SHENZHEN XUNCE TECHNOLOGY CO., LTD.

深圳迅策科技股份有限公司

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

STOCK CODE : 3317



2025

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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ABOUT THE REPORT

Shenzhen Xunce Technology Co., Ltd. ("**Xunce**" or the "**Company**"), together with its subsidiaries (hereafter referred to as "**we**", "**our**", or "**our Group**"), is a leading AI-driven real-time data infrastructure and analytics service provider in China. With AI Data Agent at our core, we have built a comprehensive technical system spanning data acquisition, cleaning, and large model fine-tuning.

Leveraging our robust real-time data processing capabilities, we provide industry-leading solutions characterized by high speed, accuracy, and scalability. While maintaining a dominant market share in the demanding asset management sector, our Group is actively empowering diverse industries – including telecommunications, energy, and high-end manufacturing – with unified AI data infrastructure for real-time intelligent decision-making.

As we expand our technological footprint, we remain committed to fostering sustainability in our business operations. This Environmental, Social and Governance ("**ESG**") report ("**Report**") presents our efforts and achievement made in sustainability and social responsibility. The ESG Report details the Group's performance in carrying out the environmental and social policies and fulfilling the principle of sustainable development.

SCOPE OF THE ESG REPORT

The scope of the ESG Report from 1 January 2025 to 31 December 2025 (the "**Reporting Year**" or the "**Year**"). It aimed to reflect the whole group's environmental and social performance at 31 December 2025 were employed in the People's republic of China (the "**PRC**") through these three offices.

REPORTING STANDARD

The ESG Report was prepared in accordance with the "Environmental, Social and Governance Reporting Gode" under Appendix C2 to the Listing Rules. We have complied with the above provisions during the Reporting Year.

REPORTING PRINCIPLES

The content of the ESG Report is determined through stakeholder engagement and materiality assessment process, which includes identifying ESG-related issues, collecting and reviewing the management and stakeholders' opinions, assessing the relevance and materiality of the issues and preparing and validating the information reported. The ESG Report covers all key issues that are concerned by different stakeholders.

Quantitative environmental and social key performance indicators ("**KPIs**") are disclosed in the ESG Report so that stakeholders are able to have a comprehensive understanding of the Group's ESG performance. Information of the standards, methodologies, references and source of key emission of these KPIs are stated wherever appropriate. The Group has strived to adopt consistent reporting and calculation methodologies as far as reasonably practicable as a benchmark for future reporting to ensure consistency in subsequent disclosure. For any changes in methodologies, the Group has presented and explained in details in the corresponding sections.

INFORMATION AND FEEDBACKS

Your opinions are highly valued. If you have any advice or suggestions, please feel free to contact the Company through:

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Email: ir@xuncetech.com

BOARD STATEMENT

The Group believes that good ESG governance strategies and practices are crucial to the business in the long term, especially in enhancing investment values and returns. The Board of Directors (the "**Board**") has the collective and overall responsibility for establishing, adopting and reviewing the Group's ESG vision, policy and targets.

The Board recognises that effective ESG risk management can help the Group avoid impacts associated with ESG and climate-related risks. Accordingly, the Board evaluates, determines and addresses the Group's ESG-related risks at least once a year. The Board may assess these risks internally or engage independent third parties to evaluate our ESG risks and review our existing strategy, targets and internal controls. Necessary improvements will then be implemented to mitigate the risks identified.

The Board is committed to setting ESG approach and strategy according to the importance of ESG issues to the Group and its stakeholders. To this end, the Board oversees the materiality assessment process to ensure that stakeholder perspectives are properly considered in determining the Group's ESG priorities.

To ensure that ESG management remains on the right track, the Board oversees the coordination between departments and reviews the progress of ESG-related goals on an annual basis. The Board will continue to look for opportunities to set more explicit ESG goals and targets for the Group.

ESG GOVERNANCE AND POLICY

OUR COMMITMENT AND ESG POLICY

We are committed to promoting corporate social responsibility and sustainable development and integrating it into all major aspects of our business operations. Corporate social responsibility is viewed as part of our core growth philosophy that will be pivotal to our ability to create sustainable value for our shareholders by embracing diversity and public interests.

Accordingly, our Board has adopted a comprehensive policy on environmental, social and corporate governance responsibilities (the "**ESG Policy**") in accordance with the Listing Rules. This policy sets forth our corporate social responsibility objectives and provides guidance on practicing corporate social responsibility in our daily operations, including:

(i) the appropriate risk governance on environmental, social and governance matters, including climate related risks and opportunities;

(ii) identification of key stakeholders and the communication channels to engage with them;

(iii) ESG governance structure;

(iv) ESG strategy formation procedures;

(v) ESG risk management and monitoring; and

(vi) the identification of key performance indicators, the relevant measurements and mitigating measures.

However, we do not include a carbon price in decision-making.

ESG GOVERNANCE STRUCTURE

Under our ESG Policy, we aim to build a sustainable community with our employees, clients and business partners by supporting local initiatives that aim to create effective and lasting benefits to the local community, through various initiatives that may include corporate philanthropy, establishing community partnerships, and mobilizing our employees to participate in volunteer work. In addition, we also endeavour to reduce any negative impacts on the environment through our commitment to energy saving and sustainable development. We will also focus on embracing diversity within our organization and equal and respectful treatment of all of our employees in their hiring, training, wellness and professional and personal development. While maximizing equal career opportunity for everyone, we will also continue to promote work life balance and create a happy culture in our workplace for all of our employees.

Our Board has the collective and overall responsibility of establishing, adopting and reviewing the ESG vision, policy and target of our Group, and evaluating, determining and addressing our ESG related risks at least once a year. Our Board of Directors may assess or engage independent third party(ies) to evaluate the ESG risks and review our existing strategy, target and internal controls. Necessary improvement will then be implemented to mitigate the risks.

We have an ESG management team authorized by our Board of Directors to oversee ESG related issues and perform relevant ESG governance responsibilities on behalf of our Board. The duties of our ESG management team include but are not limited to reviewing the performance of our Group with respect to ESG matters, identifying, assessing and managing the relevant risks and opportunities, reviewing, evaluating, adopting and updating the relevant policies, and reporting and making recommendations to our Board.

ESG RISK MANAGEMENT

RISK GOVERNANCE AND IDENTIFICATION

We are committed to a thorough analysis and assessment process that will enable us to identify any material ESG risks and take actions to address these risks timely and effectively.

In respect of physical risk, we focus on acute physical risk, such as extreme weather events, which could cause service outage and data loss, and the resulting financial liabilities and reputational damage. To this end, we have formulated an emergency response plan with clear division of labour and specific implementation measures to ensure the full implementation of safety and health management guidelines. We also regularly organize employees to conduct relevant training and drills.

In respect of transition risks, we are not in an industry highly sensitive to climate-related risks and we are mainly concerned with policy and legal risks. We pay close attention to the global trend and China's national strategy of addressing climate change and ecological environment protection, and will actively enhance our ability to address climate change and cope with China's initiatives and action plans regarding future carbon dioxide emissions.

CLIMATE-RELATED RISKS AND RESPONSES

Supervised by our Board, we actively identify and monitor the climate-related risks and opportunities over the short, medium and long term, and we seek to incorporate such climate-related issues into our businesses, strategy and financial planning. Set forth below is a summary of the climate-related risks that we have identified or plan to identify over the short, medium and long term:

	Climate-related risks	Potential impact
Short term (current reporting period)	• Extreme weather conditions such as rainstorms and typhoons	• Service outage and data loss, and the resulting financial liabilities and reputational damage
Medium term (one to three years)	• Heightened environmental regulatory oversight	• Increased operating and compliance costs
Long term (above three years)	• Global initiatives for carbon emission reduction	• Higher operating costs and/or tax burdens due to stringent environmental regulations

ESG RISK MANAGEMENT

Our Board will evaluate the likelihood of occurrence and the estimated magnitude of the resulting impact over short-, medium- and long-term horizons. The decision to mitigate, transfer, accept or control a risk is influenced by various factors such as business location, cost-benefit analysis and change in regulatory landscape. We will incorporate physical and transition risk analysis into risk assessment processes and risk appetite setting. If the risks and opportunities are considered to be material, we will incorporate them into the strategy and financial planning process.

It is expected that the extreme weather conditions for potential physical risks, and change in climate-related regulations and policy for potential transition risks would not have a material impact on our operation in the short and medium terms. We also aim to minimize the transition risk in the long term through reducing our carbon footprints.

Our Group have taken certain measures to reduce ESG-related risks in the process of operation. We will continue to develop ESG guidelines, clarify departmental responsibilities and monitor our operations. In addition, we will make constant improvement of the ESG management regulation and operation rules. Necessary improvement will then be implemented to mitigate the risks and/or the issues identified. We may engage independent professional third parties to help us make necessary improvements on ESG issues, when necessary.

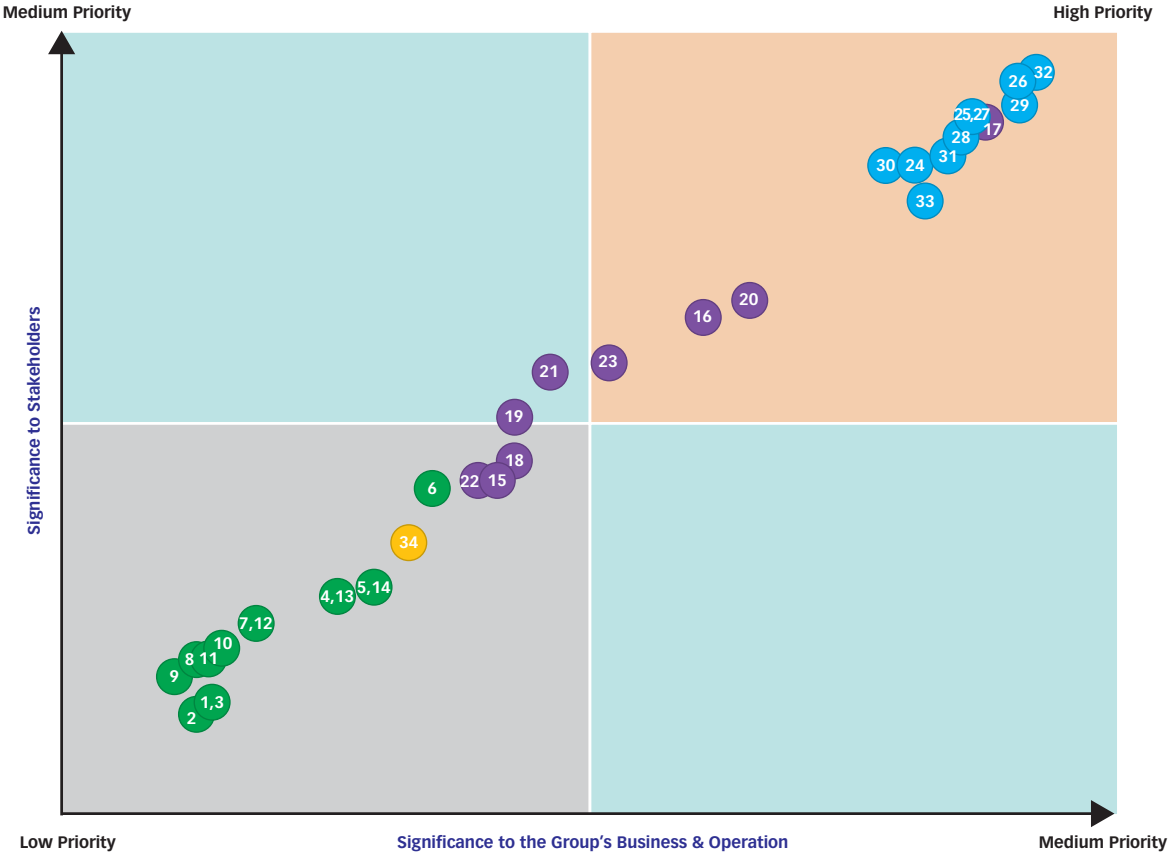
During the Reporting Year, our business had not been materially adversely impacted by any environmental or social incidents. We do not expect our costs of complying with current and future environmental protection, health and safety laws to increase significantly going forward. However, because the requirements imposed by these laws and regulations may change, we may be unable to accurately predict the cost of complying with these laws and regulations.

MATERIALITY ASSESSMENT

During the Reporting Year, the Group commissioned an independent consultant to conduct an online questionnaire survey to systematically identify the most substantial ESG issues for us. This materiality assessment broadly solicited opinions from internal and external stakeholders, including but not limited to the Board of Directors, employees, customers and suppliers, inviting them to rate the impact of 34 ESG issues on the Group's operations and stakeholders. This laid a crucial foundation for subsequent strategy development and disclosure practices.

Based on the survey feedback, we prioritized the ESG issues and created a materiality matrix. This matrix visually reveals the key issues of greatest concern to stakeholders. Issues located in the upper right corner of the matrix were identified as the most substantial to the Group, requiring inclusion in core management and priority disclosure.

MATERIALITY MATRIX



MATERIALITY ASSESSMENT

Environment

1.	Air emission	2.	Greenhouse gas emission	3.	Decarbonisation
4.	Conservation of ecosystem	5.	Nature-related risk and opportunity management	6.	Circular economy
7.	Environmental data management	8.	Climate change mitigation	9.	Climate risk management
10.	Energy efficiency	11.	Water and effluents	12.	Use of materials
13.	Waste management	14.	Environmental compliance		

Employment

15.	Labour rights	16.	Labour-management relations	17.	Employee retention
18.	Diversity and equal opportunity	19.	Non-discrimination	20.	Occupational health and safety
21.	Employee training	22.	Employee development	23.	Prevention of child labour and forced labour

Operation

24.	Customer satisfaction	25.	Product and service quality and complaints handling	26.	Customer health and safety
27.	Marketing and product and service labelling compliance	28.	Intellectual property	29.	Customer privacy and data protection
30.	Responsible supply chain management	31.	Fair operating practices on supplier	32.	Business ethics
33.	Socio-economic compliance				

Community

34. Community investment

OPERATING OUR BUSINESS

SUPPLY CHAIN MANAGEMENT

Fulfilling our environmental and social responsibilities requires close attention to all aspects of our business operations, including the supply chain. To ensure that we deliver quality products and services, we seek to collaborate with suppliers who demonstrate strong credibility – such as well-established suppliers or those with proven track records from reputable enterprises, including 383 suppliers from China (including Hong Kong, Macau and Taiwan), 5 suppliers from United States and 2 suppliers from United Kingdom. Our comprehensive procurement policies and systems provide a clear framework for selecting and managing suppliers. In the selection process, suppliers are assessed based on key criteria including product quality, delivery reliability, production capacity, regulatory compliance, and past performance in environmental, health and safety practices. Those failing to meet our requirements are ultimately disqualified from further collaboration.

We continuously monitor environmental and social risks throughout our supply chain. Preference is given to suppliers who adhere to national, regional and industry-specific environmental standards, follow internationally recognized guidelines, and hold certifications in areas such as energy management, environmental management, and social risk management. We also place importance on suppliers' employment practices and commitment to integrity. As such, we require that suppliers uphold employee human rights by implementing internal policies aligned with internationally accepted norms. Their adoption of adequate occupational health and safety measures, as well as relevant certifications, is also carefully evaluated. Any supplier found to be in violation of anti-bribery, anti-corruption or other ethical business standards will have their business relationship terminated immediately.

In addition, we strive to incorporate environmental considerations into our procurement decisions. Where possible, we prioritize eco-friendly products that are energy-efficient or made from sustainable materials – such as refillable pens and recycled paper. Our staff are encouraged to monitor product expiry dates and use items purchased earlier to minimize waste. Furthermore, to reduce our carbon footprint, we give preference to local suppliers or those geographically closer to our operations whenever feasible.

PRODUCT AND SERVICE QUALITY

Our business encompasses industrial, smart office and new retail solutions, involving employee participation in both the sales and installation of hardware and software. In product selection and procurement, we strictly adhere to the Product Quality Law of the People's Republic of China (中華人民共和國產品質量法). Contracts with suppliers include clearly defined quality clauses, ensuring that all products undergo necessary testing and meet applicable industry standards. All products we provide comply with health and safety requirements under China Compulsory Certification (中國強制性產品認證), as required by the Provision on the Administration of Compulsory Product (強制性產品認證管理規定).

As a professional service provider, we are committed to continuous improvement in service quality and strive to meet customer needs and expectations in full. In addition to our core IT services, we offer comprehensive after-sales support including maintenance, product training, and return services. A robust feedback-tracking system allows us to monitor customer experience and address concerns promptly. In the event of complaints, designated teams collaborate to take swift follow-up action, minimising any disruption or inconvenience.

During the Reporting Year, the Group received no major complaints regarding its products or services, and no products sold or shipped were subject to recall for safety or health reasons.

OPERATING OUR BUSINESS

PRIVACY PROTECTION

Privacy protection is central to our business operations. We handle the information and data of both customers and employees with the highest degree of care. Throughout the reporting period, we strictly complied with applicable privacy regulations in the jurisdictions where we operate, including the Personal Information Protection Law of the People's Republic of China (中華人民共和國個人信息保護法).

We provide customers with clear information about our privacy practices through our privacy policy, explaining how their data is collected, used, stored, shared, and protected. A comprehensive database encryption system is in place, supported by regular manual and automated checks to safeguard customer information. Access to personal data is strictly controlled, requiring approval from multiple parties including the legal department and relevant department heads. All employees are bound by confidentiality obligations and are prohibited from disclosing Group information to unauthorised third parties.

We extend the same level of care to the personal information of our employees. Data relating to current and former employees, as well as job candidates, is used solely for recruitment and employment purposes and is kept strictly confidential. Such information is retained only for as long as necessary and in accordance with applicable legal requirements.

INTELLECTUAL PROPERTY RIGHTS

The Group places high importance on protecting the intellectual property rights of its own, its customers, suppliers and other business partners. During the Reporting Year, we complied with all relevant laws and regulations, including the Patent Law of the People's Republic of China (中華人民共和國專利法), the Trademark Law of the People's Republic of China (中華人民共和國商標法).

To manage and protect our inventions and software copyrights, we have established and implemented a formal intellectual property rights policy. In addition, all contracts with customers, suppliers and employees include protective clauses reviewed and approved by our legal counsel, reinforcing our commitment to IP protection.

We are equally committed to preventing IP infringement in our advertising and marketing activities. During the Reporting Year, we adhered to applicable advertising laws and regulations, including the Advertising Law of the People's Republic of China (中華人民共和國廣告法).

ANTI-CORRUPTION

Corruption poses a significant risk to business stability and long-term development. The Group maintains a zero-tolerance approach toward any conduct that could damage our integrity or reputation. We are committed to ensuring that all departments fulfil their legal obligations and work collectively to prevent, detect and eliminate corrupt practices, thereby reducing the risk of bribery and corruption.

We do not tolerate corrupt behaviour by employees, contractors, agents or business partners, and take all suspected incidents seriously. Through regular meetings and internal communication channels, we reinforce the importance of integrity, honesty and fairness, and raise awareness of the risks associated with bribery, extortion, fraud and money laundering. All employees and management are strongly encouraged to report any suspected corruption to their supervisors or other designated managers. Reported cases are properly investigated, and appropriate actions are taken, which may include disciplinary measures, reporting to relevant authorities, or legal prosecution. Any breach of our anti-corruption policy is treated as serious misconduct and results in disciplinary action.

We believe that ongoing training is essential to maintaining employee awareness of corruption-related risks. Regular anti-corruption training is provided to directors and employees, and the Group will continue to explore opportunities to strengthen their understanding and resilience against such practices.

Throughout the Reporting Year, the Group strictly complied with all applicable anti-corruption laws and regulations. During the Year, we are not aware of any breach of laws or regulations relating to bribery, extortion, fraud or money laundering.

ENVIRONMENTAL POLICIES

RESPONSE TO CLIMATE CHANGE

Climate change is currently one of the most urgent global issues, prompting corporates from different sectors to respond accordingly. We are no exception, being highly aware of the potential risks and impacts brought to the Group's business operations by climate change. For instance, the Group is aware that increasingly frequent and severe extreme weather events may put the Group at risk of numerous negative impacts, especially potentially increasing operational costs since facilities and equipment may be damaged and require repair.

In face of such climate-related risk, we regularly conduct climate-related risk assessments to identify, monitor and manage potential climate-related risks, to analyze the vulnerability of our business operations against different aspects of climate change. Furthermore, we have put in place various measures to prevent and mitigate the potential impacts that may arise. Particularly, in order to mitigate the impacts from increasingly extreme and frequent weather events, we have implemented an emergency management plan, which details the specific measures against extreme weather conditions, such as special work arrangements under thunderstorms.

Looking forward, we shall continue to monitor and assess the ever-changing risks that climate change may bring to the Group and shall swiftly take preventive and mitigative steps once climate-related risks of any form arise.

COMMITMENT TO ENVIRONMENT SUSTAINABILITY THROUGH BUSINESS OPERATIONS

We recognize the importance of contributing to sustainable development for the benefit of our environment. We will monitor environmental and climate-related risks that may impact on our business, strategy and financial performance and evaluate the magnitude of resulting impact over the short, medium and long-term horizons. We strive to minimize the impact of our operations on the environment.

We have implemented internal policies to reduce our carbon footprint in our operation in the following ways:

- Installing energy efficient lighting and ensuring lights are switched off when out of use either manually or through automatic sensors;
- Promoting e-office policies and requiring double-sided printing of documents throughout our offices;
- Switching off certain IT equipment or automatic power shutdown for certain systems and devices during holidays as appropriate;
- Air conditioning controls, with measures including requirements on lowest temperature, regular maintenance of air cooling technologies and optimal timing controls; and
- Posting slogans on saving water in our office, calling on employees to practice water conservation in their daily life.

ENERGY CONSERVATION AND EMISSION REDUCTION

We adhere to the development concept of green, low-carbon and recycle. Through the formulation and implementation of an energy resource management system, we have comprehensively promoted the management of energy resources, proactively identified potential space for energy conservation and formulated detailed energy conservation plans.

As a technology company, we recognize that while technology brings significant social and economic value, its environmental impact, especially the contribution of high computational power and electricity consumption to greenhouse gases ("**GHG**") emissions, cannot be overlooked. We face numerous challenges in the ESG domain.

In the short term, the direct environmental impacts of electricity consumption and its carbon emissions, as well as the effect of rising energy costs on operational expenses, are of concern. Looking to the medium term, technological upgrades and transitions must also consider their environmental impacts, testing our business capabilities. In the long term, maintaining competitiveness while adhering to increasingly strict environmental regulations is also necessary.

We calculated Scope 1 to 3 carbon emissions according to the national carbon emission factors and GHG Protocol. In addressing Scope 1 to 3 emissions, we have adopted the following strategies and metrics to measure and manage our environmental impact:

Strategies and metrics to measure and manage our Scope 1 to 3 carbon emissions

Scope 1 (Direct Emissions)	• Although our direct emissions are low, we continue to reduce them by optimizing our office environment and employee travel policies. For instance, internally we advocate for the utilization of video conferencing to minimize unnecessary travel expenses among employees. • We also endorse eco-friendly office practices, including the reduction of disposable product usage, and actively encourage green commuting alternatives.
Scope 2 (Indirect Emissions from Electricity Consumption)	• We continue to reduce indirect emissions by using more efficient server and data center technologies, as well as giving preferences to purchasing green energy products. We have implemented measures to manage electricity consumption effectively, which include initiatives such as the replacement of conventional lighting with energy-efficient LED fixtures and upgrading to Grade 2 or higher energy-efficient equipment. • To foster a culture of energy conservation among our staff, we require measures such as dimming or turning off non-essential lights during breaks and overtime periods, as well as powering down idle computers or setting them to energy-saving modes.

Scope 3 (Indirect Emissions from Business Air Travel and Paper Consumption)

- We prefer economy class over business class (lower emissions per passenger) and explore options on airlines offering Sustainable Aviation Fuel (SAF) programs to offset emissions. We also encourage rail travel for regional trips (e.g., Hong Kong to Mainland China).
- We implement print-on-demand systems and default double-sided printing to minimize waste. We also set office printers to eco-mode to reduce paper and ink usage.

The following tables set out the greenhouse gases emission of our Group during the Reporting Year.

Greenhouse Gas Emissions		2024	**2025**
Total GHG emissions	tCO_2e ("**tonne of carbon dioxide equivalent**")	384.36	**469.27**
• Scope 1	tCO_2e	13.69	**13.69**
• Scope 2 (Location-based)	tCO_2e	269.74	**340.87**
• Scope 3	tCO_2e	92.98	**114.71**
Intensity			
• By size of workforce	tCO_2e per employee	0.74	**1.05**

POLLUTION MANAGEMENT

Our Group is dedicated to mitigating negative environmental impacts, such as climate change, by controlling and minimising our emission. We bear the environmentally friendly concept in mind in our daily operation and business development.

During the Reporting Year, we were in compliance with relevant laws and regulations that have a significant impact on the Group such as the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法). Both hazardous and non-hazardous wastes were generated during the Reporting Year, of which the former included waste batteries and the latter consisted of mainly daily office garbage produced by employees. The Group deems that waste disposal is not of significance or risk to the Group's business, and that the amount of hazardous and non-hazardous waste is insignificant due to its business nature, the Group has not set targets for waste disposal. Nonetheless, we still strive to avoid detrimental impacts on the environment, non-hazardous wastes generated by the office were collected by the cleaning company employed by the commercial building where the office is located at, while the hazardous wastes were collected separately at specific points in the building before collecting by the designated party. Given the nature of our business operations, the amount of waste is negligible and immaterial.

We have carried out a number of measures by following the principle of "4R" to minimise the amount of waste we generated. For example, we reduced the use of paper by implementing double-side printing, and we spared no effort to reuse office supplies such as stationary, papers, envelopes and files. For recycling, we have set up sorting bins so that staff can sort and recycle plastics and paper after using, and old computers would be recycled by electronics companies. We also purchased recyclable and refillable products such as refillable pens and rechargeable batteries to replace those disposable ones in our office. During the Reporting Year, the Group did not produce any packaging materials.

METRICS AND TARGETS

We have established a comprehensive of key performance indicators to constrain and guide our business operations.

Power Usage

In 2025, the total power usage for our headquarters and offices in Shenzhen, Hangzhou and Shanghai was 685,110 kWh, corresponding to an average annual power usage of 1,670 kWh per employee in such offices. Along with our business expansion, we intend to reduce the level of our average annual power usage to 990 kWh per employee over the next three years.

Going forward, we will continue to take measures to control the consumption of energy in our daily operations, thereby controlling carbon emissions. We install energy efficient equipment and facilities in the office and ensure lights and electric devices are switched off when out of use. We urge employees to set air-conditioning temperature in a reasonable manner, and close the windows when the air conditioner is turned on. We also raise energy consumption awareness of our employees during our trainings and campaigns.

ENVIRONMENTAL POLICIES

Water Usage

In 2025, the total water usage for our headquarters and offices in Shenzhen was 728 m^3, corresponding to an average annual water usage of 1.63 m^3 per employee in such offices. Along with our business expansion, we intend to reduce the level of our average annual water usage to 1.5 m^3 per employee over the next three years.

Going forward, we will continue to take measures to control the water usage in our daily operations. We will continue our efforts of actively promoting green office practices to enhance our staff's awareness of green and low-carbon practices, as well as conducting regular inspections and replacement of old water supply equipment to ensure their efficient operation. We will monitor our water consumption to identify irregularities in a timely manner.

Resource Consumption

We endeavor to reduce negative impact on the environment through our commitment to energy saving and sustainable development. We actively promote the idea of paperless workplace, and we encourage double-sided printing of documents in our office. The table below summarizes key energy usage indicators of our corresponding offices as set out above during the Reporting Year.

	2024	**2025**
Electricity (MWh)	520.00	**685.11**
Electricity (MWh/Employee)	1.01	**1.53**
Water (m^3)	672	**728**
Water (m^3/employee)	1.30	**1.63**

SOCIAL AND GOVERNANCE POLICIES

EMPLOYMENT

Human resources are the foundation of our Group, making it essential to place the right individuals in the right roles. To attract and retain talent, we offer competitive remuneration to all employees. Throughout the Reporting Year, we strictly complied with applicable employment laws and regulations in the jurisdictions where we operate, including the Labor Law of the People's Republic of China (中華人民共和國勞動法). These laws govern key employment matters such as compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other employee benefits and welfare. We are committed to ensuring that the legitimate rights and interests of our employees are fully protected in accordance with legal requirements. We are in the process of refining our compensation policy to include climate-related criteria, ensuring our leadership incentives reflect our sustainability progress.

Anti-discrimination is a core principle in our employment practices. Candidates are selected based solely on their qualifications, experience, and ability, without regard to gender, race, age, nationality, marital status, pregnancy, disability, religion, or any other irrelevant factor. We strictly prohibit the use of child labour and forced labour in accordance with the Provisions on the Prohibition of Using Child Labour (禁止使用童工規定). To prevent the employment of underage individuals, all new hires are required to provide identification documents for age verification. Should any case of child labour be identified, the Group would conduct a thorough investigation and take immediate disciplinary action, including dismissal. Every employee is required to sign an employment contract that clearly defines their job title and responsibilities, ensuring that no employee is assigned duties outside their agreed scope. For employees who wish to resign, we follow established procedures and conduct exit interviews to gather feedback that may help improve our policies and operations. During the Reporting Year, no instances of child labour or forced labour were identified by the Group.

In respect of social responsibilities, we are committed to offering a fair and caring working environment to our employees. We have transparent policies on compensation and dismissal, equal opportunities and anti-discrimination. We hire employees based on their merits and it is our corporate policy to offer equal opportunities and fair compensations to our employees. As of 2025, we had 156 female employees, accounting for approximately 34.82% of our total employees. We encourage our employees who encounter any discrimination to seek immediate assistance, which also allows us to conduct timely investigation and follow up as needed. In addition, we provide training programs on industry and regulatory developments to our employees. We also require all employees to follow our safety rules and receive safety training, which includes fire drills and video on evacuation and other fire safety measures.

Regarding the human capital and the welfare of our employee, we provide recreational facilities open to all employees free of charge. We may conduct annual employee health checkups, subject to evaluation of circumstances each year, to promote employee well-being. Besides, employees who pass the Fund Practitioner Qualification or Securities Practitioner Qualification exams during their tenure may have their registration fees reimbursed by the Company upon submission of valid receipts. Furthermore, we are committed to periodically organise other employee welfare activities to enrich employees' personal lives, with details announced through official Company notifications as determined by circumstances.

SOCIAL AND GOVERNANCE POLICIES

The following tables set out the number of employees and turnover rate of our Group by type during the Reporting Year.

Employee data		2024	**2025**
Total number		517	**448**
By Gender	Male	354 (68.47%)	**292 (65.18%)**
	Female	163 (31.53%)	**156 (34.82%)**
By Age Group	Below 30	238 (46.03%)	**152 (33.93%)**
	30 – 50	277 (53.58%)	**292 (65.18%)**
	Over 50	2 (0.39%)	**4 (0.89%)**
By Position	Senior Management	22 (4.26%)	**11 (2.46%)**
	Middle Management	26 (5.02%)	**35 (7.81%)**
	General Staff	469 (90.72%)	**405 (89.73%)**
By Employment Type	Full Time	517 (100%)	**448 (100%)**
By Geographical Region	China	517 (100%)	**448 (100%)**

Turnover Rate (%)		2024	**2025**
Total Turnover Rate		34.24%	**35.49%**
By Gender	Male	35.03%	**36.99%**
	Female	32.52%	**32.69%**
By Age Group	Below 30	37.39%	**59.21%**
	30 – 50	31.77%	**23.63%**
	Over 50	0.00%	**0.00%**
By Geographical Region	China	34.24%	**35.49%**

We comply with the laws and regulations in the PRC regarding anti-corruption. In addition, we have adopted and strictly implemented our internal anti-corruption policies as stipulated in our employee handbook, which is distributed to all employees through email and to new employees upon onboarding. Pursuant to our anti-corruption policies, any employee who takes a bribe from any business partner for the purpose of getting business will be subject to penalties or termination of labor contracts. In addition, we have imposed a whistleblowing procedure that allows employees to report actual or suspected wrongdoing. The identities of the whistle blowers are kept strictly confidential. We have built a sound corporate governance structure to ensure the effectiveness of our management. During the Reporting Year, we achieved our goal of zero workplace injuries. Employee safety remains paramount to our ESG vision and values, and this milestone reinforces our dedication to continuous improvement and the well-being of every team member. We view every day without incident as validation of our systems and a motivation to keep strengthening our safety culture.

TRAINING AND DEVELOPMENT

Building suitable career paths with a bright future is crucial to every employee. The Group sees employees' career development as a component of our business success. Hence, we deliver education and training to our employees in an effort to build up their working skills and knowledge.

During the Reporting Year, the Group has organized various opportunities for training and development for employees across different levels and departments. We have offered introduction and training on our products and different types of smart manufacturing solutions to our technical staff so that they are well equipped with sufficient knowledge on our products before providing services for our customers. We have also provided training for our employees on policies, system operation and daily workflow of different departments in order to familiarise themselves with the Group's daily operation. Other than new employees, the Group has provided its middle and senior management personnel with training sessions on topics including human capital management and leadership skills. The Group aims to provide all-round development to all employees from different levels and departments.

In addition, to keep abreast of the ever-changing business environment, an educational subsidy policy has been put in place to encourage employees to pursue up-to-date job-related knowledge. We also sponsor our employees who take examinations pertained to their designated roles and responsibility.

SOCIAL AND GOVERNANCE POLICIES

During the Reporting Year, we provided training to 77.37% of the Group's employees. The average training hours for each employee was 13.90 hours.

Percentage of employees trained (%)		2024	**2025**
Total Percentage		51.84%	**77.37%**
By gender	Male	52.54%	**79.41%**
	Female	50.31%	**73.38%**
By employee category	Senior management	77.27%	**77.27%**
	Middle management	53.85%	**62.96%**
	General staff	50.53%	**78.45%**

Average Training Hours (hours)		2024	**2025**
Total Average Training Hours		17.09	**13.90**
By gender	Male	17.40	**13.94**
	Female	16.44	**13.81**
By employee category	Senior management	22.64	**19.95**
	Middle management	16.00	**10.26**
	General staff	16.90	**13.80**

As a well-rounded development pathway, we also offer promotion opportunities to employees adding to the provision of training. We adopt the performance evaluation and management policy in an attempt to assess the employees' performance regularly to provide a foundation for their promotion and salary adjustment. By taking into consideration the employees' target accomplishment, job completion, work quality and performance etc., we evaluate our employees' performance with performance appraisal which includes face-to-face interview. Employees who have achieved outstanding results in performance appraisal will be given priority in the process of promotion.

HEALTH AND SAFETY

We always put priority on employees' health and safety. During the Reporting Year, we strictly conformed to the relevant laws in the Group's places of business such as the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (中華人民共和國職業病防治法).

Our management is responsible for implementing safety measures so as to assure our employees with a safe and healthy workplace. Our management also ensures that necessary information, instruction and supervision are provided so that all employees are safe from injury and health risks. We organise safety orientation for new employees to keep them informed and trained with safety regulations and emergency procedures. The emergency procedures such as fire or explosion emergency plan have been well established, and we regularly arrange rescue, fire and evacuation drills in order to prevent casualties in case of accidents. In the past three years, there were no work-related injuries and fatalities, thanks to the effort put by the Group in creating an injury-free business environment.

CONTRIBUTING TO COMMUNITY

We encourage employees to care for and spend time on the local communities through participating in all kinds of social activities such as attending local community activities and charitable donations. Employees are also encouraged to participate in environmental protection activities and promote environmental awareness within the group. During the Year, our community engagement does not involve use of resources. We will continue to look for other opportunities to devote back to the community in the future.

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HKEx ESG Reporting Code General Disclosures & KPIs		Reference Section
Aspect A: Environment		
A1 Emission	Information on: – the policies; and – 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 wastes.	Environmental Policies
KPI A1.1	The types of emissions and respective emissions data.	Environmental Policies – Energy Conservation and Emission Reduction
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Policies – Pollution Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Policies – Pollution Management
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Policies – Metrics and Targets
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Policies – Pollution Management

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HKEx ESG Reporting Code General Disclosures & KPIs		Reference Section
A2 Use of Resource	Policies on efficient use of resources including energy, water and other raw materials.	Environmental Policies
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Policies – Metrics and Targets
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Policies – Metrics and Targets
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Policies – Metrics and Targets (Power Usage)
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Policies – Metrics and Targets (Water Usage)
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Policies – Pollution Management
A3 The Environment and Natural Resources	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental Policies – Commitment to Environment Sustainability through Business Operations
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Policies – Commitment to Environment Sustainability through Business Operations

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HKEx ESG Reporting Code General Disclosures & KPIs		Reference Section
Aspect B: Social		
B1 Employment	Information on: – the policies; and – 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.	Social and Governance Policies – Employment
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Social and Governance Policies – Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Social and Governance Policies – Employment
B2 Health and Safety	Information on: – the policies; and – 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.	Social and Governance Policies – Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Social and Governance Policies – Health and Safety

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HKEx ESG Reporting Code General Disclosures & KPIs		Reference Section
KPI B2.2	Lost days due to work injury.	Social and Governance Policies – Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Social and Governance Policies – Health and Safety
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Social and Governance Policies – Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Social and Governance Policies – Training and Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Social and Governance Policies – Training and Development
B4 Labour Standard	Information on: – the policies; and – compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Social and Governance Policies – Employment
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Social and Governance Policies – Employment
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Social and Governance Policies – Employment
B5 Supply Chain Management	Policies on managing environmental and social risks of supply chain.	Operating our Business – Supply Chain Management

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HKEx ESG Reporting Code General Disclosures & KPIs		Reference Section
KPI B5.1	Number of suppliers by geographical region.	Operating our Business – Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Operating our Business – Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Operating our Business – Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Operating our Business – Supply Chain Management
B6 Product Responsibility	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.	Operating our Business
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Operating our Business – Product and Service Quality
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Operating our Business – Product and Service Quality
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Operating our Business – Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Operating our Business – Product and Service Quality

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HKEx ESG Reporting Code General Disclosures & KPIs		Reference Section
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Operating our Business – Privacy Protection
B7 Anti-corruption	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Operating our Business – Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Operating our Business – Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures and how they are implemented and monitored.	Operating our Business – Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Operating our Business – Anti-corruption
B8 Community Investment	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.	Social and Governance Policies Contributing to Community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social and Governance Policies Contributing to Community
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Social and Governance Policies Contributing to Community

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Disclosure Requirement	Reference Section/ Explanation
Governance	
19. An issuer shall disclose information about:	
(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of ***climate-related risks and opportunities***. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:	Board Statement ESG Governance and Policy – ESG Governance Structure
(i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to ***climate-related risks and opportunities***;	Board Statement ESG Governance and Policy – ESG Governance Structure
(ii) how and how often the body(s) or individual(s) is informed about ***climate-related risks and opportunities***;	ESG Governance and Policy – ESG Governance Structure
(iii) how the body(s) or individual(s) takes into account ***climate-related risks and opportunities*** when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;	Board Statement ESG Risk Management
(iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to ***climate-related risks and opportunities*** (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and	Board Statement
(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee ***climate-related risks and opportunities***, including information about:	ESG Governance and Policy – ESG Governance Structure
(i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and	ESG Governance and Policy – ESG Governance Structure
(ii) whether management uses controls and procedures to support the oversight of ***climate-related risks and opportunities*** and, if so, how these controls and procedures are integrated with other internal functions.	ESG Risk Management

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Disclosure Requirement	Reference Section/ Explanation
Strategy	
Climate-related risks and opportunities	
20. An issuer shall disclose information to enable an understanding of ***climate-related risks and opportunities*** that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:	
(a) describe ***climate-related risks and opportunities*** that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term;	ESG Risk Management – Climate-related Risks and Responses
(b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a ***climate-related physical risk*** or ***climate-related transition risk***;	ESG Risk Management – Risk Governance and Identification
(c) specify, for each ***climate-related risk and opportunity*** the issuer has identified, over which time horizons – short, medium or long term – the effects of each ***climate-related risk and opportunity*** could reasonably be expected to occur; and	ESG Risk Management – Climate-related Risks and Responses
(d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	ESG Risk Management – Climate-related Risks and Responses
Business model and value chain	
21. An issuer shall disclose information that enables an understanding of the current and anticipated effects of ***climate-related risks and opportunities*** on the issuer's ***business model*** and ***value chain***. Specifically, the issuer shall disclose:	
(a) a description of the current and anticipated effects of ***climate-related risks and opportunities*** on the issuer's ***business model*** and ***value chain***; and	ESG Risk Management – Climate-related Risks and Responses Environmental Policies – Response to Climate Change
(b) a description of where in the issuer's ***business model*** and ***value chain*** ***climate-related risks and opportunities*** are concentrated (for example, geographical areas, facilities and types of assets).	Environmental Policies – Response to Climate Change

Disclosure Requirement	Reference Section/ Explanation
Strategy and decision-making	
22. An issuer shall disclose information that enables an understanding of the effects of ***climate-related risks and opportunities*** on its strategy and decision-making. Specifically, the issuer shall disclose:	
(a) information about how the issuer has responded to, and plans to respond to, ***climate-related risks and opportunities*** in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:	Environmental Policies – Response to Climate Change Environmental Policies – Energy Conservation and Emission Reduction
(i) current and anticipated changes to the issuer's ***business model***, including its resource allocation, to address ***climate-related risks and opportunities***;	
(ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect);	
(iii) any ***climate-related transition plan*** the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a ***climate-related transition plan***; and	
(iv) how the issuer plans to achieve any climate-related targets (including any ***greenhouse gas*** emissions targets (if any)), described in accordance with paragraphs 37 to 40; and	Environmental Policies – Metrics and Targets
(b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).	Environmental Policies – Response to Climate Change
23. An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	

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Disclosure Requirement	Reference Section/ Explanation
Financial position, financial performance and cash flows	
Current financial effect	
24. An issuer shall disclose qualitative and quantitative information about:	Environmental Policies – Response to Climate Change
(a) how ***climate-related risks and opportunities*** have affected its financial position, financial performance and cash flows for the reporting period; and	
(b) the ***climate-related risks and opportunities*** identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	
Anticipated financial effect	
25. The issuer shall provide qualitative and quantitative disclosures about:	Environmental Policies – Response to Climate Change
(a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage ***climate-related risks and opportunities***, taking into consideration:	
(i) its investment and disposal plans; and	
(ii) its planned sources of funding to implement its strategy; and	
(b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage ***climate-related risks and opportunities***.	

Disclosure Requirement	Reference Section/ Explanation
Climate resilience	
26. An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and ***business model*** to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified ***climate-related risks and opportunities***. An issuer shall use climate-related scenario analysis to assess its ***climate resilience*** using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose: (a) the issuer's assessment of its ***climate resilience*** as at the reporting date, which shall enable an understanding of: (i) the implications, if any, of the issuer's assessment for its strategy and ***business model***, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis; (ii) the significant areas of uncertainty considered in the issuer's assessment of its ***climate resilience***; and (iii) the issuer's capacity to adjust, or adapt its strategy and ***business model*** to climate change over the short, medium or long term; (b) how and when the climate-related scenario analysis was carried out, including: (i) information about the inputs used; (ii) the key assumptions the issuer made in the analysis; and (iii) the reporting period in which the climate-related scenario analysis was carried out.	We are currently establishing mechanisms for collecting relevant information and will disclose such information when feasible.

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Disclosure Requirement	Reference Section/ Explanation
Risk Management	
27. An issuer shall disclose information about:	ESG Risk Management – Risk Governance and Identification
(a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:	
(i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);	
(ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;	
(iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);	
(iv) whether and how the issuer prioritises climate-related risks relative to other types of risks;	
(v) how the issuer monitors climate-related risks; and	
(vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period;	
(b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and	
(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring ***climate-related risks and opportunities*** are integrated into and inform the issuer's overall risk management process.	

Disclosure Requirement	Reference Section/ Explanation
Metrics and Targets	
Greenhouse gas emissions	
28. An issuer shall disclose its absolute gross ***greenhouse gas*** emissions generated during the reporting period, expressed as metric tons of ***CO_2 equivalent***, classified as: (a) ***Scope 1 greenhouse gas emissions***; (b) ***Scope 2 greenhouse gas emissions***; and (c) ***Scope 3 greenhouse gas emissions***.	Environmental Policies – Energy Conservation and Emission Reduction
29. An issuer shall: (a) measure its ***greenhouse gas*** emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring ***greenhouse gas*** emissions; (b) disclose the approach it uses to measure its ***greenhouse gas*** emissions including: (i) the measurement approach, inputs and assumptions the issuer uses to measure its ***greenhouse gas*** emissions; (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its ***greenhouse gas*** emissions; and (iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes; (c) for ***Scope 2 greenhouse gas emissions*** disclosed in accordance with paragraph 28(b), disclose its location-based ***Scope 2 greenhouse gas emissions***, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's ***Scope 2 greenhouse gas emissions***; and (d) for ***Scope 3 greenhouse gas emissions*** disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of ***Scope 3 greenhouse gas emissions***, in accordance with the ***Scope 3 categories*** described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	

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Disclosure Requirement	Reference Section/ Explanation
Climate-related transition risks	
30. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to ***climate-related transition risks***.	Environmental Policies – Response to Climate Change
Climate-related physical risks	
31. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to ***climate-related physical risks***.	Environmental Policies – Response to Climate Change
Climate-related opportunities	
32. An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	Environmental Policies – Response to Climate Change
Capital deployment	
33. An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards ***climate-related risks and opportunities***.	Environmental Policies – Response to Climate Change
Internal carbon prices	
34. An issuer shall disclose:	
(a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and	Environmental Policies – Response to Climate Change
(b) the price of each metric tonne of ***greenhouse gas*** emissions the issuer uses to assess the costs of its ***greenhouse gas*** emissions;	
or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	

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

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Disclosure Requirement	Reference Section/ Explanation
(h) how the ***latest international agreement on climate change***, including jurisdictional commitments that arise from that agreement, has informed the target.	
38. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:	Environmental Policies – Response to Climate Change
(a) whether the target and the methodology for setting the target has been validated by a third party;	
(b) the issuer's processes for reviewing the target;	
(c) the metrics used to monitor progress towards reaching the target; and	
(d) any revisions to the target and an explanation for those revisions.	
39. An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	Environmental Policies – Metrics and Targets
40. For each ***greenhouse gas*** emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:	Environmental Policies – Response to Climate Change
(a) which ***greenhouse gases*** are covered by the target;	
(b) whether ***Scope 1***, ***Scope 2*** or ***Scope 3 greenhouse gas emissions*** are covered by the target;	
(c) whether the target is a gross ***greenhouse gas*** emissions target or a net ***greenhouse gas*** emissions target. If the issuer discloses a net ***greenhouse gas*** emissions target, the issuer is also required to separately disclose its associated gross ***greenhouse gas*** emissions target;	
(d) whether the target was derived using a sectoral decarbonisation approach; and	

Disclosure Requirement	Reference Section/ Explanation
(e) the issuer's planned use of ***carbon credits*** to offset ***greenhouse gas*** emissions to achieve any net ***greenhouse gas*** emissions target. In explaining its planned use of ***carbon credits***, the issuer shall disclose:	
(i) the extent to which, and how, achieving any net ***greenhouse gas*** emissions target relies on the use of ***carbon credits***;	
(ii) which third-party scheme(s) will verify or certify the ***carbon credits***;	
(iii) the type of ***carbon credit***, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and	
(iv) any other factors necessary to enable an understanding of the credibility and integrity of the ***carbon credits*** the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).	