon operational management. By fully leveraging our role as an industry leader, we pioneer pathways for green and low-carbon development, guiding the future direction of industrial advancement.

Tripartite Growth Model		
Multi-dimensional Growth	Multi-industry Development	Multi-regional Deployment

Four Breakthrough Strategies			
Innovation-Driven Leadership	Transformation from Traditional Manufacturing to Service-Oriented Manufacturing	Smart & Digital Transition	Platform development

Serve as a Pioneer Model	Act as a Standard Setter	Play the Role of an Industry Leader
Leveraging extensive industry experience to drive the upstream and downstream of industrial and supply chains, accelerating efforts in production cleanliness, energy cleanliness, supply chain cleanliness, and office decarbonization.	Promoting innovation in business models, systems, and mechanisms, as well as technological and product advancements, to guide the adoption of green and low-carbon lifestyles and production methods.	Systematically compiling a comprehensive emissions reduction list throughout the entire production lifecycle, deeply exploring process optimization and energy-saving potential, and striving to be a pioneer in achieving carbon peaking within the industry.

V. Promote Green and Low-Carbon Development

Core Areas of Work for Carbon Neutrality Actions

In terms of work deployment, focusing on the critical timeline of 2030, the group will revolve around emission reduction targets and low-carbon transformation directions. Efforts will concentrate on eleven core domains, which are further detailed into 39 specific initiatives, to comprehensively advance the agenda:

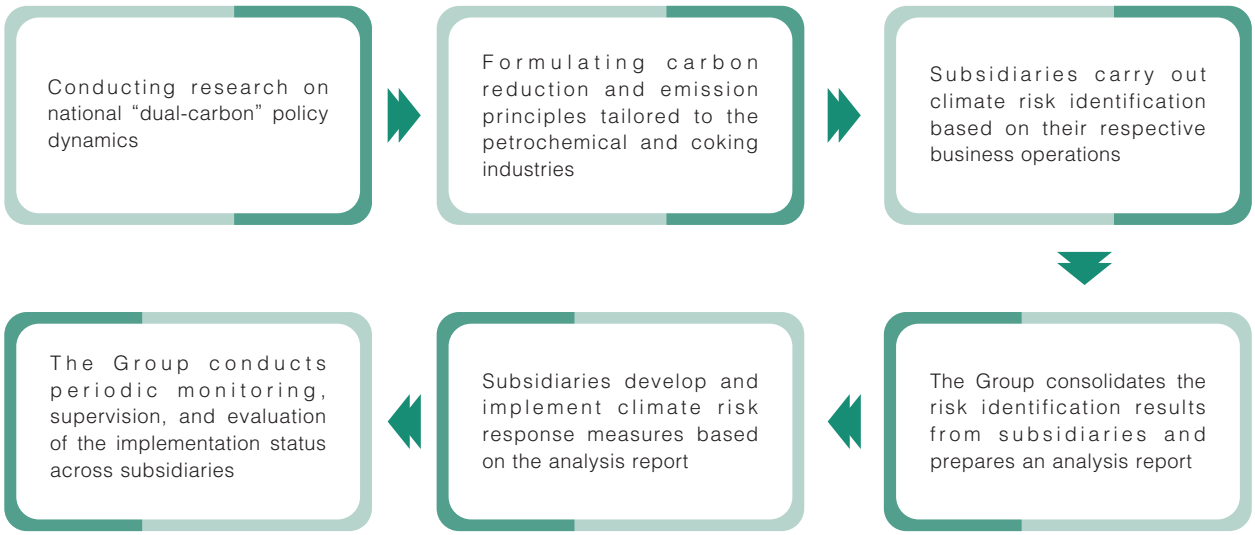
1	**Promote green and low-carbon production processes**	Insist on independent R&D and collaborative innovation, partner with research institutions to establish an industry-academia-research-application system, and actively pilot and promote new green and low-carbon production technologies.
2	**Actively engage in carbon capture, utilization, and storage efforts**	Focus on key areas such as high-end chemical new materials based on CO_2, degradable plastics, CO_2 methanol synthesis, CO_2 flooding, and CO_2 storage applications.
3	**Accelerate industrial transformation and upgrading**	Leverage Risun's industrial advantages to vigorously develop advanced low-carbon products such as biodegradable plastics, hydrogen energy, and insulation materials.
4	**Further improve the green supply chain system**	Continue to increase rail transportation ratios, raise the proportion of new energy vehicles in logistics, plan and construct comprehensive "hydrogen-electricity-oil" stations, and ensure all suppliers are green production enterprises.
5	**Drive collaborative decarbonization across the industry value chain**	Partner with steel enterprises for coordinated development, explore new development models, implement unified planning, and optimize local supporting facilities to reduce logistics and energy consumption, thereby lowering carbon emissions.
6	**Vigorously develop the hydrogen energy industry**	Implement the "Risun Group Hydrogen Energy Development Plan," leveraging six key advantages and following the 1124 development strategy to achieve full industry chain deployment. This includes establishing Risun as a clean, low-carbon energy supplier, an integrated energy ecosystem provider, an advanced energy technology supplier, and an outstanding service provider for energy transition, effectively anchoring the group's energy strategy and creating a new growth engine for the business.
7	**Increase electrification rates and the share of clean energy**	Target an electrification rate of 20% by 2030; for non-electrifiable applications, use hydrogen power as an alternative. Actively expand the presence of solar, wind, and hydrogen energy across Risun's industrial bases.
8	**Transition Base transportation to clean energy**	Replace all motor vehicles (such as short-distance trucks and engineering vehicles) at Dingzhou Base with hydrogen or electric vehicles.
9	**Develop fully platform-based, digitalized, and intelligent solutions**	Roll out the "Risun Industrial Cloud," an industrial internet platform tailored for the energy and chemical industries. Provide enterprises with a low-cost, high-value platform for connectivity. Address measurement, allocation, transportation, and management challenges in the production process using advanced technologies. Build a comprehensive energy management system based on the "Risun Industrial Cloud" to enhance environmental protection, safety levels, and efficiency in electricity and water usage, reducing energy consumption and CO_2 emissions while improving overall energy utilization.
10	**Develop the "Risun Forest" and public welfare forests to advance forestry carbon sequestration initiatives.**	
11	**Advocate for green office practices and green living.**	
12	**Expand overseas operations**	Implement a national layout strategy in conjunction with global expansion, thereby accelerating the timeline for Coke exports during the "Sixth Five-Year Plan." Use time to gain space and leverage overseas opportunities to complement domestic operations, strategically advancing overseas projects in a rapid and orderly manner. Conduct feasibility studies and strategic planning for downstream fine chemical projects, extend and strengthen the value chain, expand effective industrial investments, enhance industrial capacity, and establish Risun's first overseas modern coal chemical, new energy, and new materials circular economy smart industrial base.

V. Promote Green and Low-Carbon Development

3. Climate Risk Management

The Group places great emphasis on the opportunities and challenges brought by climate change. We closely track the developments in national dual-carbon policies and industry trends while leveraging our unique business characteristics to systematically conduct climate risk identification and assessment. Climate risk management has been integrated into the Group's overall risk management framework. A comprehensive analysis is conducted to evaluate the potential impacts of climate-related risks on operations, supply chains, and financial performance, enabling the development of targeted response measures. Additionally, through regular reviews and dynamic optimization, the Group ensures that all response measures are effectively implemented and continuously improved.

Risk Identification and Assessment Process



V. Promote Green and Low-Carbon Development

Identified Risks and Responses

Risk Dimension	Risk Category	Risk Description	Time Dimension	Strategic, Operational, and Financial Implications	Responses
Transformation risk	Policies and laws risk	The implementation of future carbon pricing policies will lead to increased operating costs across all aspects of corporate operations; National carbon asset management is becoming increasingly standardized, with accounting methodologies continuously being refined; Requirements for corporate carbon emissions disclosure are becoming progressively stricter; Existing high-carbon products and services of enterprises are subject to mandatory regulation; Corporate operations will face more stringent environmental protection policy requirements.	Medium- and Long-term	Stringent environmental regulations may result in controls over coal consumption indicators, potentially leading to production restrictions and having a certain impact on product output. Stringent environmental regulations may result in controls over coal consumption indicators, potentially leading to production restrictions and having a certain impact on product output. As policies tighten, companies face increasing risks associated with regulatory compliance in their operations.	Adhere to maximizing energy utilization, continually optimize the energy structure, and minimize energy input to the greatest extent possible; Focus on national environmental policies and "dual carbon" goals, promptly adjusting enterprise strategies in response to policy changes.
	Technical risk	Replacing existing high-carbon products and services with those that have lower emissions, fundamentally transforming the industry structure; Failure of new technology investments; High costs associated with transitioning to lower-emission technologies.	Medium- and Long-term	Impact the overall strategic direction of the Group; Affect profitability due to cost increases from R&D of new technologies and products.	Invest in energy-efficient and environmentally friendly equipment and phase out high-energy-consuming devices; Implement energy-saving upgrades to improve energy efficiency.
	Market risk	Stakeholders are increasingly focused on the company's CO_2 reduction performance and the greening of its products; The implementation of future carbon pricing policies will result in an increase in raw material costs for products.	Medium- and Long-term	The group's market activities will increasingly focus on demonstrating its actions and achievements in low-carbon transformation; The rise in raw material prices has led to increased production costs and reduced profits; Companies lagging behind in green and low-carbon transformation are at a disadvantage in competition.	Continuously optimizing the energy structure to reduce the major energy consumption of enterprises – coke and coking coal; Implement forestry carbon sequestration and afforestation
	Reputational risk	The group operates in high-emission industries, where carbon dioxide emissions reduction performance has a significant impact on corporate reputation. Negative emissions reduction performance could significantly impact the company's reputation.	Long-term	The group will allocate more resources to proactive promotion of its emissions reduction initiatives. Unsatisfactory carbon dioxide emissions reduction performance and evaluations will adversely affect the group's financing capabilities and impact ongoing operational cash flows.	Improve the disclosure of the company's annual ESG performance; Strengthen communication with stakeholders and the public about the company's ESG performance

V. Promote Green and Low-Carbon Development

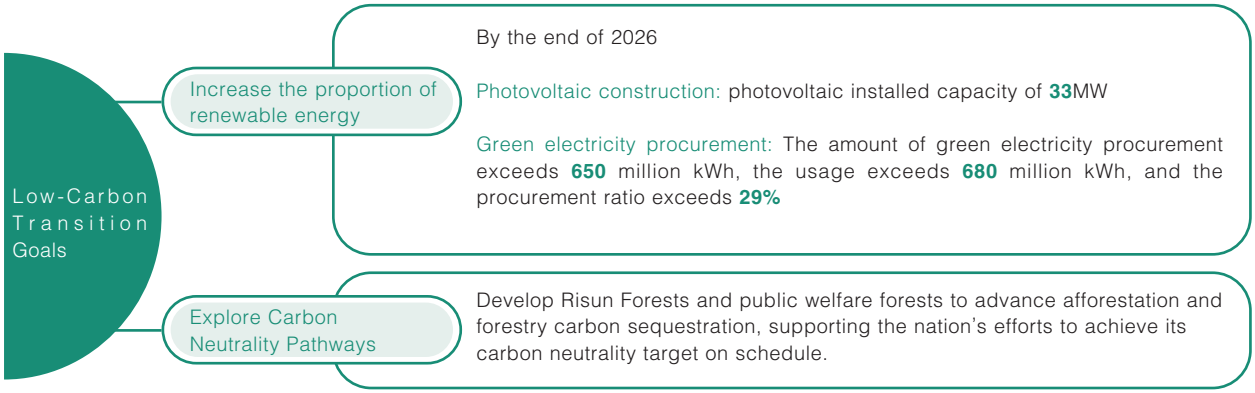
Risk Dimension	Risk Category	Risk Description	Time Dimension	Strategic, Operational, and Financial Implications	Responses
Entity risks	Acute risk	The possible impact of the company's business in areas with frequent extreme weather such as drought, flood, and typhoon; In coastal areas, sea level rise may cause seawater backflow	Short- and long-term	Damage to production facilities, affecting normal business operations; Environmental pollution accidents caused by chemical material leakage; After the disaster, a large amount of money was invested to deal with the repair of damaged facilities, environmental cleanup, and the re-application of relevant production permits	Conduct climate risk assessment before site selection of new plant; Emergency plans and exercises for extreme weather and natural disasters will be increased
		Continuous high temperatures affect the handling of hazardous chemicals	Short- and long-term	Increased risk of leakage, fire, poisoning	Additional emergency plans and drills for chemical leakage, fire, and other accidents
		Supply chain companies are in areas where extreme weather occurs frequently	Short- and long-term	The supply chain is temporarily interrupted, which affects the production and operation of the enterprise. The frequency of changing suppliers increases, consumes a lot of manpower and material resources, and affects the continuity of production	For key raw materials, the risk of extreme weather in the region where the plant is located is taken into account when reviewing the qualifications of the supplier
		Extreme weather disrupts logistics infrastructure along supply chains		The transportation efficiency of goods is reduced, and the transportation cost is increased	Add alternative logistics for extreme weather
	Chronic risk	The company's coastal operations may be adversely affected by rising sea levels	Long-term	There is a risk that coastal factories will move inland, resulting in loss of assets	Carry out risk assessment and prepare contingency plans
		The adverse impact of continuous hot weather on the working environment of company employees	Long-term	Accelerate energy consumption and increase the chance of employee accidents	Improve protection measures for employees working in hot weather

4. Indicators and Targets

To comprehensively implement the Group's "dual carbon" strategic plan, we have established three specialized institutions: the Environmental Protection Research Institute, the Carbon Neutrality Research Institute, and the Hydrogen Energy Research Institute. These institutes systematically promote the practice of green and low-carbon-related work. With a core focus on intelligent and green development, we are fully optimizing our factory construction and operational models. Through robust management mechanisms and a clear development roadmap, we are steadily progressing toward achieving our "dual carbon" goals.

Currently, the Group's emissions have reached super-low emission standards, with energy efficiency significantly outperforming leading industry levels.

Define Management Objectives



V. Promote Green and Low-Carbon Development

Dedicated Agency Management

In response to the national strategies for carbon peaking and carbon neutrality, and to thoroughly implement the *Risun Group's Carbon Peaking* and *Carbon Neutrality Action Plan*, the Group has established three specialized research institutions: the Environmental Protection Research Institute, the Carbon Neutrality Research Institute, and the Hydrogen Energy Research Institute. These institutions are dedicated to exploring pilot projects for Carbon Capture, Utilization, and Storage (CCUS), developing hydrogen energy businesses, and striving to become a key player in the clean and efficient transformation of the chemical industry.

The primary functions of the Carbon Neutrality Research Institute include:

- Research and formulation of the Group's overall dual-carbon planning, emission reduction pathways, and measures.
- Development of the Group's dual-carbon management system, standards, and rules.
- Research into dual-carbon policies, markets, standards, and reduction measures, technologies, and projects.
- Coordination of the Group's carbon accounting/verification, carbon footprint, carbon assets, and carbon trading activities.
- Coordination of the Group's sustainable development initiatives, dual-carbon information disclosure, and promotional efforts.
- Management of certifications, ratings, and applications for policies, honors, and awards related to the Group's dual-carbon initiatives.
- Organization and leadership of dual-carbon-related projects and technical validations for the Group.
- Implementation of other dual-carbon-related tasks assigned by the Group.

Carbon emission management system

To establish a comprehensive carbon emissions management system, achieve carbon emissions performance goals, and continuously improve the company's carbon emissions and carbon asset management efforts, Risun has developed the Carbon Emissions Management Handbook and related regulations in accordance with the Guidelines for Greenhouse Gas Management System Construction (Draft for Comments) and relevant laws and regulations. These documents were created to address actual conditions and cover multiple aspects, including the Measurement, Reporting, and Verification (MRV) framework, carbon emissions data management, carbon footprint assessments, and carbon offsetting. By implementing a detailed data quality control plan and a monthly verification system, Risun ensures the accuracy and transparency of its carbon emissions data. Additionally, the group has established a "dual control" system for both total and intensity-based carbon emissions, integrating carbon emissions into the company's development planning and environmental impact assessments. This approach enables the implementation of emission reduction measures at the source, thereby enhancing the overall level of carbon emissions management.

Implementation Measures for Strategic Plans

Intelligent and Green Integration Construction

In the process of sustainable development, Risun has actively explored low-carbon transformation pathways by building smart factories and green factories. We take intelligent technology as our core, creating an efficient and precise production system through data-driven optimization of resource allocation, significantly reducing energy consumption and emissions. At the same time, we are comprehensively promoting the construction of green factories by utilizing clean energy, energy-efficient equipment, and recycling technologies, ensuring that the production process is low-carbon and environmentally friendly.

- **Smart Factory**

Risun adheres to the principles of "complete automation and thorough automation, as well as comprehensive informatization," fully implementing its strategic plan for intelligent transformation and upgrading. The company has developed the "Risun Industrial Cloud" internet platform, which integrates 55 industry applications and 22 industry solutions. This platform features a range of exemplary applications such as the "Smart Coal Blending Expert System" and the "Coke Identity Authentication System." By leveraging a platform + data + service model, Risun consolidates data resources across production, operations, and supply chain management within the group. It provides functions including intelligent analytics, optimized decision-making, and collaborative management, thereby establishing efficient, low-carbon, and green smart bases.

In December 2024, two projects based on the "Risun Industrial Cloud" – the "Big Data-Based Equipment Predictive Maintenance Project" at Hebei Risun Energy and the "Intelligent Coal Yard Project" at China Coal Risun – were both selected as benchmark cases in Hebei Province's "2024 Industrial Internet Innovation Development Program."

V. Promote Green and Low-Carbon Development

Case

The most advanced intelligent operation command center in China landed in Dingzhou Base

On October 9, 2024, the Smart Operations Command Center of Risun Group's Dingzhou Base was officially put into operation. This center enables centralized, unified management of all central control rooms within the base, achieving data-driven and smart integrated control over energy scheduling, production scheduling, logistics scheduling, and power distribution. It also realizes automated, precise, and efficient process and quality control, significantly improving operational efficiency through systematic optimization. Additionally, it provides comprehensive data support for leadership decision-making.

As one of the most advanced smart operations command centers in China, this facility serves as a powerful "brain" for the base's command center, empowering it with enhanced capabilities for intelligent and data-driven management.

Figure 5-7 Intelligent Operation Command Center of Dingzhou Base

V. Promote Green and Low-Carbon Development

Case

Cangzhou Base boiler low carbon intelligent transformation project

To enhance energy efficiency and reduce carbon emissions, Risun Group's Cangzhou Base addressed challenges such as insufficient precision in the existing DCS system and frequent manual interventions by launching the optimization retrofit project for the #4 CFB boiler. The project employs BCS technology (universal combustion optimization control technology), enabling intelligent combustion optimization and control for the boiler. This enhances operational stability, safety, and economic efficiency while reducing coal consumption per ton of steam.

After debugging and optimization, the project successfully achieved a coal savings rate of 1.5%, reduced main steam pressure fluctuations by 22%, and realized annual coal savings of approximately 1,200 tons. This translates to cost savings of about 1.8 million RMB in coal costs and an annual reduction of approximately 3,000 tons in CO_2 emissions. The project sets a benchmark for digital transformation in the chemical industry.

- **Green Factory**

As a manufacturing enterprise, Risun places a strong emphasis on promoting the greening and low-carbon transformation of its production processes while maintaining steady development. The company is committed to building "intensive land use, harmless raw materials, clean production, waste resourceization, and low-carbon energy" as key features of its green factories. With a strategic focus on developing circular and low-carbon economies, Risun is dedicated to establishing itself as a resource-efficient and environmentally friendly enterprise. Starting from top-level design, the group systematically plans and implements the development goals, regional layout, implementation pathways, and resource guarantees for its green bases and factories, driving comprehensive green transformation. Through continuous technological innovation and management optimization, Risun has achieved significant accomplishments in green and low-carbon development, setting a benchmark for the industry.

As of the end of the reporting period, Risun operates 6 national-level green factories, 1 provincial-level green factory, and 2 municipal-level green factories, positioning it at the forefront of the industry.

Green transportation

Transportation emission reduction is one of the key initiatives for Risun to implement its dual carbon strategy. The Group has established a green, low-carbon transportation system centered on "rail transport as primary and road transport as secondary" by optimizing its transportation structure and promoting the application of clean energy.

- Actively implementing "transferring road freight to rail" ("Public-to-Rail" Program): Constructing dedicated railway lines and supporting facilities such as rail-mounted container cranes within the base to create a closed operating environment. Over 80% of inbound and outbound goods at the Xingtai Base can now be transported by rail.

- Green and low-carbon transformation of road transport: Upgrading emissions standards for bulk material transportation vehicles, introducing new energy electric heavy trucks and hydrogen fuel cell heavy trucks, and setting up hydrogen refueling stations within the base. These efforts have further strengthened the foundation for green transportation.

Green Financing

Risun has consistently adhered to the concept of green development and actively positioned itself in the field of sustainable finance at an early stage. By leveraging innovative financing models, the company has driven its green transformation and achieved significant accomplishments and recognition. Since its listing in 2019, the group's total financing in sustainable development-related loans has reached approximately $822 million.

In April 2024

Risun successfully syndicated a $500 million, five-year sustainability-linked syndicated loan facility, led by Chinese-funded banks and participated by 16 financial institutions. The loan is tied to key performance indicators (KPIs) such as reducing greenhouse gas emission intensity and increasing the frequency of employee safety training. An independent third-party verification was conducted by the Hong Kong Quality Assurance Agency to ensure full compliance with the loan requirements.

In October 2024

at the "35th Anniversary Special Forum of the Hong Kong Quality Assurance Agency – Sustainable Finance, ESG, and Climate Adaptation," Risun was honored for the fourth consecutive year with the prestigious award for "Outstanding Green and Sustainable Loan Issuer (Commodities Industry) - Excellence in Visionary Sustainability-Linked Loan Performance s." Additionally, Mr. Yang Xuegang, Chairman of the Board, received the distinguished title of "Leader in Green and Sustainable Financial Development."

V. Promote Green and Low-Carbon Development

Awards and Honors

For four consecutive years, it has been honored as the "Outstanding Green and Sustainable Finance Issuer (Raw Materials Sector).

2021

2022

2023

2024

Chairman Yang Xuegang has been honored as the "Outstanding Leader in Green and Sustainable Finance Development"

V. Promote Green and Low-Carbon Development

GHG Emissions Performance

Risun Group has been disclosing Scope 1 and Scope 2 carbon emission data for multiple consecutive years and continues to refine the collection and calculation of Scope 3 carbon emission data, which includes categories such as transportation and distribution, business travel, and employee commuting. The group plans to conduct comprehensive accounting and disclosure of Scope 3 emissions in the future to achieve holistic management of greenhouse gas emissions across the entire value chain.

Case

Dingzhou Base innovative logistics transport carbon reduction measures

The Dingzhou Base has taken the lead in implementing innovative measures in transportation and distribution. The base has established a hydrogen-powered fleet and launched green logistics routes connecting Tianjin Port and Xinji Aosen Steel, effectively reducing carbon emissions during transport while enhancing logistical efficiency. Furthermore, China's first domestically produced 5 tons/day hydrogen liquefaction system will soon be operational within the base, supporting a 5 tons/day liquid hydrogen demonstration project. Leveraging the advantages of liquid hydrogen in long-distance transportation – such as convenience and cost-effectiveness – and aligning with the base's "quick in, quick out" philosophy and the six major self-service functions for transportation collaboration, this initiative provides a more efficient and low-carbon solution for logistics operations.

Table 5-1 Greenhouse gas emissions performance in 2022-2024

Category of Emission	Unit	2024	2023	2022
Total greenhouse gas emissions (location-based)	tons of CO_2e	9,691,884.74	8,892,802.20	5,047,702.61
Total greenhouse gas emissions (Market-based)	tons of CO_2e	9,298,189.51	–	–
Total emission of greenhouse gas	tons of CO_2e	8,282,411.78	8,104,456.65	4,386,131.17
Indirect greenhouse gas emissions (location-based)	tons of CO_2e	1,409,472.96	788,345.55	661,571.43
Indirect greenhouse gas emissions (Market-based)	tons of CO_2e	1,015,777.72	–	–
Greenhouse gas emission density (location-based)	Ton of CO_2e/RMB 10 thousand	2.02	2.10	1.28
Greenhouse gas emission intensity (Market-based)	Ton of CO_2e/RMB 10 thousand	1.94		

Note: 1. Greenhouse gas emissions are calculated based on the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard published by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), the Intergovernmental Panel on Climate Change (IPCC) *Fifth Assessment Report* (2013), and the *Guidelines for Greenhouse Gas Emissions Accounting and Reporting for Independent Coke Enterprises in China (Trial Version).* The greenhouse gas emission factors for electricity are selected from the revised version of the *Corporate Greenhouse Gas Emissions Accounting and Reporting Guidelines for Power Generation Facilities* (2022) issued by the Ministry of Ecology and Environment.

V. Promote Green and Low-Carbon Development

Special Feature: Emission reduction measures taken for coke sector

As one of the core businesses of Risun Group, we fully recognize the significance of the coking segment in achieving the "dual carbon" goals. The group has integrated digitalized intelligent control, energy-saving technological innovations, and lean management to optimize the entire coking production process. This approach not only enhances production efficiency but also significantly reduces energy consumption and emissions. We are comprehensively advancing green manufacturing initiatives, striving to establish a "high-efficiency, clean, and low-carbon" coking production system, and deeply embedding energy-saving and emission-reduction principles into every stage of production.

- Upgraded Agile Manufacturing MES System: The MES system upgrade enables the creation of daily energy cost reports for various media and equipment, allowing for device-level energy cost accounting. With more precise data sources, this system achieves refined benefits in energy management and reduction.
- Replacement of High-Energy Motors: Multiple high-energy motors have been replaced with high-efficiency permanent magnet motors, reducing power consumption and driving the green transformation of production.
- Steam Condensate Collection: By centrally collecting steam condensate from chemical production areas and reusing it through centrifugal pumps in coke oven desulfurization and denigration systems, water and energy waste are minimized.
- Optimization of Coal Transportation: A new belt conveyor system has been added to directly transport coal to silos, reducing the number of truck transfers, lowering diesel consumption, and decreasing transportation tailpipe emissions.
- Upgraded Sludge Co-Injection: A quantitative sludge co-injection device has been introduced to uniformly mix sludge and activated carbon into blended coal, achieving resource utilization of waste materials, reducing treatment energy consumption, and improving the circular economy level of coking production.

(III) Resource Management

As an enterprise specializing in energy processing and conversion, Risun is well aware of the importance of efficient resource management for corporate sustainability. We are committed to implementing systematic resource management frameworks and practical measures to achieve the efficient use of energy, effective conservation of water resources, and minimize potential harm to soil, groundwater, and other ecological elements resulting from industrial and construction activities. Our goal is to ensure that the environmental impact of our operations is minimized.

1. Energy Management

Energy management stands as a pivotal component in achieving green transformation and low-carbon development. Adhering strictly to national and provincial energy conservation laws and regulations, including the Energy Conservation Law of the People's Republic of China, Risun Group treats energy-saving efforts as a strategic priority. Supported by a comprehensive energy management system, the company drives green transformations across both production and administrative operations, optimizes factory energy infrastructure, and steadily progresses toward energy-saving targets by continually improving energy efficiency and reducing carbon emission intensity.

During the reporting period, Risun implemented 43 energy-saving and emission-reduction projects, investing RMB171 million and achieving a carbon reduction of 73,800 tons.

	Five-Year Goal (2021-2025)		Target achievement by 2024
Comprehensive energy consumption	Coking Sector	Process energy consumption <115 kgce/t	Energy consumption in the coking sector has been reduced to below 110 kgce/t in 2024, significantly below the industry average energy consumption benchmark of 140 kgce/t for market access
	Chemical Sector	Actively promote energy-saving technological upgrades, enhance inter-unit energy synergy development, and improve energy utilization efficiency; Optimize energy structure by advancing research and trials on biomass fuel substitution to drive energy structure optimization	All plants have achieved the annual energy targets set at the beginning of 2024, with energy conservation and consumption reduction efforts demonstrating significant results

V. Promote Green and Low-Carbon Development

Comprehensive Energy Management

Full-Process Management System Coverage	Internal systems have established a range of regulations, including the *Energy Management Regulations*, *Energy Measurement Management Regulations*, *Energy Conservation Management Regulations*, *Energy Consumption Quota Management Regulations*, *Production Site "Leakage" Management Rules*, *Energy Efficiency Target Responsibility System*, and *Energy Saving and Reduction Incentive and Penalty Mechanisms*. These regulations collectively cover the entire energy management process, providing a clear framework for energy-saving efforts and ensuring systematic implementation.
Strengthening Energy Efficiency Initiatives	Energy management follows a three-tier hierarchical system: • The company establishes an Energy Management Leadership Group and its management agencies. • Departments and related offices set up Energy Management Teams. • Workshops appoint Energy Managers, forming a comprehensive energy management network across the organization.
Enhancing Smart Management Control Levels	Leveraging the MES system information platform, the company monitors various energy data and balances in real time. This ensures transparency, standardization, systematization, and institutionalization of production management, enabling online monitoring of energy consumption and elevating real-time monitoring and control capabilities.
Comprehensive Energy Efficiency Benchmarking	Through benchmarking, the company sets improvement targets and implements measures: • Horizontal Benchmarking: Comparisons are made with advanced domestic enterprises of the same type to identify gaps between the company's energy consumption indicators and benchmark values. • Vertical Benchmarking: Internal benchmarking activities are conducted across subsidiaries and locations within the group, comparing energy consumption indicators with those of similar facilities to determine improvement opportunities.
Employee Energy Efficiency Training	Regular specialized training sessions on energy saving and reduction are conducted, along with large-scale energy-saving promotion campaigns during special events like Energy Efficiency Week. These initiatives aim to enhance the overall awareness of energy conservation and foster a strong organizational culture focused on reducing energy consumption.

V. Promote Green and Low-Carbon Development

Green Production

Technological innovations in energy conservation	• Thermal Oil Furnace Fuel Replacement: The thermal oil furnace fuel replacement involves utilizing hydrogen-rich off-gas from the dehydrogenation unit of the cyclohexane plant as an alternative fuel source. This modification incorporates an additional booster fan to ensure a stable fuel supply, thereby reducing natural gas consumption by 4.309 million Nm^3/year while retaining natural gas as a backup fuel source. • Regional Heating Temperature Reduction Pump Retrofitting: Within the regional heating system, a small temperature reduction pump has been installed to replace the existing high-energy-consuming feedwater pump. This retrofit prevents pipeline leaks and electrical waste caused by excessive pressure, resulting in annual electricity savings of 7.38 million kWh. • Benzene Hydrogenation Thermal Oil System Power Optimization: The operation mode of the thermal oil circulation pumps has been optimized, reducing the number of pumps in use from two to one 185 kW motor. This adjustment maintains production requirements while achieving annual electricity savings of 1.3058 million kWh.
Waste heat utilization	• Level One Desalinated Water Temperature Increase Through Condensate Heat Recovery: By utilizing the waste heat from the second-phase condensate to replace steam heating, the inlet water temperature of the primary desalination system has been increased. This ensures stable water production efficiency while saving 13,000 tons/year of 0.6 MPa steam. • Heat Recovery from Phthalic Anhydride Plant Catalytic Oxidation: A heat recovery system has been installed to capture the waste heat from the tail gases of the phthalic anhydride catalytic oxidation reaction. This heat is used to produce by-product steam, with an annual steam production capacity of 7,200 tons. • Heat Recovery for District Heating: The cooling method for methanol synthesis gas has been converted from air-cooling to water-cooling. The circulating water absorbs the heat, raising its temperature to 80°C, which is then supplied to the city's district heating system. This not only improves the efficiency of the methanol synthesis gas cooling system but also provides residents with clean thermal energy.
Operations Management Services	• Leveraging its leading operational expertise in the coking and petrochemical sectors, along with state-of-the-art energy-saving technologies, Risun has optimized equipment operation, enhanced energy efficiency levels, and implemented targeted energy-saving and cost-reduction measures. These efforts have enabled partner companies to significantly lower their energy consumption and operating costs, ultimately achieving improvements in both quality and efficiency.

Case

Leting Base desulfurization slurry waste heat recovery project

In December 2024, the heat recovery project for flue gas desulfurization slurry waste heat in the Leting Base thermal power workshop was successfully commissioned. This project integrates the energy consumption points and energy loss points involved in the steam production process at the base's thermal power workshop. By utilizing the waste heat from the flue gas desulfurization slurry to preheat raw desalinated water, the project replaces traditional steam heating, thereby maximizing the improvement in energy utilization efficiency. Preliminary operational calculations indicate that the project saves an average of over 3 tons of steam per hour during its operational period, with an estimated annual economic benefit of RMB2.9 million.

Figure 5-8 Desulfurization slurry waste heat recovery project in thermal workshop

V. Promote Green and Low-Carbon Development

Energy Optimization

Distributed photovoltaic construction	Build a distributed photovoltaic power generation system in the appropriate area of the office area, the roof of the carport of the baseing lot, and other buildings to realize the “self-use” of photovoltaic power.

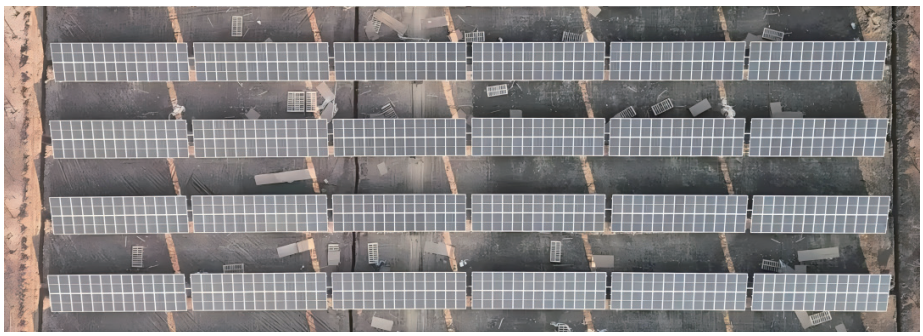


Figure 5-9 Distributed PV

Green electricity procurement	Actively expand the amount and proportion of green electricity procurement in each base, and increase the proportion of green electricity use

Through the above two methods, in 2024, Risun procured a total of 430 million kWh of green electricity, equivalent to a reduction of 35,000 tons of carbon emissions. Among these, the proportion of green electricity procurement in purchased electricity at Tangshan Base and Hohhot Base exceeded 70%.

Green Office

Energy-Efficient Lighting Management	• Optimize office lighting usage, ensuring stairwells and corridors remain unlit during non-nighttime hours • Implement “lights off when vacated” policy in offices and locker rooms, eliminating unnecessary lighting
Temperature Control & HVAC Management	• Set summer AC temperature no lower than 26°C to reduce energy consumption • Ensure complete shutdown of HVAC systems and fans in unoccupied spaces
Office Equipment Efficiency	Encourage staff to adopt “power-on-demand” practice for computers/printers, avoiding prolonged standby mode
Resource Conservation	• Promote paperless operations through electronic documentation and email systems • Encourage reuse of single-sided paper for additional conservation
Green Commuting Initiative	Advocate public transit over private vehicles, with cycling or walking encouraged for short-distance commuting

V. Promote Green and Low-Carbon Development

Table 5-2 Resource consumption performance in 2022-2024

Category of Resources	Unit	2024	2023	2022
Coal	(Ton)	12,873,596.99	11,660,898.69	7,882,441.98
Diesel	(Ton)	2,906.87	3,180.31	1,982.01
Gasoline	(Ton)	40.76	45.41	47.48
Net purchased electricity	(MWh)	1,772,647.41	1,465,659.66	933,756.03
Self-generated electricity	(MWh)	2,109,854.60	1,765,468.05	–
Purchased clean electricity	(MWh)	430,000	–	–
Net purchased heat	(GJ)	2,068,476.02	-442,735.25	1,173,185.15
Comprehensive energy consumption	(Ton of standard coal)	12,844,058.97	9,179,882.01	9,337,280.81
Comprehensive energy consumption density	(Ton of standard coal/RMB ten thousand)	2.68	2.17	2.36

2. Water Resources Management

Risun Group strictly adheres to relevant water conservation and water use laws and regulations, including the "Water Law of the People's Republic of China" and the "Regulations on Pollution Prevention and Control in Drinking Water Source Protection Zones." The Group thoroughly implements the principle of "water conservation first," comprehensively executes measures for planned and efficient water usage management, continuously optimizes water resource utilization efficiency, and effectively reduces water costs. During the reporting period, there were no incidents of non-compliance with water quality permits, standards, or regulatory requirements.

	Our five-year goals: 2021-2025	Progress Towards 2024 Objectives
Fresh water consumption	The water recycling rate is greater than 98%, and the recycling of water resources is promoted	The utilization rate of circulating water in all plants is more than 98%, and the highest is more than 99%, which is further improved from the highest 98.7% in 2023

Notes: 1. The comprehensive energy consumption data in the table is calculated in accordance with GB/T 2589-2020 General Calculation Method for Comprehensive Energy Consumption. 2. The energy consumption figures in the table are sourced from the group's production statistical records. 3. Density-related data in the table is calculated by dividing usage by operating income. 4. Purchased clean electricity represents a newly added indicator for this year, specifically referring to the procurement of green electricity. Notably, the proportion of green electricity procurement in total purchased electricity exceeds 70% for both the Tangshan Base and Hohhot Base. 5. The purchased thermal energy consumption for this year comes from Tangshan Risun Chemical and Xingtai Risun Coal Chemical Industries; other subsidiaries either do not consume thermal energy or generate it internally.

V. Promote Green and Low-Carbon Development

System Management	Formulated the "Water-Saving and Water Management Regulations" and "Recirculated Water System Usage Regulations," along with other internal rules covering aspects such as patrol inspections, equipment maintenance, water metering, reward-penalty mechanisms for water conservation, and water-saving target assessments. These regulations ensure comprehensive control over water usage and water-saving improvements throughout the entire process.
Organizational Management	Subsidiaries have established water-saving management leadership groups to organize and coordinate the creation of water-conserving enterprises. Workshops have also formed water-saving task forces responsible for specific water-saving initiatives within their respective areas.
Water-Saving Facilities Construction	• Toilets utilize elevated water tanks for flushing, which are flushed at set intervals, while urinals use sensor-activated flushing devices to conserve water resources. • Cooling tower equipment utilizes natural convection to discharge hot water, allowing a portion of the water to evaporate during the process, thereby obtaining significant amounts of cooled water.
Water-Saving Technological Upgrades	• Cooling System Optimization: Adjusted the operating parameters of the cooling system to lower the temperature of chilled water while maintaining process specifications, thereby reducing the volume of recirculated water used. • Electrochemical Descaling for Recirculated Water: Employed electrochemical descaling technology to remove hardness from recirculated water through electrode reactions and control bacterial and algal growth, improving water quality and reducing effluent volumes.
Wastewater Recycling and Reuse	• Advanced Treatment and Reuse: Implemented recycling of primary reverse osmosis concentrate, D-type filter backwash water, ultrafiltration system backwash water, and deeply treated wastewater, significantly reducing the amount of fresh water sourced externally. This includes: – Wastewater Stripping Technology: Removed substances like ammonia and methanol from wastewater through countercurrent contact with steam, then reused the treated water after heat exchange in the recirculated water system, achieving closed-loop utilization of wastewater. – Brine Evaporation Crystallization Devices: Processed brine from deep treatment and soft water preparation systems, producing water that is reused in the recirculated water system. • Steam Condensate Recovery: Recovered steam condensate efficiently using installed steam condensing devices and reused it for various supplementation processes.
Alternative Water Source Utilization	• Converted quench water from once-through water to firefighting water, saving an annual total of 175,000 cubic meters of water. • Repurposed low-temperature cooling water effluent into supplementary water for the recirculated water system, saving an annual total of 526,000 cubic meters of water. • Closed methanol drainage valves and pumped water from methanol ditches for garden irrigation. • Transitioned water sources for toilets and coal humidification in residential areas from fresh water to recirculated water. • Used methanol Phase II recirculated water effluent as supplementary water for the methanol Phase I recirculated water tank.
Specialized Water-Saving Training	• Placed high importance on fostering employee awareness and promoting water-saving practices by implementing specialized training programs. Regularly organized water-saving themed workshops and leveraged key events like "World Water Day," "China Water Week," and "National Urban Water-Saving Advocacy Week" to widely disseminate water-saving culture. This created a strong corporate atmosphere focused on valuing water resources and practicing water conservation.

V. Promote Green and Low-Carbon Development

Case

Yuncheng Base won the title of water saving unit in Heze City

In June 2024, the Yuncheng Base in Huoze City was awarded the title of "Water-Saving Unit of Heze City" after a joint evaluation by the Heze Municipal Water Affairs Bureau and other departments. This recognition was granted due to the base's outstanding achievements in water conservation practices. The base has established a comprehensive water-saving management system and a robust water usage accounting and statistical framework. Key water-intensive processes within the base are equipped with dedicated water-saving measures, and water metering devices are installed and managed strictly according to national standards. These efforts ensure precise and accurate measurement of water usage. By rigorously implementing planned water use, recycled water use, and water conservation practices, the base has continuously optimized its water treatment technologies and improved water efficiency. As a result, while maintaining stable production operations, the base has successfully reduced water consumption per unit of output.

Looking ahead, Yuncheng Base aims to benchmark itself against national-level green standards, further enhancing its water-saving capabilities. The base is committed to becoming a leading integrated production base for high-end polyamide materials in Shandong Province and a model base for green circular economy demonstration.

Figure 5-10 Panoramic picture of Yuncheng Base

Table 5-3 Water resource consumption performance in 2022-2024

	Unit	2024	2023	2022
Total fresh water consumption	(Ten thousand tons)	2,529.67	4,178.71	2,552.96
Fresh water consumption density	(Ton/RMB 10 thousand)	5.28	9.88	6.46
Total fresh water consumption	(Ten thousand tons)	1,884.88	3,487.48	–
Fresh water consumption density	(Ton/RMB 10 thousand)	3.93	8.24	–
Proportion of regions subject to high baseline water pressure	Percentage	12.50	12.50	–
Proportion of regions subject to extremely high baseline water pressure	Percentage	87.50	87.50	–

3. Green Ecology

Environmental monitoring

Risun has constructed a Digital Environmental Monitoring System, achieving full-process automated control through "over-limit warnings, intelligent identification, command dispatch, targeted governance, and performance evaluation." This system ensures that emissions of sulfur dioxide, nitrogen oxides, and particulate matter are not only 20% below ultra-low emission standards but also fully comply with the performance benchmarks set by the World Bank and the International Finance Corporation under the "Equator Principles." Additionally, Risun has implemented comprehensive compliance and utilization of solid waste, achieved a 100% recycling rate for coking wastewater, and applied zero-discharge technology across the board, establishing its position as an environmental leader in the industry.

■ Entrusting environmental monitoring points to third-party monitors, publishing data for supervision by the employee and the public, and networking with the environmental protection authority, to have achieved full-staff, all-round, full-process, and all-weather joint prevention and control to ensure compliance with emission standards

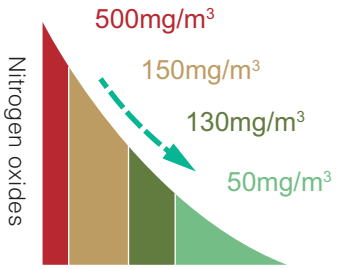
Hebei Risun

Improving the monitoring system Real-time information disclosure

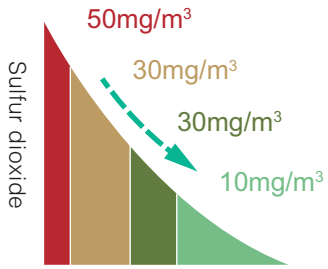
- ◆ 19 sets of automatic monitoring devices
- ◆ 18 sets of TVOC online alarm devices at factories
- ◆ Two PM10 monitoring points
- ◆ Three automatic air monitoring stations
- ◆ One logistics access control monitoring system
- ◆ One online real-time management platform of hazardous waste

V. Promote Green and Low-Carbon Development

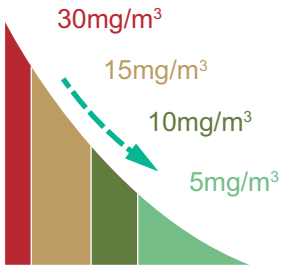
Third-Party Monitoring	Environmental monitoring points are operated by third-party organizations. Monitoring data is disclosed to employees and the public, and interconnected with environmental protection authorities, forming an all-personnel, all-around, all-process, and all-weather joint prevention and control mechanism to ensure compliant emissions.
Advanced Monitoring Equipment Deployment	Each plant area is equipped with advanced monitoring equipment to ensure data accuracy. For example, at Hebei Risun, the plant is equipped with: 33 sets of automatic monitoring systems, 8 TVOC online alarm devices for unorganized emissions, 198 TSP monitoring points, 2 air quality automatic monitoring stations, 1 logistics access control system, 1 hazardous waste online management platform. All devices are connected in real time, ensuring efficient and precise environmental monitoring.



Nitrogen oxides lowered by **90%**



Sulfur dioxide lowered by **80%**



Particulate matters cut by **83%**

Item	National Emission Limit	Special emission limit	Provincial ultra-low standard	Achievable emission value
Nitrogen oxides	500	150	130	50
Sulfur dioxide	50	30	30	10
Particulate matters	30	15	10	5

V. Promote Green and Low-Carbon Development

Ecological protection

We strictly adhere to the *Soil Pollution Prevention and Control Law of the People's Republic of China* and the *Regulations on Groundwater Management*, consistently prioritizing ecological conservation as the cornerstone of our project development. During the construction process, we uphold the "three simultaneous" principle, ensuring that environmental protection facilities are designed, constructed, and operationalized in tandem with the main projects. This guarantees that environmental safeguards are embedded throughout the entire lifecycle of the project. To maintain continuous monitoring of soil and groundwater conditions, we annually commission qualified professional institutions to conduct soil testing and provide a comprehensive assessment of the impact on soil and groundwater. This proactive approach enables us to identify and mitigate potential environmental risks in a timely manner.

Soil	• Establish a soil monitoring mechanism: Regularly commission qualified third-party institutions to test the soil within the plant area and its surroundings, focusing on the content of heavy metals and organic pollutants, ensuring soil quality meets national standards. • Implement zone management: Divide the plant into different functional zones such as production areas and storage areas, taking key protective measures for high-risk pollution areas like chemical storage zones, such as laying impermeable layers. • Strengthen chemical management: Standardize the storage and use of chemicals to prevent leakage incidents by setting up spill containment pans and berms to avoid direct contact between chemicals and soil. • Promote green production processes: Adopt low or non-polluting production processes to reduce the use and discharge of harmful substances, minimizing soil pollution risks at their source.
Groundwater	• Build impermeable facilities: Install impermeable materials in areas of the plant that may come into contact with pollutants (such as tank farms or wastewater treatment facilities) to prevent contaminants from seeping into groundwater. • Store waste liquids in compliance: Collect and store waste oils and liquids generated during production or maintenance in designated containers or specialized areas; ensure these containers or areas are managed by dedicated personnel, equipped with measures to prevent spills or rain exposure, avoiding any surface flow or entry into rainwater systems. • Optimize wastewater management: Strengthen the operational management of wastewater treatment facilities to ensure compliant discharge, pre-treat high-concentration wastewater to avoid direct release into the environment. • Implement rainwater management: Construct rainwater collection and treatment systems to prevent rainwater from flushing pollutants from the plant surface into groundwater. • Develop emergency plans: Create emergency response plans for potential groundwater pollution incidents and conduct regular drills to ensure rapid and effective responses to emergencies.

V. Promote Green and Low-Carbon Development

Case

Dingzhou Base to create a clean ecological base

Risun's Dingzhou Industrial Base has implemented the development philosophy of "innovation, coordination, green development, openness, and sharing." This approach has fostered a development pattern where ecological optimization complements profit growth, high-yield production aligns with environmental protection, and economic benefits and environmental benefits achieve a win-win situation. In recent years, the base has constructed 11 environmental protection projects, including a fully enclosed mechanized coal yard, deep wastewater treatment, dry quenching with waste heat power generation, brine zero discharge, and sulfuric acid production from desulfurization waste. These initiatives have enabled comprehensive process control from raw material entry to product exit, achieving the goals of "no smoke in the sky, no dust on the ground, and no odor in the plant area," as well as creating a environment where "flowers bloom in three seasons and the area remains green in four seasons." Through these efforts, Risun's Dingzhou Industrial Base has received multiple green honors, including being designated as a National Green Industrial Base, a National Green Supply Chain Demonstration Enterprise, and an A-level Environmental Performance Enterprise in its industry.

Figure 5-11 Panoramic view of Dingzhou Base

(IV) Pollutant and Waste Management

Risun Group strictly adheres to the provisions of the "Water Pollution Prevention and Control Law of the People's Republic of China," the "Air Pollution Prevention and Control Law of the People's Republic of China," and the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste." These national laws and regulations form the cornerstone of our environmental management practices. The control of pollutants and waste represents one of the core tasks within our environmental management framework. Through robust management systems and comprehensive control measures, we ensure that all pollutant emissions comply fully with regulatory standards. During the reporting period, Risun Group was not involved in any environmental litigation cases resulting from violations of emission regulations.

	Our five-year goals: 2021-2025		Progress Towards 2024 Objectives
Sewage discharge	**Coke sector**	Further carry out advanced wastewater treatment to ensure that the wastewater recovery rate may reach more than 80%	Completed
	Chemical industry sector	Continuously promote the utilization of zero discharge technology of wastewater, reduce wastewater discharge, carry out water balance test, and comprehensively optimize the allocation of water resources	Completed
Pollutant emission	The emission concentration of SO_2, NO_x, particulate matters and other pollutants is lower than 20% of the ultra-low emission standard in the province where the base is located, and where there is no ultra – low emission standard in the province where the base is located, the emission concentration of the base is lower than 20% of the national ultra-low emission standard.		Completed
Solid waste	All the solid waste is disposed of or comprehensively in accordance with relevant provisions		Completed

V. Promote Green and Low-Carbon Development

Effluent	• **Management Systems:** "Regulations on Wastewater Discharge Management," "Non-Normal Operating Drainage Control Standards," "Clean Stormwater Discharge Management Measures," and "Wastewater Discharge Control Procedures for Each Facility."
	• **Compliant Treatment:** Wastewater generated during production undergoes treatment at the wastewater treatment plant. The water quality meets the secondary standards specified in the "Pollutant Discharge Standard for Municipal Wastewater" before being discharged to the sewage treatment company. Actual discharge indicators are significantly lower than the permitted standards.
	• **Pollution Prevention:**
	  • Rainwater and sewage systems are strictly separated within the production area. Initial rainwater pools and oil-water separators are constructed to prevent pollution from oily wastewater.
	  • Wastewater monitoring stations and standardized effluent outlets are established. COD and ammonia nitrogen are monitored in real-time using online analyzers, with data uploaded to provincial, municipal, and new district environmental protection department platforms.
	  • Multiple accident wastewater tanks are built to temporarily store high-concentration wastewater and accident-related wastewater, ensuring timely treatment of non-compliant wastewater and mitigating environmental risks.
	  • Treated wastewater is reused as circulating water through various advanced treatment methods.
	  • Records are maintained for all discharge points, detailing discharge times, test data, and volumes.

Waste gas	• **Management Systems:** "Regulations on Air Pollutant Discharge Management."
	• **Compliant Treatment:** All exhaust emissions must meet discharge standards, and non-compliant discharges are strictly prohibited.
	• **Pollution Prevention:**
	  • Volatile raw materials and products are stored in enclosed facilities. Tanks are equipped with breathing valves or nitrogen blanketing, or use internal floating-roof tanks to minimize emissions.
	  • Tail gas emissions are tightly controlled based on air quality management requirements, with hourly emission quotas strictly enforced.
	  • Sprinkler systems are installed along plant roads for daily watering to reduce dust.
	  • Annual LDAR (Leak Detection and Repair) inspections are conducted to eliminate fugitive VOC emissions.

V. Promote Green and Low-Carbon Development

Solid waste

Hazardous waste

- **Management Systems:** "Hazardous Waste Pollution Prevention and Control Responsibility System" and "Three Wastes Management Measures."
- **Compliant Treatment:** Relevant hazardous waste regulations and standards are fully implemented. Hazardous waste is rigorously monitored and disposed of through qualified entities. Some hazardous waste is further processed for comprehensive utilization.
- **Pollution Prevention:**
  - Daily Management:
    - Regular hazardous waste management inspections are conducted, and a "Hazardous Waste Annual Management Plan" is developed for systematic control.
    - Registers for hazardous waste generation and storage are maintained, with timely updates to the "Hebei Province Solid Waste Dynamic Information Platform."
    - Contractors' hazardous waste is integrated into the company's unified management system to prevent illegal dumping or disposal by external parties.
    - Identifiable hazardous waste with resource value is recycled when conditions permit.
    - Detailed emergency plans for hazardous waste are developed and regularly drilled to ensure effective response during incidents.
  - Storage: Dedicated temporary storage facilities for hazardous waste are constructed. Appropriate signage is posted, and labels are affixed to waste packaging. Dedicated personnel manage storage areas, conducting regular inspections and verifications to ensure safety.
  - Transfer: Contracts are signed with qualified entities for the transfer and disposal of hazardous waste generated during production, following planned schedules.

General solid waste

- **Management Systems**: "Solid Waste Management Measures" and "Solid Waste Pollution Prevention and Control Responsibility System."
- **Compliant Treatment:** Solid waste is categorized and managed according to regulations. For example, domestic garbage is collected by municipal sanitation departments, while sludge is disposed of by third-party providers.
- **Pollution Prevention:**
  - Information on solid waste pollution prevention is proactively disclosed to the public for supervision.
  - Construction contractors are required to promptly remove construction waste and dispose of it according to environmental sanitation regulations.

V. Promote Green and Low-Carbon Development

Table 5-4 Emission performance in 2022-2024

Category of Emission	Unit	2024	2023	2022
Total SO_2 emissions	(Ton)	617.84	497.06	380.71
SO_2 emission density	(kg/RMB 10 thousand)	0.13	0.12	0.10
SO_2 emission density increase/decrease	Percentage	9.68	–	–
Average SO_2 emission density over the past three years	(kg/RMB 10 thousand)		0.12	
Total NO_X emissions	(Ton)	1,621.84	1,256.29	1,136.84
NO_X emission density	(kg/RMB 10 thousand)	0.34	0.30	0.29
NO_X emission density increase/decrease	Percentage	13.92	–	–
Average NO_X emission density over the past three years	(kg/RMB 10 thousand)		0.31	
Total particle emission	(Ton)	175.18	191.10	184.87
Particle emission density	(kg/RMB 10 thousand)	0.04	0.05	0.05
Particulate matter emission density increase/decrease	Percentage	-19.11	–	–
Average particulate matter emission density over the past three years	(kg/RMB 10 thousand)		0.04	
Total sewage discharge	(Ton)	6,730,520.41	6,697,847.94	5,550,279.45
Total COD discharge	(Ton)	467.98	545.78	343.67
Total ammonia nitrogen discharge	(Ton)	16.22	17.03	9.51
Sewage discharge density	(Ton/RMB 10 thousand)	1.40	1.58	1.40
Waste water discharge density increase/ decrease	Percentage	-11.33	–	–
Average waste water discharge density over the past three years	(Ton/RMB 10 thousand)		1.46	
Amount of hazardous waste	(Ton)	334,997.99	332,969.52	308,742.74
Production density of hazardous wastes	(Ton/RMB 10 thousand)	0.07	0.08	0.08
Treatment rate of hazardous waste	Percentage	100	100	100
Non-hazardous waste production	(Ton)	748,195.51	555,385.12	343,112.98
Production density of non-hazardous wastes	(Ton/RMB 10 thousand)	0.16	0.13	0.09
Treatment rate of non-hazardous waste	Percentage	100	100	100

06

Commit to **Quality Excellence**

VI. Commit to Quality Excellence

Risun regards quality as the cornerstone of its corporate development, with superior products and services serving as essential factors in driving sustained business growth, building market trust, and ensuring customer satisfaction. In 2024, Risun further intensified its focus on quality management by implementing a series of impactful measures aimed at safeguarding product quality, delivering exceptional customer service, advancing technological innovation and R&D, and bolstering digital infrastructure. These initiatives continue to strengthen the foundation of quality excellence and enhance the company's competitive edge. Guided by its quality principles of "All-In Engagement, Customer-Centricity, Continuous Innovation, and Pursuit of Excellence," Risun has established a comprehensive and stringent quality management framework. Each subsidiary operates in accordance with international standards such as GB/T19001-2016 and ISO9001:2015, having developed robust quality management protocols that cover every phase from raw material sourcing to final product delivery. This ensures the consistency and dependability of product quality. Leveraging state-of-the-art testing technologies and rigorous quality control procedures, Risun has implemented full traceability across the entire product lifecycle. This commitment ensures the delivery of premium products and services to customers. Furthermore, the company places a strong emphasis on technological advancement and R&D investments, collaborating through industry-academia partnerships and undertaking technological renovations to continually elevate both the technological sophistication and market competitiveness of its offerings.

(I) Guarantee Product Quality

Risun Group and its subsidiaries strictly adhere to the Product Quality Law of the People's Republic of China and have established a rigorous quality control system based on the requirements of GB/T 19001-2016/ISO 9001:2015, GB/T 45001-2020/ISO 45001:2018, and GB/T 24001-2016/ISO 14001:2015 standards. This system encompasses raw material procurement, production process monitoring, and finished product inspection. Each industrial base has implemented *Quality Management Systems, Non-Conforming Product Control Procedures*, and *Quality Incident Management Measures*. These are supported by regulations such as the Raw Material Procurement Control Process for Coal and Coke and Regulations on Quality Control of Raw Materials, Intermediate Products, and Finished Products. Together, these ensure strict control over raw material quality and production process quality indicators while adhering to Product Internal Control Requirements during production. This ensures that every step of the production process meets quality standards, resulting in product quality that exceeds national standard first-class product benchmarks.

The group is equipped with advanced testing equipment and technologies to guarantee the accuracy and reliability of product quality. Through CNAS laboratory accreditation, batch-by-batch testing is implemented, with each batch of products labeled with relevant information and retaining samples to meet product traceability requirements. Additionally, the group has introduced a Laboratory Information Management System (LIMS), establishing a digital laboratory management framework. This enables end-to-end operational supervision and automatic data collection from devices, ensuring the traceability of test data. Furthermore, the group integrates DCS, PLC, and ERP systems through an MES system, achieving fine-grained control over the production process. This ensures the traceability of production processes, promoting standardized and systematic production management. Through these measures, we continuously improve and optimize production processes, enhancing the quality of products and services, increasing customer satisfaction, and strengthening market competitiveness.

In terms of after-sales service, Risun Group has established comprehensive non-conforming product handling systems and procedures to ensure customer satisfaction. Based on the *Product Inspection and Measurement Control Procedure*, and *Reworked Product Inspection Regulations*, when non-conforming products are identified post-delivery, the sales department communicates and negotiates with customers. If necessary, the quality management department dispatches designated personnel for alignment discussions with clients. Once non-conformance is confirmed, the production technology department organizes related departments to conduct root cause analysis and develop corrective or preventive measures to avoid recurrence. Detailed records of all non-conforming product handling processes are maintained by responsible departments and periodically submitted to the technical department for archiving, ensuring the procedure's compliance, standardization, and effectiveness.

(II) Quality Customer Service

Risun Group strictly adheres to the Consumer Rights Protection Law of the People's Republic of China and other relevant laws and regulations. The group has established the *Client Service and Internal Requirements Specifications* and the *Client Management and Communication System regulations*, fully implementing a customer-centric approach to creating value for clients. To better serve clients, the company has established a robust client feedback mechanism and conducts regular client satisfaction surveys to understand client needs and make corresponding adjustments. Additionally, the group places great emphasis on after-sales service, providing comprehensive technical support and solutions to ensure that any issues encountered by clients during the use of products can be resolved efficiently and effectively.

During the reporting period, the Group did not receive any customer complaints.

- Risun's customer philosophy: always put customers first and earn their trust and respect through first-class quality and service to ultimately achieve common development.

- Risun's customer service tenet: respect and understand customers, consistently provide products and services that exceed their expectations, create value through integrity, and achieve excellence through quality.

- Risun's customer principles: honest cooperation, mutual benefit, and win-win results.

VI. Commit to Quality Excellence

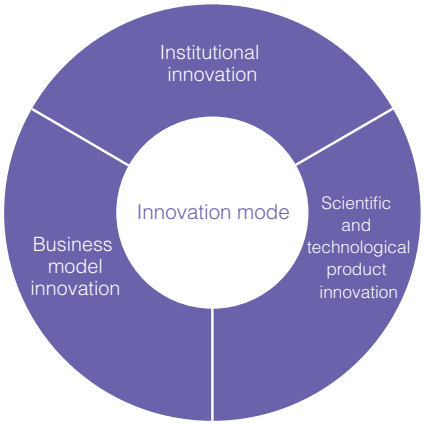
Customer management	Adopt a scientific customer evaluation system to score and grade customers and then adjust businesses based on the grades to ensure business stability and revenue growth.
Customer communication	Communicate with customers through flexible means such as telephone calls, field visits, and e-mails, divide communication level to improve communication efficiency and effectiveness, timely get to known customers' criticism, suggestions, hopes, or complaints regarding product quality and services, and promptly organize relevant departments to address the feedback by customers.
Customer relations	Create an archive for the Group's customers over the years, including their name, situation, credit, and relationship with the Group. Assign designated persons to manage and maintain the archive.
Customer information security	The Group accords paramount importance to the security of customer information, strictly abiding by the *Personal Information Protection Law of the People's Republic of China*. This ensures the security of customer-centric business intelligence and individual data privacy while adhering to rigorous confidentiality protocols. Each member of our workforce is required to sign a non-disclosure agreement upon induction, pledging to protect the security of client information.
Customers' opinions	Regularly conduct surveys on customers' opinions by distributing the "customer satisfaction questionnaire" to customers. Classify the survey results according to customer satisfaction degree or reasons for customer dissatisfaction to address their dissatisfaction. The survey results should be collected and kept on file for follow-up and checking whether the dissatisfaction is addressed.
Customer complaints	Establish a robust customer complaint management system to quickly address customer complaints, enhance customer satisfaction, enhance company credibility, and promote the improvement of product quality and after-sales service.

(III) Technological Innovation and R&D

Risun Group has consistently pursued a path of innovation leadership and technological advancement. It has established various regulations such as the *Regulations on R&D Management of Group Innovation Projects* and the *Measures for Technology Innovation Incentives Management*. Leveraging a three-tiered R&D and innovation system – "Group Chief Engineer and Group Production Technology Department – Base Engineering Technology Research Centers/Technology Innovation Centers – Production Company Production Technology Departments" – the group has developed two major R&D and innovation systems: "from non-existent to existing" (development of new products, processes, and technologies) and "process optimization and upgrading" (continuous improvement of existing facilities). This comprehensive R&D industrial chain spans ideation, pilot testing, trial production, industrialization, and engineering design, comprehensively enhancing the efficiency, productivity, product quality, and service levels of the group's operations. During this process, the group places a strong emphasis on intellectual property rights and patent protection, safeguarding key assets.

The group currently operates multiple R&D platforms, including 2 provincial-level Engineering Research Centers, 3 provincial-level Technology Innovation Centers, 1 provincial-level Key Laboratory, 6 provincial-level Enterprise Technology Centers, 6 provincial-level innovative R&D institutions, 3 nationally accredited Testing Centers, and a Postdoctoral Research Station. It has achieved 46 state and provincial-level technological innovation accomplishments and received 261 provincial and municipal honors, including 7 Provincial Science and Technology Progress Awards and 11 Municipal Science and Technology Progress Awards. During the reporting period, the group's R&D team consisted of 386 professionals, and it invested RMB18,261.53 million yuan (approximately USD2.63 million) in research and development, representing 0.38% of its sales revenue. Notably, the group did not encounter any disputes, claims, or litigation related to intellectual property rights or brand protection during this period.

- Three-level R&D innovation mechanism: Group – each park engineering center – each production company



- Technology to guide the market, market feedback technology, technology market combined with continuous upgrading and iteration of new products
- Focus on exploring the potential of existing devices, upgrading products, extending high value-added industrial chain, and realizing circular economy

Multiple technical achievements

520 proprietary technologies
Product quality, production operation technology, equipment transformation technology, energy saving and environmental protection, safety technology, automation technology, process improvement technology

337 patents
Alcohols, aromatics, carbon materials, coking, others

Copyright 14 items
Data platform and algorithm

VI. Commit to Quality Excellence

Scientific and Technological Innovation Management Systems	• *Regulations on Patent and Proprietary Technology Management:* These regulations standardize the management of Risun's patent and proprietary technologies, clarify the channels for patent and proprietary technology applications, promote the development of scientific and technological innovation, protect the intellectual property rights of self-developed innovations, and better safeguard the group's technological rights. This promotes Risun's transition from "manufacturing" to "intelligent manufacturing." • *Group Technology Innovation Project Management System:* This system ensures comprehensive coordination of the group's technological innovation efforts, further clarifies the responsibilities and processes for innovation work within each subsidiary and refines the management processes for R&D and technological renovation projects, covering aspects such as project initiation, process management, and acceptance. • *Technology Innovation Incentive Management Measures:* These measures regulate technological innovation activities, clearly defining the content, responsibilities, authority, processes, and rewards related to technological innovation, thereby incentivizing technical innovation efforts. • *R&D Project and Personnel Management System:* This system aims to enhance the level of technological innovation by strengthening the management of R&D projects. It further standardizes the group's scientific and technological management practices, effectively promoting the smooth and efficient execution of technological innovation initiatives and realizing the vision of "science and technology driving enterprise development." • *Scientific Honor Reward Mechanism – Trial Version:* This trial mechanism seeks to inspire all employees' enthusiasm for scientific and technological work, encouraging them to achieve outstanding results and bring honor to the enterprise. It provides specific rewards for advanced individuals and teams that earn external scientific and technological honors at various levels. • *R&D Offices and Departments:* To elevate the level of R&D work and strengthen the scientific and technological innovation capabilities of high-tech enterprises, R&D offices have been established at the base level, and R&D departments have been set up at the company level to coordinate efforts. Relevant documents and regulations are formulated and published to encourage innovation across all areas.
Patent Protection Mechanisms and Measures	• Patent Management System: A series of patent protection regulations have been established, including the "Intellectual Property Management System," "Patent Management Regulations," and "Group Patent and Proprietary Technology Management Regulations." These documents clearly define procedures related to patent applications, maintenance, protection, responsibilities, and penalties, ensuring the lawful and effective protection of patent rights. • Patent Applications and Maintenance: The company actively encourages employees to file patent applications and provides corresponding support and incentives. Patent management personnel are responsible for coordinating with patent offices and agencies, handling all patent-related procedures, and maintaining records of communications and documentation with patent authorities. This ensures that all matters related to patent authorization and maintenance are properly addressed. • Patent Protection Measures: Multiple measures have been implemented to protect patents, including: applying for patents in a timely manner during the development of new products and technologies to secure legal protection; defining patent application rights and ownership in contracts for development and commissioned projects; effectively utilizing patented technologies after obtaining patent rights to achieve industrialization; and paying annual patent fees on time to maintain the validity of patent rights. • Confidentiality and Responsibility: The company emphasizes employees' confidentiality obligations regarding patent technologies and requires them not to infringe on others' patent rights. Clear disciplinary actions are specified for violations of patent protection policies to safeguard the legitimate interests of both the company and its employees.

VI. Commit to Quality Excellence

Innovative Technologies and Achievements	• Development Project for Hexanediamide-Based Polyamide Elastomer Membrane-Grade Specialty Materials: This project has successfully achieved outcome commercialization, with sales reaching over 350 tons and generating approximately RMB6 million in revenue. • Polyamide Elastomer Application Development Project: Among these developments, the shoe material foaming specialty material B3202 has also been commercialized, achieving sales of 18 tons and generating around RMB700,000 in revenue. • Hexanediamide Solvent Rearrangement Project (10,000 Tons Side Line): The technical renovation has been completed, resolving solvent instability issues and improving product quality. • Styrene Unit Energy-Saving Retrofitting: By installing variable frequency drives on circulating water pumps, equipment can now automatically adjust power consumption based on actual demand, reducing carbon emissions by 340 tons annually.
Collaboration Between Industry, Academia, and Research	• Partnership with Beijing University of Chemical Technology: Collaborated on the "Cyclohexanone Oxime Non-Equilibrium Rearrangement Microreactor Design" project, aiming to optimize production processes and enhance product quality. • Partnership with Donghua University: Conducted research on "Evaluation of Nylon Elastomer Fiber Properties," exploring the potential applications of novel materials. • Partnership with Tsinghua University: Advanced the "Non-Equilibrium Rearrangement Reaction Technology for Industrial Demonstration at a Million-Ton Scale" project, promoting technological advancement and industrialization. • Partnership with Beijing Aerospace Testing Technology Institute: Undertook the construction of a 5-ton/day liquid hydrogen demonstration project in Dingzhou. • Xingtai Chemical Collaboration: Established comprehensive cooperation agreements with multiple colleges and universities, including Xingtai University, Hebei Institute of Mechanical and Electronic Technology, and Hebei Vocational University of Technology and Engineering. The collaboration spans talent cultivation, professional technical support, and achievement transformation, fostering an all-around partnership.
Major Scientific and Technological Awards Received	• Quality Awards: "Reputable Product of Hebei Province" "High-Quality Product of Hebei Province" "Famous Brand of Hebei Province" "Quality Benchmark Enterprise of Hebei Province's Industrial Sector" "Outstanding Enterprise in Quality Management Activities of Hebei Province" • Technological Innovation Awards: Authorization of invention patents; Approval of proprietary technologies

07

United Efforts **for Industrial Prosperity**

VII. United Efforts for Industrial Prosperity

(I) Industry Empowerment

1. Operational Management Services Driving Industry Development

Risun Group, as an industry leader, began providing operational management services in 2014. Over the past 11 years, it has integrated, consolidated, refined, and replicated its experience and expertise in coking and fine chemicals. By offering professional operational management services to the broader industry, Risun aims to promote high-quality sectoral growth.

Risun's operational management services take three forms: Production Technology Operational Management Service: Focuses solely on production technology management. Integrated Marketing Operational Management Service: Concentrates on sales-related operations. Comprehensive Sales, Logistics, Production, and Supply Chain Operational Management Model: This covers all aspects of operations. These three service models collectively form Risun's distinctive operational management business, encompassing full outsourcing, integrated marketing, supply chain management, base planning consulting, product line planning, and expertise in production, technology, logistics, environmental protection, safety, R&D, and digital enhancement. They span multiple industries upstream and downstream of coking, chemicals, and new energy sectors.

Building on its unique core competencies and operational management systems, Risun's operational management services are gradually emerging as a new growth driver. Since 2024, the group's operational management business has seen steady growth. As of December 31, the total operational management capacity reached 8.86 million tons per year, comprising 8.2 million tons per year of coke and 660,000 tons per year of chemicals. Compared to 2023, five additional operational management projects were added, marking a new high for the scale of these services. With a market-oriented approach, a focus on customer needs, and a commitment to customer satisfaction, Risun is accelerating its transition to a service-oriented manufacturing model. By actively collaborating with industry peers, Risun explores new pathways and models for development, promotes resource and information sharing, and drives collective improvement across the sector.

2. Participation in National and Industry Standard Setting

The group has deeply engaged in the formulation of multiple national standards, playing a pivotal role in guiding technological advancements and supporting industry progress.

National and Industry Standards (Partially) Formulated by Risun Group:

No.	Standard Name	Category	Standard number	Responsibility	Drafter	Publisher
1	Dephenolized oil	Provincial-level standard	DB 13/T 1626-2012	Drafting participant	Xingtai Risun Coal Chemical Co., Ltd	Bureau of Quality and Technical Supervision of Hebei Province
2	1,3,5-Trioxane	Enterprise standard	Q/XXM 10-2013	Drafting leader	Xingtai Risun Coal Chemical Co., Ltd.	Xingtai Risun Coal Chemical Co., Ltd.
3	Carbon black oil	Enterprise standard	Q/XXM 05-2017	Drafting leader	Xingtai Risun Coal Chemical Co., Ltd.	Xingtai Risun Coal Chemical Co., Ltd.
4	Polyoxymethylene dimethyl ethers	Enterprise standard	Q/XXM 11-2014	Drafting leader	Xingtai Risun Coal Chemical Co., Ltd.	Xingtai Risun Coal Chemical Co., Ltd.
5	Crude benzene	Industrial standard	YB/T5022-2016	Principal drafter	1, Hunan Valin Xiangtan Iron and Steel Co., Ltd. 2, Risun Group Co., Ltd. 3, Fujian Sansteel (Group) Co., Ltd. 4, Institute of Information Standards for Metallurgical Industry	Ministry of Industry and Information Technology of the People's Republic of China
6	Coke fines and small sized coke	Metallurgical	YB/T 4138-2017	Drafting leader	1, Xingtai Risun Technology Co., Ltd. 2, Jiangsu Shagang Group Co., Ltd. 3, Jinneng Science and Technology Co., Ltd. 4, Risun Group Co., Ltd. 5, Institute of Information Standards for Metallurgical Industry	Ministry of Industry and Information Technology of the People's Republic of China
7	Metallurgical coke	National standard	GB/T 1996-2017	Principal drafter	1, Bengang Group Co., Ltd. 2, Risun Group Co., Ltd. 3, Jinneng Science and Technology Co., Ltd. 4, Ansteel Group Corporation Limited. 5, Fujian Sansteel (Group) Co., Ltd. 6, Institute of Information Standards for Metallurgical Industry	General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China, Standardization Administration of China
8	Coking xylene	National standard	GB/T 2285-2018	Principal drafter	1, Xingtai Risun Technology Co., Ltd. 2, Baosteel Chemical Co., Ltd. 3, Magang (Group) Holding Co., Ltd. 4, Institute of Information Standards for Metallurgical Industry	State Administration for Market Regulation, Standardization Administration of China

VII. United Efforts for Industrial Prosperity

(II) Brand Cluster

The coking coal and coke industry, as a crucial pillar of China's national economy, holds a significant strategic position in the country's overall development landscape. China is the world's largest producer and consumer of coking coal, as well as the largest global producer, consumer, and exporter of coke. In 2023, the global production of coking coal reached approximately 1.05 billion tons, with China contributing around 550 million tons, accounting for 53% of global production, while its consumption accounted for about 62%. The production and consumption of coke totaled approximately 720 million tons, with China producing and consuming around 490 million tons, representing 68% of global coke production and consumption. Chinese coke exports reach over 20 countries and regions worldwide, peaking at 50% of the international coke trade volume, thus holding significant influence over the global coke market. By 2023, the market value of China's coking industry will exceed 150 billion yuan (approximately $21.8 billion). However, despite China's abundant resources and massive industrial scale in the coking coal and coke sector, the industry has long faced challenges such as fragmented enterprises, insufficient competitiveness, and weak brand influence. Currently, the coke market has transitioned from the "inventory competition" phase to the "reduction competition" stage, while the coking industry has largely completed its large-scale equipment upgrades. Against this backdrop, the China Coking Coal and Coke Industry Brand Cluster was officially established.

In 2024, Risun (formerly known as Suncoke) Group, Shanxi Coking Coal Group Co., Ltd., and China Pingmei Shenma Group Co., Ltd., along with 14 other member units, jointly initiated the establishment of the China Coking Coal and Coke Industry Brand Cluster (hereinafter referred to as the "Coking Industry Brand Cluster" or "Cluster"). On December 9, the founding ceremony of the China Coking Coal and Coke Industry Brand Cluster was held at Risun Group headquarters, marking the official establishment of the coking industry brand in China. Within the Coking Industry Brand Cluster, Risun Group plays a pivotal role, with the group's chairman serving as the cluster's co-chairman and its executive president as the head of the expert committee.

The Coking Industry Brand Cluster advocates for fair and just competition, aiming to strengthen benchmarking exchanges among member units and collectively build a brand effect centered on "integrity + quality + service," thereby enhancing the overall operational management level of the industry. The cluster's objectives include leading the release of the "Top 100 Coking Coal Brands in China" and the "Top 100 Coke Brands in China," with the goal of nurturing and promoting a number of world-class Chinese coking coal and coke brands. This initiative seeks to drive the internationalization of Chinese coking coal and coke brands and achieve global recognition of Chinese brands.

The establishment of the China Coking Coal and Coke Industry Brand Cluster will further promote the high-quality development of premium coking coal and coke enterprises, enhance the brand influence of coking enterprises, and leverage the nationwide unified large market to effectively participate in global competition. The cluster's formation will also help increase industry concentration, strengthen self-regulation within the sector, ensure a basic balance between market supply and demand, and transform the disadvantaged position of the coking industry by enhancing its voice in the global market. Risun Group will work together with all member units to drive Chinese coking coal and coke brands toward globalization, contributing the industry's strength to China's modernization efforts.

Figure 7-1 China Coking Coal and Coke Industry Brand Cluster

Figure 7-2 The Establishment Conference of China Coking Coal and Coke Industry Brand Cluster

(III) Supply Chain Management

In 2024, Risun Group continued to uphold the concept of sustainable development, committing to the construction of an efficient, green, and harmonious supply chain system. Through optimizing supplier management policies, strengthening environmental and social risk management, promoting green procurement, deepening supply chain cooperation and co-construction, as well as expanding supply chain financial services, Risun Group not only achieved its own development goals but also actively promoted the sustainable development of the entire supply chain.

During the reporting period, the Group cooperated with a total of 3,024 suppliers.

Table 7-1 Supplier Data for the Year 2024

Name of indicator	Regions	Unit	Annual data for the year 2024			
Total number of suppliers		/	3,024			
Number of suppliers by geographical region	North China	/	1,085	Percentage	(%)	36%
	Central China	/	372	Percentage	(%)	12%
	East China	/	633	Percentage	(%)	21%
	South China	/	324	Percentage	(%)	11%
	Northeast China	/	290	Percentage	(%)	10%
	Northwest China	/	169	Percentage	(%)	5%
	Southwest China	/	151	Percentage	(%)	5%
Number of producers having passed the ESG review		/	2,588	Percentage	(%)	86%
Number of producers covered in the review		/	2,726	Percentage	(%)	90%

1. Vendor Full Lifecycle Management

Supplier accreditation is the primary step in ensuring supply chain stability and sustainability. Risun Group implements a rigorous review and evaluation process to select high-quality suppliers. To ensure that supplier behavior aligns with the company's high standards for quality and compliance, the group has established the "Supplier Evaluation Criteria," which clearly outlines the requirements and conditions for supplier accreditation, including the use of evaluation and elimination systems. These criteria mandate that suppliers must possess appropriate production, safety, design, manufacturing, and engineering licenses and qualification documents; maintain robust quality, environmental, health, and safety management systems; demonstrate sound financial standing; and provide reliable after-sales service capabilities. Additionally, the "Supplier Evaluation Form" imposes stringent technical and commercial requirements on suppliers. To further strengthen supplier resource management and regulate supplier management practices, ensuring the qualifications and stability of the supplier base, the group revised the "Risun Group Supplier Management System." This document clarifies the group's commitments in supply chain management, ensuring not only the quality and stability of supplies but also integrating ethical, environmental, and social considerations. All potential suppliers are required to provide certifications for their quality management systems, environmental management systems, and occupational health and safety management systems, and undergo on-site inspections to verify compliance with the company's regulatory requirements. Furthermore, the group has established an e-procurement platform and formed an expert panel under the Procurement Management Committee to provide independent, impartial, and objective reviews of suppliers and technical bids, ensuring the fairness and transparency of the evaluation process.

VII. United Efforts for Industrial Prosperity

The group places great emphasis on the environmental and social risk management of its supply chain, establishing a dedicated team and comprehensive management mechanisms. This team comprises multiple departments, including HSE (Health, Safety, and Environment), Quality Management, and the user department, with primary responsibilities such as developing and implementing supplier management mechanisms and procedures, as well as conducting regular on-site inspections and assessments of suppliers. These activities aim to identify and evaluate risks related to labor practices, environmental protection, safety, and social responsibility. By utilizing third-party tools and on-site visits, the team effectively monitors supplier performance and provides improvement recommendations. In 2024, Risun Group enhanced its oversight of high-risk suppliers by monitoring their sustainability practices, helping them improve safety and environmental management, thereby reducing environmental and social risks across the entire supply chain. Additionally, the group focuses on supplier capacity building, particularly for high-risk suppliers, by providing training tailored to industry characteristics and operational realities. This includes sessions on safety and environmental policies, case studies of incidents, and other social responsibility topics. Such efforts aim to enhance suppliers' ability to manage environmental and social risks, collectively driving sustainable development within the supply chain. In 2024, the group successfully launched a supplier management platform, establishing a shared supplier information database. Through digitalization, it achieved unified and efficient management of suppliers while strengthening risk monitoring. This initiative not only improved management efficiency but also provided robust support for risk identification and assessment.

2. Green Supply Chain Collaboration and Co-Construction

Risun Group actively promotes green procurement practices through various measures, ensuring that purchased products and services meet environmental standards. The group operates with transparency, responsibility, accountability, and fairness to maintain the transparency of supply chain management. First, the company has established a system recommending the use of eco-friendly and energy-efficient products for new, renovation, and expansion projects and conducts procurements in accordance with the national catalog of energy-saving and environmentally friendly equipment. Second, environmental and energy efficiency requirements for products and equipment, such as achieving at least Grade 1 energy efficiency, are explicitly stated in procurement contracts. Furthermore, the company has added environmental and energy efficiency audits during the acceptance of products and services to ensure that all procured items meet green procurement standards. Notably, in 2024, Risun Group successfully introduced hydrogen-powered equipment, including hydrogen fuel cell buses and electric forklift trucks. These devices utilize the company's self-produced hydrogen, further reducing carbon emissions. Through these initiatives, Risun Group continues to refine its green supply chain framework, enhancing the sustainability of its procurement processes.

In 2024, Risun intensified its audit efforts on key suppliers and engaged in various forms of cooperative activities with them. The company established a professional subgroup under the Procurement Management Committee, vigorously advancing the compilation, review, and classification of specialized materials suppliers. Through this process, the company identified and categorized 1,509 specialized equipment suppliers and released a list for each base to reference and implement. Simultaneously, Risun Group focused on supplier capacity building, particularly for high-risk suppliers, by conducting training sessions on responsibility management. These sessions covered topics such as safety and environmental policy requirements, as well as case studies of incidents. Such training not only enhanced suppliers' management capabilities but also fostered joint efforts between the company and its suppliers in ESG areas, such as reducing carbon emissions. Additionally, the group actively organized on-site visits to production lines across various bases to understand the usage of supplier platforms. It also conducted training sessions on how to use supplier modules, thereby improving the overall efficiency and transparency of the supply chain.

08

Promote Employee Growth

VIII. Promote Employee Growth

Risun Group has always regarded its employees as the most valuable asset of the organization. Adhering to relevant laws and regulations, including the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China, the group has established a series of systematic policies. These include the Group Recruitment Management Measures, the Risun Group Compensation Management Measures, the Risun Group Prohibition of Forced Labor Regulations, and the Prohibition of Child Labor Regulations. Guided by a "people-oriented" philosophy, Risun is committed to creating a work environment characterized by care, fairness, and opportunities for growth. In 2024, the group made significant strides in talent attraction, development, and training, as well as in promoting diversity, equality, and employee care and welfare. Through a range of innovative initiatives and systemic optimizations, Risun further enhanced employees' sense of belonging and their capacity for professional development.

(I) Recruitment of Talents

In the fierce competition of the market, attracting outstanding talent is crucial for enterprise development. In 2024, Risun Group optimized its talent acquisition mechanisms and expanded its recruitment channels, successfully attracting a large number of high-caliber professionals to join the organization. Throughout the year, the group recruited 817 individuals, including 524 through social recruitment and 293 via campus recruitment. Among these, 20 were PhD holders, 64 held master's degrees, and 113 were foreign language talents. These additions injected powerful momentum into the group's diversified development.

To further enhance its employer brand influence, Risun Group continued to operate its Risun Recruitment official public account, promptly publishing company news, recruitment information, and product knowledge content to attract job seekers' attention. As of now, the public account has amassed a total of 14,489 followers. Additionally, the group organized 153 campus recruitment events, establishing deep cooperative relationships with numerous universities. By signing internship and employment agreements and setting up training bases, Risun provided students with internship and employment opportunities, further solidifying the prominence of campus recruitment as a primary channel.

The group optimized its compensation system and offered competitive benefits to strengthen its appeal to top-tier talent. Based on market research and internal evaluations, Risun adjusted its compensation structure to ensure that employee remuneration remains competitive within the region and industry.

Case

University-Enterprise Cooperation

In 2024, Risun Group further deepened its collaboration with universities, refining its diversified model of industry-university-research cooperation. This initiative has significantly supported the company's sustainable development by driving talent recruitment and cultivation. Through such partnerships, Risun not only provided students with practical platforms but also facilitated the transformation and application of university research outcomes. This has promoted in-depth integration across industry, education, and research, offering robust support for the group's technological innovation and talent development.

- Expansion of University Partnerships: Signing cooperation agreements with institutions such as Inner Mongolia University of Science and Technology, Inner Mongolia College of Mechanical and Electrical Engineering, Baotou Railway College, Baotou Normal College, and Shandong University of Technology. These partnerships have established training bases and created opportunities for student internships and employment.

- Deepening Industry-Education-Research Integration: Collaborating with Hebei University of Technology through a "industry-university-research" agreement and establishing the "Technological Minefield" innovative practice education base with China University of Mining and Technology (Beijing). Additionally, organizing on-site internships for students from Xingtai University's Risun Academy of Chemical Engineering ("Risun Excellence Class") to advance cooperative projects in resource sharing, scientific research, and talent development between the university and the enterprise.

VIII. Promote Employee Growth

Table 8-1 Employment in 2024

Name of indicator	Unit	2024
Total number of employees	(person)	7,389
Total number of contract labors	(person)	7,389
Total number of outsourcing labors	(person)	0
Total number of male employees	(person)	6,179
Total number of female employees	(person)	1,210
Total number of employees with senior titles	(person)	131
Total number of employees with medium titles	(person)	621
Total number of employees with junior titles	(person)	1,760
Total number of employees under 30 years old	(person)	2,339
Total number of employees from 31 to 40 years old	(person)	3,061
Total number of employees from 41 to 50 years old	(person)	1,527
Total number of employees above 50 years old	(person)	462
Total number of employees in Hebei Province	(person)	4,757
Total number of employees in regions outside Hebei Province	(person)	2,632
Total number of employees of ethnic minorities	(person)	186

Table 8-2 Turnover rate in 2024

Name of indicator	Unit	2024
Annual turnover rate of regular employees	(%)	13.93
Turnover percentage of male employees	(%)	13.66
Turnover percentage of female employees	(%)	15.29
Turnover percentage of employees in Hebei Province	(%)	10.78
Turnover percentage of employees outside Hebei Province	(%)	19.60
Turnover percentage of employees under 30 years old (inclusive)	(%)	23.26
Turnover percentage of employees from 31 to 40 years old	(%)	9.77
Turnover percentage of employees from 41 to 50 years old	(%)	6.55
Turnover percentage of employees above 50 years old	(%)	18.61
Total number of labor-related appeals filed through formal appeal mechanism	(case)	3

VIII. Promote Employee Growth

Table 8-3 Work-related injuries in 2024

Name of indicator	Unit	2024	2023	2022
Number of deaths due to work-related injuries	(Person)	0	0	2
Death rate due to work-related injuries	(%)	0	0	0.03%
Number of working days lost due to work-related injuries	(Day)	0	0	0

(II) Development and Training

Risun Group recognizes that employees' continuous growth is the cornerstone of corporate development. Therefore, in 2024, the group made significant investments in employee training and development programs. By providing comprehensive training and development opportunities, Risun helps employees enhance their skills and professional competencies while creating conditions for their career advancement. The group pioneered a "3+2" training model, organizing three management training sessions and two employee training sessions throughout the year. This multi-level training system covers all levels from senior management to junior staff, offering employees holistic support for their growth. While employees achieve professional development, they also feel the company's emphasis on their personal growth, which strengthens their sense of identification and belonging.

In terms of training content, the group focuses not only on enhancing professional skills but also on integrating ESG concepts into its training system. Through specialized training sessions and practical projects, employees gain a deeper understanding and ability to practice environmental, social, and governance (ESG) principles. To ensure the effectiveness of these training initiatives, Risun has implemented multiple evaluation measures, including classroom quizzes, instructor assessments, knowledge reviews, and outstanding trainee selections. These comprehensive follow-up processes ensure that training content translates into actual employee capabilities. Additionally, through activities such as skills competitions for production roles, the group bases employees' enthusiasm for learning and fosters a sense of competition, further improving their professional skills and work efficiency.

Carbon Peaking and Carbon Neutrality Background and Overview Training

In 2024, Risun Group organized a special training session titled "*Carbon Peaking and Carbon Neutrality: Background and Overview*," covering three key aspects: "Dual Carbon Policy Context," "The Significance of Carbon Peaking and Carbon Neutrality," and "Paths to Achieving Dual Carbon Goals." The process from carbon peaking to carbon neutrality represents China's transition toward a green, low-carbon energy system, ensuring economic and social development while decoupling it from carbon emissions. This process is closely aligned with the group's business operations. In the industrial sector, carbon peaking and carbon neutrality can be achieved through pathways such as "green and low-carbon energy transformation," "energy-saving and emission reduction to improve efficiency," "green and low-carbon transportation," "circular economy supporting carbon reduction," and "green and low-carbon technological innovation." These initiatives help employees understand the role and responsibilities of the group in sustainable development.

Doctoral Talent Development and Incentives

In 2024, Risun Group further strengthened the construction of postdoctoral innovation practice bases by assisting several subsidiaries, including Cangzhou Risun and Xingtai Risun Chemical, in obtaining approvals for two new Hebei Provincial Postdoctoral Innovation Practice Bases. These bases provide research and practical platforms for postdoctoral talent. Additionally, the group held its first doctoral forum to address challenges in the recruitment, training, and development of doctoral talents, proposing solutions and specific strategies. The forum encouraged doctors to take on front-line roles in production and marketing, enhancing their cross-cultural communication and cooperation abilities while leveraging their expertise to solve real-world problems.

- Postdoctoral Innovation Practice Base Construction: Building on existing postdoctoral workstations and innovation practice bases, Risun assisted Cangzhou Risun and Xingtai Risun Chemical in obtaining approval for two additional Hebei Provincial Postdoctoral Innovation Practice Bases, providing postdoctoral researchers with platforms for scientific research and practical application.
- Doctoral Talent Development and Incentives: The first doctoral forum was convened to identify and address issues in the recruitment, training, and development of doctoral talents. Specific strategies were proposed to encourage doctors to work on the front lines of production and marketing, fostering their cross-cultural exchange and collaboration skills. This initiative enables them to apply their professional knowledge and expertise to tackle practical challenges effectively.

As of now, Risun Group has 50 doctoral professionals working in production, marketing, technical, and management roles, and 45 doctoral researchers engaged in R&D activities. Their contributions have significantly supported the group's technological innovation and management optimization efforts.

VIII. Promote Employee Growth

Case

Risun University

Risun University, serving as a critical platform for talent cultivation and leadership advancement within Risun Group, underwent comprehensive innovations and optimizations in 2024 in areas such as training models, curriculum development, and training effectiveness assessment. These efforts provided robust talent support for the group's sustainable development.

- Innovative Training Model: Risun introduced the "3+2" training model, organizing three management training sessions and two employee training sessions annually. This multi-level training system spans from senior leadership to grassroots employees, offering comprehensive growth support for all staff members.
- Enhanced Curriculum Development: A dedicated course development task force was established, with an expert committee overseeing the creation and review of training materials. This resulted in the development of 128 courses, the selection of 112 internal trainers, and the establishment of a structured repository comprising 13 categories, 128 courses, and 112 instructors.
- Strengthened Training Effectiveness Evaluation: Multiple assessment measures were implemented, including classroom quizzes, instructor evaluations, knowledge reviews, and outstanding trainee selections. These steps ensured that training content was effectively translated into actionable employee capabilities.
- Skills Competition to Enhance Professional Competence: The group organized a skills competition for production roles, involving 12 campuses and 120 participants competing across six projects. Utilizing a "theory examination + practical operation" format, this initiative aimed to improve professional skills and optimize production workflows.

Table 8-4 Employee Training in 2024

Name of indicator	Unit	2024
Total number of trainings	(Times)	16,009
Number of employees trained	(Person)	277,683
Percentage of employees trained	(%)	100%
Percentage of male employees trained	(%)	100%
Percentage of female employees trained	(%)	100%
Percentage of employees with senior titles trained	(%)	100%
Percentage of employees with medium titles trained	(%)	100%
Percentage of employees with junior titles trained	(%)	100%
Training expense	(RMB10,000)	24.90
Total training hours of employees	(Hour)	370,244.00
Average training time per employee	(hour/person)	50.11
Average training time per male employee	(hour/person)	50.74
Average training time per female employee	(hour/person)	49.48

VIII. Promote Employee Growth

Table 8-5 Employee Training in 2024

Name of indicator	Unit	2024
Total training hours of senior employees and above	(Hour)	4155
Average training hours of senior employees and above	(hour/person)	31.72
Total training hours of middle-level employees	(Hour)	25329
Average training time per middle-level employee	(hour/person)	40.79
Total training hours of junior employees	(Hour)	90994
Average training time per junior employee	(hour/person)	51.70

(III) Diversity and Equity

Risun Group places a high priority on human rights issues and is committed to fostering a workplace environment that is fair, inclusive, and diverse, respecting the background and differences of every employee. To ensure that all aspects of its operations and supply chain receive adequate attention, the group identifies and assesses human rights-related risks during its daily operations and across its supply chain, encompassing the rights of employees, communities, suppliers, and vulnerable groups. To address these concerns, Risun has established a comprehensive human rights due diligence process that includes four key stages: identification, assessment, mitigation, and monitoring. Through a series of measures, the group safeguards employees' legal rights, promotes gender equality and fair compensation, and encourages employees to actively participate in company decision-making processes.

Case

Human Rights Due Diligence Process

- **Identification:** We employ multiple methods, including internal audits, employee interviews, and supplier inspections, to comprehensively identify human rights-related risks in our daily operations and supply chain.
- **Assessment:** Upon identifying potential risks, we conduct a detailed evaluation of their impact on human rights. Our internal audit team regularly reviews relevant work across departments and supply chains, documenting identified risks. External audit results are incorporated to enhance the comprehensiveness and credibility of our assessments.
- **Mitigation:**

  Labor Rights: We establish robust employee welfare systems to ensure fair wages, reasonable working hours, and a safe working environment. Regular training and audits guarantee compliance with prohibitions against forced labor and child labor.

  Community Rights: Through community engagement projects, we protect the land, resource, and cultural rights of local communities. Regular communication with communities ensures that company activities do not negatively impact them.

  Supply Chain Management: The "Risun Group Supplier Management Regulations" require suppliers to maintain robust quality, environmental, safety, and occupational health management systems. Suppliers undergo regular audits to ensure compliance with standards related to labor rights and environmental protection.

  Protection of Vulnerable Groups: We focus on safeguarding the rights of women, children, and ethnic minorities through diversity initiatives and activities.

  Additionally, we conduct regular human rights training to raise awareness among employees and establish a grievance mechanism, allowing employees to file complaints via hotlines or email.
- **Monitoring:** We monitor the effectiveness of human rights risk mitigation through internal reports and external audits to ensure transparency and fairness. Based on monitoring outcomes, we continuously improve our management practices to advance the group's human rights efforts.

VIII. Promote Employee Growth

Risun Group adheres to a diversified talent philosophy and firmly opposes any form of discrimination, including but not limited to gender, age, language, region, religion, or physical disability. The group ensures that every candidate has an equal opportunity to showcase their abilities under fair conditions. Risun places great emphasis on gender equality and pay equity, establishing clear compensation policies and promotion mechanisms to avoid disparities based on gender or other factors. This ensures all employees have equal opportunities in terms of compensation and career advancement. The group strictly adheres to national laws and regulations and resolutely opposes any form of forced labor or child labor. To uphold this commitment, Risun has enacted the "Prohibition of Forced Labor Management Regulations," explicitly banning the use of forced labor, imprisoned labor, contract-bound labor, or slave labor at any stage of production management. These measures safeguard the legitimate rights and interests of all employees. Furthermore, in accordance with the "Prohibition of Child Labor Regulations," Risun prohibits the employment of anyone under the age of 16, ensuring all employees meet the legal working age requirements.

Risun Group upholds a localization principle in its overseas operations, ensuring the rights and interests of international employees are fully protected while respecting local cultures and religious beliefs. In line with this policy, Risun actively implements localized hiring practices, prioritizing the employment of local residents. For instance, Risun Wei Shan New Energy Co., Ltd. in Indonesia has already employed over 600 local workers, with the number expected to reach 1,500 once the project is fully operational. This initiative not only boosts local employment rates but also fosters cultural exchange and integration. To recognize employees who have made outstanding contributions to Sino-Indonesian team integration, Risun Group awarded the "Sino-Indonesian Cultural Integration Team" honor to 48 employees in 2024, including 21 Indonesian nationals and 27 Chinese nationals. Additionally, the group organized a series of celebratory events to commemorate the 77th anniversary of Indonesia's independence and is preparing activities for the upcoming 78th anniversary celebrations. These efforts further strengthen ties with local communities. In Indonesia, Risun respects local customs, traditions, and religious beliefs, ensuring a fair and transparent hiring process and providing a work environment that aligns with local laws and culture. The group pays special attention to the religious needs of Indonesian employees, allowing them to adjust their work schedules according to their faith and providing appropriate leave or schedule adjustments during major religious holidays. Risun also actively organizes various events to celebrate significant festivals like Eid al-Fitr. Through these initiatives, Risun ensures the rights of its overseas employees are fully protected while promoting cross-cultural understanding and collaboration.

Figure 8-1 Honor List of China-Indonesia Cultural Integration team

Figure 8-2 Celebrate Eid al-Fitr

VIII. Promote Employee Growth

Additionally, Risun Group upholds a philosophy of democratic management, encouraging employees to participate in decision-making and establishing a democratic decision-making mechanism that includes regular public voting by representatives, supervisory committee meetings, and recent graduate employee roundtable discussions. These practices foster communication and collaboration between employees and management. The group regularly organizes employee forums, providing an open environment where employees can express their opinions and ideas, and offer feedback on issues related to work or life. This mechanism helps the company identify and address employee concerns in a timely manner, promoting continuous improvement and development.

By implementing these measures, Risun has created a more equitable, open, and innovative workplace, allowing employees to feel the group's support for diversity and inclusion, as well as its emphasis on valuing and appreciating staff members. This not only enhances employee satisfaction and sense of belonging but also injects powerful momentum into the group's sustained growth and progress.

Case

One-on-One Interviews and Group Interviews

In 2024, the group's leadership visited various bases and subsidiaries within the organization, engaging in one-on-one interviews or group discussions with over 500 cadres and staff members. Through these interactions, they aimed to understand the working and living conditions of the employees, as well as their thoughts, challenges, difficulties, and suggestions. Leadership strove to address and resolve difficulties faced by employees in need to the best of their ability.

(IV) Care and Well-being

Risun Group consistently prioritizes the well-being of its employees through a series of caring initiatives designed to enhance their happiness and job satisfaction. In 2024, the group implemented mental and physical well-being programs, provided support to employees in need, and organized various cultural and recreational activities. These efforts have helped create a warm and harmonious work atmosphere, ensuring comprehensive welfare benefits for all employees.

Comprehensive Employee Welfare Support

The group established the "Regulations on Employee Welfare Management" to provide comprehensive, multi-level welfare support for employees, ensuring they receive substantive care and assistance during their work.

- Statutory Public Benefits: Including statutory holidays, social insurance, and annual leave.
- Public Facility Benefits: Collective facilities constructed to ensure basic living needs or convenience for employees, such as dormitories, cafeterias, shower rooms, baseing lots, etc.
- Festival Benefits: Welfare distributed during festivals, such as Mid-Autumn Festival and Spring Festival benefits.
- Employee Well-being Index: Based on employee suggestions and reviewed by the Employees' Representative Congress, Risun's Taiyuan Base Union adjusted employee welfare benefits. Additionally, the union introduced the "System for Reporting and Rational Suggestions," integrating democratic management into corporate governance. An anonymous "Colleague's Corner" was set up to listen to employee concerns, solve problems, and implement practical improvements. By now, 8 significant initiatives have been completed, including the installation of food warming cabinets, issuance of fuel cards for employee benefits, and organization of family reunion events. Plans are underway to continue promoting filial piety subsidies and group purchasing activities.

VIII. Promote Employee Growth

Caring for Employees' Mental and Physical Health

The group places high importance on employees' mental and physical well-being by providing care and support through multiple channels:

- Health Checkups: Organizing regular health checkups to help employees monitor their health status in a timely manner.
- Mental Health Support: Focusing on employees' psychological well-being by offering counseling services and stress management support to help them cope with work and life pressures.
- Women's Wellness Program:
  - Established the "Regulations for Protecting Female Workers," safeguarding the legal rights and physical health of female employees. Organized fun activities and distributed festival gifts to female employees during International Women's Day.
  - On March 8, 2024, distributed festival benefits and granted half-day leave female employees.
  - In response to the provincial federation of trade unions' initiative, the Taiyuan Base Union organized free cervical and breast cancer screenings in collaboration with the Taiyuan Maternity and Child Health Care Hospital. A professional screening team was assembled to provide blood tests, gynecological exams, breast ultrasounds, and other services, along with educational activities to enhance female employees' awareness of self-prevention and health care. Approximately 50 female employees participated.

VIII. Promote Employee Growth

Supporting Employees in Need

The group actively supports employees facing difficulties, alleviating their burdens, and ensuring their basic living needs through various forms of assistance:

- Difficult Employee Assistance: Providing consolation and essential goods to employees in need during holidays.
- Employee Mutual Aid Activities: Launching a "One-Day Donation" program to encourage mutual support among employees.
- Risun's Yucheng Base collaborated with the Suanguan Village Government to carry out the "Delivering Warmth, Entering Communities" consolation activity, visiting five community families in need and presenting care packages from both the government and Risun.

Figure 8-3 Delivering Warmth, Entering Communities consolation activity

- On December 31, 2024, Risun China Gas presented consolation funds and New Year greetings to 14 employees in need.

Figure 8-4 Risun China Gas presented consolation funds

VIII. Promote Employee Growth

Recreational and Cultural Activities

The group organizes diverse cultural and recreational activities to enrich employees' lives and strengthen team cohesion:

- Travel and Cultural Events: Organized annually at the company or base level, these include cultural tours and various recreational activities.
- Cultural and sports activities: facilities built to activate the cultural life of employees, such as gymnasiums, sports fields, etc., as well as various cultural and sports activities held in tourism and cultural activities, celebration activities, sports games and other items issued in the activities, prizes, souvenirs, dinner tickets, etc. Such as regularly organize badminton games, basketball games, autumn hiking and other sports activities to help employees live a healthy life and improve their teamwork ability

Figure 8-5 Cultural and sports activities

– "The fragrance of zongzi fills the air in May; heartfelt wishes for a safe and healthy Dragon Boat Festival." To celebrate the arrival of the Dragon Boat Festival and enrich employees' cultural lives, Risun's Yucheng Base hosted a dumpling-wrapping event on June 6, 2024, attended by over 60 representatives from various departments.

Figure 8-6 Celebration of the Dragon Boat Festival activity

VIII. Promote Employee Growth

- On October 30, 2024, Jilin Risun held a themed fun contest titled “Exercise Together, Stay Healthy Together” to celebrate the first anniversary of its partnership.
- Risun’s Xingtai Base organized a Spring Festival Gala to showcase employees’ talents through innovative formats.

Figure 8-7 Spring Festival Gala

Care for Expatriate Employees

The group has established “Regulations Regarding Care for Families of Expatriate Employees,” providing comprehensive support to expatriate employees and their families to ensure they can work with peace of mind:

- Organizational Guarantee: Maintaining detailed records of expatriate employees’ families to ensure accurate, timely, and effective assistance.
- Types of Assistance Provided: Offering consolation, help, and support during major life events or difficulties faced by expatriate employees’ families, such as weddings, funerals, natural disasters, or serious illnesses.
- Implementation Procedure: When expatriate employees’ families require assistance, they can submit requests through various channels. The responsible parties must respond promptly and provide necessary aid.

Employee Health Check-up Rate 100%

Occupational Health Surveillance Coverage Rate[1] 100%

1 The scope of occupational health examinations includes routine physical examinations and targeted screenings, covering occupational hazard factors such as coal dust, noise, and chemical substances like benzene. Specific examination items and target diseases are tailored to different hazard factors, including pneumoconiosis (dust-related lung disease), noise-induced hearing loss, benzene poisoning, and other occupational illnesses.

09

Partnership for **Sustainable Community Development**

IX. Partnership for Sustainable Community Development

Risun Group has consistently adhered to the principle of "taking from society and giving back to society," actively engaging in community development. The group contributes to economic growth and employment promotion while conducting philanthropic activities to give back to the community. By deeply integrating into local communities, Risun has built a robust bridge of trust with its stakeholders, achieving mutually beneficial and prosperous outcomes for both the company and the community.

(I) Economic Ecosystem Development

Risun Group actively promotes regional economic development through a range of economic support and employment promotion initiatives, creating more job opportunities for local residents. With significant investments in new projects across multiple bases, Risun has driven local economic growth. In 2024, 64% of the total workforce hailed from Hebei Province, demonstrating the group's deep commitment to localization. For instance, the construction of the new dry quenching coking project in Hebei Risun attracted 200 suppliers, directly boosting regional employment and injecting fresh vitality into the local economy.

(II) Community Governance Collaboration

Risun Group actively participates in public welfare activities, addressing the needs of community groups and focusing on improving community infrastructure to create a more comfortable and convenient living environment for residents.

Charitable Donations

- During the reporting period, the group donated a cumulative total of CNY 27,088,500 to support regional development, education, and public welfare initiatives.

Volunteer Activities

- In 2024, Risun's Indonesian Base conducted several volunteer activities aimed at improving community life and environmental sustainability:
  - January 16, 2024: The IMIP team organized a donation drive for essential goods in the Bahodopi district, targeting orphaned children, impoverished widows, elderly individuals, and underprivileged community members. A total of 525 beneficiaries received support, including rice, flour, sugar, cooking oil, sweetened condensed milk, coffee, tea bags, and cash assistance of IDR 500,000 per person. The event was attended by distinguished guests, including the Chairman of the Indonesian Islamic Scholars Council in Morowali County and 12 village leaders.

Figure 9-1 The donation activity of daily necessities for the poor groups in the BahoTopi District

  - March 21-25, 2024: IMIP hosted a village water supply project inauguration ceremony at Morowali Industrial Base, inviting community residents and village officials to celebrate the completion of the raw water installation system, which aims to improve local water supply conditions.

Figure 9-2 Handover Ceremony of Village Water Supply Project

IX. Partnership for Sustainable Community Development

— April 18-19, 2024: To commemorate Earth Day 2024, IMIP launched a two-day "Village Environmental Cleanup Campaign" in Labota Village, addressing local waste management issues.

Figure 9-3 Village Environmental Clean-up Campaign

Volunteer Activities

— June 30, 2024: IMIP partnered with the Bahodopi Red Cross, Morowali County Red Cross, Bangun Multipurpose Hospital, and the IMIP Clinic to host a "Blood Donation for Humanity" event at the Bahomamur Village Hall. This initiative aimed to meet the growing demand for blood supplies in Morowali County while raising public awareness about the benefits of donating blood.

Figure 9-4 The social responsibility activity of "Donating Blood for Humanity"

IX. Partnership for Sustainable Community Development

– August 30, 2024: IMIP held a seminar titled "From Mangrove Ecology to Environmental Policy and Community Empowerment" at Ruang Expo PT. IMIP to mark World Mangrove Day (July 26). Experts such as Ir. Carnoto from UPT KPH Tepe Asa Moroso and Muhammad Darma from the Morowali County Environmental Protection Agency were invited to discuss mangrove conservation, sustainable development, and community involvement. The seminar was divided into three parts: mangrove protection and management, sustainable development and policy, and the role of communities in mangrove conservation.

Figure 9-5 Seminar on "From Mangrove Ecosystem to Environmental Policies and Community Empowerment"

Environmental Conservation

– Empowering Sidaya Village: Training rural women in pastry-making to enhance their skills and household status, while also providing English and Chinese language training for village children to broaden their cultural knowledge and horizons.

Figure 9-6 Rural Empowerment Initiative

IX. Partnership for Sustainable Community Development

Risun Weishan (Indonesian Base) Volunteer Activity Summary

Number of volunteer activities	Volunteer participation	Volunteer hours	Beneficiaries of volunteer activities
14 periods	50 Person-time	112 hours	10,000 Person-time

Environmental Conservation

- On June 5, 2024, marking the 53rd World Environment Day, Risun organized an event themed "Comprehensively Advancing the Beautiful China Initiative" as part of the "June 5" World Environment Day and Safety Public Open Day. The event invited over 30 representatives from the Yucheng Chemical Industrial Base, Yucheng County Emergency Management Bureau, and employee family members to visit the company. This aimed to further promote the eco-friendly, green, and low-carbon ideals of ecological civilization.

Figure 9-7 "June 5" World Environment Day and Safety Public Open Day

- On June 22, 2024, Risun Xingtai Coal Chemical hosted the 2024 Environmental Protection Public Open Day. Through a combination of on-site visits and hands-on experiences, the event showcased the base's exemplary role in environmental protection and green, low-carbon initiatives to the public. It sought to enhance public awareness of ecological conservation responsibilities and foster a widespread societal atmosphere of concern for, support of, and participation in environmental protection.

- On June 23, 2024, the Risun Xingtai Industrial Base organized an Environmental Protection Open Day. Employees' family members were invited to the Xingtai Base for educational activities focused on the company's coking processes and the effectiveness of its environmental management measures.

Figure 9-8 Environmental Protection Open Day

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Appendix

Appendix

1. HKEX ESG index

Serial number	Description of index	Disclosure information	Chapter
A1 Emissions	General disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	Disclosure	Pollutant and Waste Management
A1 Emissions	A1.1 The types of emissions and respective emissions data.	Disclosure	Pollutant and Waste Management
A1 Emissions	A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosure	Pollutant and Waste Management
A1 Emissions	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosure	Pollutant and Waste Management
A1 Emissions	A1.4 Total non-hazardous waste produced (by weight or volume) and, where appropriate, intensity (e.g. per unit of production volume, per facility, per official employee).	Disclosure	Pollutant and Waste Management
A1 Emissions	A1.5 Description of emissions target(s) set and steps taken to achieve them.	Disclosure	Pollutant and Waste Management
A1 Emissions	A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Disclosure	Pollutant and Waste Management
A2 Use of resources	General disclosure Policies on the efficient Use of resources (including energy, water and other raw materials) Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Disclosure	Pollutant and Waste Management

Appendix

Serial number	Description of index	Disclosure information	Chapter
A2 Use of resources	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).	Disclosure	Energy Management
A2 Use of resources	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosure	Water Resources Management
A2 Use of resources	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Disclosure	Energy Management
A2 Use of resources	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.	Disclosure	Water Resources Management
A2 Use of resources	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Disclosure	Energy Management
A3 Environment and natural resources	General disclosure A Policies on minimising the issuer's significant impacts on the environment and natural resources.	Disclosure	Environmental Management Green Ecology
A3 Environment and natural resources	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosure	Environmental Management Green Ecology
A4 Climate change	General disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Disclosure	Response to Climate Change
A4 Climate change	A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Disclosure	Response to Climate Change

Appendix

Serial number	Description of index	Disclosure information	Chapter
B1 Employment	General disclosure Information on: (a) the 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.	Disclosure	Promote Employee Growth
B1 Employment	B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Disclosure	Promote Employee Growth
B1 Employment	B1.2 Employee turnover rate by gender, age group and geographical region.	Disclosure	Promote Employee Growth
B2 Health and safety	General disclosure Information on: (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.	Disclosure	Focus on Safety and Health
B2 Health and safety	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Disclosure	Focus on Safety and Health
B2 Health and safety	B2.2 Lost days due to work injury.	Disclosure	Focus on Safety and Health
B2 Health and safety	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Disclosure	Focus on Safety and Health
B3 Development and training	General disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Disclosure	Promote Employee Growth
B3 Development and training	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management, etc.)	Disclosure	Promote Employee Growth
B3 Development and training	B3.2 The average training hours completed per employee by gender and employee category.	Disclosure	Promote Employee Growth

Appendix

Serial number	Description of index	Disclosure information	Chapter
B4 Labour standards	General disclosure Information on: (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.	Disclosure	Promote Employee Growth
B4 Labour standards	B4.1 Description of measures to review employment practices to avoid child and forced labor.	Disclosure	Promote Employee Growth
B4 Labour standards	B4.2 Description of steps taken to eliminate such practices when discovered.	Disclosure	Promote Employee Growth
B5 Supply chain management	General disclosure Policies on managing environmental and social risks of the supply chain.	Disclosure	Supply Chain Management
B5 Supply chain management	B5.1 Number of suppliers by geographical region.	Disclosure	Supply Chain Management
B5 Supply chain management	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.	Disclosure	Supply Chain Management
B5 Supply chain management	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Disclosure	Supply Chain Management
B5 Supply chain management	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Disclosure	Supply Chain Management
B6 Product responsibility	General disclosure Information on: (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.	Disclosure	Commit to Quality Excellence
B6 Product responsibility	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Disclosure	Commit to Quality Excellence

Appendix

Serial number	Description of index	Disclosure information	Chapter
B6 Product responsibility	B6.2 Number of products and service related complaints received and how they are dealt with.	Disclosure	Commit to Quality Excellence
B6 Product responsibility	B6.3 Description of practices relating to observing and protecting intellectual property rights.	Disclosure	Commit to Quality Excellence
B6 Product responsibility	B6.4 Description of quality assurance process and recall procedures.	Disclosure	Commit to Quality Excellence
B6 Product responsibility	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Disclosure	Commit to Quality Excellence
B7 Anti-corruption	General disclosure 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.	Disclosure	Business Ethics and Anti-Corruption
B7 Anti-corruption	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.	Disclosure	Business Ethics and Anti-Corruption
B7 Anti-corruption	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Disclosure	Business Ethics and Anti-Corruption
	B7.3 Description of anti-corruption training	Disclosure	Business Ethics and Anti-Corruption
B8 Community investment	General disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Disclosure	Partnership for Sustainable Community Development
B8 Community investment	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Disclosure	Partnership for Sustainable Community Development
B8 Community investment	B8.2 Resources contributed (e.g. money or time) to the focus area.	Disclosure	Partnership for Sustainable Community Development

Appendix

2. GRI index

Risun Group has prepared its report in accordance with the GRI Standards, covering the information referenced within this GRI Content Index for the period from January 1, 2024 to December 31, 2024.

GRI 1: Foundation 2021 2021A4:B32		
Used GRI 1	GRI 1: Foundation 2021	
Applicable GRI Sector Standards	–	
GRI 2: General Disclosures 2021		
GRI Standards	**Chapter**	**Note**
GRI 2-1 Organizational details	Overview, Appendix	
GRI 2-2 Entities included in the organization's sustainability reporting		
GRI 2-3 Reporting period, frequency, and contact point		
GRI 2-4 Restatements of information		
GRI 2-5 External assurance		
GRI 2-6 Activities, value chain, and other business relationships	Promote Green and Low-Carbon Development, Partnership for Sustainable Community Development	
GRI 2-7 Employees	Promote Employee Growth	
GRI 2-8 Workers who are not employees	This information is not reported for inapplicable reasons	
GRI 2-9 Governance structure and organization	Sustainable Development Management	
GRI 2-10 Nomination and selection of the highest governance body		
GRI 2-11 Chair of the highest governance body		
GRI 2-12 Role of the highest governance body in overseeing sustainability		
GRI 2-13 Delegation of responsibility for sustainability impacts		
GRI 2-14 Role of the highest governance body in sustainability reporting		
GRI 2-15 Conflicts of interest	This information is not reported for inapplicable reasons.	During the reporting period, the Group did not encounter any incidents involving conflicts of interest, and existing governance mechanisms were sufficient to ensure transparency and compliance, eliminating the need for additional disclosure.

Appendix

GRI 2: General Disclosures 2021		
GRI Standards	**Chapter**	**Note**
GRI 2-16 Communication of critical concerns	Sustainable Development Management	
GRI 2-17 Collective knowledge of the highest governance body		
GRI 2-18 Evaluation of the highest governance body's performance		
GRI 2-19 Remuneration policies	Sustainable Development Management, Promote Employee Growth	
GRI 2-20 Process to determine remuneration	This information is not reported for confidentiality reasons	
GRI 2-21 Annual total compensation ratio	This information is not reported for confidentiality reasons	
GRI 2-22 Statement on sustainable development strategy	Sustainable Development Management	
GRI 2-23 Policy commitments		
GRI 2-24 Embedding policy commitments	This information is not reported for inapplicable reasons.	During the reporting period, the Group did not establish a clear sustainable development policy framework, and there were no significant policy updates or major practice cases.
GRI 2-25 Processes to remediate negative impacts	This information is not reported for inapplicable reasons.	During the reporting period, the Group did not encounter any significant negative incidents (such as environmental accidents or labor disputes) that would trigger such procedures.
GRI 2-26 Mechanisms for seeking advice and raising concerns	Sustainable Development Management	
GRI 2-27 Compliance with laws and regulations		
GRI 2-28 Membership associations		
GRI 2-29 Approach to stakeholder engagement		
GRI 2-30 Collective bargaining agreements	Promote Employee Growth	

Appendix

Disclosures on Material Topics		
We disclose all information related to material topics based on our management approach. For confidentiality reasons, we do not disclose personnel or financial details related to managing these topics.		
GRI Standards	**Chapter**	**Note**
GRI 3-1 Process to determine material topics	Sustainable Development Management	
GRI 3-2 List of material topics		
GRI 3-3 Management of material topics		
Management of material topics	**Chapter**	**Note**
GRI 201 Economic Performance	Overview	
GRI 202 Market Presence	Overview	
GRI 203 Indirect Economic Impacts	Partnership for Sustainable Community Development	
GRI 204 Procurement Practices	United Efforts for Industrial Prosperity	
GRI 205 Anti-corruption	Sustainable Development Management	
GRI 206 Anti-competitive Behavior		
Environmental Topic Disclosures	**Chapter**	
GRI 301 Materials	Promote Green and Low-Carbon Development	
GRI 302 Energy		
GRI 303 Water and Effluents		
GRI 304 Biodiversity		
GRI 305 Emissions		
GRI 306 Waste		
GRI 307 Environmental Compliance		
GRI 308 Supplier Environmental Assessment	United Efforts for Industrial Prosperity	

Appendix

Disclosures on Material Topics		
Social Topic Disclosures	**Chapter**	**Note**
GRI 401 Employment	Promote Employee Growth	
GRI 402 Labor/Management Relations		
GRI 403 Occupational Health and Safety	Focus on Safety and Health, Promote Employee Growth	
GRI 404 Training and Education	Promote Employee Growth	
GRI 405 Diversity and Equal Opportunity		
GRI 406 Non-discrimination		
GRI 407 Freedom of Association and Collective Bargaining		
GRI 408 Child Labor		
GRI 409 Forced or Compulsory Labor		
GRI 410 Security Practices	This information is not reported for inapplicable reasons.	During the reporting period, the Group's operations did not involve high-risk regions, and its security measures complied with standards such as ISO certification, with no major security incidents occurring.
GRI 413 Local Communities	Partnership for Sustainable Community Development	
GRI 414 Supplier Social Assessment	United Efforts for Industrial Prosperity	
GRI 416 Customer Health and Safety	Focus on Safety and Health	
GRI 417 Marketing and Labeling	Commit to Quality Excellence	
GRI 418 Customer Privacy		

Appendix

3. Verification Statement

HKQAA
HONG KONG QUALITY ASSURANCE AGENCY
香港品質保證局

Verification Statement

Scope and Objective
The Hong Kong Quality Assurance Agency ("HKQAA") was commissioned by China Risun Group Limited (hereinafter referred to as "Risun") to conduct an independent verification of its Environmental, Social, and Governance (ESG) Disclosures (the "Selected Disclosures") stated in its 2024 ESG Report (the "Report"). The Selected Disclosures covered the period from January 1, 2024, to December 31, 2024, and represented the ESG performance of Risun.

The objective of this verification is to provide an independent opinion with a limited level of assurance on whether the selected disclosures are prepared in accordance with the following reporting criteria:

- the Environmental, Social and Governance Reporting Guide ("ESG Guide") set out in Appendix C2 of the Listing Rules of The Stock Exchange of Hong Kong Limited (version effective from 31 December 2023, which remains applicable to annual reports for financial years commencing before 1 January 2025).

Level of Assurance and Methodology
HKQAA's verification procedure has been conducted with reference to the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000") issued by the International Auditing and Assurance Standards Board. The evidence gathering process was designed to obtain a limited level of assurance as set out in the ISAE 3000 by using a risk-based approach.

Our verification procedure included, but not limited to:
- Sampling the ESG information stated in the Report, e.g. claims and performance data for detail verification;
- Verifying the raw data and supporting information of the selected samples of the ESG information;
- Interviewing responsible personnel; and
- Checking the internal control mechanism

Roles and Responsibilities
Risun is responsible for the organization's information system, the development and maintenance of records and reporting procedures in accordance with the system, including the calculation and determination of ESG information and performance. HKQAA verification team is responsible for providing an independent verification opinion on the selected disclosures provided by Risun for the reporting period. The verification was based on the verification scope, objectives and criteria as agreed between Risun and HKQAA.

Independence
HKQAA did not involve in collecting and calculating data or compiling the reporting contents. Our verification activities were entirely independent and there was no relationship between HKQAA and Risun that would affect the impartiality of the verification.

HKQAA
HONG KONG QUALITY ASSURANCE AGENCY
香港品質保證局

Limitation and Exclusion

The following limitations and exclusions were applied to this verification due to the service scope, nature of verification criteria, and characteristics of the verification methodology.

I. Our verification scope is limited to verifying the transcription/transformation of the raw data or information into the selected disclosures, e.g., Claims and Performance Data stated in the Report. This ESG Information may be subject to inherent uncertainty.

II. Evaluating the quality of execution and implementation effectiveness of the ESG practices, the appropriateness of the assumptions made, and the estimation techniques applied are outside the scope of our verification.

III. The verification of raw data or information is based on the use of a sampling approach and reliance on the client's representation. As a result, errors or irregularities may occur and remain undetected.

IV. Any information outside the established verification period has been excluded.

Conclusion

Based on the evidence obtained and the results of the verification process, it is the opinion of the verification team that, with a limited level of assurance, nothing has come to the team's attention that the Report has not been prepared, in all material respects, in accordance with the ESG Guide set out in Appendix C2 of the Listing Rules of The Stock Exchange of Hong Kong Limited (former version, which remains applicable to annual reports for financial years commencing before 1 January 2025).

Signed on behalf of Hong Kong Quality Assurance Agency

Teresa Leung
Director, Finance Business
24 April 2025
Ref: 14958724-VER

Appendix

4. Definition

Abbreviation	Full Name
Xingtai Risun Chemical	Xingtai Risun Chemical Co., Ltd.
China Coal Risun	Hebei China Coal Risun Energy Co., Ltd.
Xingtai Risun Coal Chemical	Xingtai Risun Coal Chemical Co., Ltd.
Jinniu Risun	Hebei Jinniu Risun Chemical Co., Ltd.
Tangshan Risun Chemical	Tangshan Risun Chemical Co., Ltd.
Dongming Risun	Dongming Risun Chemical Co., Ltd.
Yuncheng Risun	Yuncheng Risun Energy Co., Ltd.
Hebei Risun	Hebei Risun Energy Co., Ltd.
Dingzhou Tianlu	Dingzhou Tianlu New Energy Limited
Cangzhou Risun	Cangzhou Risun Chemical Co., Ltd.
Risun CHINA GAS	Hohhot Risun China Gas Energy Limited
Dingzhou Base	Consisting of Hebei Risun Energy Co., Ltd. And Dingzhou Tianlu New Energy Limited

5. Feedback

Thank you for reading the Group's 2023 Environmental, Social, and Governance Report. In order to provide you and other stakeholders with more valuable information and to promote the Group's overall working ability and level of in environmental, social and governance efforts, we sincerely welcome your insightful comments on the report and give feedback to us through the following ways:

Address: Building 1, Risun Plaza, Sihezhuang No. 2 Road, Huaxiang Town, Fengtai District, Beijing

Postal code: 100070

E-mail: ir@risun.com

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

- ☐ A Government and regulatory agencies
- ☐ B Customers
- ☐ C Investors/Shareholders
- ☐ D Supply chain
- ☐ E Employees
- ☐ F Partners
- ☐ G Communities
- ☐ H Experts

2. Do you believe that this Report provides complete coverage of your expectations on the Group?

☐ A Yes ☐ B No, what other expectations do you think are not reflected in this Report?

_____

_____

_____

_____

Appendix

3. Do you think the Group has responded well to your expectations?

☐ **A** Yes ☐ **B** No, what expectations do you think have not been well responded?

4. Do you think the content arrangement and layout of this Report are easy to read?

☐ **A** Excellent ☐ **B** Good ☐ **C** Not bad ☐ **D** Poor

5. Do you have any other comments and suggestions on the Group's ESG work and this Report?

Thank you again for your participation!