CNBM

2025

Environmental, Social and Governance Report

Tianshan Material Co., Ltd.

CNBM

Tianshan Material Co., Ltd.

If you have any comments or suggestions regarding this report, please feel free to contact us through the following channels:

Name：Ye Hong

Address：China National Building Materials Building, No. 70 Shiboguan Road, Pudong New Area, Shanghai, China

Tel：021-68989175

Email：tsgfyehong@126.com

Investor Relations WeChat official account

"Window of Tianshan " WeChat official account

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About the Report

The Report is the fifth environmental, social and governance report (hereinafter referred to as the "ESG Report" or the "Report") of Tianshan Material Co., Ltd. (hereinafter referred to as "Tianshan Material", the "Company" or "we"). The Report provides an update on the Company's sustainability efforts in 2025. In the Report, we hope to deliver the Company's philosophy, initiatives and performance on environmental, social and governance issues to enhance understanding and communication among our stakeholders.

Scope of the Report

Unless otherwise specified, the Report discloses information and data covering the Company's environmental, social and governance practices and achievements for the period from January 1, 2025 to December 31, 2025 (hereinafter referred to as "the year", the "reporting period", or 2025). Certain events mentioned in this Report, whether before or after the aforementioned period, are included for the sake of comprehensiveness of context and detail in this Report. The Report defines the scope of the organization based on the principle of importance. Unless otherwise stated, the materials covered in the Report are from Tianshan Material and all its subsidiaries.

Data Description

The Report is actual feedback on Tianshan Material's economic, environmental and social responsibility practices, with all the information and data derived from the Company's official documents, statistical reports or the summary and statistics of environmental, social and governance practices of its subsidiaries. Unless otherwise specified, the monetary amounts mentioned in this Report are measured in RMB.

Publication of the Report

The Report is published in English and Chinese respectively. In case of discrepancies between the Chinese version and the English translation, the Chinese version shall prevail. The Report is issued in both hard copy and electronic form, and the electronic version of the Report is available on the official website of Tianshan Material Co., Ltd. (http://www.sinoma-tianshan.cn/), Shenzhen Stock Exchange (http://www.szse.cn) and Cninfo (www.cninfo.com.cn).

Principles and Basis

In the process of developing the Report, we mainly refer to the "Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange - Sustainability Report (For Trial Implementation)", "Shenzhen Stock Exchange Self-Regulatory Guidelines No. 3 - Preparation of Sustainability Reports", "Reference of ESG Indicators System for ESG Reports of Listed Companies Controlled by Central Enterprises", the "GRI Sustainability Reporting Standards" (GRI Standards) of the Global Sustainability Standards Board (GSSB) and the United Nations Sustainable Development Goals (SDGs) for 2030.

Review and Approval

The Report was confirmed by the Management and the Board's ESG Committee and approved by the Board of the Company on March 24, 2026.

Contact Information

If you have any comments or suggestions about the Report, please feel free to contact us through the following ways:

Name: Ye Hong

Address: China National Building Material, No. 70, Expo Hall Road, Pudong New Area, Shanghai

Tel: 021-68989175

E-mail: tsgfyehong@126.com

More about the ESG of Tianshan Material can be obtained from the "Window of Tianshan" and the Investor Relations WeChat official account.

Glossary

In the Report, unless the context otherwise specifies, the following terms shall hereinafter be interpreted as follows:

No.	Term	Definition
1	CNBMG	China National Building Material Group Co., Ltd.
2	CNBM	China National Building Material Company Limited
3	Tianshan Material, the Company, we	Tianshan Material Co., Ltd.
4	Company Charter	Articles of Association of Tianshan Material Co., Ltd.
5	CUCC	China United Cement Corporation
6	South Cement	South Cement Co., Ltd.
7	Xinjiang Cement	Xinjiang Tianshan Cement Co., Ltd.
8	Sinoma Cement	Sinoma Cement Ltd.
9	Sanshi Material	Zhejiang Sanshi South New Material Co., Ltd.
10	East China Material	East China Materials Co., Ltd.
11	CUCC Qingzhou	China United Cement Qingzhou Corporation
12	Jiande South	Jiande South Cement Co., Ltd.
13	Sichuan Golden	Sichuan Golden Cement Co., Ltd.
14	Aksu Tianshan	Aksu Tianshan Duolang Cement Co., Ltd.
15	Tonglu Benteng Construction Materials	Tonglu Benteng Construction Materials Products Co., Ltd.
16	Hefei Southern	Hefei Southern Cement Co., Ltd.
17	Hami Tianshan	Hami Tianshan Cement Co., Ltd.
18	Jinlei South	Hunan Jinlei Nanfang Cement Co., Ltd.
19	Midong Tianshan	Xinjiang Midong Tianshan Cement Co., Ltd.
20	Menggu Company	Sinoma Cement Menggu Ltd.
21	Guilin Nanfang	Guilin Nanfang Cement Co., Ltd.
22	CUCC Juxian	China United Cement Juxian Corporation
23	CUCC Taishan	China United Cement Taishan Corporation
24	Burqin Tianshan	Burqin Tianshan Cement Co., Ltd.
25	Sichuan Ebian Southwest	Sichuan Ebian Southwest Cement Co., Ltd.
26	Sinoma Anhui	Sinoma Anhui Cement Co., Ltd.
27	Quzhou Hushan	Quzhou Hushan Concrete Co., Ltd.
28	Yili Tianshan	Yili Tianshan Cement Co., Ltd.
29	Fujian Sanming Southern	Fujian Sanming Southern Cement Co., Ltd.
30	Huzhou Huaikan Nanfang	Huzhou Huaikan Nanfang Cements Co., Ltd.
31	Huzhou Southern Mining Co., Ltd.	Huzhou Southern Mining Co., Ltd.
32	Shanya Nanfang	Shanya Nanfang Cement Co., Ltd.
33	Tianshan R&D Center	Tianshan Materials & Basic Building Materials R&D Center
34	Securities Times	Shenzhen Securities Times Press Co., Ltd.
35	Huazheng Index	Huazheng Index Information Service Co., Ltd.
36	SynTao Green	Syn Tao Green Finance Co., Ltd.
36	The year, the reporting period	The period from 1 January 2025 to 31 December 2025
37	Guilin South	Guilin South Cement Co., Ltd.

Management's Message

In 2025, Tianshan Material embraced transformation with resilience and innovation, defining our future through a foundation of sustainability and intelligent technologies. Facing profound macroeconomic adjustments and structural shifts in the industry landscape, the Company remained steadfast in the mission of "materials create a better world", turning challenges into internal drivers for strengthening governance, optimizing structure, and enhancing competitiveness. Building on the continued implementation of its "three-pronged refined management", Tianshan Material advanced a multi-pronged strategy centered on high-end development, digital intelligence, green transformation, and internationalization. The Company established a new sustainable ecosystem across supply chain collaboration, energy management, and circular economy initiatives, actively shaping a "second growth curve". Throughout the year, Tianshan Material demonstrated strategic resolve in navigating complexities and delivered a pragmatic and forward-looking performance for the stakeholders.

Through strategic alignment and systemic upgrades, we reinforced our development foundation. The Company further developed the three strategic pillars: creating low-carbon sustainable advantages, strengthening the high-quality talent base, and delivering win-win cooperation benefits. This marked a comprehensive transition from strategic planning to systematic execution. By developing an innovation-driven carbon neutrality framework spanning the entire industrial chain, cultivating an industry-leading talent ecosystem, and establishing inclusive platforms for co-creating social value, Tianshan Material partnered globally to advance a new vision for green building materials through craftsmanship and technology.

Low-carbon transformation served as a catalyst for industrial renewal, while ecological intelligence unlocked new growth opportunities. In active response to the national "dual carbon" strategy, the Company integrated green and low-carbon principles into the core of our high-quality development. Seizing the opportunity presented by the inclusion of the cement sector in the national carbon market, Tianshan Material leveraged technological innovation to drive emissions reduction and amplified decarbonization outcomes through industrial chain collaboration. The Company systematically upgraded the smart energy management systems, continued to improve energy efficiency at key production sites, and accelerated the development of green factories and green mines. We also expanded our portfolio of diversified low-carbon products and achieved significant progress in increasing alternative fuel co-processing ratios and optimizing alternative raw material processes. Besides, Tianshan Material advanced the construction of laboratories certified under China National Accreditation Service for Conformity Assessment (CNAS) standards, establishing a standardized system covering the full lifecycle from R&D to quality inspection—ensuring the principle of "responsible resource use and environmental stewardship" is embedded in every operational process.

Technological innovation led the transformation of manufacturing, while digital and intelligent capabilities enhanced product excellence. Anchored in market demand and customer orientation, the Company provided end-to-end lifecycle services and diversified solutions supported by continuous innovation. Leveraging digital platforms to integrate internal and external resources, Tianshan Material continued to improve operational effectiveness and contributed to the industry's high-quality development. In 2025, the Company intensified R&D investment, focusing on overcoming core technical bottlenecks, exploring emerging technologies, reducing costs while improving quality, and advancing green transformation—all aligned with our long-term vision. Breakthroughs in smart manufacturing were realized, with significantly expanded coverage of digitalized and intelligent mines, leading to further improvements in production efficiency and product consistency.

Guided by a people-centered philosophy, Tianshan Material strengthened the foundation for enduring success. The Company systematically advanced organizational capabilities through three integrated dimensions: "Safe Tianshan", "Healthy Tianshan", and "Growing Tianshan". We fully implemented the intelligent production safety management system to reinforce production safety and safeguard the health and well-being of all employees and partners. Additionally, we enriched the cultural ethos of "Tianshan Home", fostering a supportive and human-centric work environment that aligns individual growth with corporate advancement.

Looking ahead, Tianshan Material will continue to uphold the commitment to sustainability, moving forward with openness, innovation, and pragmatism. The Company is dedicated to sustainable efforts and committed to becoming a world-class provider of basic materials manufacturing services. We look forward to collaborating with global partners on the path toward green development. By harnessing the ingenuity of materials to create a better world and fulfilling our responsibilities with integrity, we aim to actively embrace a new era of high-quality growth in the building materials industry and achieve a strong start to China's 15th Five-Year Plan period.

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Advancing Our Long-Term Vision

At Tianshan Material, we practice the principles of sustainable development by continuously improving our ESG management system. We strive to foster harmony among the Company, the environment, and society. Focusing on improving our ESG management performance, we aim to create sustainable corporate value. The Company continues to enhance the sustainable development strategy model featuring Tianshan characteristics and actively drives the implementation of strategic initiatives, seeking to balance ecological, economic, and social outcomes.

- Overview of the Company
- Sustainable Development Strategy Model
- ESG Governance Structure
- ESG Performance Highlights
- ESG Awards and Recognitions
- Investor Communication
- Double Materiality Assessment

Overview of the Company

Founded in November 1998 and listed on the Shenzhen Stock Exchange (SZSE) in 1999 (stock code: 000877), Tianshan Material Co., Ltd. is the core enterprise in infrastructure materials of China National Building Material Group Co., Ltd. (CNBMG). The Company leads the country in clinker and commercial concrete production capacity, and is a national leader in aggregate production. The scope of business covers manufacturing and sales of cement, clinker, commercial concrete and aggregates.

By the end of the reporting period:

Total assets:

275,957
million

Legal entities:

488

Covering:

25 provinces, autonomous regions and municipalities directly under the central government

Clinker production capacity:

270
million tonnes

Aggregate production capacity:

230
million tonnes

Ready-mixed concrete capacity:

360
million cubic meters

Employees:

51
thousand

Figure: Distribution Map of Overseas and Domestic Business Operations

*This map is for demonstration. Please refer to the map published by the Ministry of Natural Resources for the standard map and map content.

Sustainable Development Strategy Model

Guided by the mission of "materials create a better world" and the philosophy of "excellence in operation, refinement in management and robustness in organization", the Company has formed a sustainable development strategy system. This year, with deep collaboration between the Board's Environmental, Social and Governance Committee (ESG Committee) and various functional departments, the company has been following the 2025 ESG strategic ledger plan and work objectives, continuously optimizing digital tools, earnestly carrying out sustainable development actions, and further deepening the connotation of the sustainable development strategy. To support the implementation of this strategy, the Company organized a range of multi-layer and multi-form meetings, including internal alignment sessions, management awareness training, and meetings with the general manager of subsidiaries. These efforts are aimed at building consensus and driving shared development.

Strategic planning of Tianshan Material's sustainable development

Three Key Goals for Our Sustainable Development

Creating low-carbon sustainable advantages

The focus of "creating low-carbon sustainable advantages" aims to improve Tianshan Company's environmental performance. By applying new energies, developing green products and expanding recycling, the Company is committed to achieving green transition to address climate issues and reduce ecological impacts.

Strengthening the high-quality talent base:

The focus of "strengthening the high-quality talent base" aims to promote the common development of the Company and employees. While striving to become a leading player within the industry, the Company also provides employees with a healthy, safe and comfortable workplace to improve employees' well-being and sense of belonging.

Delivering win-win cooperation benefits:

The focus of "delivering win-win cooperation benefits" aims to build a green industrial chain, carry out sustainable procurement and meet diversified customer needs. Tianshan Material seeks to add value to the society and enhance our social influence. Besides, we improve our business conduct, enhance the Company's modern governance capability, and effectively implement sustainable development management, so as to fulfill corporate social responsibilities.

ESG Governance Structure

To align with the Company's strategies and sustainability needs, as well as to achieve higher quality and efficiency in management, the Company has established a sound "governance-management-execution" ESG governance structure, formulated work rules, clarified job duties and formed a long-term ESG work mechanism to further promote the win-win development with stakeholders, achieve the mid- and long-term strategic goals of the Company and promote sustainable development.

Tianshan Material has formulated and implemented the "Rules of the ESG Committee of the Board" and "Management Rules for the ESG Working Group", which defines the Company's ESG governance structure and promotes the implementation of ESG management issues. The company holds at least one ESG committee meeting every year, covering the company's ESG report, sustainable development strategy action plan, climate change-related matters, including the completion status of goals, risk management situation, etc. At the same time, the company conducts at least one ESG research, one ESG working group review meeting, one action plan promotion meeting, and one stakeholder activity every year.。

ESG Governance Structure

The Board

The Board is the highest responsible body for the management and public disclosure of the Company's ESG issues, and reviews and approves the Company's ESG strategies and objectives as well as major issues relating to social responsibilities.

ESG Committee

Introduction:

The Board has set up an Environmental, Social and Governance (ESG) Committee (hereinafter referred to as "ESG Committee"), which comprises three directors: Zhao Xinjun, Shen Jun, and Li Chen, and the Chairman Zhao Xinjun acts as the head of the ESG Committee.

Responsibilities:

- Review the Company's ESG and climate change-related policies and strategies to ensure that they comply with laws, regulations and standards
- Review the Company's ESG and climate change-related management and internal supervision system and make recommendations to the Board on its appropriateness and effectiveness
- Assess and sort out the ESG and climate change-related risks and opportunities of the Company and make recommendations to the Board
- Review and supervise the goals and implementation of the Company's ESG and climate change-related work, assess the work and make recommendations to the Board
- Assess how the Company communicates with stakeholders on ESG matters and ensure that appropriate communication policies and channels are in place to effectively engage the Company's relationships with stakeholders
- Other job duties delegated by the Company's Board

ESG Working Group

Introduction:

The ESG Working Group, as the main coordinating and executive body, is authorized by the ESG Committee to assist the ESG Committee in guiding and supervising the governance function of the Company in implementing ESG issues.

Responsibilities:

- Organize, coordinate and supervise the implementation and execution of ESG and climate change-related work by the subsidiaries of the Company
- Organize and carry out the ESG work of the Company in accordance with the overall ESG and climate change-related management goals, strategies and guidelines approved by the ESG Committee, formulate relevant systems and processes and report to the ESG Committee for review and approval
- Report regularly to the ESG Committee on ESG and climate change-related management (including but not limited to assessment, ranking and management of significant ESG related issues)
- Communicate with stakeholders on ESG and climate change-related matters and present feedback concerning important ESG and climate change-related matters or the Company's business to the ESG Committee, management or relevant departments
- Other duties and responsibilities delegated by the Board or the ESG Committee

ESG Awards and Recognitions

The following highlights key awards and recognitions received by Tianshan Material in 2025.

China Association for Public Companies

'2025 Outstanding Sustainable Development Practice Case of Listed Companies'

China Association for Public Companies

'2025 Outstanding Practice Case for Listed Company Boards of Directors'

China Building Materials Federation

Selected as "Typical ESG Practice Case (Environmental and Governance Themes)"

China Cement Network

'2025 China Cement Enterprises ESG Rankings' - 'Grade A'

Hua Zheng Index

Hua Zheng ESG Rating: A Grade

Hua Zheng Index

Ranked among 'Top 100 Most Improved A-Share Listed Companies 2025'

Wind Information Technology Co., Ltd.

Wind ESG Rating: AA Grade

Department of Climate Change, Ministry of Ecology and Environment

Letter of Appreciation Regarding "Proactive Measures to Address Climate Change"

S&P Global

Inclusion in S&P Global "Sustainability Yearbook (China Edition) 2025" as "Industry Best Improver"

SynTao Green Finance

Inclusion in 'Steady Progress: ESG Leaders Report of Chinese Enterprises 2025'

Securities Times

16th China Listed Companies Investor Relations 'Tianma Award' - 'Investor Relations Shareholder Return Award'

YiDong / Value Online

2025 YiDong 'Value 100' Rating - 'ESG Value Transmission Award'

Board of Directors Magazine

'Special Contribution to Corporate Governance' Award

China Building Materials Federation

Building Materials Industry ESG Rating: A Grade

ESG Due Diligence

In recent years, the company has actively responded to external sustainable development regulatory requirements and guidelines, continuously integrating ESG concepts into strategic planning and daily operations. We have always attached great importance to ESG management and investigation work, striving to enhance our professional capabilities in the ESG field, actively promoting the construction of relevant systems and talent reserves, and preparing to launch ESG due diligence preparation work with supply chain research as the main direction, comprehensively inspecting our own ESG status and impacts, in order to better promote the implementation of ESG practices.

Investor Communication

Tianshan Material regards investors as the foundation of growth in the capital markets and recognizes sustained communication with investors as essential to the Company's long-term success. The Company revised and strictly implemented the "Investor Relations Management Policy", the "Investor Rights and Interests Protection Policy", the "Information Disclosure Management Measures" and the "Management Policy for Internal Information and Insiders", so as to actively disclose the Company's material information and listen to and respond to the voices of investors.

The Company has set up a seasoned and professional team for investor relations management, which has extensive experience and deep expertise in investor relations management, financial management, and legal affairs, as well as good communication skills. The Company formulates the annual work plan on a yearly basis, specifying the objectives and key tasks for investor relations management, so as to adapt to market changes and the Company's development priorities.

The Company continues to enhance accessibility and responsiveness in investor communications and is accelerating the development of a digital and intelligent investor relations management system. The Company leverages a variety of channels to engage with investors, including the SZSE interactive platform, performance presentations, regular reports, on-site research, teleconferences, web conferences, third-party roadshow platforms, online interactive platforms, IR mailboxes and investor relations telephone lines. We also regularly carry out themed activities focusing on the Company's business development, green and low-carbon transition, and dissemination of investment value. Through all of these efforts, we aim to communicate extensively with investors and respond positively to the many concerns we have learnt about. Additionally, we maintain an "Investor Relations" section on our official website, along with the WeChat Official Account and mini-program "Tianshan Material Investor Relations", through which we regularly publish in-depth updates on operational performance, major project progress, and capital markets recognition. In 2025, the Company continued to operate the investor relations new media platforms, dedicated hotline, and email channel to enable broader and more convenient communication with investors. Special attention was also given to the distinct communication needs of different investor groups, including institutional and medium and small-sized investors.

Investor hotline:
021-68989042

E-mail:
ir@cnbm-s.com.cn

The Board Office of Tianshan Material places high importance on investor feedback received through all communication channels and responds to every written inquiry, phone call, and in-person engagement with diligence and accountability. In 2025, the Company received one formal written submission from investors containing objections or suggestions. No complaints were received via email or during in-person engagements. The Company hosted investor communication activities attended by more than 400 participants throughout the year.

Investor Relations Mini Progra

ESG Performance Highlights

Creating low-carbon sustainable advantages

80 enterprises passed the low-carbon certification

10 enterprises passed the carbon footprint assessment

389 enterprises certified with the ISO 9001 Quality Management System

394 enterprises certified with the ISO 14001 Environmental Management System

253 enterprises certified with the ISO 50001 Energy Management System

394 enterprises certified with the ISO 45001 Occupational Health and Safety Management System

53 national green factories, and 61 national green demonstration factories of ready mixed concrete

38 national green mines, 110 provincial green mines

22 digitalized mines

100% of business premises conducting biodiversity impact assessments

Total investment of RMB 81,511.55 ten thousand in ecological and environmental protection

131,725,068.22 tonnes of total greenhouse gas emissions, down 10.15% compared with last year

97.10 kg comprehensive energy consumption per unit of clinker products, down 2.34 kg of standard coal compared with last year

94.54% recycled water utilization rate of clinker-producing cement companies

100% reusing rate of the treated wastewater for concrete business

58.95 million tons of clinker output obtained the certification for low-carbon products

0.2247 kg nitrogen oxides (NO_x) emissions per uint of clinker products, down 6.2% year on year

0.0200 kg sulfur dioxide (SO_2) per uint of clinker products, down 0.5% year on year

100% overall pass rate of cement products

17,059,993.41 tonnes of standard coal equivalent of total energy consumption

16.5% consumption rate of alternative fuel

Strengthening the high-quality talent base

Training hours of employees
1,844.7 thousand

Hours for safety and environmental protection
1,101.5 thousand

Hours for Management
263.3 thousand

Hours for skills and business
479.9 thousand,

Total expenses for employee training and development reached RMB
35,393.4 thousand

employee attendances in occupational health and safety training sessions
992,975

AI alert comprehensive response rate
100%

The member enterprises conducted a total of 3,510 various emergency rescue drills, with 65,995 participants.

Delivering win-win cooperation benefits

anti-corruption (anti-commercial bribery) training sessions
4,517

signing rate of of "Commitment to Integrity and Self-discipline of Management"
100%

signing rate of the "Supplier Integrity Commitment"
100%

100% employee coverage rate in anti-corruption (anti-commercial bribery) training,
100% board member coverage rate,
100% new employee coverage rate in integrity education during onboarding.

Total investment of RMB 40,287.2 thousand in public welfare (including material donations)

1,160 annual working hours of volunteer activities with 1,629 people participated in

RMB 33.9276 million of donations to the targeted poverty alleviation and rural revitalization (including material donations)

Stakeholder Engagement

The Company maintains regular communication with stakeholders via various channels to understand and promptly respond to their needs, using their feedback and concerns as motivation for continuous improvement of our ESG management. In the year, the key issues of concern of main stakeholders are as follows:

Stakeholder	Issues of Concern	Communication Method
Directo.rs	• Company strategy and planning • Company Charter and important policies • Important organizational restructuring and personnel arrangement • Major investment and financing matters • Quality of operations • Compliance • Quality assurance of products and services	• Shareholders' Meeting • Board Meeting • Board special committee meetings • Independent directors special meetings • Board consultation
Management	• Optimization, upgrading and green transition of production and operation • Company governance, reform and innovation • Compliance of employee occupational safety and health • Anti-corruption and integrity promotion	• Management Meeting • Work reporting and communication • Governance and integrity training and management, etc.
Employees	• Employee occupational health and safety • Employee career development and training • Labor regulations • HR management	• Safety training and practice • Career development seminars • Support for employees in difficulty • Employee representative meetings and seminars, etc.
Government and regulatory agencies	• Compliance • Quality assurance of products and services • Greenhouse gas emission and management • Water use and management • Employee occupational health and safety • Ecology and natural resource protection	• Reporting on work and regular communication with regulators • Participation in conferences and major events • Environmental information disclosure • Publishing compliance reports and accepting supervision
Shareholders/ Investors	• Quality of operations • Green transition • Compliance • Quality assurance of products and services • Greenhouse gas emission and management • Wastewater drainage and management • Solid waste disposal and management • Labor regulations • Optimization and upgrading	• Publication of periodic reports • Holding shareholders' meeting, performance presentation, analyst presentation, roadshow and reverse roadshow, strategy meetings, investor education activities, and investor group reception day activities • Communication channels such as SZSE interactive platform, "Investor Relations" module on the official website, the "Tianshan Material Investor Relations" official account and mini-program, investor hotline, IR and director secretary email
Customers	• Quality assurance of products and services • Anti-unfair competition • Compliance • Anti-corruption and integrity promotion	• Customer research • Customer complaint handling and callback • Regular disclosure of corporate information
Business suppliers/ Contractors	• Compliance • Anti-corruption and integrity promotion • Quality assurance of products and services • Supply chain management	• Contract negotiation and daily meetings • Regular supplier performance reviews and engagement meetings • Supplier capability development exchanges • Regular disclosure of corporate information
Community/Industry associations	• Green transition • Sustainable development • Anti-unfair competition • Compliance	• Industry exchanges and seminars • Regular disclosure of corporate information
Press	• Ecology and natural resource protection • Optimization and upgrading • Green transition • Quality assurance of products and services • Solid waste disposal and management • Wastewater drainage and management	• Press interviews • Press releases and announcements
Research institutes such as universities/research institutes	• Research innovation and investment • Quality assurance of products and services • Ecology and natural resource protection	• Research cooperation and communication • Regular disclosure of corporate information

Double Materiality Assessment

Materiality assessment serves as the foundation for Tianshan Material's ESG management and practices. The Company conducts relevant actions regularly across the organization. In 2025, Tianshan Material updated the methodology and assessment process in line with the regulatory requirements and international standards, including the "Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange - Sustainability Report (For Trial Implementation)", to carry out a double materiality assessment. The assessment followed a structured four-step process::

Step 1: Understand business context and affected stakeholders

Based on Tianshan Material's operational model and business activities, the Company mapped the value chain and identified key focus areas. This step incorporated inputs from ESG standards and guidelines, capital market ESG rating criteria, international initiatives, market trends, and the Company's strategic priorities to identify materially affected stakeholders and relevant ESG issues.

Step 2: Identify impacts, risks, and opportunities related to ESG issues

Through research and screening, the Company identified current and potential impacts, risks, and opportunities associated with each ESG issue, clearly locating them within the value chain.

Step 3: Assess and determine the materiality of ESG issues

Evaluate both impact materiality and financial materiality. The assessment considers the severity, scope, and likelihood of each impact or financial effect.

This year, to assess impact materiality, the Company distributed surveys to a broad range of stakeholders—including employees, directors, management, customers, suppliers, investors, community members, the public, and media—and collected 1,679 valid responses. To assess financial materiality, surveys were sent to management and reviewed in consultation with internal finance experts and external ESG specialists, yielding 26 valid responses.

Step 4: Finalize material issues to guide ESG disclosure and practices

Issues deemed material under both impact and financial dimensions were classified as "double material" for the year. These were prioritized using a materiality matrix, ensuring transparency on material issues and key information.

This year, the Company identified 7 issues as impact-material, 4 issues as financially material, and 2 issues as double material.

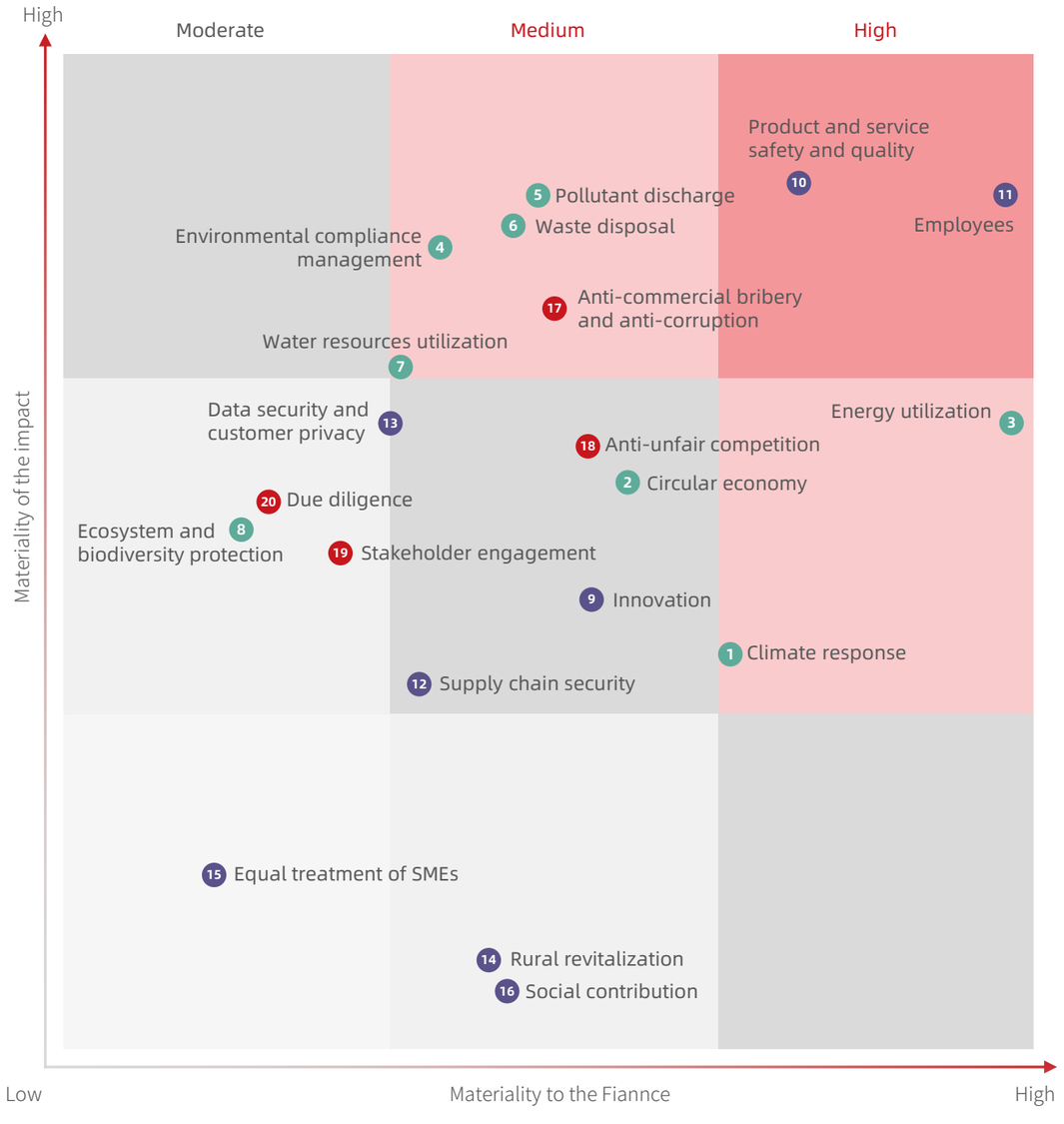


Figure: Tianshan Material's 2025 materiality matrix[1]

[1] Tianshan Material is mainly engaged in the traditional construction materials business, and our core business includes the production and sales of cement, clinker, commercial concrete and aggregates. We do not conduct scientific research and technology development activities related to life science, artificial intelligence or other fields involving science and technology ethics, so the issue of "ethics of science and technology" is not involved.

Issue	Value chain stage	Impact horizon	Description of impacts, risks and opportunities
Product and service safety and quality	• Upstream • Corporate operation • Downstream	• Short term • Medium term	**Impact:** Product and service safety and quality directly affect public safety in construction projects and broader societal interests. They also form the foundation for regulatory compliance and sustainable operations. **Risk:** Quality or safety failures in products and services may result in higher after-sales costs, significant compensation liabilities, or legal proceedings. **Opportunity:** High-quality products and services enhance market reputation and brand trust, secure product certifications, facilitate entry into international markets, and improve eligibility for major project tenders, thereby driving revenue growth.
Employees	• Upstream • Corporate operation	• Medium term • Long term	**Impact:** Attracting and retaining talent, fostering innovation, and maintaining stable labor relations are critical to sustaining long-term productivity, innovation capacity, and resilience. **Risk:** Talent attrition may reduce operational efficiency and revenue. Workplace injuries or rising incident rates can lead to production stoppages, medical expenses, compensation claims, and associated losses. **Opportunity:** A skilled workforce improves operational efficiency and productivity while reducing management costs. Enhanced employee benefits and stronger rights protection contribute to operational stability and long-term competitiveness.
Energy utilization	• Upstream • Corporate operation	• Short term • Medium term	**Impact:** Tightening regulations on fossil fuel use may raise energy efficiency standards or consumption benchmarks, potentially increasing operating costs. **Risk:** Efforts to improve energy efficiency, such as adopting alternative fuels or developing new low-carbon energy solutions, may increase the Company's investments in technology development and fuel conversion. **Opportunity:** Energy efficiency improvements through technological retrofits, such as alternative fuel co-processing, waste-heat power generation, and co-processing of industrial waste, can reduce operating costs.
Response to climate change	• Upstream • Corporate operation • Downstream	• Short term • Medium term • Long term	**Impact:** Climate action shapes the Company's long-term operational viability and sustainability, affecting production models and supply chain resilience. Proactive low-carbon transformation through technological innovation can create enduring market advantages. **Risk:** On the transition side, increasing regulatory requirements from government and other regulators—such as stricter emissions controls and enhanced disclosure obligations for the cement industry—may raise compliance costs. Further policy tightening could also drive up greenhouse gas (GHG) emission allowance prices, leading to higher operating costs. On the physical side, the rising frequency and intensifying extreme weather events may impair production capacity and increase operating costs. **Opportunity:** Proactively addressing climate change and implementing a climate transition plan can further enhance the Company's climate resilience and drive green transformation across the upstream and downstream value chain. Growing demand from downstream industries for green products, such as low-carbon cement and concrete, can also contribute to increased operating income.

[2] Definition of time horizons: short-term refers to one year or less; medium-term refers to one to five years; and long-term refers to more than five years. These timeframes align with the Company's strategic planning cycle, the nature of associated impacts, risks, and opportunities, and resource allocation priorities.

02 Feature

Embracing Our Climate Responsibility

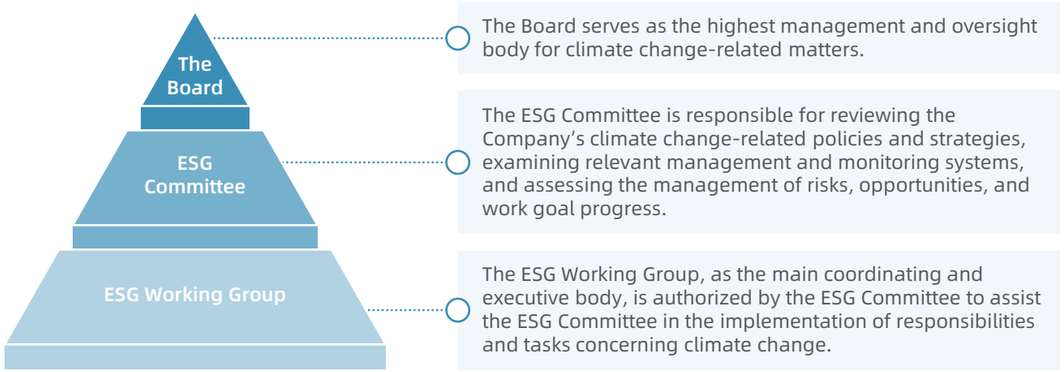
Climate change represents a profound challenge for human society. Tianshan Material is committed to green development and firmly supports the national strategic goals of “carbon peaking and carbon neutrality” . By diligently identifying and analyzing climate-related risks and opportunities that affect the Company’s operations, we have established a systematic approach to climate risk management and response. We strive to balance ecological and economic benefits and social benefits.

- Governance
- Strategy
- Impact, Risk and Opportunity Management
- Metrics and Targets

Governance

A solid governance structure and clear management responsibilities are crucial for effective climate change response and management in enterprises. The Board of Directors serves as the highest oversight body for climate-related matters. The Board has set up an Environmental, Social and Governance (ESG) Committee (hereinafter referred to as "ESG Committee"), which comprises three directors: Zhao Xinjun, Shen Jun, and Li Chen, who possess diversified expertise and strategic vision and extensive experience in driving the green transition of the Company and addressing climate change. The ESG Working Group, as the main coordinating and executive body, is authorized by the ESG Committee to assist the ESG Committee. In 2025, Tianshan Material further established a dedicated Climate Change Task Force under the ESG Working Group to oversee day-to-day execution and advancement of climate-related initiatives.

Management of the Company is responsible for climate change-related tasks, including strategic planning, management policy formulation, resource allocation, target setting, and implementation overseeing. The Company has integrated the management of climate change into the duties of various departments, including the Technical Management Department (Dual-carbon Management Department) and the Safety and Environmental Protection Department. The Technical Management Department (Dual-carbon Management Department) is responsible for technological innovation as well as the formulation and implementation of emissions reduction plans, while the Safety and Environmental Protection Department is responsible for environmental regulatory compliance and reports to the ESG Committee on a regular basis.



The Company links climate response performance to the compensation of management to incentivize them to actively implement sustainability strategies. These measures are designed to meet regulatory requirements and stakeholder expectations and enhance long term competitiveness and reputation of the Company. The Company has signed the "Responsibility Statement of Annual Operation and Management Target for Regional Companies" with the subsidiaries, and the "Responsibility Statement of Annual Ecological Environmental Protection Target" with management, persons in charge of each subsidiary, and managers and employees of the subsidiaries, and made ESG-related management performance tied to the KPIs. The signing rate of these responsibility statements was 100%.

The Company also regularly organizes specialized climate training sessions, inviting both internal and external experts. Training content covers global climate trends, the latest regulatory developments, and methodologies for GHG accounting. This top-down approach continuously strengthens the technical competence and strategic awareness of relevant roles.

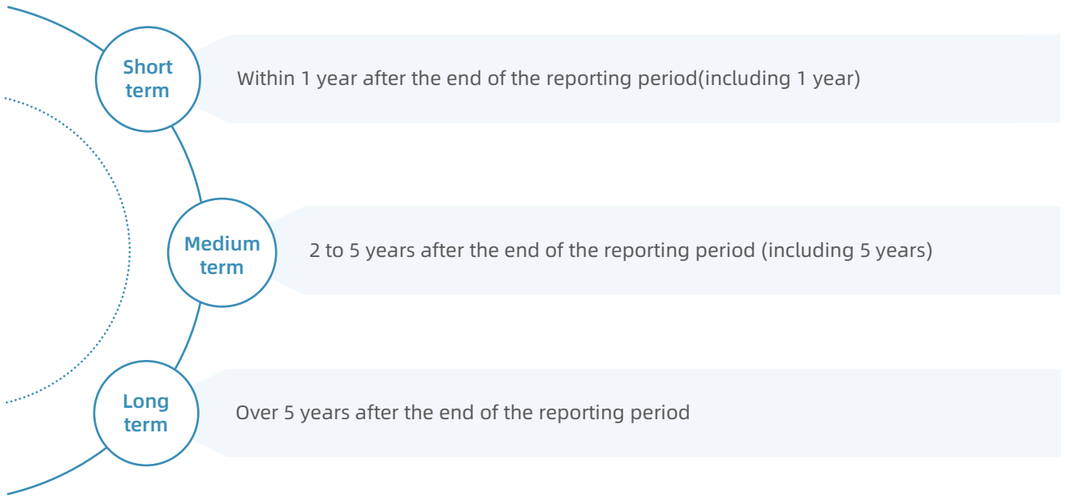
Strategy

Tianshan Material continues to improve its strategic framework to address climate-related risks. Based on regulatory requirements and industry characteristics, Tianshan Material identifies and assesses climate risks and opportunities the Company faces. In line with the Company's strategy and development progress, the Company has formulated and gradually implemented corresponding measures. Meanwhile, Tianshan Material requires all subsidiaries to develop short-, medium-, and long-term strategies to contribute to positive climate and environmental change.

Climate-related risks and opportunities

Taking into account the external environment, the Company's strategic development goals, business operations, and value chain impacts, we have systematically identified and analyzed the climate-related risks and opportunities facing our business operations. Cross-departmental collaborative workshops are carried out, with the focus on assessing the potential impacts of major climate-related risks and opportunities on our business operations and financial performance. In line with the Company's current management practices, we conduct scenario simulations and quantitative financial impact analyses.

Definitions of Short, Medium and Long Term[3]



[3] We have defined the time horizon of Tianshan Material's climate-related risks and opportunities across the short, medium, and long term, aligning closely with the time frame and business direction outlined in the 15th Five-Year Plan.

Climate-related risks

Transition Risks	
Policy and Legal	Description
Impact Period	• Tighter policies and mandatory regulatory and reporting requirements for environmental protection and emission control will increase operating costs. These include compliance expenses, investments in energy-saving and emission-reduction equipment, environmental protection training costs, potential environmental litigation costs and additional fines.
• Short term • Medium term	Measures to Address Risks
Types of Business Affected	• Engage with relevant authorities in different regions to gain a deeper understanding of policies and their guidance, identify potential risk factors, and reduce risks through standardized management.
• Cement business • Commercial concrete business • Aggregate business	• Engage third-party agencies to assist the Company in enhancing environmental compliance consultation and management.
Types of Assets Affected	• Take measures to strengthen the accountability of member units, including annual work planning and the formulation of corresponding policies and management mechanisms to clarify responsibilities and effectively control costs.
• Factories • Mines	• Carry out ultra-low emission transformations by adopting advanced environmental protection technologies and equipment to reduce pollutant discharge and improve environmental performance.

Policy and Legal	Description
Impact Period	• The cement industry has now officially joined the national carbon trading market. The integration of the carbon quota allocation mechanism with the "total volume and intensity" dual-control system for carbon emissions continues to advance. Anticipated increases in the pricing of GHG emissions may lead to rising operational costs, such as expenditure on carbon quota purchases, monitoring and reporting, as well as increased investment in upgrading production processes, including the installation of energy-saving and carbon-reduction equipment, process improvement and the deployment of carbon footprint tracking systems.
• Short term • Medium term	Measures to Address Risks
Types of Business Affected	• Formulate and make continuous improvements to medium and long-term goals for carbon emissions after in-depth research; and regain competitive advantages in the face of carbon cost constraints and strike a dynamic balance between green transformation and economic benefits through technological innovation, energy mix optimization and industry-wide carbon emission reduction.
• Cement business	• Develop and gradually implement a carbon emissions monitoring plan and actively participate in the national pilot program for automated (online) carbon emissions monitoring.
Types of Assets Affected	
• Factories • Mines	

Transition Risks	
Market	Description
Impact Period	• Fluctuations in energy prices may lead to increases in production costs (e.g., energy consumption and use of alternative fuels).
• Medium term	Measures to Address Risks
Types of Business Affected	• Enhance the R&D and application of technologies to reduce energy consumption and improve energy efficiency through technological innovation.
• Cement business • Commercial concrete business	• Increase the utilization rate of renewable energy and boost the proportion of green electricity.
Types of Assets Affected	
• Factories	

Physical Risks	
Acute	Description
Impact Period	• Increased severity of extreme weather events can hinder product transportation, leading to higher operating costs. Extreme weather may also cause loss of existing assets.
• Short term • Medium term • Long term	Measures to Address Risks
Types of Business Affected	• Respond promptly to weather risk alerts issued by the China Meteorological Administration and disaster management agencies; schedule raw material deliveries and product shipments according to weather conditions and arrange logistics transportation plans accordingly.
• Cement business • Commercial concrete business • Aggregate business	• Equip with emergency supplies and safety evacuation devices, conduct regular safety patrols in dormitory areas and issue safety reminders to employees, and carry out regular safety training on early warning response, so as to ensure the personal safety and accommodation security of on-site employees.
Types of Assets Affected	• Set up intelligent production safety systems. During the flood season, factories adjust their production schedules according to rainfall conditions and prepare materials and production in advance.
• Offices • Factories • Mines	• Appropriately purchase commercial insurance such as catastrophe insurance, property insurance, and safety production liability insurance, to reduce potential property losses caused by various disasters and accidents.

Climate-related opportunities

Resource Efficiency	
Impact Period	Description
• Short term • Medium term • Long term	• Under the dual pressure of resource scarcity and increased cost pressures, using alternative raw materials and fuels not only reduces dependence on natural resources but also helps lower procurement costs for raw materials and fuels.
Types of Business Affected	Measures to Seize Opportunities
• Cement business • Commercial concrete business	• Identify alternative raw materials and fuels (such as solid waste) based on local conditions, taking into account both cost and availability, and promote and increase their use.
Types of Assets Affected	
• Factories • Mines	

Resource Efficiency	
Impact Period	Description
• Short term • Medium term • Long term	• Optimizing energy management, implementing energy-saving technological upgrades, and utilizing clean energy sources not only reduces energy consumption and controls production costs.
Types of Business Affected	Measures to Seize Opportunities
• Cement business • Commercial concrete business	• Continue to carry out themed energy-saving technical improvements, enhance relevant technological R&D, and improve production and operation efficiency, so as to reduce operating costs in the long run. • Promote clean energy and high-efficiency technologies and continue to improve the penetration of photovoltaic systems in factories, thereby reducing carbon emissions by replacing traditional high-carbon energy sources and optimizing energy efficiency.
Types of Assets Affected	
• Offices • Factories • Mines	

产品和服务	
Impact Period	Description
• Medium term • Long term	• As demand in the downstream industry chain for green and low-carbon products such as low-carbon cement and concrete increases, catering to market preference can boost revenue. • Opportunities from product demand upgrading driven by sustainable urban and construction development.
Types of Business Affected	Measures to Seize Opportunities
• Cement business • Commercial concrete business	• Develop low-carbon and green products and technologies, and apply for certification for single-purpose cement, special cement, green concrete, and other environmentally friendly products. • Supply green cement and concrete products reliably and stably, based on the different needs of customers. • Leverage centralized R&D strengths to establish a company R&D center in Suzhou, and continuously advance the research and application of low-carbon products and technologies. • Guide the market toward new consumption of higher-end products, and continuously develop and launch high-quality products.
Types of Assets Affected	
• Factories	

In terms of risk management, the Company organized its management personnel to study relevant policies in response to increasingly stringent environmental regulatory requirements and reporting obligations this year. We also engaged external experts to provide compliance consulting services, incurring expenditure totaling RMB 21.93 million. Furthermore, RMB 214.01 million was invested in advancing energy-saving, carbon-reduction and consumption-reduction initiatives, including equipment and technological upgrades, as well as ultra-low emission retrofits. In terms of carbon asset management, the Company has fulfilled its compliance obligations in the national carbon emissions market for the previous year (2024) without the need for any further adjustments, and has taken all the necessary steps to fulfil its obligations for 2025. In response to fluctuations in energy prices, the Company invested around RMB 19 million in acquiring new energy vehicles, reducing carbon emissions from transportation and saving costs. At the same time, we encouraged our partners to replace their fleets with new energy vehicles, promoting a low-carbon cooperation model. Facing the risk of extreme weather, the Company invested RMB 10.56 million in enhancing protective facilities and procuring preventive supplies. This included factory reinforcement and renovation, as well as pipeline upgrades. Additionally, we allocated approximately RMB 35.83 million to purchase severe disaster insurance, property insurance and safety liability insurance, in order to proactively safeguard our assets. In the year, the Company incurred losses of around RMB 0.64 million due to facility damage caused by extreme weather events.

In terms of seizing opportunities, the Company saved approximately RMB 369.21 million in costs by procuring alternative fuels and raw materials this year. We also saved around RMB 23.79 million by utilizing renewable energy, and invested about RMB 299 million in purchasing green electricity and green certificates. The Company continues to advance the R&D and marketing of green and low-carbon products. Related R&D investments and certification costs have reached approximately RMB 79.14 million. Products with green attributes have generated revenue of RMB 25,404.14 million. Such products include cement products certified as “China Low-Carbon Product” and commercial concrete products certified as “China Green Building Materials Product”.

Based on the above assessment, the Company considers climate change risks to be overall manageable in relation to its total assets, and not material to its current or foreseeable performance.

Impact, Risk and Opportunity Management

Climate change scenario analysis

The Company refers to the Shared Socioeconomic Pathways (SSP) from the Intergovernmental Panel on Climate Change (IPCC) and climate change scenarios publicly released by the International Energy Agency (IEA). In addition, based on the Company's "Implementation Plan for Reaching Carbon Peaking and Carbon Neutrality" , we have selected two applicable scenarios: a low emission scenario and a high-emission scenario, to analyze the impacts of critical climate-related physical and transition risks on our operations.

Climate scenario analysis under physical risks

Scenario applied	Optimistic scenario RCP2.6/RCP4.5, SSP1	Pessimistic scenario RCP6.0/RCP8.5, SSP3
Climatic characteristics	Low-emission scenario: Through effective mitigation measures, the GHG emissions are halved by 2050.	High-emission scenario: Maintaining the status quo leads to a continuous increase in GHG emissions.
Socioeconomic characteristics	Emphasis is placed on the harmonious coexistence of human beings and nature. Cross-regional and cross-agency cooperation is effective and sustained. Strict environmental management, rapid technological change, improved resource efficiency, reduced difficulties in accessing water, and increased water safety are witnessed.	Global governance, institutions, and leadership are relatively weak. Investment in technological R&D has decreased. Resource usage intensity has increased. Environmental policies are not being prioritized, with environmental systems in certain regions severely damaged. Water scarcity and safety challenges are enhanced by continued population growth.
Estimated temperature rise by the end of the century	<2℃	>4℃
Scenario source	Intergovernmental Panel on Climate Change (IPCC)	

Climate scenario analysis under transition risks

Scenario applied	NZE Net Zero Emissions by 2050 Scenario	STEPS Stated Policies Scenario (STEPS)
Scenario description and impacts	This scenario assumes the possibility and impact of global net-zero GHG emissions by 2050. In this scenario, countries will introduce strict policies to increase the use of energy-efficient technologies and reduce dependence on fossil fuels.	This scenario assumes the development trends in energy demand and supply without considering the introduction of any new policies or measures.
Estimated temperature rise by the end of the century	<1.5℃	2.4℃
Scenario source	International Energy Agency (IEA)	

The prioritization and relevant criteria of sustainability-related impacts, risks, and opportunities are based on a comprehensive consideration of their alignment with the Company's long-term strategy under different climate scenarios, the significance of their impacts on the Company's operations and financial condition, the urgency of the impacts, the Company's control over the issue, and the level of stakeholder concern. Together, these criteria guide the Company in identifying and prioritizing issues that are critical to sustainability, ensuring that the Company achieves its triple bottom line goals of economic, social, and environmental impacts while addressing the challenges of climate change. The table below shows the degree of impact of the identified risks and opportunities on the Company under different climate change scenarios.

Scenario	Optimistic scenario RCP2.6/RCP4.5, SSP1			Pessimistic scenario RCP6.0/RCP8.5, SSP3		
Impact	Low	Moderate	High	Low	Moderate	High
Risks						
Increased acute extreme weather incidents result in reduced production capacity, damage to assets, and reduced operating income.	√					√
Changes in chronic precipitation patterns and extreme variability in weather patterns lead to increased operating costs.	√					√
Opportunities						
Use of lower-emission sources of energy contributes to reduced operating costs.	√					√
Use of alternative fuels contributes to reduced raw material procurement costs.		√			√	

Scenario	NZE Net Zero Emissions by 2050 Scenario			STEPS Stated Policies Scenario (STEPS)		
Impact	Low	Moderate	High	Low	Moderate	High
Risks						
Increased pricing of GHG emissions can result in higher GHG emissions costs in the future.			√		√	
Fluctuations in market prices may lead to increases in production inputs (e.g., energy, water, waste disposal).	√			√		√
Opportunities						
Increased demand for green products such as low-carbon cement and low-carbon concrete may contribute to increased operating income.		√		√		
Availability of new products or services through R&D and innovation can enhance enterprise competitiveness and increase revenue.			√		√	

The Company has implemented a series of key risk mitigation measures[4] for risk mitigation and opportunity capture to address the challenges of green development and transformation. The Safety and Environmental Department keeps tabs on regulatory and legal changes related to climate change, enabling the Company to adjust its strategies in a timely manner. On top of that, a Dual-carbon Management Department has been established to focus on planning, monitoring, accounting, compliance, and trading of carbon emissions. The Company also provides training programs to enhance employees' expertise in carbon trading. Moreover, the Company is actively pushing forward with resource conservation and technological innovation, implementing energy-saving actions and building a circular economy, such as water-saving initiatives and the adoption of renewable energy, to enhance operational efficiency and environmental performance.

On the marketing strategies, the Company is stepping up its market research efforts to quickly adapt to the growing demand for low-carbon products. The Company also maintains steady communication with stakeholders by regularly publishing ESG reports. Besides, the Company has tightened up its internal management and accountability to make sure environmental responsibilities are properly carried out. With these moves, the Company aims to keep marching forward on the road to sustainable development while ensuring business continuity and compliance.

Meanwhile, the relevant business departments have carried out the following work:

Review the Company's existing business activities	• Check if there are climate-related risks. For example, assess if the Company's supply chain is vulnerable to climate events, such as floods, droughts, or extreme weather.
Monitor industry trends and policy developments	• Keep a close eye on climate risk trends and policy changes, including government regulatory requirements on carbon emissions and environmental protection, as well as industry best practices and standards. In 2025, the Company invested RMB 1.67 billion to add 73 new selective catalytic reduction (SCR) emission control systems, bringing the total number of SCR units in operation to 131.
Collect and analyze climate-related data	• Collect relevant environmental and climate data and conduct both quantitative and qualitative analyses. The Company actively advances digital transformation and has built the Tianshan Material Production Management Reporting System. The system contains data on production, energy, quality, and ultra-low emissions, facilitating intelligent data collection and analysis.
Actively promote stakeholder engagement	• In line with the "Opinions on Promoting the Implementation of Ultra-low Emission in the Cement Industry" and certain local government requirements, the Company has pushed for the transformation of transportation methods. Specifically, the Company drives initiatives to shift from road to rail transport, from road to water transport, and to adopt clean transportation, supporting the transition toward greener operations.

[4] For more information on energy conservation and carbon reduction, utilization of alternative raw materials and fuels, water recycling, and R&D and application of low-carbon products, please refer to the chapter titled " Advancing Green Development Across Multiple Fronts ".

Metrics and Targets

Tianshan Material has set ecological and environmental protection targets, which have been reviewed and approved by the leadership. We have entered into target responsibility agreements with regional companies, and evaluated and examined the annual accomplishments of these targets by these regional companies based on the "Management Measures for the Evaluation of Occupational Health, Safety and Ecological and Environmental Protection Work" . By doing so, the Company aims to become an industrial pioneer in green transition.

Climate Targets and Progress

2025 targets	Target progress in 2025
Average unit clinker CO_2 emissions of 815 kg, reducing by 6.24% from 2021	Achieved
Average tonne of cement CO_2 emissions of 612 kg, reducing by 11.10% from 2021	Achieved
Build 1 carbon capture project	1 carbon capture projects built with the target achieved
Green mines meet the 100% standard	Green mines 100% standard met with the target achieved

Riding the wave of the "dual carbon" strategy, Tianshan Material is determined to take resolute and practical actions to lead the industry toward a low-carbon, sustainable future during the 15th Five-Year Plan period. Over the next five years, the Company aims to achieve a total carbon emission reduction of more than 25%, a clinker carbon emission intensity reduction of over 2.5%, and elevate its comprehensive carbon management capabilities to the upper-middle tier in the country. The Company also strives to reach the upper tier by 2035, setting a benchmark for the industry's green transformation.

2030 Carbon Reduction Targets

Target	Total clinker carbon emissions (10,000 tCO_2e)	Year-on-year decrease compared to 2025 (%)
2030 Target Values	9,178	25.4

Carbon Reduction Roadmap Improvement

Tianshan Material has formulated the "Implementation Plan for Reaching Carbon Peaking and Carbon Neutrality" and is developing the "15th Five-Year Plan Dual Carbon Strategy for Tianshan Material Co., Ltd." , closely aligned with the Company's overall "15th Five-Year Plan" . Guided by principles of systems thinking, scientific rigor, and forward-looking vision, the Company has established an integrated five-pronged implementation pathway: emissions reduction at source, process decarbonization, end-of-pipe carbon sequestration, full-process carbon management, and cross-functional synergy for enhanced outcomes. The strategy prioritizes key technological areas, including alternative fuels, alternative raw materials, low-carbon cement, and carbon capture, utilization, and storage (CCUS). It also strengthens capabilities in full lifecycle carbon asset management, advances industry-academia-research-application collaboration, and actively participates in shaping green building materials standards to position the Company at the forefront of low-carbon development. By driving deep integration across technological breakthroughs, policy responsiveness, and real-world application, Tianshan Material is advancing dual carbon goals in a focused, orderly, and efficient manner—ensuring strategic initiatives are precisely executed and steadily achieved.

Source decarbonization

- Advanced diversification of alternative raw materials, achieving an alternative raw material usage rate of 3%
- Developed low-carbon clinker, successfully pioneering a one-step calcination technology for dicalcium silicate-calcium sulfoaluminate-calcium sulfosilicate clinker
- Launched low-heat Portland cement, which reduces carbon emission intensity by 8% and has been deployed in hydropower and high-speed rail projects
- Developed sulfo- (ferro-) aluminate cement, which reduces CO2 emissions by 30% and is used in marine and nuclear engineering applications
- Created a new low-calcium, low-energy cement system, lowering emissions by 13%
- Produced low-clinker cement for precast concrete (PC) components, reducing emissions by 48.6 kg CO_2/m^3
- Researched and applied magnesium-based and aluminosilicate low-carbon cementitious materials

Process decarbonization

- Deployed intelligent laboratories enabling automated testing and batching, reducing limestone and fuel consumption
- Developed a novel fluidized calcination system, lowering clinker-specific standard coal consumption to below 90 kgce/t.cl and cutting carbon emissions by 51 kg CO2/t
- Upgraded grinding systems to achieve power consumption of less than 20 kWh/t
- Repurposed retired rotary kilns for lithium extraction from brine, achieving 55% facility utilization and 60% lower capital investment

End-of-pipe carbon sequestration

- Developed novel carbon-curing cementitious materials to replace cement and quicklime in autoclaved aerated concrete
- Piloted and scaled carbon-cured concrete technologies, producing carbon-storing blocks and aggregates with carbonation rates of 10% to 18%

Full-process carbon management

- Advanced CNAS-accredited laboratory construction, with 6 facilities now accredited
- Implemented smart carbon management pilots: six subsidiaries participated in the national pilot program for automated (online) CO2 monitoring, successfully completing Phase I

Cross-functional synergies

- Achieved 226.91 MW of photovoltaic installed capacity
- Completed ultra-low emission retrofits at 2 facilities
- Secured product carbon footprint certifications (or assessments) for 10 products

Carbon capture technologies

Besides, the Company is actively engaged in carbon capture initiatives, storing captured CO2 or converting it into value-added products such as building materials, so as to enable carbon reuse.

Case: CUCC Qingzhou's full-oxygen combustion CO2 enrichment and purification demonstration project

Developed through joint technical collaboration between Tianjin Cement Industry Design & Research Institute and Shanghai Triumph Energy Conservation, and invested in by CUCC Qingzhou with RMB 283 million, this demonstration project is the largest carbon capture and utilization initiative in China's cement sector to date.

The project features an integrated carbon capture pilot line that employs advanced technologies to enrich flue gas CO2 concentration to over 75%. In 2025, it achieved systematic progress in regulatory compliance and market-oriented conversion, obtaining a food-grade CO2 production license and completing the preliminary site acceptance for final commissioning.

Throughout the year, the facility captured and converted a total of 5,923 tonnes of industrial-grade liquid CO2 and 223.10 tonnes of food-grade CO2, equivalent to avoiding approximately 6,000 tonnes of CO2 emissions. Beyond reducing the plant's own carbon intensity, the project supports downstream green development by providing a stable supply of low-carbon products, accelerating the formation of a circular industrial chain.

03

Advancing Green Development Across Multiple Fronts

Driving green and low-carbon development is a fundamental responsibility for enterprises. Guided by sustainability principles, Tianshan Material integrates green action into core operations. Through energy efficiency initiatives, circular economy practices, low-carbon product innovation, regulatory compliance, and biodiversity conservation, the Company embeds environmental stewardship as a key driver of long-term value creation and fulfils ecological responsibilities to achieve balanced coexistence with the natural environment.

- Embracing Green Actions
- Developing Circular Economy
- Innovating Low-Carbon Products
- Emission Compliance Management
- Biodiversity Protection

Embracing Green Actions

Governance

The Company has established and continuously improved the energy management system. The Board of Directors serves as the highest governance body for energy management, responsible for final approval of strategic decisions. The ESG Committee reviews energy-related strategies and tracks their execution. For more details on the Company's energy use and governance efforts, please refer to the "ESG Governance Structure" section of this report.

To drive accountability, Tianshan Material has set clear energy efficiency targets and integrated them into the performance evaluations of management at all levels. This is reinforced through signed agreements, including the "Responsibility Statement of Annual Operation and Management Target for Regional Companies" and the "Responsibility Statement of Annual Ecological Environmental Protection Target", which are used to assess implementation effectiveness and ensure energy-saving actions are effectively carried out across the organization.

Strategy

Tianshan Material prioritizes lean energy management, embedding energy conservation and consumption reduction throughout production and operations. Through an integrated approach—encompassing management optimization, technological upgrades, equipment retrofits, and resource recycling—the Company achieves science-based energy control and continuously improves energy efficiency to accelerate green and low-carbon transition. The Company advances technological innovation and process optimization to unlock energy-saving potential across production lines and major energy-consuming equipment. Efforts include refining process controls, implementing energy-saving projects, and deploying intelligent energy management systems to enhance performance at every energy-use node. For more details on the impacts, risks, and opportunities associated with energy use, please refer to the "Double Materiality Assessment" section of this report. In the year, the Company actively mitigated external energy price volatility by optimizing fuel mix and energy management practices, reducing electricity and coal-related expenditures by approximately RMB 2,939.7 million. Expanded use of renewable energy generated additional cost savings of RMB 23.79 million. In support of green transition, the Company invested RMB 612,523.4 thousand in energy-efficiency retrofits and spent RMB 299 million on green power and green electricity certificates (GECs). Based on the above assessment, the Company considers energy-related risks to be overall manageable in relation to its total assets, and not material to its current or foreseeable performance.

Impact, Risk and Opportunity Management

Tianshan Material strictly complies with national regulations and policies, including the "Energy Law of the People's Republic of China" and the "Energy Development Strategy Action Plan", and its member enterprises have formulated internal energy management systems. To ensure the effective functioning of the energy management system, the Company conducts regular management reviews to systematically assess energy efficiency, identify energy-saving opportunities, and continuously refine related processes and policies—thereby driving measurable improvements in energy performance. In 2025, 52% of the Company's subsidiaries achieved ISO 50001 Energy Management System certification.

Energy efficiency retrofit projects

In 2025, Tianshan Material continued to increase investment in energy efficiency retrofits, focusing on equipment upgrades, process optimization, and the scaling of proven solutions across operations.

- Jiande South implemented constant-pressure control and cleaning optimization for its distributed dust collectors, achieving constant-pressure operation of dust collection fans through air pressure monitoring and reducing annual fan electricity consumption by approximately 833,300 kWh. Jiande South added a coal-saving raw meal grinding aid at the limestone belt scale in the raw mix preparation station, reducing actual coal consumption per tonne of clinker by 2.5 kg/t. Besides, Jiande South introduced a coal combustion catalyst at the feed inlet of the coal mill's chain conveyor, further lowering actual coal consumption per tonne of clinker by 3 kg/t.
- Zhejiang Huazi implemented elevated silos for aggregate storage and switched from front-end loader transport to belt conveyors for aggregate handling, saving 94 tonnes of diesel per month, with corresponding monthly CO_2 reductions of 256.2 tonnes. Zhejiang Huazi also deployed new-energy concrete mixer trucks to replace diesel vehicles, saving approximately 70 tonnes of diesel per month and reducing CO_2 emissions by 142 tonnes per month.
- The Company further advanced the application of graded grinding technology and developed high-reactivity novel blended materials to continue driving down energy consumption.

Clean Energy Utilization

To promote long-term sustainability, Tianshan Material is advancing energy transition, increasing renewable energy use, and continuously optimizing the energy mix.

The Company continues to expand the use of renewable energies, and aims to reduce dependence on traditional energies by constructing solar panels and wind turbines in the Company's production areas, in an attempt to minimize the adverse impact on the environment.

As of 2025,
Tianshan Material's total installed solar PV capacity reached

226.91MW

- Three member enterprises of Sanshi Material have completed grid-connection acceptance for their distributed PV projects. The combined installations generate approximately 1,621.4 MWh of electricity annually, saving about 518.84 tonnes of standard coal and reducing CO_2 emissions by roughly 1,616.52 tonnes per year.
- The 0.72 MW distributed PV project at Tonglu Benteng Building Materials has successfully connected to the grid, with an annual output of 678 MWh. Once operational, it will save around 216.96 tonnes of standard coal and cut CO_2 emissions by approximately 675.98 tonnes each year.
- The 0.5 MW distributed PV project at Quzhou Hushan is now generating power to the grid, delivering an average of 479.3 MWh of clean electricity annually. This translates to annual savings of about 153.38 tonnes of standard coal and a reduction of roughly 477.86 tonnes in CO_2 emissions.

Case: Sinoma Cement Zambia – advancing a "zero grid-power" factory to set a benchmark for overseas green and low-carbon operations

In 2025, Sinoma Cement Zambia significantly increased investment in green energy funding and technology to advance its "zero grid-power green and low-carbon project". The initiative combines waste-heat power generation with PV systems to supply 100% of the plant's electricity needs from renewable sources, establishing a "zero grid-power" factory. Upon completion, the project will deliver an average of 110 million kWh of green electricity annually—fully covering the site's power demand. It is expected to save approximately 32 thousand tonnes of standard coal and reduce CO2 emissions by about 62 thousand tonnes per year, positioning Sinoma Cement Zambia as a benchmark for green, low-carbon operations among enterprises overseas.

Low-carbon transportation

The Company actively promotes green, low-carbon transportation and increases the share of new-energy vehicles in the fleet. In 2025, the Company operated over 7,000 concrete mixer trucks serving sales logistics, of which 14.8% were new-energy models. Among loaders (wheel loaders), new-energy vehicles accounted for 17.3%.

Green office

Tianshan Material has always been dedicated to green office practices and integrates energy conservation and emissions reduction into daily operations to build a resource-efficient, environmentally friendly workplace. To standardize green office practices, the Company has revised and implemented the "Management Measures for Administration Affairs", which clearly outline energy-saving requirements in areas such as meeting management, office environment setup, and office supplies consumption:

- Promote remote video or teleconference to cut down on travel and resource use
- Launch "5S Standardized Management" to promote the reuse of discarded documents and paper recycling
- Advance paperless operations through digital workflows

In terms of green operations, the Company actively fosters a culture of energy efficiency across all employees:

Energy conservation	• Energy conservation: Optimize electricity management in offices and production areas—ensuring lights are turned off when unoccupied, shutting down non-essential equipment after work hours or as appropriate, and raising employee awareness of energy conservation to minimize unnecessary standby power use
Green commuting	• Designate parking areas for bicycles and electric bicycles, install charging stations for new energy vehicles, and encourage employees to practice low-carbon travel to reduce transportation-related carbon emissions
Canteen energy conservation management	• Post "tip" signs of saving food, water, and electricity; use energy-efficient stoves, and promote reusable tableware to cut down on single-use items

Metrics and Targets

2025 targets	Target progress in 2025	Future outlook
Comprehensive energy consumption of clinker decreased by 8.8% from 2021	Target for comprehensive clinker energy consumption has been achieved	Clinker energy consumption down 5% YoY vs 2025
The proportion of cement clinker production capacity that reaches the energy efficiency benchmark level exceeds 40%	Target for cement clinker capacity meeting energy efficiency benchmarks achieved	Share of cement clinker capacity meeting energy efficiency benchmarks reached 80%

Developing Circular Economy

Tianshan Material continues to promote the development of the circular economy and remains committed to minimizing the dependence on natural resources. The Company continues to increase the share of alternative raw materials and fuels, promotes water recycling technologies, and enhances resource efficiency—effectively reducing the environmental impact of production and operations.

Use of Alternative Materials

Tianshan Material actively promotes the use of alternative raw materials and fuels. This initiative aims to reduce dependence on traditional resources and lower carbon emissions and environmental pollution.

Use of alternative raw materials

The Company uses a diverse range of alternative raw materials, including calcium industrial solid wastes including calcium carbide slag, steel slag, yellow phosphorus slag, fly ash, coal slag, copper slag, magnesium slag, sulfuric acid slag and red mud, and is steadily increasing the raw material substitution rate. During the year, the Company conducted a series of initiatives for the comprehensive utilization of resources mainly by adopting alternative raw materials such as fly ash, mineral powder and calcium carbide slag.

The Company has set clear circular economy management targets and plans. It is expected that the substitution rate of raw materials will reach 3% by 2030 respectively.

Clinker production	• Approximately 60% of CO2 from clinker production is generated from the raw material (i.e., limestone), while alternative raw materials can significantly reduce CO2 emissions from carbonate decomposition. The Company uses alternative raw materials such as waste residue after high-temperature calcination and materials that clearly do not contain calcium carbonate and magnesium carbonate. The main types include calcium carbide slag, magnesium slag, paper making white mud, sulfuric acid slag, coal ash and red mud. In 2025, the Company consumed a total of 9.114 million tonnes of alternative raw materials, reducing carbon dioxide emissions by 2.28 million tonnes.
Concrete production	• The Company adopts mineral admixtures such as fly ash and mineral powder, and optimizes their proportions with additive trial blending to improve concrete performance and reduce environmental pollution. In the year, the Company used 5.90 million tonnes of fly ash and 4.65 million tonnes of mineral powder.
Aggregate production	• We use low-grade limestone and waste stone for aggregate production to achieve 100% resource utilization.
Cement production	• The artificial sand and rock flour produced in the processing of the aggregate production line are reutilized by the Company in the cement production line, which can lower the production cost and improve efficiency.

Use of alternative fuels

The Company utilizes a diverse range of alternative fuels, including refuse-derived fuel (RDF)[5], biomass, plastic waste, waste tires, and petroleum coke.

The Company strengthens research on regional alternative resources. By deepening strategic collaboration with enterprises within the group, the Company has established mechanisms for synergistic innovation and resource integration. This initiative focuses on developing alternative technologies and equipment, building a collection, storage, and supply system for green alternative fuel such as RDF and biomass fuels, and advancing decarbonization efforts through the promotion and application of alternative fuels. Furthermore, the Company explores pathways for the large-scale application of hydrogen fuel in the cement industry and advances end-use demonstration projects for high-percentage alternative fuel substitution in due course. By the end of 2025, the Company had cumulatively commissioned 121 alternative fuel production lines, achieving a GHG reduction of 3.373 million tonnes of CO2 equivalent and delivering substantial carbon reduction outcomes.

Case: Sinoma Cement Tunisia — Localized innovation from "waste" to "green thermal energy"

Sinoma Cement Tunisia has pioneered a localized alternative fuel innovation pathway driven by the dual engines of "agricultural recycling + urban mining". This involves the utilization of biomass fuel derived from local agricultural waste such as olive residue, while collaborating with municipal authorities to collect and process discarded textiles at no cost for use as alternative fuel. This initiative has established a circular economy ecosystem that generates mutual benefits for both the enterprise and the government. The project has achieved multi-dimensional improvements in environmental, economic, and social benefits.In 2025, Sinoma Cement Tunisia utilized a total of 32,730 tonnes of olive residue biomass, 1,152 tonnes of wood chip biomass, and 3,944 tonnes of waste textiles, equating to an energy saving of 18,406 tonnes of standard coal. The project was recognized locally as a "Municipal Solid Waste Resource Utilization Demonstration Cooperation Project".

Case: Fujian Sanming Southern— Efficient application of waste textile-based alternative fuel

Fujian Sanming Southern actively establishes an alternative fuel application system centered on waste textile materials, characterized by technological reliability, standardized management, and efficient collaboration, thereby reducing resource dependency. In 2025, Fujian Sanming Southern cumulatively utilized 35 thousand tonnes of waste textile-based alternative fuel, generating an annual benefit of RMB 2.64 million. The standard coal consumption decreased by 11.0 kg/t compared to the same period in 2024, achieving a thermal substitution rate of approximately 28%. This initiative resulted in an annual reduction of 56 thousand tonnes of CO2 emissions.

In 2025, our key performance indicators of alternative materials usage are as follows:

Key Performance Indicator	Unit	Data in 2025
Percentage of alternative fuels	%	16.5
Percentage of clinker in cement	%	72.88
Percentage of alternative raw materials in cement	%	2.80
Percentage of alternative raw materials in concrete	%	35.80

Case: Jiande South built a domestically leading alternative fuel production line

In March 2025, Jiande South successfully completed and commenced operations of a domestically leading alternative fuel production line with a design capacity of 240 t/d. This production line can efficiently utilize approximately 72 thousand tonnes of alternative fuels annually, reduce coal consumption by 53 thousand tonnes, and decrease carbon dioxide emissions by 107.4 thousand tonnes.

Following assessment by a China-German expert evaluation committee, which includes the China Building Materials Federation, the Jiande South Alternative Fuel Processing Center and its Alternative Fuel Utilization Project have been designated as one of the pilot initiative in the cement industry for the "China-Germany Key Sectors Energy Efficiency Enhancement Demonstration Project", in order to advance the implementation of the project's initiatives.

[5] RDF (refuse-derived fuel) is the combustible portion extracted from urban solid wastes and is applied for energy recovery after processing.

Recycling of Water Resources

Tianshan Material places high priority on the efficient utilization of water resources. By establishing circulating water systems and promoting the use of wastewater, the Company advances the recycling of water resources and enhances water use efficiency.

In terms of circulating water system construction

- The Company has increased investment to build a highly efficient circulating cooling water system, which realizes closed-circuit recycling of production water except evaporation and natural loss, greatly reducing the need for fresh water supply. Additionally, through comprehensive treatment of circulating water, the Company enhances water quality and decreases the consumption of circulating water.

In terms of the utilization of sewage

- The Company continues to upgrade and renovate the wastewater treatment station to enhance the sewage treatment capacity, achieving 100% comprehensive utilization of wastewater after it meets discharge standards. The Company recycles the circulating water of the waste heat power system and reverse osmosis concentrated water, which, after treatment, are used for factory greening, dust suppression in mines, and other applications. Additionally, the Company has implemented a rainwater collection system, which gathers and treats rainwater for floor cleaning and landscape irrigation.

In 2025, the Company achieved a water reuse rate of 94.54%, exceeding the annual target of ≥90%. Concurrently, the Company has established a new water conservation management objective of "maintaining the water reuse rate ≥90% in the factories and decreasing water consumption per unit of product by 0.1% year-on-year" to further advance its water conservation and consumption reduction efforts.

Case: Hami Tianshan recognized as a "Water-Efficient Enterprise" in the Xinjiang Uygur Autonomous Region

In 2025, Hami Tianshan was listed among the "Water-Efficient Enterprises" in the industrial sector of the Xinjiang Uygur Autonomous Region. In response to local water scarcity challenges, Hami Tianshan adopted air-cooled island technology to replace traditional water cooling in its waste heat power generation cooling system, achieving a water saving rate of 80%-90%. Concurrently, Hami Tianshan established a supporting circulating water system and wastewater treatment facilities, constructing a closed-loop system for "production water recycling and wastewater resource utilization". After purification, both production and domestic wastewater are fully reused for factory greening, road cleaning, and other purposes, realizing "zero discharge" of pollutants and effluents. This initiative saves over RMB 100 thousand annually in operational costs.

Innovating Low-Carbon Products

To address the challenges posed by climate change and the "dual carbon" goals strategy, and in response to the trend of green transition, Tianshan Material continuously develops and promotes green and low-carbon products and services that meet market demands in a bid to provide customers with sustainable and innovative solutions.

Diverse Products

Tianshan Material focuses on cement products and concrete products, actively building a diversified low-carbon product portfolio. The Company strengthens quality control of raw materials and management of the mixture proportion technology, improves the quality of aggregates and cement, optimizes the use of concrete cementitious materials, and actively explores low-carbon pathways for concrete and cement products.

Low-carbon cement

- Cut down clinker usage: Cut down clinker usage by accelerating the R&D and promotion of new low-calcium clinkers, raising their proportion in the product mix, and lessening the overall carbon footprint.
- Optimize clinker indicators: Optimize clinker indicators by the lime saturation factor (LSF) of general silicate cement clinker and balancing carbon emission intensity while ensuring product performance.
- Special cement[6] : Special cement possesses strong stability and durability, enabling reduced material usage in construction and lowering energy consumption and CO2 emissions during production. The chemical reactions during its hardening process can effectively absorb carbon dioxide from the atmosphere, demonstrating carbon capture potential.

Low-carbon concrete

- Carbon mineralization foam concrete: By replacing traditional steam curing with CO2 mineralization curing technology, this method directly sequesters CO2 from industrial flue gases, achieving a carbon fixation rate of 12%-20%. This product combines lightweight, high-strength, and thermal insulation properties, effectively promoting the efficient application of clean energy in building heating and cooling systems.
- Carbon mineralization blocks: These blocks can be cured under normal temperature and pressure conditions, with each cubic meter capable of sequestering approximately 50-80 kg of CO2. The full production cycle reduces carbon emissions by 40-60% compared to traditional blocks, contributing to carbon reduction across the entire supply chain.
- Carbon mineralization solid waste-based panels: Utilizing CO2 from kiln flue gas and solid waste resources to produce lightweight, high-strength, fire-resistant, and moisture-resistant green panels, with a solid waste utilization rate exceeding 90% and a carbon fixation rate exceeding 15% in the panels.

[6] Special cement refers to cement species that have certain special performance or functions over general purpose cement, and are suitable for specific purposes, or can play special functions and assign special functions to the building.

Low-carbon product certification

In 2025, the Company obtained low-carbon product certification for three products, all from Xuzhou China United Cement Co., Ltd.: 42.5R-grade ordinary Portland cement, 42.5-grade ordinary Portland cement, and 32.5-grade fly ash Portland cement. Additionally, six member enterprises underwent carbon footprint assessments. By the end of 2025, Tianshan Material had cumulatively obtained the China Green Building Materials Product Certification for had cumulatively obtained low-carbon certification for 80 member enterprises.

Green Solutions

The company has launched a series of basic building materials products, new material products and engineering service technologies with green and low-carbon attributes, which promote the development of a low-carbon society. These products help enhance the overall sustainable development of society. By 2025, the company will select and promote a number of green and low-carbon technological achievements in three major fields - new technologies, new products, and new equipment. Among them, low-carbon cementitious materials, oxygen-burning coupled with carbon capture, efficient classification grinding, hydrogen storage cylinders, high-performance fibers, and vacuum insulation panels, among others, have been included in the national achievement promotion directory.

In 2025, the Company sold:

special cement
2.67
million tonnes

single-purpose cement[7]
17.37
million tonnes

clinker certified as low-carbon
58.95 thousand tonnes

Category	Products	Certifications
Green Certified Products	Various fly ash Portland cement, ordinary Portland cement, composite Portland cement, general-purpose cement clinker	China Low-Carbon Product Certification
	Various cement, precast concrete, ordinary concrete, wet-mix mortar, aggregates, manufactured sand	China Green Building Materials Certification
	Various ordinary Portland cement, composite Portland cement, general-purpose cement clinker	Green Design Product Certification
	Various ordinary Portland cement, low-carbon cement, general-purpose cement clinker	Green Building Product Certification

[7] Single-purpose cement refers to those with special treatment or addition of special materials in terms of raw material ratio and production process to meet specific engineering needs and solve specific problems.

Construction of Green Factories

The Company gives priority to the high-end, intelligent and green transition of production and service. We continue to optimize business layout and resource allocation in production, and facilitate the green and intelligent development of the production system. The Company establishes a joint working group for intelligent construction, and compiles and perfects the "Intelligent Factory Construction Guide", the "Intelligent Factory Evaluation Standard" and other guiding documents, which lay a solid foundation for the implementation of intelligent and green projects to ensure their efficient implementation, standardized operation and promotion.

In 2025, Tianshan Material added one new national green factory, bringing its cumulative total of such factories to 53.

Midong Tianshan: It is the first enterprise in China to achieve 100% substitution of limestone with carbide slag in cement production. Annually, it utilizes approximately 1.6 million tonnes of industrial solid waste, such as carbide slag, driving the transformation of the cement industry from a "resource-consumptive model" to a "resource-regenerative model".

Yili Tianshan: It has implemented key projects including fully enclosed conveyor belt corridors, limestone storage shed construction, automatic vehicle cleaning systems, and ultra-low emission retrofits. The company is vigorously advancing ecological development within its plant premises, having cumulatively established 53 thousand square meters of turf and planted over 70 thousand trees of various species. The green coverage rate has now reached 37.2%.

Hefei Southern: It has successively established systems including an intelligent optimization control platform, a digital production management and control platform, and an intelligent equipment operation and maintenance platform. These initiatives have achieved intelligent decision-making at the system level and real-time autonomous optimization control for production lines, significantly reducing errors and redundancies associated with manual operations and minimizing fluctuations in energy consumption.

The total installed area of monocrystalline silicon panels across the plant site is 6,109.45 m2, generating an annual electricity output of 1,268.6 thousand kWh and achieving a total annual reduction in carbon dioxide emissions of 912.48 tonnes. Through the innovative application of alternative fuel injection technology for kiln incineration, the facility utilizes 81.12 thousand tonnes of alternative fuels annually, which saves 52.7 thousand tonnes of coal consumption and reduces CO2 emissions by 107 thousand tonnes per year, demonstrating significant energy conservation and emission reduction benefits.

Kuche Tianshan: It continues to advance the landscaping transformation of its factory premises, having cumulatively planted over 20,000 trees and cultivated more than 80,000 square meters of alfalfa and turf. The green coverage rate now stands at 36%, underscoring its commitment to developing a modern green factory that is both conducive to industrial operations and sustainable living.

Emission Compliance Management

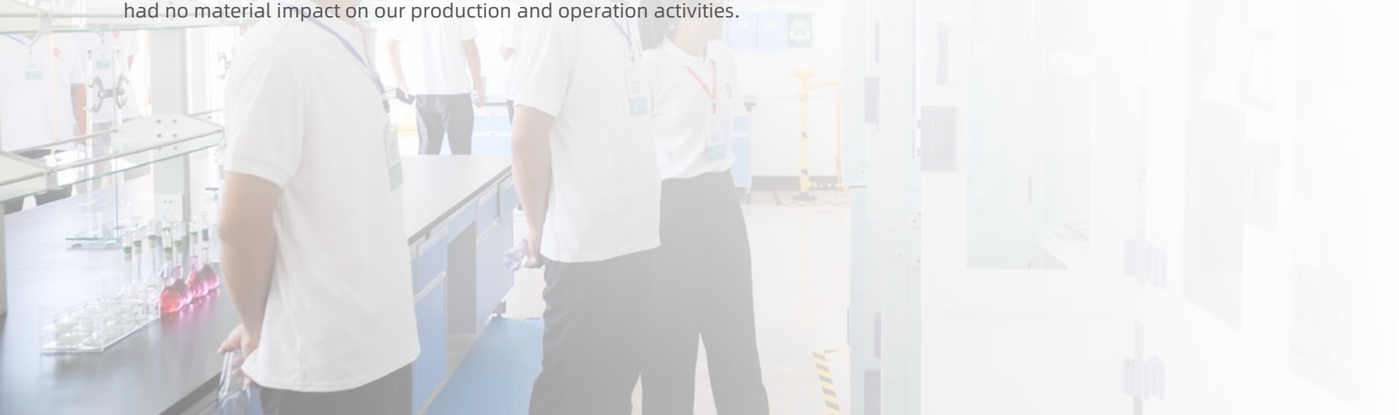
Tianshan Material attaches great importance to emission compliance management. The Company has established and refined its environmental management system, formulated internal management regulations, and implemented diversified emission and waste reduction measures to ensure that all emission activities throughout its operations comply with relevant laws and standards. In the year, the Company did not experience any pollutant discharge incidents that had adverse effects on the health of employees or community residents, nor was the Company subject to any significant administrative penalties or criminal liability as a result.

Environmental Management System Improvement

Tianshan Material constantly enhances its environmental management system, accelerates the realization of the "four shifts" of environmental management concepts, and fully promotes the certification of the environmental management system and the occupational health and safety management system. In 2025, the Company achieved ISO 14001 environmental management system certification for 394 factories, with certification coverage rate of all operating subsidiaries reaching 100%.

The Company has established internal management policies such as the "Pollution Prevention and Control Management System" and the "Pollutant Discharge Permit Management System". It has also issued the "Environmental Policy Statement" applicable to the headquarters, subsidiaries and suppliers, which clarifies the management responsibilities at all levels. The Board of Directors regularly oversees the implementation of the policy. In 2025, to establish a more robust environment-related risk management and prevention system, the Company revised policies such as the "Environmental Emergency Management System" and the "Measures for the Management of Ecological and Environmental Protection Incidents". These revisions optimized the processes for environmental risk assessment, hidden danger investigation, and emergency response. Additionally, the Company formulated the "Measures of Tianshan Material for the Management of Overseas Enterprise Production Safety (Version 1.0)", further clarifying reporting procedures and handling principles for emergencies involving overseas operations.

The Company has implemented a closed-loop management model that combines "supervision, mutual inspection, and self-inspection" to ensure that environmental protection work is fully covered and continuously improved. In 2025, Tianshan Material faced two administrative penalties from environmental and other relevant authorities due to environmental incidents, with total fines amounting to approximately RMB 510 thousand. These penalties are primarily centered on failure to verify the technical capabilities of parties handling solid waste and improper disposal practices, as well as excessive ammonia escape emissions. By the end of the reporting period, the Company completed the overall rectifications and accountability measures according to relevant rules, which had no material impact on our production and operation activities.



Environmental Awareness Enhancement

This year, Tianshan Material has been actively promoting environmental management awareness-building and training across all levels of the Company. These training sessions comprehensively enhance the environmental awareness and green development capabilities of all our employees. The Company has organized multi-level and comprehensive training and awareness-building activities that cover key areas such as environmental management, water efficiency management, waste reduction, and energy efficiency management.

- From May to August 2025, the Company conducted 10 in-person training sessions on environmental online monitoring across its regional companies. The training targeted 328 participants, including dedicated environmental management personnel from regional companies and cement kiln companies, as well as technical backbone staff responsible for CEMS management. The training covered both theoretical knowledge and practical skills in environmental monitoring, significantly boosting capabilities in environmental data management and online monitoring.
- Leveraging Tianshan Material's "Aerial Classroom" platform, the Company conducted six sessions of environmental protection training. Participants included personnel from production technology departments, safety and environmental protection divisions of regional companies and member enterprises, as well as relevant stakeholders. These training sessions enhanced employees' understanding of environmental requirements and strengthened their environmental awareness.

In addition, on occasions like National Low-carbon Day, the Company organized a range of activities, such as special lectures, low-carbon initiative signature campaigns, and environmental photography contests. These activities integrated education with fun, boosting employees' sense of participation and environmental responsibility.

Training Activities for the "National Low-Carbon Day

More Robust Waste Gas Management

Tianshan Material's main waste gas pollutants include industry-specific pollutants such as nitrogen oxides (NOx), sulfur dioxide (SO2), particulate matter (PM), as well as controlled substances such as mercury specified in the "Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal".

The Company strictly implements the Pollutant Discharge Permit management system and has formulated the "Key Periods of Atmospheric Pollution Control Work Plan". According to the ultra-low emission standards and implementation progress requirements of each region, the Company has accelerated the ultra-low emission transformation of cement enterprises. In 2025, the Company successively implemented multiple improvement projects, including the enclosure of material storage sheds, sealing of belt conveyor corridors, upgrading of dust removal facilities, installation of spray dust suppression systems, enhancement of the plant-wide environmental management and control platform, as well as upgrades to vehicle wash platforms and access control systems. These initiatives have enabled compliance with ultra-low emission standards. By the end of 2025, the Company had completed ultra-low emission retrofitting for 131 cement kiln production lines, achieving an organized retrofitting completion rate of approximately 74%. This year, Yicheng South completed the full-process ultra-low emission retrofitting, becoming the second cement kiln enterprise in China to pass on-site acceptance evaluation.

To continuously monitor the management of exhaust gas emissions, the Company regularly conducts exhaust gas management audits, invests in independent development and introduction of advanced environmental protection processes, which greatly cut down pollution emissions. Meanwhile, the Company signed the "Eco-environmental Protection Goal Responsibility Statement" with each regional company, stipulating that the nitrogen oxide emission intensity per tonne of clinker shall not exceed the level recorded during the same period in 2024. By the end of 2025, through emission reduction measures such as ultra-low emission transformation, control of sulfur content of raw combustion materials and upgrading of existing dust collection equipment, emissions of clinker NOx and SO2 had decreased by 6.2% and 0.5% respectively. All emission targets were achieved in the year.

Exhaust emission management measures

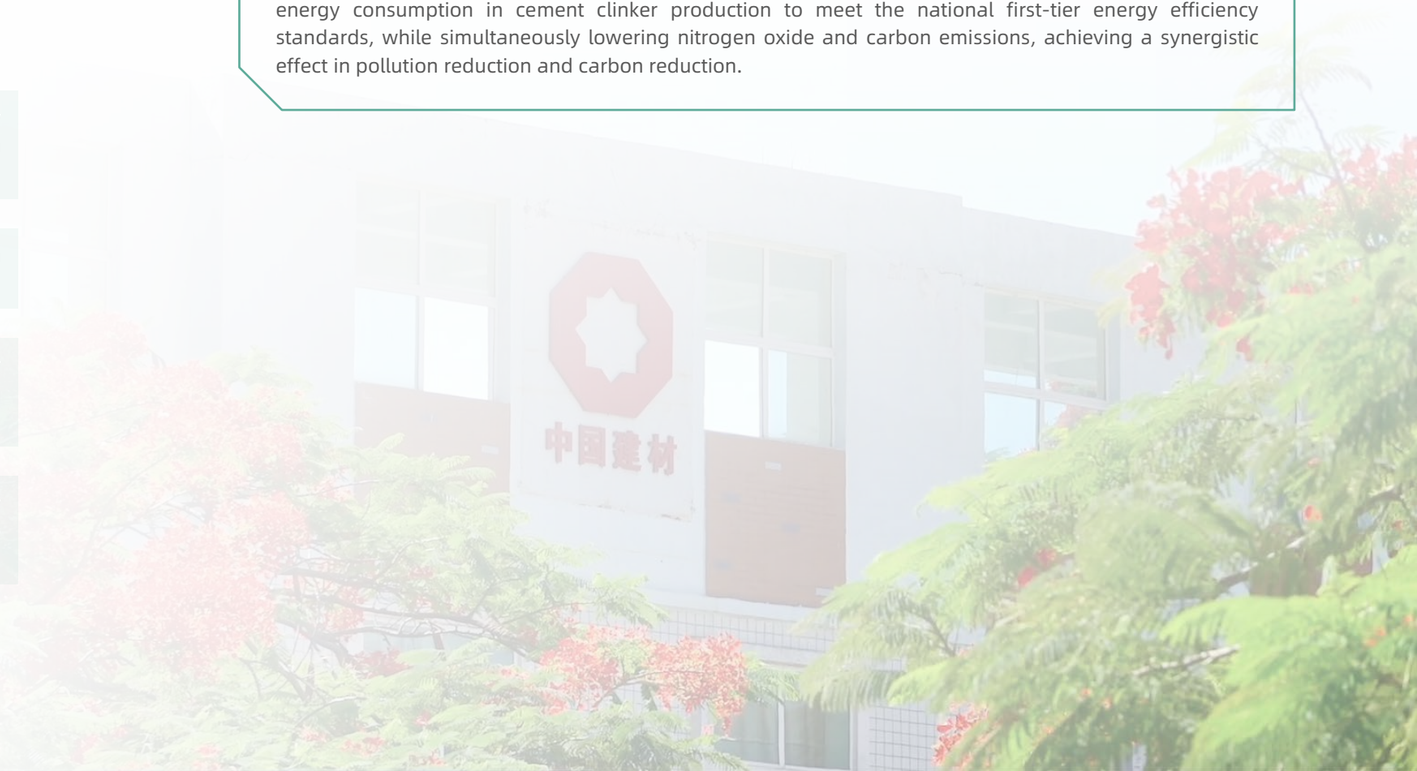
Ultra-low emission and emission reduction technology	• Conduct emission reduction technology transformation for new dry-process cement clinker line to reduce NOx and ammonia escape emission concentration
Dust collection bag material upgrade	• Implement bag material upgrade, and optimize production lines to significantly reduce PM emissions
Staged combustion technology upgrade	• Utilizing low-nitrogen burners, staged combustion, and other technologies to effectively reduce nitrogen oxide concentration in flue gas and lower exhaust emissions
Desulfurization transformation	• Introduce compound desulfurization technology to effectively control pollutant emission concentration, while ensuring the stability of kiln system operation

The Company regularly conducts full-coverage air quality monitoring in on-site work areas, key pollutant discharge points, and surrounding areas of the factory boundary. For organized emissions, key pollutants such as particulate matter, sulfur dioxide, and nitrogen oxides are monitored, while for unorganized emissions, key pollutants such as ammonia and total suspended particulates (TSP) are monitored, achieving a 100% monitoring coverage rate. Through regular monitoring and precise control, the Company ensures stable compliance with pollutant emission standards, effectively protects employees' occupational health, and prevents adverse impacts on the surrounding community environment from production activities.

Case: CUCC Taishan drives green production foundations with intelligent management and control

Relying on intelligent equipment and key technological transformations, CUCC Taishan has established a green production model, supporting the low-carbon transition of the industry. Advancing green production upgrades through intelligent production line equipment enables comprehensive smart management of energy, quality, equipment, production, and logistics. Priority is given to low-sulfur raw combustion materials, while implementing technological transformations such as the five-stage to six-stage preheater upgrade, precise deep self-denitrification, and conversion from electrostatic precipitators to high-efficiency bag dust collectors. These measures effectively control organized emissions at the source.

The series of initiatives implemented by CUCC Taishan have yielded significant results, effectively reducing energy consumption in cement clinker production to meet the national first-tier energy efficiency standards, while simultaneously lowering nitrogen oxide and carbon emissions, achieving a synergistic effect in pollution reduction and carbon reduction.



Strict Wastewater Management

Tianshan Material's main pollutants in wastewater discharged are industry-specific pollutants reflected by indicators such as chemical oxygen demand (COD) and ammonia nitrogen content. The Company keeps a watchful eye on the water use and indicator management in the production process and applies digital tools to monitor water consumption data in real time, so as to minimize water waste.

Wastewater drainage management

The Company strictly abides by the principle of "clean water and sewage diversion, rainwater and sewage diversion, separate collection, and processing by quality" to ensure the scientific and environmental management of wastewater discharges.

Clean water and sewage diversion

By enhancing management systems and equipment control, industrial wastewater and domestic sewage are segregated at the source, ensuring that treated wastewater meets discharge standards or is recycled. In 2025, all factories of the Company have been equipped with processing equipment for domestic wastewater, and all processed wastewater is reused. Wastewater of washing tanks from enterprises under the Company operating commercial concrete business can be reused after collection and processing.

Rainwater and sewage diversion

The drainage system is rationally planned to ensure separate discharge of rainwater and sewage. Prior to connecting rainwater and sewage pipelines to the municipal network, water quality monitoring wells are installed to track rainwater collection and discharge in real time. In 2025, the Company carried out special management for unorganized emissions and diversion of rainwater and sewage, and all potential risks investigated were rectified, enhancing the management of rainwater and sewage diversion.

Separate collection

In accordance with environmental impact assessment and pollutant discharge permit requirements, the classification, collection, and treatment of wastewater are strictly implemented to ensure that discharge indicators comply with environmental standards. Enterprises that discharge wastewater containing heavy metals or toxic and hazardous substances are equipped with rainwater collection facilities. Direct discharge is strictly prohibited to prevent contamination of water bodies and soil.

Processing by quality

The Company, taking into account the characteristics of wastewater, employs a range of diversified technologies, including physical, chemical, and biological methods, to effectively remove hazardous substances. The quality of treated water is stable and meets the required standards for safe discharge or reuse.

The Company discharges wastewater in strict accordance with the pollutant discharge permit standards. In the year, the Company built corresponding facilities for centralized sewage processing and automatic monitoring equipment based on requirements of environmental impact assessment and sewage discharge license. The Company also networked with the monitoring equipment of the ecological and environmental protection authorities to achieve real-time monitoring of sewage data. Meanwhile, we have explicitly prohibited setting up sewage outfalls in the protection zone of drinking water sources. All other established sewage outfalls will discharge sewage after processing in strict accordance with discharge requirements.

In 2025, all member enterprises of the Company implemented technical measures such as the installation of wastewater treatment facilities, achieving near-zero wastewater discharge.

Case: Sanshi Material — An automated wastewater concentration monitoring and controlled recycling treatment system, assisting the enterprise in advancing toward new heights of zero discharge

Sanshi Material has implemented an automated wastewater concentration monitoring and controlled recycling treatment system, exploring new pathways for the utilization of wastewater. Sanshi Material developed ultrasonic sensors with high sensitivity and stability to monitor solid content of wastewater in real time. Furthermore, by leveraging machine learning technology, Sanshi Material built intelligent control algorithms. Following multi-scenario pilot testing and parameter optimization, the system's responsiveness and monitoring accuracy were effectively enhanced.

The system dynamically adjusts wastewater concentration based on production conditions, synchronizes with concrete production equipment to align with water demand, and achieves 100% wastewater recycling. By eliminating traditional filter presses, the goal of zero discharge for both wastewater and solid waste is accomplished. This system has been comprehensively promoted and applied across the Company's member enterprises, achieving a win-win outcome in both environmental and economic benefits.

Water quality monitoring and management

To ensure water safety, the Company has established a sound water quality monitoring and management mechanism. Based on this mechanism, the Company conducts regular water quality testing to ensure the sustainable use of water resources during production and operations.

Groundwater monitoring

- The Company commissions qualified third-party institutions annually to test extracted groundwater, with a focus on verifying compliance with national and local standards to ensure the safety and reliability of water sources.

Surface water monitoring

- The Company periodically samples and tests production water extracted from rivers, sending it to internal and external laboratories for analysis and testing to mitigate potential water quality risks.

Boiler water management

- The Company employs an industrial salt softening process to treat boiler water, reducing water hardness, preventing scaling and corrosion, and ensuring efficient and stable operation of equipment.

Reduction of water consumption

Faced with global water shortages and environmental challenges, the Company responds to the sustainable development strategy by promoting water-saving management and technology innovation. In this way, the Company improves water use efficiency and reduces total water consumption.

Optimize Water-saving processes	The Company optimizes technology and upgrades equipment to reduce redundant water consumption in production, increases the proportion of recycled water usage, and strengthens the recovery and reuse of water resources. In 2025, the Company adopted an advanced dry-process rotary kiln cement production process, which significantly reduces water consumption in raw material drying and grinding. The clinker firing system was also improved to lower water demand in cooling systems.
Meticulous management of water use	Leveraging digital monitoring, the Company tracks water use data in real time, precisely analyzes efficiency at each stage, and promptly identifies and rectifies abnormal water use. In 2025, the Company introduced a distributed control system (DCS) into the industrial wastewater recycling pipeline, enabling real-time online monitoring of flow rates and water pressure status in water-using equipment and collecting precise flow data for water balance diagrams.
Cultivation of water-saving awareness	The Company conducts water-saving publicity and training across the Company, strengthens employees' water-saving awareness, advocates a water-saving mode in work and daily life, and establishes a water-saving management system with the participation of all employees.

Stronger Waste Management

Tianshan Material focuses on the principles of "reduction, recycling, and harmless disposal" to optimize processes for classification, recycling, and resource utilization. The Company standardizes waste separation operations in cement production to minimize resource wastage and protect the ecological environment surrounding its plants.

Upholding the philosophy of "transition of cement enterprises into urban solid waste purifiers", the Company leverages cement kilns to co-dispose of domestic wastes, general solid wastes and hazardous wastes. This treatment method offers advantages such as low processing costs, strong stability, land conservation, and high resource utilization rates, while effectively preventing secondary pollution. Furthermore, the high temperatures, prolonged combustion retention times, and stable incineration conditions in cement kilns enable the complete decomposition of organic compounds, thereby preventing the formation of harmful gases such as dioxins at the source. Simultaneously, the combustion heat energy can be recovered for use in cement production, and the residual ash can be repurposed as auxiliary raw materials. This achieves zero solid waste discharge and resource conservation. In 2025, the Company set management goals of 100% solid waste treatment rate, a 2% year-on-year reduction in total self-generated solid and hazardous waste, and a comprehensive utilization rate of mining resources of ≥85%. All of these targets have been successfully met.

The Company solves the problem of industrial and urban waste disposal based on the technological progress of solid waste consumption and resource recycling. For hazardous waste that cannot be recycled, the Company strictly follows regulations for identification, classification, and storage, and engages qualified third parties for high-temperature incineration or harmless landfill disposal, thereby minimizing environmental and human health risks to the greatest extent possible. Meanwhile, the Company has released the "Safety and Environmental Protection Identification and Protection Standards", which clarifies the requirements for hazardous waste management, so as to ensure the standardization and traceability throughout waste management.

In 2025, the Company established 52 cement kiln co-disposal production lines, with an annual disposal capacity of 5.448 million tonnes. The Company has cumulatively treated and disposed of 1.744 million tonnes of waste, effectively alleviating local environmental pollution issues caused by hazardous and solid waste.

To continuously enhance ecological and environmental benefits, the Company launched the "zero-discharge factory" initiative, exploring the green development paths of enterprises at all levels and sharing experiences in building "zero-discharge factory".

Case: Sinoma Anhui - Waste preprocessing technology enables "turning waste into treasure" for resource utilization

Sinoma Anhui, with cement kiln co-disposal technology at its core, drives the resource utilization of urban waste and supports the development of local "waste-free city".

Sinoma Anhui has pioneered a full-component disposal model for municipal solid waste, utilizing advanced preprocessing technology to precisely separate waste into combustible and non-combustible components. Combustible materials are used as alternative fuels in high-temperature cement kiln calcination, while non-combustible materials serve as alternative raw materials in cement production. The leachate generated during the disposal process is treated and recycled by Sinoma Anhui, while the concentrated liquid is injected into the kiln for high-temperature decomposition, forming a closed-loop treatment system. This model not only effectively addresses the challenge of waste accumulation in cities but also achieves zero waste discharge, resulting in dual improvements in environmental and resource benefits.

Case: Huzhou Huaikan Nanfang solidly advances the construction of a "zero-discharge factory"

Huzhou Huaikan Nanfang resolutely implements the concept that "lucid waters and lush mountains are invaluable assets", deeply integrating resource conservation and environmental friendliness into its production systems. Guided by an environmental policy centered on clean production, source control, comprehensive management, and compliant discharge, Huzhou Huaikan Nanfang effectively promotes the reduction, resource recovery, and safe treatment of solid waste, continuously advancing the establishment of a "zero-discharge factory".

Huzhou Huaikan Nanfang builds awareness through publicity, reinforces foundations with systems, and ingrains the "zero-waste" philosophy into employees' minds. From science outreach and system refinement to stringent implementation of energy conservation, emission reduction, solid waste treatment, and garbage management in production, Huzhou Huaikan Nanfang has established a comprehensive, full-coverage "zero-waste" management network, achieving a win-win outcome for both economic and environmental benefits.

Biodiversity Protection

Biodiversity protection is essential for human well-being and the health of our planet. As the largest cement company in the world, the Company, pursuing the concept of green development, takes active actions to preserve the ecological environment and avoid or minimize the pollution and damage to the ecological conditions caused by our production and operation. We aim to make contribution to the harmonious coexistence between man and nature.

According to UN Sustainable Development Goals (UNSDGs), the "Kunming-Montreal Global Biodiversity Framework" adopted at the 15th meeting of the Conference of the Parties to the "Convention on Biological Diversity", the "Opinion on Further Strengthening Biodiversity Conservation", and related conventions and opinions, the Company has issued the "Policy Statement on Biodiversity", which applies to all operating regions, suppliers, associates, and other business partners. The Company is committed to protecting biodiversity, and incorporates biodiversity as a key issue in our ESG governance system. Governance and supervision fall under the mandate of the Board's ESG Committee, with implementation delegated to the ESG Working Group and relevant functional departments.

Biodiversity Risk Identification and Assessment

Tianshan Material has adopted the four-step methodology—Locate, Evaluate, Assess, Prepare (LEAP)—recommended by the Taskforce on Nature-related Financial Disclosures (TNFD). Utilizing tools such as the Biodiversity Impact Assessment Tool (BIA) and the Integrated Biodiversity Assessment Tool (IBAT), the Company conducted biodiversity risk assessments across all 558 operational sites. These assessments identified dependency factors, impact factors, and their transmission pathways, summarized potential risks across various business segments, and formulated biodiversity conservation strategies and corresponding measures.

The analysis results indicate that among Tianshan Material's operational sites, 138 are classified as having high ecological sensitivity[8]. The Company will prioritize assessing their impacts on surrounding habitats and species, regularly identify and monitor endangered wildlife and nature reserves in the vicinity, and implement effective risk prevention measures.

Tianshan Material's key performance indicators related to the biodiversity assessment in 2025

Key Performance Indicators	Unit	Data in 2025
Total number of operation premises	\	558
Total area of operation premises	m^2	107,195,158.52
Total number of operation premises conducting biodiversity impact assessment	\	558
Total area of operation premises conducting biodiversity impact assessment	m^2	107,195,158.52
Total number of operation premises with great impact on biodiversity	\	0
Total area of operation premises with great impact on biodiversity[9]	m^2	0
Total number of operation premises carrying out biodiversity management plans	\	1
Total area of operation premises carrying out biodiversity management plans[10]	m^2	4,306,800.56

[8] The Company defines operational sites located within a 10-kilometer radius of protected areas or key biodiversity areas as sites with high ecological sensitivity.

[9] Total area of operation premises with great impact on biodiversity refers to the total area of mines and woodlands within the scope of the Company's place of business that may have a significant impact on biodiversity.

[10] Total area of operation premises carrying out biodiversity management plans refers to the total area of the Company covered by the biodiversity management plan.

Biodiversity Risks and Response Measures

Physical Risks

Water Resource Availability Risks

Time Range

- Medium to long term

Potential Impact on Business/Ecology

- The production and operation processes require stable and clean water supply from surrounding water sources (e.g., rivers, lakes, and groundwater). If biodiversity degradation occurs in upstream catchment areas (e.g., deforestation, vegetation destruction, wetland shrinkage), it may lead to reduced water volume, declining groundwater levels, deteriorating water quality, and weakened water purification capacity. This can result in insufficient or interrupted water supply and poorer water quality. This will increase the costs of water extraction, water treatment, and equipment maintenance. In areas with water scarcity, water extraction permits may be strictly restricted or water fees may be increased.
- Simultaneously, the production and operation processes require substantial water extraction, which may lead to reduced river flow, wetland shrinkage, and declining groundwater levels. This can disrupt the existing movement and natural recharge of surrounding water bodies, thereby altering their hydrological characteristics and extent, and also affecting other organisms dependent on these water bodies.

Response Measures

- Scientifically regulate water usage by technology improvement and equipment upgrade to reduce unnecessary water resource consumption.
- Increase the proportion of rainwater harvesting and reclaimed water reuse to continuously enhance water resource recycling rates and the overall efficiency of integrated water resource management.
- Construct water storage facilities, carry out regular inspection tours to eliminate leaks and wastage in pipelines within the plant area, and conduct water conservation awareness campaigns.
- Establish a water quality monitoring and management mechanism, conduct regular water quality tests, install water purification equipment, and ensure a reliable water supply.

Soil Erosion Risks

Time Range

- Medium to long term

Potential Impact on Business/Ecology

- The extraction of raw materials for cement, concrete, and aggregates requires a stable mining ecosystem to mitigate geological hazard risks. Improper land use, erosion or destruction of vegetation and soil structure, and loose soil texture may lead to soil erosion in mining or operational areas. This can result in geological instability in the mining area, increasing the likelihood of hazards such as landslides, collapses, and debris flows. Severe soil erosion or other natural disasters may disrupt mining operations, threaten the safety and efficiency of the mining area, and cause harm to personnel as well as damage to equipment and facilities. The enterprise may be forced to suspend mining operations or invest substantial resources in engineering reinforcement and ecological restoration.
- Mining activities may lead to the destruction and removal of topsoil and vegetation, resulting in the degradation of surface ecosystems such as forests and grasslands. This can trigger soil erosion, making it difficult for local flora and fauna to survive and causing long-term loss of ecological functions. Additionally, these operations fragment, damage, or destroy biological habitats, hindering migration, dispersal, foraging, communication, and mating of species reliant on these habitats, thereby reducing population viability and resilience. Blasting operations may induce geological disturbances, causing landslides and altering local topography. These changes can threaten the survival of rock-dwelling species. Severe soil erosion may also lead to hazards such as landslides, collapses, and debris flows.

Response Measures

- Assess the geological conditions, hydrogeological characteristics, and potential risk factors of the mining area, and implement targeted reinforcement measures.
- Conduct soil erosion risk assessments and implement soil conservation measures (such as stepwise mining, slope monitoring, ecological support structures, and installation of retaining walls). Adhere to the principle of "practicing remediation during mining," and actively carry out the rehabilitation of topsoil and vegetation. Develop alternative raw materials by utilizing industrial solid waste to partially replace limestone and aggregates, thereby reducing reliance on virgin mineral resources and enhancing the comprehensive utilization rate of mining resources.

Physical Risks

Discharge Risks

Time Range

- Short to medium term

Potential Impact on Business/Ecology

Solid waste

- Production and operation processes may generate various types of solid waste, including dust, waste rock, overburden, process residues, sludge, heavy metals, etc. Improper handling can lead to the degradation of habitat ecosystems and contamination of soil and water.

Discharges into water bodies and soil

- During the mining process, sediments (such as silt), oil contaminants, and blasting residues may enter water bodies through rainwater runoff, leading to water pollution (increased turbidity and chemical contamination). This can adversely affect aquatic organisms, causing suffocation, toxicity, and other harmful effects on their survival.
- Production processes such as rinsing, mixing, and cooling may generate substantial amounts of wastewater containing large suspended particles, heavy metal ions, and other toxic components and pollutants (e.g., ammonia nitrogen, alkaline substances, heavy metals). Improper treatment can lead to soil and water pollution, degradation of river ecosystem functions, eutrophication of water bodies, and disruption of biological chains.

Response Measures

- Centered on the principles of "reduction, recycling, and harmless disposal", implement green mining practices to enhance the efficiency of processing and the utilization of waste rock resources (e.g., using industrial waste as reclamation materials).
- Optimize waste classification, recycling, and resource utilization. For example, utilize cement kiln co-processing to treat domestic waste, solid waste, and hazardous waste; use the thermal energy generated from solid waste incineration for cement production and employ the incineration residue as supplementary raw material for cement. Repurpose overburden waste rock for road construction, landfill cover, or terrain restoration in mine ecological rehabilitation. Employ dewatering treatment for sludge to reduce its volume, and use the dewatered sludge for land reclamation. Promptly recycle waste concrete via sand-gravel separators or mold it into concrete products for comprehensive utilization or reuse.
- The Company strictly adheres to relevant regulatory requirements for the treatment of hazardous wastes that cannot be recycled, engaging qualified third parties to conduct treatment. This approach aims to minimize the potential impact on the environment and human health.

- Rainwater is collected via interception and drainage ditches and channeled into rainwater retention ponds for reuse in production processes. Industrial wastewater (e.g., from mixer truck cleaning) and domestic sewage are effectively separated. Industrial wastewater is directed to sedimentation tanks, sand-gravel separators, and wastewater treatment ponds before being recycled for production use. Strict adherence to classified wastewater collection and treatment is enforced. Advance digital and intelligent construction, install environmental monitoring systems, and ensure that discharge concentrations, methods, and total volumes comply with environmental standards.
- The Company, taking into account the characteristics of wastewater, employs a range of diversified treatment technologies, to effectively remove harmful substances and nutrients before discharge or recycling for reuse.

Physical Risks
Discharge Risks
Time Range
• Short to medium term
Potential Impact on Business/Ecology
Waste gas • During the calcination and transportation processes in cement production, significant amounts of particulate matter, dust, as well as air pollutants such as nitrogen oxides (NOx), sulfur dioxide (SO2), volatile organic compounds (VOCs), and dioxins are generated. These emissions contribute to air pollution and have adverse effects on ecosystems. • During the transportation of raw materials and the concrete mixing process in commercial concrete enterprises, as well as during drilling and blasting, ore loading, road transport, and finished product loading in aggregate enterprises, significant amounts of particulate matter are generated, contributing to air pollution.
Response Measures
• For organized emissions of particulate matter, high-efficiency bag filters are employed for treatment. For unorganized emissions of particulate matter, measures such as enclosed storage sheds, water spraying for dust suppression, mist spray systems for dust control, and vehicle washing are implemented for management. • Cement enterprises using raw and fuel materials with high sulfur content employ efficient hot raw meal desulfurization technology or add desulfurizing agents to manage sulfur dioxide emissions. Alternatively, reliable desulfurization technologies are applied for retrofitting, converting polluting exhaust gases into harmless gases, effectively controlling pollutant emission concentrations while ensuring the stable operation of the kiln system. • For nitrogen oxides, the Company has accelerated the ultra-low emission transformation of cement enterprises and implemented the upgrading and renovation projects represented by staged combustion, pipeline denitrification, SNCR (Selective Non-Catalytic Reduction), SCR (Selective Catalytic Reduction), wet desulfurization and other technical routes.

Carbon Management Risks
Time Range
• Short to medium term
Potential Impact on Business/Ecology
• The production process of cement companies generates significant GHG emissions, making them one of the major sources of global carbon dioxide emissions. These emissions exacerbate climate change, leading to global warming, increased frequency of extreme weather events, and rising sea levels. Climate change also disrupts species distribution, food chains, and habitats, posing significant threats to biodiversity.
Response Measures
• Keep an eye on climate risk trends and policy changes, including government regulatory requirements on carbon emissions and environmental protection, as well as industry best practices and standards. • Formulate and make continuous improvements to carbon emission goals, establish and apply a carbon emissions online monitoring system, and strengthen carbon management capabilities. • Proactively address the challenges posed by the national carbon market through preparing for carbon market trading and engaged in research on carbon trading policies for the cement industry, enhancing carbon asset management capabilities. • Implement a range of measures aimed at reducing carbon emissions and supporting the transition to a low-carbon cement industry. These measures include boosting energy efficiency, promoting alternative fuels, developing low-carbon cement technologies, implementing carbon metering, advancing carbon capture and purification technologies, and leveraging carbon dioxide utilization.

Physical Risks
Forest Canopy and Productivity Risks
Time Range
• Medium to long term
Potential Impact on Business/Ecology
• Vegetation (especially forest canopies) can intercept dust and air pollutants, absorb noise, and stabilize soil. Damage to the vegetation canopy can reduce forest productivity and pollution absorption capacity around our sites. This may affect the microclimate (increasing risks of drought and fire), thereby potentially raising costs for pollution control, remediation, and disaster prevention for cement and concrete companies. • Concurrently, activities such as raw and auxiliary material extraction, plant construction, transportation road development, and conveyor belt corridor establishment necessitate vegetation clearance. This leads to decreased canopy coverage and impaired forest productivity.
Response Measures
• Identify forests with high conservation value, such as water conservation forests and habitats for endangered species, and delineate areas at high risk of soil erosion to avoid project development or quarrying. • Actively implement strategies for alternative raw materials, utilizing coal gangue, coal slag, construction waste, and similar materials as recycled aggregates or substitute raw materials to reduce the destruction of forests caused by the mining of natural sand and limestone.

Disturbance (e.g., Noise, Light) Risks
Time Range
• Short term
Potential Impact on Business/Ecology
• Blasting and heavy machinery operations generate high-intensity noise and vibrations, which significantly disrupt wildlife behavior in surrounding areas (e.g., communication, foraging, breeding, and brooding). This may cause animals to flee their core habitats and could even lead to physiological harm or death, particularly for burrowing species and birds.
Response Measures
• Implement equipment upgrades and adopt contained blasting and grinding techniques to reduce noise at the source. Measures include using low-noise motors and hydraulically driven crushers, and installing composite soundproof enclosures. • Install sound absorption and isolation barriers within the plant area and establish green belts to mitigate noise and block strong construction lighting. • Enforce transportation controls, including vehicle speed limits and audible alert management within the plant premises.

Transition Risks
Policy Risks
Time Range
• Medium to long term
Potential Impact on Business/Ecology
• Regulatory requirements for biodiversity protection and disclosure are increasingly stringent. Failure to promptly implement measures and comply with disclosure obligations may result in policy and compliance risks. • The Chinese government has issued the "China National Biodiversity Conservation Strategy and Action Plan (2023-2030)" , clarifying the direction and priority tasks for future biodiversity conservation efforts and establishing priority areas for biodiversity protection. Furthermore, adjustments to the list of endangered species and the scope of biodiversity-sensitive zones, coupled with tightening environmental policies in key regions such as the Yellow River Basin and the Yangtze River Economic Belt, may expose factories to risks including rectification or relocation.
Response Measures
• Monitor policy changes, actively implement biodiversity conservation measures, and disclose corporate biodiversity policies and practices in a timely and effective manner to address governmental and capital market regulatory demands. • ntegrate biodiversity risk assessment into the Company's overall risk management processes, employing scientific tools to identify and quantify impacts and dependencies. • Adopt management philosophy regarding ecological conservation and conduct rigorous assessments for factory site selection and layout planning to manage key ecological functional zones, nature reserves, and ecologically sensitive areas.

Community Relationship Risks
Time Range
• Medium to long term
Potential Impact on Business/Ecology
• Acceptance by the local community is fundamental to the long-term operation of building materials companies. Communities often rely on the surrounding ecosystems for their livelihoods, such as clean water sources, fisheries, and agricultural and forestry products, as well as cultural values. Degradation of these ecosystems, leading to damage to water sources, livelihoods, or cultural values, could trigger strong opposition and protests from local residents. This may result in production delays, shutdowns, or even closure. Public concern over ecological damage could also draw regulatory attention, prompting stricter regulations or affecting permit acquisition. • Furthermore, environmental pollution and disturbances generated during production and operations, including noise, light, and displacement, could negatively impact the daily lives and livelihoods of local communities, creating risks such as strained community relations.
Response Measures
• Establish and strengthen communication and engagement with the community, conduct regular public welfare projects, and maintain positive community relationships. • Collaborate on joint management and development initiatives focused on ecological conservation, environmental restoration, and sanitation. Cooperate with local governments to carry out ecological compensation. • Increase the local employment rate to support the economic and cultural development of the local community.

Transition Risks
Reputation Risks
Time Range
• Short term
Potential Impact on Business/Ecology
• Investors are increasingly concerned about corporate environmental performance. Poor environmental performance may erode investors' trust and support, potentially leading to higher financing costs. • The public places growing emphasis on corporate environmental friendliness and sustainable operations. Mismanagement of environmental governance and ecological protection may result in a loss of public trust, damage corporate credibility and reputation while diminishing brand value.
Response Measures
• Enhance communication with investors, the public, and media regarding biodiversity protection efforts. Actively participate in biodiversity conservation initiatives to improve transparency in environmental governance and strengthen the Company's influence within the industry.

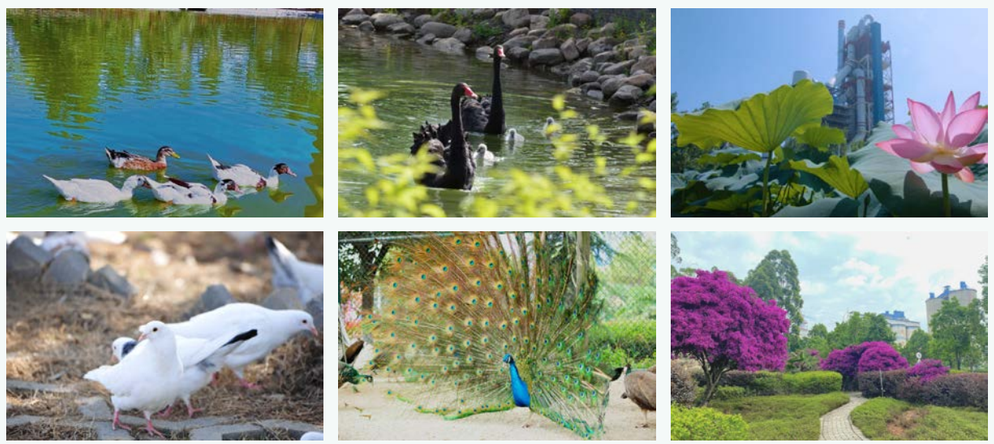
Biodiversity Protection Actions

Tianshan Material values the management of risks and opportunities arising from ecological and environmental changes. Abiding by the principle of "concurrent mining and reclamation", the Company takes practical actions to protect biodiversity, and is committed to minimizing the damage caused by our production and operation to the environment.

We actively engage in the protection of natural habitats and wildlife, diligently carry out ecological restoration and soil and water conservation at our mines, and enhance the conservation and sustainable use of biological genetic resources. We manage the ecological impacts across the entire product lifecycle, striving to become an industry benchmark in ecological protection and green development, and making greater contributions to global biodiversity conservation.

Conservation of natural habitats and wildlife

During our operations at factories and mining sites, we prioritize the protection of natural habitats, wetlands, forests, wildlife corridors, and agricultural land to maintain habitat integrity. Therefore, we adopted mining techniques and transportation plans according to local conditions and restored native vegetation of certain zones in plenty of projects to strengthen both biodiversity and ecosystem resilience. The habitat conditions for indigenous species were more livable and ecological connectivity was smoother across regions.



Animals and plants in the factory area

Case: International Day for Biological Diversity 2025 — visiting the Tianshan factory

Huzhou Southern Mining Co., Ltd. places a strong emphasis on biodiversity conservation. Since its establishment in 2010, the company has invested over RMB 70 million in ecological restoration across its mines. Adhering to the principle of "concurrent mining and reclamation", the company employs multiple techniques such as "soil spraying, mesh reinforcement, and shrub planting" to achieve soil consolidation and rapid vegetation coverage, with a vegetation survival rate exceeding 92%. Additionally, the Company selects native tree species suitable for local growth to create multi-layered and diverse plant communities, providing habitats for wildlife. Regular ecological monitoring is conducted to evaluate restoration, and remediation plans are adjusted promptly based on the monitoring results.

Through ongoing ecological restoration efforts, the environment around the mines of Huzhou Southern Mining Co., Ltd. has significantly improved, leading to the gradual recovery of biodiversity. To date, the company has successfully regreened an area of more than 350 thousand square meters. Over 10 species of birds have been observed and recorded, an increase of 7 species compared to pre-restoration levels. Birds such as egrets and gray finches have become common inhabitants of the mining area. Meanwhile, signs of wildlife activity in shrubbery areas have increased significantly, with 9 species of wildlife recorded, representing a 60% increase compared to pre-restoration levels.

Shanya Nanfang Cement Co., Ltd. upholds the philosophy of "dedicating efforts to building a green, harmonious, and beautiful new mine" and has invested over RMB 10 million in ecological restoration at mining sites. For slopes above +165 meters, the company employs techniques such as mesh reinforcement and thick-layer substrate spraying for regreening, along with shrub planting on platforms, achieving a slope greening coverage rate of over 85%. The average shrub density exceeds 3-5 plants per square meter, with woody community vegetation coverage ranging from 50% to 70%, providing suitable habitats for birds and insects. Simultaneously, the company has established an intelligent green mine, reducing primary material and fuel consumption by 0.06%, increasing the utilization rate of low-grade resources by 2.3%, and realizing a "zero-waste discharge" mine.

Ecological restoration and soil and water conservation of mines

The Company carries out its mine site ecological restoration in strict accordance with the "Mineral Resources Law of the People's Republic of China" and the "Technical Specifications for Ecological Restoration of Mines". This involves conducting surveys of the natural ecological regimes, including the natural ecological conditions, mine geological environment conditions, and mine ecological status. On this basis, the Company has constructed ditches and retaining walls and launched soil and water conservation projects in mining slope areas, thereby effectively reducing the erosion of slopes by rainfall and the risk of soil erosion. In addition, the Company increases the proportion of electric mining vehicles used in mining and transporting, reducing exhaust emissions and mitigating the pollution to the surrounding environment.

Case: Burqin Tianshan implements "revegetation measures", establishing a green mine demonstration site

Burqin Tianshan has implemented "revegetation measures" to advance ecological restoration. The company constructed drainage channels and retaining walls on mine slopes to prevent soil and water erosion, and adopted a combined model of "grasses, shrubs, and trees" for vegetation reconstruction. Its Tuohumutai Limestone Mine successfully passed the provincial-level green mine assessment, becoming a green mine demonstration site in Burqin County.

Simultaneously, the company actively organizes environmental activities such as "World Environment Day" events, tree planting, and white waste cleanup initiatives. These efforts enhance employees' awareness of ecological protection and foster a positive atmosphere where "everyone contributes to greening and jointly builds a beautiful home".

In the year, the Company effectively reduced soil erosion and ecosystem degradation in the mining area. As a result, the ecological environment and natural landscape around the mining area gradually recovered to a more stable condition, fostering harmonious coexistence of the mining area and the surrounding ecosystems.

Case: Sichuan Golden proactively advances mine site ecological restoration

Sichuan Golden follows the process of "slope leveling → soil improvement → vine planting → ongoing maintenance". The company has invested a cumulative total of RMB 10 million in slope regreening, seedling acquisition, and maintenance, achieving a balance between ecological and landscape benefits.

By the end of 2025, the regreened area in and around the mining areas reached nearly 153,700 square meters, achieving full coverage of restorable areas. Through the model of "annual restoration plan + targeted measures by zone", the company has planted over 3,000 trees, including camellias and Cinnamomum japonicum, and sown 13 types of grass seeds, such as Lolium perenne and tall fescue, absorbing approximately 56,480 tonnes of carbon dioxide annually. Vegetation coverage has increased by more than 40%, providing habitats for local birds and insects, with a 20% increase in species diversity compared to pre-restoration levels. The water and soil erosion treatment rate reached 95%, and the sediment content in surface runoff decreased by 60%, effectively curbing water pollution in the surrounding areas of the mine.

Conservation and sustainable utilization of biological genetic resources

The Company focuses on the conservation of biological genetic resources. Following the principles of sustainable utilization and access and benefit sharing, the Company carries out regular biodiversity monitoring in the mining area and around the project site to identify and protect plants and animal resources of significant ecological value. The Company actively participates in the early warning and management of biodiversity risks and formulates special management programs for high-risk areas to reduce the potential impacts of its operations on biological genetic resources. The establishment of the biological genetic resource management system has enabled the Company to protect biodiversity through a professional and systematic approach. This approach also ensures that the habitats of key species are not significantly disturbed and promotes the sustainable utilization and long-term protection of biological genetic resources.

Lifecycle ecological impact management

Guide by the red line policies for ecological and environmental protection, the Company has strengthened its management philosophy regarding ecological conservation and conducted rigorous assessments for factory site selection and layout planning. Where potential ecological impacts are identified within the scope of the ecological conservation red line, the Company will cease operations, relocate projects, or decommission facilities to ensure the integrity of ecosystems.

For operations adjacent to key ecological functional zones, natural reserve, and ecologically sensitive and vulnerable regions, the Company has implemented a series of measures including optimizing plant layout, minimizing disturbances to natural habitats, executing vegetation restoration projects, and carrying out soil and water conservation practices to mitigate impact on surrounding ecosystems. Concurrently, we conduct regular monitoring of ecological conditions around operational sites to ensure preservation of original ecological functions.

In 2025, the Company effectively lessened ecological pressures on sensitive areas, maintained stability in surrounding ecosystems, preserved ecological functions in relevant regions without significant degradation, and sustained favorable environmental quality. The Company did not initiate new production activities beyond red line, or have any operation ceased or facility decommissioned.

To reduce the impact on ecosystems, biological species and their habitats throughout the lifecycle of its products, the Company implements green management strategies in all aspects, including product design, raw material procurement, manufacturing, transportation, use and disposal. We promote the construction of green mines and green factories, advancing the application of clean production technologies. We also introduce eco-friendly materials in some projects to reduce resource consumption and environmental burden.

Case: CNBM New Materials project in Chizhou proactively avoids the core area of a natural reserve to protect the local habitat

The project of CNBM New Materials, with an annual aggregate production capacity of 40 million tonnes, is based in Chizhou. The accompanying mineral product transportation corridor needs to cross the Qiu Pu River, a tributary of the Yangtze River. The relevant area is located in the core zone of the national aquatic resources protection zone and involves the provincial ecological protection red line, with high ecological sensitivity. Based on the existing mechanisms for identifying biodiversity risks and controlling the ecological protection red line, the company actively abandoned the conventional bridge design during the project's preliminary feasibility study and invested approximately 50 million yuan to change to using the shield tunnel method to pass through the area protected by the ecological red line.

The length of the shield tunnel of the Qiu Pu River is 1,121.9 meters. It effectively avoids the construction of water-related structures in the core area of the aquatic resources reserve, significantly reducing the impact on the habitat and migration of the unique fish species and other aquatic organisms in the Qiu Pu River.

04

Cultivating Talent, Passing the Torch

Tianshan Material is committed to fostering a diverse and inclusive work environment, adhering to the hiring principles of fairness, equity, and transparency to ensure that all employees are respected and supported throughout recruitment and retention processes. The Company actively safeguards the legitimate rights and interests of employees and provides multi-tiered development support programs to facilitate mutual growth for both employees and the Company. We prioritize the health and safety of our workforce, continuously refine communication channels and enhance employee satisfaction.

- Governance
- Strategy
- Impact, Risk and Opportunity Management
- Metrics and Targets

Governance

The Company's Board of Directors is the highest responsible body for employee management and responsible for final decision-making on relevant strategies. Under the Board, an ESG Committee is established to oversee the implementation of employee-related strategies, review and approve employee policies, monitor associated risks and opportunities, and report regularly to the Board. At the management level, the Company has established an ESG Leading Group, with the President serving as the group leader, to coordinate and advance key tasks related to employee management. For more details on the Company's employee management, please refer to the "ESG Governance Structure" section of this report.

Strategy

The Company implements a "talent-driven enterprise" strategy, dedicated to fostering the common development of the Company and employees. While striving to become a leading player within the industry, the Company also provides employees with a healthy, safe and comfortable workplace to improve employees' well-being and sense of belonging. For more details on the impacts, risks, and opportunities that employees may present to the Company, please refer to the "Double Materiality Assessment" section of this report.

This year, the Company continued to strengthen talent development and employee care. We invested RMB 35.39 million in employee training, aiming to enhance the professional skills and overall competencies of our workforce. Concurrently, the Company has taken concrete steps to support employees in need, with approximately RMB 1,972,700 expended on providing assistance and visiting special or disadvantaged employees.

Impact, Risk and Opportunity Management

Employee Recruitment and Retention

Recruitment and retention

Tianshan Material abides by the "Labor Law of the People's Republic of China", the "Law of the People's Republic of China on Promotion of Employment", and other laws and regulations. We also advocate international initiatives for the protection of human rights such as the International Labor Organization Convention and the United Nations Convention on Human Rights. Moreover, we have established internal rules and regulations on salary and dismissal, recruitment and promotion, equal opportunities, diversity, anti-discrimination, anti-harassment, and other welfare benefits to regulate employment conduct, such as the "Recruitment Management Measures" and "Labor Contract Management Measures". In 2025, the Company recruited 1,155 new employees.

The Company always adheres to the principle of fair competition and merit-based selection. We standardize management procedures for hiring, contract signing, probationary management, dismissal, etc. Meanwhile, the Company follows the principle of equality, voluntariness and consensus, explicitly prohibiting the employment of child labor and forced labor, and eliminating forced labor. To ensure compliant employment, we require all new employees to provide genuine, accurate, and valid personal information upon joining. The Company conducts stringent verification of such information to ensure that they are 18 years old or above. Candidates whose information is found to be false will not be hired. In addition, the Company signs labor contracts or agreements with flexible employment personnel in accordance with laws, clarifying the rights and obligations of both parties to ensure that their legitimate rights and interests are protected. In the year, the Company had no violations of employment regulations, such as child labor or forced labor.

In 2025, the Company prepared and released the "Campus Recruitment Management Measures" and the "2026 Campus Recruitment Program" to clarify the recruitment process and responsibilities. To enhance the efficiency and quality of talent recruitment and create more job opportunities, the Company has implemented the following measures:

Implementing full online and digital recruitment process

To overcome geographical constraints and enhance both the reach and fairness of recruitment, Tianshan Material has fully advanced the online transformation of campus recruitment. Through a digital recruitment platform, the entire procedure — from resume collection, qualification screening, assessment to interviews — is conducted online. Qualification review requirements are strictly enforced to ensure an open and transparent process

Building a multi-dimensional assessment system

To improve the scientific rigor and comprehensiveness of talent evaluation, Tianshan Material has supplemented its existing screening mechanism with psychological and basic logical assessments, integrating them with professional knowledge tests to form a multi-dimensional evaluation framework that covers professional competence, thinking ability, and psychological state.

Empowering assessment implementation with AI technology

By introducing technologies such as AI-based resume processing, AI-based interviews, and AI-powered multi-modal competency analysis, the Company has implemented a multi-dimensional assessment system focusing on "professional skills + competencies + thinking + psychological fitness". This approach significantly improves job-candidate matching accuracy and drives triple improvements in campus recruitment "efficiency, quality, and experience", thereby strengthening employer brand development.

Diversity, equity and inclusion

In the year, Tianshan Material strictly abided by the "Policy Statement of Human Rights" ("Policy of Human Rights") and other internal policies. This statement covers the operations of the Company and its subsidiaries, suppliers and other partners. The Policy of Human Rights includes the Company's commitment to adhere to all internationally recognized human rights principles as set forth in the "United Nations Universal Declaration of Human Rights", the "Declaration on the Protection of Human Rights", and the core conventions of the International Labor Organization. In the Policy of Human Rights, the Company also upholds diversity in employment and opposes discrimination, guarantees equal pay for equal work, and respects freedom of association for employees.

Tianshan Material explicitly prohibits harassment (including sexual harassment) and discriminatory behavior in the "Policy of Human Rights". Any employee who experiences harassment or discrimination can lodge a complaint by submitting a letter to the suggestion box or reporting the situation directly to the relevant leaders of the Human Resources Department, either in writing or verbally. The Company will organize the Human Resources Department to conduct a thorough investigation in collaboration with the Disciplinary Inspection Department. Once the investigation is completed, the complainant will be provided with a response, either verbally or in writing.

Tianshan Material places a high priority on safeguarding the rights and interests of female employees. We provide equal opportunities and treatment for women in key areas such as hiring, training, and promotion, and ensure equal pay for equal work. We also encourage and support female employees to develop their leadership and take up management positions. In the year, the Company and all its subsidiaries had a total of 925 senior managers, among which female managers were 62, accounting for up to 6.7%.

Tianshan Material joins UN Women

In 2025, Tianshan Material formally became a signatory of the "United Nations Women's Empowerment Principles" (WEPs), integrating gender equality and women's workplace empowerment as core elements of its sustainable development strategy. Through ongoing fair recruitment, equal pay for equal work, leadership development, and a variety of women-focused welfare and care initiatives, the Company promotes inclusive practices and creates broader development platforms for female employees.

Human rights risk assessment

In order to ensure the effective implementation of the Policy of Human Rights, Tianshan Material regularly identifies and assesses potential human rights risks. The scope of identification covers its own operation, upstream and downstream supply chain, as well as new businesses (mergers and acquisitions and associates). Topics contain forced labor, child labor, freedom of association, collective bargaining, discrimination, and equal pay for equal work, and involve a variety of groups, including employees, women and children, original inhabitants, migrant workers, contract workers, and local communities. On an annual basis, we review the effectiveness of human rights management in accordance with the "Policy of Human Rights", set targets and, based on these, continuously improve management capabilities. If violations of the "Policy of Human Rights", such as child labor or forced labor, are discovered, we will immediately report them to the Human Resources Department for cause trace, and conduct a comprehensive investigation. Following the investigation, the Company will communicate with those responsible to find solutions, including providing compensation in accordance with laws and regulations, and will impose administrative penalties on the violators. They are also required to participate in training on respecting employees' rights and interests to prevent recurrence.

Communication and engagement

Tianshan Material continues to improve the democratic management system in enterprises with the workers' representatives congress as the core. The Company strengthens the establishment and development of trade unions at all levels, protecting employees' rights to know, to participate, to be heard, and to oversee. This ensures smooth feedback for employees' opinions and suggestions. In the year, the Company ensured the participation of employees in the decision making and management of daily operations through the following ways:

Appointment of worker directors

The Company has appointed worker directors in accordance with the law. Their rights include listening to the opinions and suggestions of the workers, representing them in exercising their rights to participate, to be heard and to oversee.

Improvement of trade unions

The Company has established trade unions, equipped them with corresponding staffs to carry out work safeguarding employee rights and interests. In January 2025, the Company convened the Second Session of the First Workers' Representatives Congress. Following strict democratic procedures, the congress elected 1 worker director to the Ninth Board of Directors and 2 worker supervisors to the Board of Supervisors. This structurally safeguards the right of employees to participate in corporate governance. In the year, the trade unions had 49,934 employees, with union membership rate of 97.1%.

Establishment of policy communication mechanism

The Company has established and implemented a mechanism for communicating democratic management policies. This strengthens the Company's democratic management and ensures the full implementation of all democratic management requirements.

Implementation of the workers' representatives congress

The Company has set up the workers' representatives congress and held annual congress meetings to report to the representatives on the production and operation of the Company. In addition, the Company collects opinions and suggestions from all employees at the meetings. The business departments concerned then make sure that the opinions expressed and suggestions made are implemented.

Improvement of factory affairs disclosure

The Company discloses major corporate matters and various matters involving the interests of employees in a lawful, timely, truthful and scientific manner and guarantees employees' rights to know about important matters.

Employee Salary and Welfare Benefits

Tianshan Material strictly complies with the "Labor Contract Law of the People's Republic of China", the "Social Insurance Law of the People's Republic of China", and other laws and regulations. Based on them, we have established and improved internal policies such as the "Management Measures for Employee Salary and Benefits, "Management Measures on Leave and Attendance", and "Management Measures for Benefits of Headquarters Employees". We are dedicated to developing a fair, rational, and competitive compensation and welfare benefits system.

Salary and Performance

Tianshan Material has formulated internal policies such as the "Performance Management Measures", the "Measures for Tenure System and Contract-based Management for the Manager-level Personnel of the Company", the "Evaluation Measures for Business Performance of Manager-level Personnel of the Company", and the "Implementation Measures for Annual Performance Evaluation of Departments and Employees at Headquarters". Building on these documents, the Company has set up a multilevel and grade-based performance management system, using a variety of methods to manage and evaluate employees' performance. The Company pays salaries to employees in full and on time based on their positions, job performance, and the Company's salary policies. In the year, the Company formulated and implemented the "Salary Standards Optimization Plan for Skill-Based Employees", continuously refining the performance-oriented salary distribution mechanism.

Manager-level personnel of the Company

- The manager-level personnel are subject to the tenure system and contract-based management, and sign the Letter of Responsibility for Business Performance during the Term, Letter of Responsibility for Annual Business Performance, and Job Appointment Agreement. Their tenure and annual business performance evaluation are implemented in accordance with the signed Letter of Responsibility for Business Performance, with evaluation indicators divided into organizational and individual indicators.

Middle-level cadres and employees of the Company

- The department heads at the Company's headquarters are subject to annual evaluations, with results contingent upon annual evaluation results, the completion of annual department KPIs, debriefing review, and department satisfaction.
- The department heads of regional companies and member enterprises are evaluated monthly or annually by their respective companies based on functional divisions, key work arrangements, and established evaluation methods.
- Other personnel are evaluated monthly or annually by their respective departments based on key departmental tasks, job responsibilities, and established evaluation methods.

To share the fruits of the Company's development with employees, the Company continuously improves its salary incentive policies and has established a salary system that primarily focuses on market-based incentives, supplemented by medium- and long-term incentives. For employees below the management level, the Company implements medium- and long-term incentive programs through various forms such as equity incentives, excess profit sharing, and phantom equity.

In the year, the Company optimized the performance evaluation payment for annualized compensation employees, dynamically linking it to the Company's overall performance to effectively reflect the business incentive orientation. The Company also refined the ROA (Return on Assets) reward policy for regional subsidiaries, enhancing the objectivity and rationality of the incentive criteria.

To strengthen medium- and long-term incentive, following the approval of the Xinjiang regional business excess profit sharing plan, Tianshan Material changed the implementing entity to Xinjiang Cement. The incentive payout was completed, advancing the precision and sustainable development of the incentive system.

Diversified benefits

Tianshan Material strictly complies with national laws and regulations, placing high priority on safeguarding the physical and mental health and legitimate rights and interests of employees. The Company pays work injury insurance premiums for employees every month, and scientifically arranges the working hours of employees to avoid overworking. Standard working hours and various leave systems are clearly defined, and leave management procedures have been refined to ensure employees receive adequate rest and vacation. For employees who work overtime due to job requirements, the Company pays overtime wages or subsidies in accordance with compensation management regulations.

Tianshan Material has established a diversified welfare system and formulated internal policies such as the "Management Measures for Employee Salary and Benefits" and the "Management Measures for Benefits of Headquarters Employees", to safeguard employees' legitimate rights and interests.

We provide work meals, health checkups, enterprise annuity and other benefits, and routinely conduct activities such as high-temperature care, sick care and birth blessings for our employees.

We establish a Dietary Committee to actively listen to employee feedback on issues related to catering, continuously improve services, and ensure healthy, nutritious, and delicious food for employees.

We take care of our employees' physical and mental well-being. We provide fitness equipment and organize lectures on mental well-being irregularly to enhance employees' physical health and help them reduce stress. With these efforts, we strive to create a healthy, energetic and positive workplace.

We organize traditional festival activities, regular care and cultural activities to enhance employees' sense of belonging and cohesion.

We respect and protect the special rights and interests of female employees in accordance with the law, offering various benefits such as specialized health check-ups, lactation leave, parental leave, and childbirth well-wishing arrangements. We also organize regular women's health lectures, neck and shoulder massages, yoga classes, and other diverse activities to care for our female employees. Some companies have established "Mom's Love Corners," providing thoughtful services and well-equipped facilities to create a dedicated "cozy haven" for expectant and nursing mothers. In the year, the Company organized activities such as a special "Women's Day Shoulder and Neck Massage for Female Employees" to care employees who give birth.

Case: Enriching employees' spiritual and cultural life and enhancing corporate cohesion

In 2025, Tianshan Material actively participated in and supported diverse cultural, and sports activities organized by the Shanghai government and local trade unions, including Chinese New Year celebrations, floral-arranging sessions for female employees, healthy runs, family days, photography-salon outings, and badminton invitational tournaments. These initiatives addressed employee needs in areas such as culture, sports, family care, and interest development, effectively enriching the after-work life of employees and reinforcing team cohesion as well as a sense of belonging.



Case: Launching Mid-Autumn Festival activities to foster employee emotional connection

In 2025, Tianshan Material organized the "Mid-Autumn Festival Celebration: Mooncake DIY" theme activity, allowing employees to experience traditional culture through hands-on crafting and interactive exchanges. This initiative not only enriched the spiritual and cultural life of employees but also further cultivated a warm, harmonious, and humanistic work environment, strengthening the emotional resonance between employees and the Company.

Health service system

In active response to national health advocacy, Tianshan Material issued the "Initiative on Employee Fitness Activities" this year, promoting the concept of "Joyful Work, Happy Life". Leveraging the trade union as organizational foundation, the Company has established a series of health services and company-wide fitness activities. These efforts continuously enhance the physical and mental well-being of employees and actively foster a healthy, energetic, and positive work environment.

Case: Implementing targeted health interventions to alleviate common occupational ailments

To implement the National Health Commission's "three-year action plan to further raise health literacy for all citizens", and effectively address health issues arising from prolonged work, Tianshan Material Trade Union invited professional physicians to conduct a systematic shoulder-and-neck massage health-promotion campaign lasting 37 weeks, with sessions held weekly. Through these targeted health intervention services, the Company fulfilled its duty of care in preventing and addressing common occupational ailments, effectively enhancing employee comfort and well-being.

Case: Establishing a long-term fitness mechanism to normalize team exercise

In active response to the "Weight Management Year" initiative and the national fitness campaign, Tianshan Material Trade Union engaged external professional coaches to offer regular weekly yoga classes in the Company gym. Additionally, the Company secured long-term rental of dedicated venues to consistently organize badminton fitness activities twice a week.

By establishing a regular team exercise mechanism, the Company created a platform for healthy social and exercise among employees, promoted the development of scientific exercise habits, and integrated health management into employees' daily work and life routines.

Employee Training and Development

Tianshan Material focuses on employee growth and development by systematically establishing a talent development platform. Through a multi-level training system, diverse promotion channels, and adequate learning opportunities, the Company supports employees in unlocking their potential, thereby achieving mutual growth.

Promotion mechanism

Tianshan Material continues to develop a platform for qualified personnel management at all levels and refine its career development system to support business growth needs. The Company has developed differentiated promotion channels for managerial and technical positions, allowing all employees to follow a development path that matches their job characteristics. This year, the Company has comprehensively established a "dual channel" for the development of technical and skilled employees across its three core business areas. We issued the "Career Development Measures for Professional Technical and Skilled Talent of Aggregates Business (Version 1.0)" along with implementation guidelines, further clarifying the growth pathways for specialized talent.

In accordance with the "2025 Appointment Review and Re-evaluation Plan for Expert Engineers and Special Master Technicians of Cement Business", the Company conducted appointment review and re-evaluation. A total of 11 expert engineers and 3 special master technicians successfully passed re-evaluation, while 3 new expert engineers and 1 special master technician were newly certified.

Building future management team

In the year, to systematically build a high-quality management team, Tianshan Material formulated and implemented a management succession cultivation plan. Guided by frameworks such as the "Implementation Plan for Rejuvenating and Professionalizing the Cadre Talent Team", the Company has established a systematic cultivation system with clear objectives. The plan aims to cultivate diversified reserve talents through the "Hundreds and Thousands Project", creating a high-caliber, young, and professional cadre team, thereby providing solid leadership talent support for the Company's sustainable and high-quality development.

Hundreds and Thousands Project

Name	Target Group	Cultivation Objective
Hundreds Project	Management candidates from regional companies and member enterprises	To reserve senior management talents with strategic vision
Thousands Project	Mid-level reserve cadres from headquarters, regional companies, and member enterprises	To develop core forces with both professional depth and excellent execution capabilities

Training system

The Company has formulated and implemented the "Training Management Measures". We have also established a three-tier (i.e., the Company headquarters - regional companies - member enterprises) training management system, which defines the full process from training needs analysis to effectiveness assessment. This system ensures systematic and standardized training.

The Company follows the principle of "Three Tiers and Three Definitions[11]" and a training method of "mainly internal training sessions, supplemented by external training sessions". By fully utilizing resources at all levels, we have established a multi-channel, multiform, multilevel employee growth training platform with special emphasis to continuously cultivate professional talents. Relying on the three-tiered training system, the Company aligns its training efforts with the core training plans. Departments at all levels are responsible for planning and implementing corresponding training programs with on-site training, online training, and other forms. The training content covers a wide range of areas, including functional management, professional technology, safety and environmental protection, "dual-carbon" field, and multi-skill training for front-line employees.

This year, Tianshan Material comprehensively advanced the optimization of its training system, centered on "professional trainers, systematic courses, and standardized management". The Company formulated the "Internal Lecturer Management System" and promoted specialized training programs, establishing an internal trainer team supported by key disciplines such as cement technology and equipment. A standardized curriculum system has been developed around core positions, covering specialized fields including cement technology, equipment, mining, quality, and electrical systems. By refining mechanisms for trainer development, incentives, and course delivery, the Company has promoted more standardized, targeted, and effective training initiatives, continuously enhancing the organization's capacity for self-empowerment. In 2025, 97.33% of employees were included in the training, with a total of 1.84 million class hours. The completion rate of key training programs was 100%.

Case: Tianshan Material's cultivation plan for professional talents and young employees

In 2025, to strengthen the professional talent team, Tianshan Material launched specialized training programs in mining technology, cement technology, data governance, and complemented these with the "Tianshan Talents" new graduate training camp. These programs reached 2,600 participants throughout the year.

The training focused on core job skills and business practices. Through technical lectures, project practices, and mentor guidance, it facilitated the technical advancement of key professional staff while enabling new hires to integrate quickly. This initiative has built a reserve of professional talent for the Company's development.

Case: Tianshan Material built digital learning platform to enhance company-wide capabilities

Tianshan Material has systematically developed and operated a digital learning platform that enables employees to conduct training activities flexibly. Through this platform, the Company has conducted a series of online training courses such as "Human Resources Fundamentals" and "Business-Mix Lecture", and has introduced 35 sessions of high-quality online resources from the Group. In 2025, over 1,500 employees participated in learning via 35 sessions of online resources.

Case: Tianshan Material's implementation of specialized development programs for management team enhancement

In 2025, to elevate strategic vision and comprehensive management capabilities, Tianshan Material organized customized courses including joint learning classes and General Manager Special Training Camp. The Company also coordinated its resources to conduct a series of programs such as training for new manager and management capability enhancement workshops. The training content covered key areas including strategic planning and operational decision-making. Utilizing various formats such as thematic lectures and case studies, it effectively promoted capability enhancement and mindset transformation within the management team.

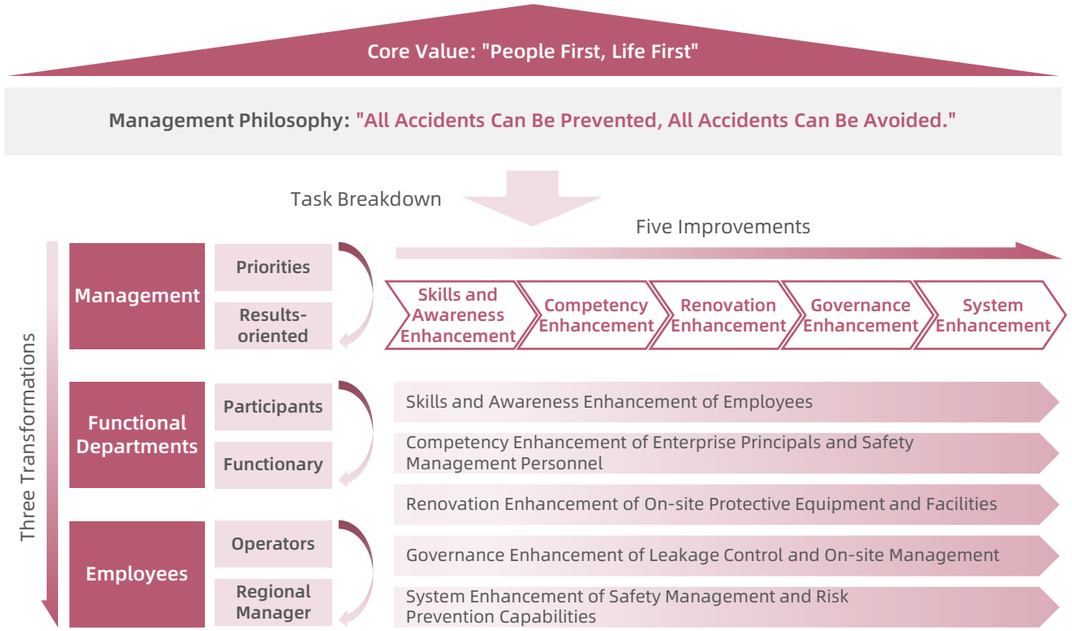
The key performance indicators for talent attraction and retention in the Company in the year are shown in the table below:

Training hours per employee (all types of training)	Total expenses for employee training and development	Employee satisfaction	
35.87 Hours/person	3,539.34 RMB	98.63%	
Staff turnover rate	Voluntary turnover rate (including voluntary turnover and retirement)		
8.98%	5.49%		

[11] "Three Tiers and Three Definitions": "Three Tiers": the Company headquarters - regional companies - member enterprises; "Three Definitions": defined location, defined position, and defined intention.

Occupational Health and Safety

Tianshan Material implements the critical deployment of production safety and ecological and environmental protection, forming the "22532" management idea. Through the application of the Group's intelligent production safety management system and the ultra-low emission transformation, the Company strengthens the management at source. With a focus on the performance of responsibilities, the Company promotes the transformation of the safety and environmental protection management model to pre-event prevention to support the high-quality development of the Company.



Tianshan Material has formulated the "Occupational Health and Safety Policy Statement" ("Policy Statement"). This Policy Statement applies to all employees of the Company headquarters, holding subsidiaries, suppliers, employees of contractors, associates and other business partners. The Board and management together regularly review and improve the implementation of the Policy Statement. The content of the Policy Statement includes the Company's commitment to setting quantitative targets for occupational health and safety, to improving the related management system, and to encouraging employees or their representatives to provide feedback or suggestions.

Tianshan Material has set quantified targets of zero work-related fatalities, zero new case of occupational diseases and a minor and serious injury rate of ≤1‰. We also actively promote the safety culture and effectively fulfill our safety management responsibilities. In the year, the Company had 0 new cases of occupational diseases, and achieved a minor and serious injury rate at ≤1‰. The expenditure on production safety amounted to RMB 827 million.

Production safety management system

To effectively fulfill our safety management responsibilities, we have established and continuously improved our safety management system. The Company has formulated internal rules and regulations such as the "Production Safety Responsibility System", the "Production Safety Management Regulations", the "Occupational Health Management System" and the "Health and Safety Management System of Related Parties". With these policies, we clarify the basic principles, organizational structure, division of responsibilities, investigation and handling, and emergency response requirements for production safety, so as to standardize our management process. In 2025, the Company revised the "Production Safety Management Regulations" and "Measures for the Management of Production Safety Incidents", and formulated the "Measures for the Management of Overseas Enterprise Production Safety" and "Measures for the Management of Overseas Enterprise Emergency Incident Reporting". These documents defined the key links and processes such as operational risk identification, control measures, emergency response and monitoring.

Tianshan Material has established a three-level safety management system encompassing "Headquarters - Regional Companies - Member Enterprises". The Company actively promotes a safety and environmental protection management model characterized by "integrated management and penetrating oversight". It clearly defines the three-tier safety and environmental protection responsibilities and accountabilities: the headquarters "establish mechanisms, set standards, and strengthen systems"; regional companies "intensify supervision, allocate resources, and provide feedback"; and member enterprises "ensure implementation, guarantee closed-loop management, and drive corrective actions".

Tianshan Material has established the Production Safety Management Committee ("Safety Committee") at the headquarters. It is the top decision-making body overseeing the Company's production safety and occupational health, with the Company's main responsible person serving as the director. Responsibilities include the deployment and oversight of the production safety related work. The Safety Committee holds meetings every quarter to learn the state's production safety policies, summarize the production safety work and deploy the key jobs for the next quarter to ensure robust implementation of safety responsibilities. The Safety Committee has offices that are led by the Company's Safety and Environmental Protection Department. Responsibilities include implementing the decisions of the Safety Committee and the routine management. Each regional company also has set its own safety committee and an independent safety and environmental protection department, with dedicated staff responsible for regional safety management work. Each member enterprise sets up their own Safety and Environmental Protection Department according to the actual needs, with staffing for safety and occupational health management.

Furthermore, the Company deeply promoted the standardized operation and continuous improvement of the safety management system. A total of 394 factories obtained certification for occupational health and safety management systems. Additionally, the Company deployed sufficient safety management personnel to enhance safety management, including 1,179 full-time and 1,741 part-time employees. Among these persons, 875 were certified safety engineers.

Production safety management measures

Tianshan Material continuously promotes normalized, standardized and systematic management and the improvement of production safety. We seriously investigate hidden safety dangers and risks, and implement safety management responsibilities. In the year, the Company formulated policies including the "Measures for the Management of Production Safety Incidents" and the "Measures for the Management of Ecological and Environmental Protection Accidents". These policies are aimed to optimize the grading standards for production safety and ecological and environmental protection accidents, standardize accident reporting procedures, and clarify the accountability rules in case of any administrative penalties, thereby continuously mitigating production safety risks. In 2025, the Company formulated the "Work Management Measures for Rewarding Reports of Safety and Environmental Hazards (Trial)" to continuously improve the identification and rectification of hidden hazards through incentive mechanisms, thereby promoting the effective implementation of primary responsibility for work safety. In 2025, the Company recorded no production safety accidents of Class B or above.

Implementing production safety responsibilities

The Company signs a letter of responsibility for production safety and occupational health goals with its member companies, clarifying the responsibility of every party involved for production safety. The Company has included contract workers and temporary workers in its unified management. Detailed policies are in place to clarify the responsibilities of the safety management department, the business management department and the local management department as a guarantee for production safety.

The Company has established a quarterly work meeting policy and a key work scheduling and reporting mechanism for the safety management system of the headquarters and regional companies. In 2025, a total of three quarterly work meetings were held to carry out "monthly implementation and quarterly scheduling" for a series of key matters, including the investigation and rectification of hidden dangers of major accidents, the investigation and rectification of hidden dangers in high-altitude corridors, general managers' public classes, communication and conversation with cadres, and near incident reporting. In addition, the Company has vigorously developed CNBMG's intelligent production safety management system. By the end of 2025, a total of 534 companies had launched the system. During the reporting period, 626,846 hazardous operations were reviewed and approved through the system; the AI alert comprehensive response rate reached 100%; 235,699 potential safety hazards were detected; and the rate of safety hazards detected and eliminated was 99.92%.

In 2025, the Company conducted external safety audits for 126 entities in accordance with the "'1+N+X' Three-Year Audit Plan for Safety and Environmental Protection", with a completion rate of 91%. Regional companies and member companies completed internal audits for 196 entities in total, and started to see the initial results of the audits.

Carrying out special rectifications for safety hazards

Tianshan Material conducts in-depth special inspections and rectifications on production safety to enhance risk prevention and control capabilities. In 2025, the Company continued to strengthen safety and environmental protection inspection and research. The work was done in a mode of "hearing reporting, checking records, inspecting the site, interviewing the staff, discussing safety matters, and organizing exams", adopting a four-in-one inspection mechanism of "inspection, direction, training and service". The inspection and research covered 43 member companies of regional companies, including GUCC and South Cement. Spot checks and safety talks were performed with 341 individuals. A final meeting that enabled both on-site and online participation was organized, involving 5,992 attendees from 582 companies.

Meanwhile, the Company issued the "'Thunder Action' Work Plan on Production Safety" in 2025, which focuses on maintenance and repair operations, belt conveyor safety, mining compliance, and other key areas. This year, a total of 7,787 rounds of inspections and rectifications were carried out to entities at all levels. The Company conducted special inspections and mutual reviews in an organized manner, building 15 teams for supporting inspections on safety and environmental issues across 259 mines. Besides, 14 inspection teams were set up to implement regional safety and environmental mutual reviews among 33 enterprises. As part of these efforts, mandatory assessments were performed for 212 individuals during inspection, achieving a pass rate of 98.6%. Additionally, the Company performed targeted governance for key periods and activities such as year-end transitions, construction, fire operation, and winter fire prevention, so as to reinforce the defense for production safety.

Enhancing safety management with advanced technologies

Tianshan Material continues to advance the construction of intelligent safety system. The Company promotes the application of the Group's intelligent production safety management system, and intensifies online inspections. Companies found with deficiencies are urged to rectify the problems and address the safety hazards and violations in a timely manner. In 2025, the Company completed the construction of intelligent production safety management system for 39 companies producing commercial concrete and aggregate, 108 mines and 6 grinding companies.

Tianshan Material continues to enhance safety management with advanced technologies. We encourage companies to adopt advanced and applicable safety technologies, and promote the application of new equipment, processes and standards for production safety. The Company also implements the strategy of "achieving mechanization and automation to reduce human involvement". Digital and intelligent means are adopted to prioritize prevention and continuously enhance the work of production safety.

Building up emergency response capability

Tianshan Material has established a risk identification and assessment mechanism to strengthen the emergency response capability to risks. In 2025, the Company actively carried out emergency drills. Our member companies carried out a total of 3,510 emergency rescue drills with 65,995 participants. The drills tested the rationality and effectiveness of emergency plans, and enhanced the ability of emergency response teams to handle emergencies, effectively improving the emergency level of the Company.

Safety management among stakeholders

Tianshan Material has established and refined the contractor safety management mechanism, which clarifies unified accountability standards with the core principle of "downgrading contractors upon safety incidents".

- At the organizational level, suppliers' project managers are required to join the Safety Committee for collaborative decision-making. Contractors must provide adequate insurance coverage for employees, thereby consolidating the foundation for risk prevention and control.
- In terms of access, the Company strictly reviews the safety management qualification of contractors. By incorporating occupational health and safety clauses into the contract, requiring contractors to sign the "Safety Agreement", and recording these documents into the intelligent production safety management system, the Company clarifies their safety management responsibilities.
- As for contractor control, specialized safety training is organized for all employees to communicate safety requirements and skills to frontline personnel. A long-term incentive mechanism has been established to guide contractors in enhancing their self-management awareness and competence. Before a project starts construction, the unit in charge of the project shall review the safety certificates, tool lists and other materials provided by the contractor, and then submit the materials to the safety and environmental protection department for verification. The construction permit is issued only after the verification is passed. In this way, we guarantee the health and safety of outsourced employees.

If a contractor is found with violations of safety management regulations, the Company will impose appropriate penalties in accordance with the terms of the "Safety Agreement" to ensure effective implementation of safety management measures.

Case: Organizing specialized training on safety management for stakeholders

In 2025, through the "Online Course on Safety and Environmental Protection of Tianshan Materials", the Company delivered specialized training sessions to address gaps in stakeholder management, including the "Fifteen Golden Rules for Contractor Safety Management in Southwest Cement" and the "Risk Identification and Safety Measures for Maintenance Operations by Stakeholders". These initiatives helped enhance stakeholders' risk awareness and accountability performance, achieving "equal treatment" for shared progress with stakeholders.

Guaranteeing employee health and safety

Employee health and occupational safety are always our first priority. The Company has formulated and developed internal policies to fully guarantee employees' health, such as the "Occupational Health Management System", the "Personal Labor Protective Equipment Management System" and the "Management System of Health and Safety of Related Parties". In 2025, the Company achieved 100% coverage of the ISO 45001 Occupational Health and Safety Management System Certification for all entities at all levels.

The Company continues to step up occupational health management. We strictly implement the "three-simultaneous" management of production safety and occupational health for "new, renovation and expansion" projects, ensuring that the safety and occupational health protection facilities are designed, constructed, put into production and used at the same time as the main project.

We strengthen occupational health supervision and management, and pay work injury insurance in full and on time. As such, we achieve 100% coverage of employees under work injury insurance and workplace safety liability insurance.

We equip employees with work clothes, helmets, safety shoes, gloves, anti-noise earmuffs, anti-dust masks and other protective equipment with reliable quality. In addition, the Company requires every employee exposed to occupational hazards to sign the "Occupational Health Notice", ensuring that they all understand the relevant risks and safety measures.

The Company continues to improve the facilities and first-aid equipment for dust proof, anti-poison, noise reduction and emergency management at production workplaces. All necessary technical measures such as enclosure, spray sprinkling and sound insulation are taken to create a clean and hygienic work and production environment and reduce the intensity of occupational disease hazards for employees.

The Company annually provides a health checkup package for all full-time and outsourced employees, covering internal medical test, surgical test, eye tests (including the slit lamp exam), etc. Besides, the Company adjusts the items based on the age and sex of the employees. In accordance with the "Law of the People's Republic of China on the Prevention and Control of Occupational Diseases" and the Regulations on Supervision and Management of Occupational Health, the Company regularly organizes occupational disease examinations for employees exposed to occupational hazards to understand their health condition. For employees with occupational contraindications, the Company will arrange a transfer for them.

The Company works with third-party institutions to regularly detect occupational hazards in the workplace, assess the risk level and take corresponding measures, to ensure a safe working environment.

Besides, Tianshan Material places emphasis on the health and safety management of outsourced employees, and applies the same occupational safety management standards for them as for internal employees to ensure that they enjoy the same safety protection. The Company organizes safety education and training for outsourced employees before they take on the job, and conducts evaluation on their learning results and the safety risks to ensure that the outsourced employees fully understand the potential risks and safety requirements in the working environment.

Production safety publicity

The Company prioritizes safety culture development. To this end, the Company proactively organizes safety culture exchange initiatives and training programs, all aimed at continuously reinforcing employees' safety awareness. We have established a "level-, category- and personnel-based" mechanism for safety and environment protection training. Moreover, we continuously enhance employees' safety knowledge through the approach of "mandatory examination and training through examinations". In 2025, through the "Online Course" platform for safety and environmental protection, the Company organized 13 specialized training sessions in total. Among them, 7 courses highlighted practical occupational health and safety operations, covering key topics like the "Risk Identification and Safety Measures for Maintenance Operations by Stakeholders" and "Explanation V2.0 of KPI Assessment Metrics for the Group's Intelligent Production Safety Management System".

Case: Certified safety engineer training program conducted by Tianshan Material

To build up the safety management team, Tianshan Material has conducted the certified safety engineer training program for three consecutive years. Held in Kunming City of Yunnan Province in 2025, the program invited a senior training expert to deliver courses on "Production Safety Management", "Fundamentals of Production Safety Technology", "Production Safety Laws and Regulations", and "Case Studies in Production Safety". By addressing knowledge gaps and challenging topics, the program strengthened the overall professionalism of safety management personnel, thus laying a solid foundation for the Company to accelerate the development of a safety management team mainly composed of certified safety engineers. This training session attracted 110 participants in total.

In 2025, a total of 113 employees across all levels of the Company obtained the intermediate certified safety engineer qualification. With 875 intermediate certified safety engineers now on staff, we have established a dedicated safety and environmental management team anchored by these certified professionals.

Metrics and Targets

The Company has developed a safety management indicator system, dividing the indicators into five categories, including production safety targets, control indicators, binding indicators, leading indicators and no-no indicators.

Safety Management Indicator System	
Type	Indicator
Production Safety Target	The Company is determined to avoid production safety accidents of Class B, resolutely curb those of Class A, and comprehensively promote the transformation of production safety and environmental protection management to pre-event prevention.
Control Indicator	1. 0 production safety accident of Class B or above; 2. The rate of serious injury accidents is ≤1‰; 3. 0 administrative penalties for violations of production safety regulations; 4. The on-schedule rectification rate for general safety hazards is ≥98%; 5. The on-schedule rectification rate for serious safety hazards reaches 100%; 6. The rectification rate for production safety issues inspected by superior units such as CNBMG and CNBM reaches 100%; 7. The rectification rate for production safety issues inspected by the central special inspection team or local safety authorities reaches 100%; 8. 0 new cases of occupational diseases.
Binding indicator	1. The certification rate for main responsible persons, directors in charge, and safety management personnel at regional companies and subsidiaries reaches 100%; 2. The qualification rate for employee safety education and training reaches 100%; 3. The application rate of the intelligent production safety management system among manufacturing enterprises of the Group reaches 100%; 4. The warning response rate of the intelligent production safety management system of the Group reaches 100%; 5. The KPI score of the intelligent production safety management system of the Group is ≥85.
Leading indicator	1. Production safety management experience or technological achievements recognized by the Group, Company, or units at the departmental level or above, which are suitable for promotion or reference.
No-no indicator	1. Occurrence of production safety accidents of Class B or above; 2. Failure to promptly and accurately report work-related fatal accidents in production safety; 3. Incidents with significant social impact or seriously negative public opinion concerning production safety.

The number of work-related fatalities and the lost time injury frequency rate (LTIFR) of the Company and contractors in 2025 are shown in the following table:

Key Performance Indicators	Unit	Data in 2025
Number of work-related fatalities (employees)	Person(s)	0
Number of work-related fatalities (contractors)	Person(s)	0
LTIFR (employees)	Case(s)/ million working hours	0.02
LTIFR (contractors)	Case(s)/ million working hours	0

The Company pays close attention to overseas production safety management, and makes efforts to build a Chinese-foreign integrated safety and environmental protection culture with the Company's characteristics. In 2025, the Company achieved the five "zero" goals, i.e. zero production safety accidents, zero ecological and environmental protection accidents, zero security incidents, zero new occupational disease cases, and zero administrative penalties on safety and environmental protection. This demonstrated the full accomplishment of health and safety targets set in the previous year.

05

Embarking on a Shared Journey of Social Value

In pursuit of sustainable development, Tianshan Material leverages a modern governance system to strategically advance ESG practices. By building a responsible supply chain, the Company ensures robust and reliable operations. We strive for innovation to enhance product and service quality beyond customer expectations. Besides, the Company has been fulfilling social responsibilities in line with the core values of "innovation, performance, harmony and responsibility" to realize commercial value and social benefits.

- Advancing Modernized Governance
- Promoting Responsible Procurement
- Product and Service Quality
- Innovative R&D
- Responsible Business Operations

Advancing Modernized Governance

Tianshan Material places a strong emphasis on law-based governance. The Company has established and improved a management system that ensures compliance operations and lawful governance. By steadfastly upholding business ethics and strengthening information security measures, the Company ensures transparent and efficient decision-making.

Strengthening Compliance Management

Tianshan Material consistently adheres to lawful and compliance operations, striving to build an efficient compliance management system supported by comprehensive policies for rule-based management. The Company has developed a compliance manual, specifying the key compliance obligations and requirements of the Company, management and employees regarding 16 key areas including corporate governance and operations, investment and development, human resources, finance and assets, trade secret protection and data security, intellectual property, business partners, procurement management, anti-commercial bribery and anti-corruption, mining compliance, production safety, quality management, environmental protection management, marketing management, anti-monopoly and anti-unfair competition, and overseas business management. In addition, the Company has issued a series of supporting compliance policies in terms of internal audit, risk management, confidentiality, and information security. These policies provide clear compliance requirements and guidelines. This year, the Company revised 15 core policies, including the "Measures for Legal and Compliance Affairs Management of Tianshan Material" with a focus on informatization requirements, thereby providing precise system support for the effective implementation of behavioral standards.

To advance the compliance framework, the Company has established dedicated legal development bodies and the Compliance Management Committee to ensure the comprehensive performance of their respective functions. In addition, the primary person in charge of rule-based governance is required to diligently fulfill relevant duties. The leadership of the Company and its subsidiaries sets an exemplary standard by signing the "Compliance Commitment", actively fulfilling their compliance pledges. This year, Tianshan Material signed a total of 131 copies of the "Compliance Commitment".

With reference to the ISO 37301 standard framework, the Company continuously improves the compliance governance system, and is pushing forward the certification of the system. We also engage third parties to oversee the operational effectiveness of this system, ensuring compliance with behavioral standards. The Company empowers compliance efforts with technology. By embedding compliance requirements related to behavioral standards into various digital platforms such as CRM, SRM, and contract systems, we have automated compliance management. In 2025, the Company shifted compliance oversight from manual post-event supervision to automated pre- and mid-process system controls. This transformation significantly elevated work efficiency and accuracy, and avoided human errors in compliance activities.

In the decision-making process, the Company has set the review of legal compliance as an essential pre-procedure and "one vote veto" for all violations. The Company has three lines of defense against potential compliance risks, consisting of business departments, functional departments and supervision departments, in a bid to fully carry out compliance management:

The first line of defense	• Business departments of the Company and member enterprises, which identify, assess, control, collect and report risks in operation and business, and make timely rectifications.
The second line of defense	• The Legal Compliance Department, which performs the internal control and compliance of business lines through business management, supervision and inspection and organizes other departments for rectification.
The third line of defense	• The Disciplinary Inspection Department, Audit Department and other related departments, which supervise or urge enterprises to make timely rectification to the identified issues and investigate risk incidents that have resulted in losses and enforce accountability according to rules.

The Company integrates compliance management into development strategies and annual plans and incorporates compliance performance into the performance evaluation system. Employees who adhere to behavioral standards and compliance regulations are recognized, while violators face appropriate penalties. By doing so, we incentivize employees to actively uphold compliance requirements.

Tianshan Material and its subsidiaries have established a robust compliance training mechanism. The Company holds quarterly and semi-annual compliance meetings, along with specialized general counsel meetings of the two-tier headquarters, to guide legal compliance efforts across subsidiaries. Training sessions on compliance management, compliance management system development, overseas compliance, intellectual property management, dispute management, and policy interpretation are provided to enhance employees' compliance awareness and risk identification capabilities. Furthermore, the Company has established multiple communication channels, including regular meetings, OA, and corporate WeChat. These channels facilitate employee inquiries on compliance issues, reporting of violations, and submission of improvement suggestions, thereby fostering the dissemination and exchange of compliance culture. This year, Tianshan Material and its subsidiaries conducted various compliance training sessions, involving 31,492 participants.

Upholding Business Ethics

The Company upholds the strictest standards of business ethics and adheres to regulations on anti-unfair competition, anti-monopoly, anti-bribery, and anti-money laundering. These principles are integrated into every aspect of our operations. To this end, we continuously improve the management system, optimize the oversight and audit mechanism, and expand channels for complaints and reporting, thus fostering a clean and efficient workplace. This year, there were no reported incidents of commercial bribery or corruption.

The Company has formulated the "Code of Business Conduct" and "Anti-Corruption Policy" for all full-time, part-time and outsourced employees. The two policies cover many aspects, including bribery, discrimination, information confidentiality, conflicts of interest, antitrust, anti-competition, anti-money laundering, and insider trading. The Company requires leaders at all levels to sign the "Letter of Commitment to Integrity and Self-Discipline". Any Party cadres who are involved in violation of the "Rules on Integrity of Executives of State-Owned Enterprises", the "Regulations of the Communist Party of China on Disciplinary Punishment" and the "Regulation on Disciplinary Actions Against the Managerial Professionals of State-owned Enterprises" are subject to administrative Party disciplinary actions and administrative punishments based on the severity of violations.

The Company integrates the "Code of Business Conduct" into employees' performance assessment, which is directly connected to their salary and promotion. We hold a "zero-tolerance" attitude to any violation on this front. According to the severity of violation, the Company will impose punishment from warning and record of demerits to dismissal. In accordance with internal policies such as the "Measures for Accountability Management of Leaders (Trial)", the Company will deduct salaries of violators and revoke the eligibility for promotion or recognition during the punishment period.

The "Anti-Corruption Policy" is also applied to all business partners with the Company. It clearly forbids briberies in the form of kickback, donation, sponsorship, political contributions or any other illegal and improper payments. To ensure suppliers' compliance with business ethics, we also require all suppliers to sign the "Integrity Commitment". Once we are aware of a supplier's violation of business ethics, we will impose punishment, such as request for correction, suspension of business, elimination of business and inclusion in the "blacklist" in accordance with national laws and regulations and internal rules. In addition, we have established strict management process regulations for supplier access, inspection, performance audit and withdrawal management to ensure the fairness and transparency of the procurement process. The supervisory department of the Company assists business departments in supervision of bidding and other processes to guarantee legitimate and compliant cooperation for a sound business order.

Intensifying integrity training

The Company continues to advance integrity training for employees. This year, the Company revised the "Regulations on the Management of Wedding and Funeral for Leadership" and the "Guidance on Strengthening Integrity Education for Newly Appointed Leaders at Tianshan Material", so as to launch integrity training by institutional means. The Company conducts regular integrity culture education activities in forms such as lectures, specialized training sessions, warning conferences, case studies, and the event of "Monthly Discussions on Party Conduct and Integrity Construction" to educate and train all employees. These initiatives are designed to establish clear boundaries to reinforce ethical awareness.

Integrity training for all employees:

For new joiners	We deliver integrity training on the significance, regulations, requirements, and cases of business integrity. We guide them to foster awareness of integrity and adhere to the principle of integrity when working.
For enterprise leaders	Through initiatives such as the monthly "Talk on Party Conduct and Clean Government", we supervise and urge Party organizations to fulfill their primary responsibilities, enterprise leaders to fulfill their responsibilities as the first persons accountable, and leading groups to fulfill their "one position, two responsibilities.
For employees in important positions	We regularly organize integrity training for employees in purchase, finance and other important positions and reveal integrity risks in business. We remind business employees to constantly hold the discipline principle and conscientiously safeguard their integrity against corruption.

Highlights of this year's training initiatives

Training Theme	Training Content	Training Coverage
Three sessions of integrity training at the General Manager Special Training Camp	Themed on "Understanding and Abiding by Discipline, Fulfilling Duties and Taking Responsibilities", we carried out training sessions and typical cases-based awareness-building forums tailored to the roles and responsibilities of participants.	General managers of member companies
Company-wide conference on promoting integrity and combating corruption	The Secretary of Discipline Inspection Commission reported on promoting integrity and combating corruption. Activities included watching educational films and conducting case studies.	A total of 565 individuals, including the Company's leadership, senior executives, mid-level cadres, and all personnel from departments such as Party affairs, discipline inspection, inspections, organization, and human resources
Awareness-building forums for young cadres	"Strengthening Work Discipline and Persistently Implementing the CPC Eight-Point Decisions", and reporting of typical cases of violations and disciplinary breaches by young cadres	A total of 2,535 individuals, including post-80s mid-level cadres and department assistants at the headquarters, post-80s leadership, mid-level cadres, and department assistants at subsidiaries, as well as post-80s leadership and mid-level cadres at member companies
Integrity training for business departments (such as procurement and finance)	Warning sessions are conducted to share typical cases investigated and handled by the headquarters and subsidiaries.	All cadres and employees at business departments
Case sharing on the OA discipline inspection platform	Cases of violations of the CPC Eight-Point Decisions, cases of violations and disciplinary breaches by "top leaders", and cases of violations and disciplinary breaches in procurement, marketing and other areas	All cadres and employees at all levels

Optimizing reporting channels

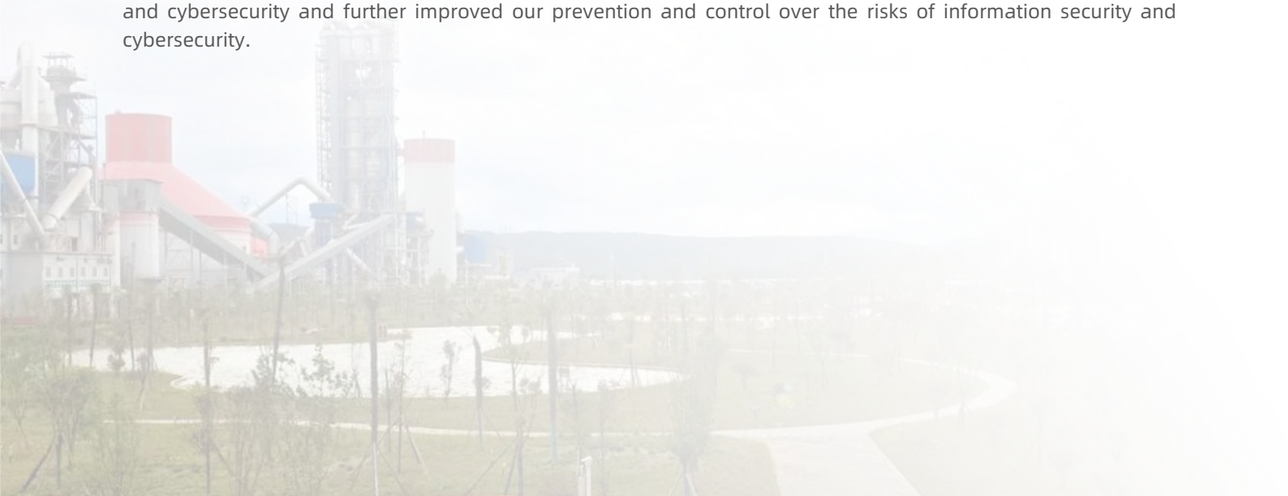
To consolidate the integrity defense and improve the internal supervision mechanism, the Company's Discipline Inspection Commission provides diversified reporting and complaint channels, including dedicated hotlines, dedicated email addresses, and on-site reception services for all employees. All reported leads are uniformly received and preliminarily assessed by the Case Review Office of the Discipline Inspection Commission. Adhering to the principle of "hierarchical and categorical handling based on regulations", we process all reports and cases subject to formal investigation. Cases suspected of violating Party discipline after assessment will be transferred by the Company to the corresponding disciplinary inspection body for verification in accordance with the authority over cadre management. Issues pertaining to general business management are referred to functional departments for resolution, thereby forging a closed-loop oversight mechanism.

We place a high priority on the protection of whistleblowers and reporting content. In accordance with the "Rules for Protecting Whistleblowers and Accusers by the Central Commission for Discipline Inspection of the Communist Party of China and the Ministry of Supervisory of the People's Republic of China", we spare no effort in safeguarding the security and confidentiality of whistleblower information and forbid any forms of reiteration and framing on the whistleblower. By doing so, we strictly protect the privacy and lawful rights of whistleblowers.

Strengthening Information Security

Tianshan Material attaches great importance to information and network security management, and works to build an information security management system. The Company has established the "Tianshan Material Network Security and Information Security Management Policy". The policy is formulated to strengthen the management of network security and information security across Tianshan Material and its subsidiaries at all levels, thus ensuring the stable operation of network systems and the security of information data.

The Company has also established the Cybersecurity and Informatization Working Group. The chairman of the Company is the team leader and the president and the vice president in charge of the Digital Department are the deputy leaders. The Chief Data Officer (CDO) and the deputy general managers in charge of business departments are team members. We have established a responsibility system of information security management. The system clarifies the responsibilities of information security management positions, including network administrator, system administrator, database administrator and safety administrator. We have also included the number of information security and cybersecurity incidents into the annual KPI assessment of employees of the Digital Department. By doing so, we have strengthened their attention to information security and cybersecurity and further improved our prevention and control over the risks of information security and cybersecurity.



System security control

The Company employs advanced information security technologies and multi-layer management approaches to comprehensively protect cybersecurity and data security.

Equipment and technology	We have implemented data encryption, firewalls, and Intrusion Prevention Systems (IPS) to significantly enhance the defense capabilities of our network environment.
Vulnerability control	To ensure the ongoing security of our systems and software, we regularly conduct updates and upgrades for systems and software. This has promptly patched known vulnerabilities and mitigated potential risks. Regular vulnerability scanning, penetration testing, and permission audit are conducted to ensure the effectiveness of system protection mechanisms, with data encrypted during transmission and storage. We regularly engage a third party to scan the security vulnerabilities of our information technology system. Then, we improve present safety strategies and processes based on the safety risk report provided by the third party to strengthen our information and cybersecurity management. In 2025, the Company promptly addressed and centrally remedied vulnerabilities identified in customer platforms, technological innovation systems, and supply chain management systems.
Emergency drills	To prevent the information technology system interruption or cyber attacks, we have established emergency response plans for information and cybersecurity events. We also test whether the emergency response plans work every year. By simulating cyber attacks, unauthorized internal access, and other scenarios, the Company regularly tests the defense capabilities of its security strategies. After these drills, the Company conducts timely reviews and updates emergency plans to form a closed-loop management process of "drill-evaluation-optimization". This approach helps us continuously improve system resilience and emergency response. In 2025, the Company organized drills by means of scenario simulation, including database corruption and network failures. These exercises assessed the integrity of backup data, the operability of recovery procedures, and the coordination efficiency among teams during emergency response.
Authority control	We have established stringent information segregation mechanisms and implemented precise access control strategies. These mechanisms effectively isolate sensitive information from routine operations and ensure that only authorized users can access specific sensitive data, thereby greatly improving data protection capabilities.
Publicity and training	We regularly organize cybersecurity-related training to consistently enhance cybersecurity awareness and competence.

We have obtained the certification of cybersecurity protection III, and get timely re-certification as required. Upon reassessment, Tianshan Material has confirmed that five core systems that meet the second-level requirements in the national classified cybersecurity protection testing and evaluation.

Audit and review

Furthermore, we perform regular comprehensive security audits and monitoring for information systems, ensuring their security and integrity. Through these activities, we can promptly identify and address potential security threats and vulnerabilities, and swiftly implement targeted measures for repair and optimization. Multiple feedback channels and a rigorous handling process have been established to receive feedback on information security issues. If an employee finds an information security issue, he/she can report it to the Digital Department through internal OA, email, WeChat, telephone and other means. Upon receiving a report, the Digital Department conducts an initial verification and investigation on the issue, and then takes corresponding measures. This year, there were no reported data security incidents or breaches of customer privacy.

Promoting Responsible Procurement

Staying committed to building an efficient and sustainable supply chain, Tianshan Material collaborates with partners to advance sustainability strategies for win-win results. We have formulated and published the "Supplier Code of Conduct" and the "Sustainable Supply Chain Management Policy" for all suppliers. We require all suppliers to fulfill their commitment to employees' rights, environmental protection, risk management and other aspects. We are committed to fully advancing the development of a sustainable supply chain.

Supplier Management Structure

The Company has established a three-tier management structure for suppliers comprising headquarters, regional companies, and member enterprises. We also conduct on-site reviews of our suppliers on an annual basis and are committed to building a competitive and sustainable product supply chain.

Supply chain management department of the headquarters

- Formulate and publish the supplier management measures and supervise the implementation; establish the lifecycle management mechanism, covering supplier registration and access, performance evaluation and elimination.
- Establish and improve the supplier evaluation system; establish the evaluation standards and process; regularly evaluate suppliers of the materials collectively purchased by the headquarters.
- Conduct qualification reviews and access assessments of suppliers of the materials collectively purchased by the headquarters, organize on-site inspections and evaluations of new suppliers by relevant personnel, and select qualified suppliers.
- Establish and maintain the database of suppliers, including potential supplier database, potential qualified supplier database, qualified supplier database and unqualified supplier database.
- Comprehensively manage the suppliers of material procurement, logistics services, and other services, and formulate corresponding procurement strategies and management plans.
- Coordinate and instruct the supply chain management departments of regional companies and member enterprises.

Supply chain management departments of regional companies

- Develop more detailed supporting management measures according to the supplier management measures of the Company headquarters.
- Conduct qualification review and access assessments of suppliers, organize on-site inspections and evaluations of new suppliers by relevant personnel, and select qualified suppliers.
- Establish and maintain the database of suppliers in the region, including potential supplier database, potential qualified supplier database, qualified supplier database and unqualified supplier database.
- Evaluate suppliers of the materials collectively purchased by regional companies regularly, manage them based on evaluation results and ratings, and refine the supplier database of regional companies.
- Manage the suppliers of material procurement, logistics services, and other services in the region, and formulate corresponding procurement strategies and management plans.

Supply chain management departments of member enterprises

- Implement the supplier management systems of Tianshan Material's headquarters and regional companies.
- Manage the enterprise's suppliers of material procurement, logistics services, and other services, and formulate corresponding procurement strategies and management plans.
- Establish, maintain the enterprise's supplier database, and ensure timely updates and maintenance of the data.
- Evaluate cooperative suppliers regularly and manage them based on evaluation results and ratings.
- Participate in supplier evaluation and sourcing efforts of Tianshan Material's headquarters as needed.

Supplier Lifecycle Management

This year, Tianshan Material enhanced its end-to-end supplier management from access and review to exit, revising 14 management policies, including the "Supplier Management Measures." This initiative enables a more comprehensive integration of ESG-related requirements, strengthens the entire lifecycle management of suppliers, and ensures better identification, assessment, and management of environmental and social risks throughout the supply chain.

Access process

- Make sure all public procurement is carried out with full transparency.
- Continuously strengthen supplier verification, including their qualifications, supply capabilities, and service assurance capabilities, to assess whether they comply with the requirements of the Company's "Supplier Code of Conduct".
- Review suppliers' production equipment, qualifications, certificates and other relevant documents by means of remote video or on-site verification to ensure that they satisfy the Company's standards.
- Introduce a new ESG qualification assessment as a formal and critical step in supplier access process, to verify suppliers' implementation of environmental policies, fulfillment of social responsibilities, and soundness of governance structures, ensuring that new suppliers align with the Company's sustainable development strategy.
- Collect and analyze suppliers' ESG reports, encourage suppliers to provide certification results such as ISO 45001, ISO 9001, and ISO 14001 certification, to evaluate suppliers' ESG performance. The Company gives priority to suppliers with better ESG performance when they perform similarly in other areas.
- Require suppliers to strictly adhere to environmental standards, human rights (including respect for employee rights, anti-discrimination, anti-harassment, prohibition of forced labor and child labor, and protection of vulnerable groups), working conditions, compensation, health and safety, and business ethics.
- Conduct rigorous assessments of suppliers' green production and energy-saving capabilities, including but not limited to evaluating the compliance of their production processes with environmental standards, the adoption of energy-efficient methods in production, and the implementation of effective environmental management systems; and define the percentage of system certification scores in sourcing documentation.
- Classify suppliers based on multiple dimensions, including market risks, procurement expense, and performance evaluation scores, forming a basis for differentiated access strategies.

Cooperation process

- Sign "Integrity Commitment" with all suppliers to incorporate anti-commercial bribery and anti-corruption as a focus of audits, place non-compliant suppliers on the high-risk supplier list, and clearly define the standards of integrity and codes of conduct between both parties.
- Supervise and review the signing of "Integrity Commitment" to ensure all suppliers' strict compliance with the relevant regulations and maintain the integrity of the supply chain.

Review process

- Establish a dynamic supplier performance evaluation system[13] to conduct level- and category-based assessments of cooperative suppliers, with the results directly linked to future procurement engagements; conduct sustainability risk assessments for key suppliers annually in accordance with the Company's "Supplier Management Measures" and "Supplier Code of Conduct".
- Continuously refine the quantitative evaluation standards, covering critical dimensions such as corporate credit, product quality, and contract fulfillment capabilities, while explicitly designating ESG performance as a crucial evaluation indicator.
- Develop rectification and improvement plans for suppliers with high sustainability risks (such as those with potential labor issues, high energy consumption, and integrity concerns) and follow up their subsequent progress.

Exit process

- Strengthen high-risk controls by placing suppliers who fail qualification reviews, engage in fraudulent activities, or violate integrity agreements on the high-risk supplier list and by restricting their participation in all procurement activities of the Company.
- Terminate the cooperation with suppliers who still fail to meet the Company's minimum ESG requirements after rectification.
- Standardize the supplier exit process by clearly defining exit criteria and implementation procedures, which is promptly initiated when suppliers consistently fail to meet performance standards or commit serious violations.
- Establish an information-sharing mechanism through a company-wide platform to enable efficient synchronization of high-risk supplier data, allowing all business units to proactively mitigate potential cooperation risks and safeguard supply chain stability.

suppliers that received responsibility assessment and review	suppliers sustaining long-term cooperation with the Company	suppliers that passed quality management system certification	suppliers that passed occupational health and safety management system certification	suppliers that passed environmental management system certification
7,792	10,776	5,258	5,258	5,258

suppliers that passed energy management system certification	key suppliers that passed the online/on-site assessment	key suppliers assessed as having significant actual/potential negative impacts	key suppliers with rectification plans implemented	key suppliers with significant actual/potential negative impacts who have been terminated from cooperation
5,258	7,792	32	2	23

[12] Including international authoritative system standards (ISO 9001, ISO 14001, ISO 45001, etc.); ESG rating standards (selecting suppliers with A-level or higher ratings); industry norms and standards; green and low-carbon initiatives, social responsibility initiatives, integrity and compliance initiatives, etc.; and internal systems such as the "Supplier Management Measures"

Supplier Risk Management

To ensure the continuity and resilience of supply chain against emergencies and market changes, the Company has developed a comprehensive risk management framework covering all aspects of the supply chain. The Company has established a specialized team dedicated to supply chain risk management. This team regularly organizes training sessions for employees, focusing on enhancing their awareness and response capabilities to various risks. By doing this, the team ensures that risk management practices remain effective and timely.

Risk identification and definition	A robust mechanism has been developed for identifying and defining potential risks in the supply chain, including risks related to suppliers, natural disasters, political instability, and other factors.
Risk assessment and monitoring	Risk assessments of key suppliers are conducted. For this purpose, a supplier risk assessment system has been established, and the supply chain's operational status is continuously monitored to promptly identify potential issues and take appropriate measures. The Company's [Supply Chain Management Department] has established a dynamic performance evaluation mechanism integrating regular audits with ad-hoc audits, enabling precise management and control throughout the entire lifecycle.
Diversification of suppliers	Multiple suppliers are selected to reduce dependency on any single supplier, thereby minimizing the risk of supply chain disruptions due to the failure of a single supplier. The Company has built a diversified supply chain system through strategic cooperation with large state-owned enterprises. By integrating the "Wo Zhao Che" platform within the Group and upstream and downstream industries, such as Nanjing Fiberglass Research & Design Institute Co., Ltd., the Company has optimized key resources, while extending and strengthening the industrial chain. Competitive enterprises are also introduced to further enhance the robustness of the supply chain system.
Resilient supply chain development	The supply chain's resilience has been bolstered through our optimized logistics network, increased inventory levels, and robust backup plans. These measures enable the supply chain to remain stable against external shocks and quickly return to normal operations.

Additionally, the implementation of supply chain risk management strategies and measures has continuously reduced the risk of supply chain disruptions. This has not only improved the reliability and stability of the supply chain but also enhanced its adaptability and flexibility in the face of emergencies and market changes.

Supplier Capability Development

The Company has taken a series of measures to help suppliers better understand and practice ESG concepts, and to enhance their ESG management and practice capabilities.

The Company provides comprehensive ESG training and information support to help suppliers systematically understand the core content and requirements of ESG management through professional training materials. The Company also keeps suppliers regularly updated on the latest trends and practice cases in the building materials industry to enhance their awareness and attention to ESG. Meanwhile, the Company has developed an ESG scorecard and invited its core suppliers to conduct self-assessments, helping them understand their performance and identify strengths and weaknesses. Based on the assessment results, the Company provides the suppliers with targeted suggestions for improvement. The Company also provides comprehensive technical support for suppliers, including technical consulting, technology transfer and sharing, and joint R&D and innovation. Such support aims to enhance suppliers' technical capabilities and ESG performance, thereby promoting the sustainable development of the supply chain.

This year, the Company established a long-term support system for suppliers in underdeveloped regions and small-to-medium suppliers through institutional assurance, targeted empowerment, and innovation support. By removing criteria such as supplier size and registered capital from evaluations, we have helped these suppliers overcome development bottlenecks, while fostering greater diversity and resilience within our supply chain.

This year, a total of 1,658 key suppliers participated in capability building programs, with the training covering 31.53% of our suppliers.

Case: Specialized training on sustainable supply chain management

In May 2025, Tianshan Material conducted a specialized training on sustainable supply chain management under the theme "Empowering the Supply Chain with ESG, Co-creating a Sustainable Future" . This training featured ESG experts who provided a systematic analysis of sustainable supply chain development within the ESG framework, sharing insights into ESG risk identification, management and control strategies, as well as best practices in the industry. In addition, this training deepened participants' understanding of ESG risk transmission mechanisms and their business implications, while enhancing their awareness of sustainable supply chain management. It represented a crucial advancement in translating the Company's ESG governance framework from top-level design into ground-level implementation.

Product and Service Quality

Governance

The Company's Board of Directors holds ultimate responsibility for product and service quality management, making final decisions of related strategies. The ESG Committee, under the Board of Directors, is responsible for implementing these strategies, reviewing and approving relevant policies, monitoring related risks and opportunities, and regularly reporting to the Board of Directors. At the management level, the Company has established an ESG Working Group, with the general manager serving as the group leader, to coordinate and advance key tasks related to product and service quality. For more details on product and service quality governance, please refer to the "ESG Governance Structure" section of this report.

Strategy

The Company adheres to the principle of "improving quality and efficiency, embracing optimization and upgrade" as well as the "customer-oriented" service philosophy. By deeply implementing a development strategy that focuses on quality, we are committed to providing customers with high-quality and high-standard products and services. By setting stringent requirements for product and service quality while improving efficiency and precision of quality and service management with information and intelligent technologies, the Company enhances its competitiveness and maintains its leading position in the industry. Guided by customer requirements and focusing on value creation, the Company continuously optimizes its service system and enhances brand value. For more details on the potential impacts, risks, and opportunities associated with product and service quality for the Company, please refer to the "Double Materiality Assessment" section of this report.

Impact, Risk and Opportunity Management

Product quality guarantee

The Company strictly adheres to relevant laws and regulations such as the "Product Quality Law of the People's Republic of China", industry standards such as the "Quality Management Measures for Cement Enterprises", and requirements such as the "Quality Management Measures of China National Building Material Company Limited". On this basis, we have established policies including the "Quality Management Measures", the "Product Quality Supervision and Management Measures", and the "Quality Incident Management Measures of Tianshan Material for Cement Enterprises", continuously refining quality management requirements and specifying product quality, technical requirements, production processes, raw material management, and other related aspects.

Fully embracing the ISO 9001 quality management system, the Company conducts regular sampling inspections of products from its subsidiaries and continually assesses and updates relevant standards based on the analysis of sample performance indicators, as well as market trends, customer needs, and inspection results. Furthermore, for issues and shortcomings identified during inspections, we promptly refine our quality improvement measures. All these efforts are aimed at boosting the quality and market competitiveness of our cement products.

Highlights

- The Company fully embraces the ISO 9001 quality management system, and its cement business achieved a 100% certification rate.
- The Company's products achieved a 100% pass rate in national-level sampling inspections and its main business products submitted for inspections achieved a 100% pass rate.
- No major liability incidents related to safety and quality of products and services have occurred.
- The participation rate in the Central State-owned Enterprises' Comprehensive Quality Management Knowledge Competition reached 98.4%, representing a year-on-year increase of 15.9%.

The Company continuously strengthens the development of the quality informatization module within the ERP system for its cement business. In 2025, we implemented a system for daily collection of strength data on clinker, mill-out cement, and dispatched cement across 22 affiliated enterprises. This enables regional companies to monitor and supervise key strength data of their member enterprises. Additionally, the Company has established an information-based management system for internal control indicators related to raw and fuel materials, clinker, and cement of member enterprises. It incorporates an early warning mechanism that can automatically trigger alerts to relevant enterprises when deviations occur in process quality control, allowing for timely intervention and correction.

The Company progressively builds an integrated technical quality management and service system spanning clinker, cement, and commercial concrete, which helps enhance production-sale coordination, improve product support services and strengthen overall competitiveness. We optimize technical support services for clinker, cement, and concrete products. To address diverse customer requirements, we conduct technical R&D and experimental analysis to formulate customized technical product solutions, select suitable raw and fuel materials, clinker, and mixed materials, and manufacture products that meet the technical standards of different clients.

To effectively address potential quality issues or unforeseen events, the Company has established a systematic response and improvement mechanism. Should related events arise, a thorough investigation is immediately launched to identify root causes and hold responsible parties accountable in accordance with Company's regulations. Besides, to reinforce its primary responsibility for safety management, the Company has clarified the accountability mechanisms, which in turn enable us to promote standardized operation and continuous optimization of our quality management system, ensuring consistent improvement in product quality and long-term reliability.

Case: South Cement safeguards product quality to deliver optimal products for the market

In 2025, South Cement organized quality training for over 300 participants, including inspection personnel and laboratory directors from regional companies. The training covered quality management procedures, licensing rules, new standards, and instrument operation procedures, effectively enhancing the overall competence of regional quality personnel.

In accordance with Tianshan Material's quality management requirements, South Cement monitors the in-process and finished product quality of all member enterprises, conducting unannounced monthly sampling inspections of cement and clinker. In 2025, South Cement intensified its product sampling inspections and achieved a 100% pass rate in all inspections.

Voice of customers

The Company has formulated internal policies such as the "Customer Relationship Management Measures for Cement Business" and the "Customer Complaint Management Process Manual". These documents clearly outline the handling process for customer complaints, including complaint channels, complaint receiving and registration, analysis and categorization, formulation and implementation of complaint resolution, and tracking and feedback of complaint handling results. At present, the Company has formed closed-loop management covering the customer complaint collection, response, processing, feedback and tracking of handling results. This ensures that the Company can respond swiftly to customer complaints and provide timely responses. Within 24 hours upon receiving a complaint, the complaint coordinators will work with relevant departments to verify the complaint and propose solutions and emergency responses. They will also track the implementation and effectiveness of the complaint handling process.

The Company actively facilitates access to service inquiries through multiple channels, including the 400 hotline, email, and the Internet+ customer management platform. Complaint types are categorized into quality, packaging, measurement, shipment service, sales personnel service, and flow direction complaints. To better capture feedback and understand customer needs, the Company introduced a compliant portal within its customer platform application in 2025. During the year, the Company received 21 complaints regarding products and services, achieving a 100% resolution rate with satisfactory results.

For customer satisfaction surveys, the Company consistently conducts annual satisfaction survey through anonymous online questionnaires. The survey covers various dimensions such as overall satisfaction, product quality, product metrology, packaging quality, delivery service, technical service, sales personnel service, settlement and payment convenience and complaint handling. In 2025, we extended the reach of our customer satisfaction survey to 97.6%, incorporating overseas customers and users of the Jucaitong e-commerce platform. To align with the communication preferences of different customer groups, the survey was delivered through the WeChat mini-program, embedded within the Jucai Platform, and by a web-based version. All collected data was consolidated into the "Tianshan Intelligence" online system for analysis.

Satisfaction survey results (out of 10)

Metrics and Targets

To ensure product quality and continuously enhance customer service, the Company has established the following targets:

- A 100% pass rate for comprehensive cement products, a 100% pass rate for products in national-level sampling inspections, and a 100% pass rate for main business products submitted for inspections.
- By 2027, the coverage of our satisfaction survey is projected to remain stable, with the proportion of satisfied customers reaching over 95%.

Innovative R&D

Tianshan Material regards R&D innovation as its core driver, with a strategic focus on key areas such as energy conservation, resource circulation, and low-carbon materials. The Company increases investment in R&D and collaborative projects, striving to build an innovative technological system that spans the entire product lifecycle. By refining its innovation mechanisms, strengthening industry-university-research integration, and enhancing intellectual property protection, the Company contributes innovative solutions to the industry's green transformation and high-quality development.

Technological Innovation Management System

The Company has progressively established and refined its innovation management system by issuing a series of policies such as the "R&D Project Management Measures", the "Outstanding Science and Technology Worker Selection Measures", the "Science and Technology Innovation Special Assessment Measures", the "R&D Achievement Management Measures", the "'Three New' Project Management Measures", the "Innovation Demand Management Guidelines", and the "R&D Project Funding Management Guidelines". Furthermore, the Company has established Tianshan Material Basic Building Materials R&D Center, etc. to provide organizational and institutional guarantees for sustained innovation.

Innovation Talent Cultivation and Incentives

The Company has always regarded R&D personnel as a core resource for its high-quality development. We allocate personnel for technical R&D, product R&D, and related purposes, and strengthen talent management across the entire process from selection, employment, cultivation, to retention, to provide solid support for technological breakthroughs and the Company's high-quality development.

- Selection: We give priority to talents who possess outstanding capabilities and are highly compatible with our requirements, to ensure a well-educated, multi-generational team with clear professional titles and a balanced integration of innovative young talents and experienced R&D professionals. In 2025, driven by measurable R&D outcomes and demonstrated innovation capability, the Company increased the proportion of R&D personnel selected for middle-level managers and project leaders, prioritizing the appointment of doctoral graduates and young professionals to key positions.
- Cultivation: The Company continuously increases investment in R&D. Leveraging the Group's revolutionary, pilot projects for cultivating master's and doctoral engineers, the Company has engaged in joint training programs to nurture research talents. We actively expand external academic exchange channels for R&D personnel and create multi-dimensional growth platforms for them. We also arrange key and young R&D staff to participate in industry conferences, special lectures, and academic forums. In 2025, in addition to actively applying for R&D projects at national, provincial, ministerial, and municipal levels, the Company allocated RMB 13.16 million to establish company-level independent R&D projects, further strengthening personnel capabilities in innovation and independent R&D.
- Retention: The Company offers year-end performance incentives to teams that undertake major R&D projects, achieve landmark R&D results, or realize industrial breakthroughs. Meanwhile, the Company adheres to a "dual channel" mechanism of the R&D sequence and the management sequence to improve the promotion pathway for R&D positions. The Company optimizes R&D support by strengthening platform construction, experimental resource allocation, and external collaboration, providing R&D personnel with an open, professional, and stable innovation environment.

According to the Company's "Management Measures for Employee Salary and Benefits", special talents in critical or hard-to-fill positions, outstanding scientific and technological personnel, and external experts and consultants may receive market-competitive compensation packages on a case-by-case basis. Meanwhile, the Company's "Science and Technology Awards Management Measures" stipulate that teams and individuals who secure approval for scientific and technological/standard projects, receive awards, obtain authorized patents, publish academic papers, or contribute to the development of innovation platforms will be granted monetary rewards. The Company continuously increases the reward amounts and expands the scope of eligible projects. In 2025, the Company issued rewards for scientific and technological achievements, further boosting the innovation enthusiasm of its R&D personnel.

Key R&D Areas

In 2025, Tianshan Material focused on green and low-carbon initiatives, digital transformation, and "Cement+" business innovation. It prioritized the R&D of high-performance, environmentally friendly materials, the upgrade of intelligent manufacturing, and the integration of digital intelligence across all processes. Meanwhile, the Company strengthened extreme cost reduction while advancing technologies, driving high-quality development through scientific and technological innovation.

Ultra-high-performance products

The Company is committed to developing ultra-high-performance concrete (UHPC) tower solutions characterized by ultra-high strength, light weight, and modularity. These solutions aim to replace traditional steel towers or ordinary concrete towers, addressing challenges in high lifting and transportation to save costs and increase construction efficiency.

- We have developed a series of UHPC products covering strength grades from C120 to C200. These products have been extensively applied in items such as utility poles, subway evacuation platforms, and wind turbine tower segments, with an application volume exceeding 50,000 m^3.
- Our self-developed polycarboxylate-based superplasticizer (SHY-HP150) for UHPC has been successfully applied in Fengling New Energy Co., Ltd.'s project of Wind Power Concrete-Steel Tower Manufacturing Center at Baishui County. This product provides crucial material support for the high-performance upgrade of concrete structures in wind power engineering, marking a key step in the Company's innovation of integrating chemical building materials with new energy.
- Through material innovation and modular design, the Company, in collaboration with equipment manufacturers, has developed lightweight prefabricated photovoltaic bracket bases for PV power plant construction, reducing basic material consumption and installation costs.

Carbon sequestration and energy-saving materials

The Company focuses on R&D in carbon emission reduction and solid waste recovery technologies. By developing carbon mineralization building materials and innovative collaboration mechanisms in multiple fields, it has established a complete, closed loop from technological R&D to industrial application, strongly supporting the efficient integration and ecological synergy of clean energy in construction and infrastructure.

- Offshore floating concrete: Through collaboration under the "industry-university-research-application" model, the Company has partnered with universities and energy enterprises to establish laboratories, further expanding concrete technology research in emerging clean energy applications such as offshore floating photovoltaics and solidifying its leading position in materials for green energy infrastructure.
- Carbon mineralization concrete: The Company explores recycled aggregate concrete technology and has built a domestically leading demonstration line for carbon mineralization of recycled aggregates. This aims to utilize solid waste such as construction waste as resources, reducing the consumption of natural resources and supporting the development of the "zero-discharge factory" and a green supply chain. Meanwhile, the Company advances the development of products like carbon mineralization solid waste-based panels, carbon mineralization foam concrete, and carbon mineralization blocks, achieving material and energy savings and high carbon sequestration efficiency.
- Phase change energy storage concrete: The Company develops multifunctional envelope materials integrating energy storage, heat preservation, fire resistance, and thermal insulation. The materials are used for building energy efficiency and facilitate integration with green energy, thereby realizing innovation at the "material-structure-system" level.

AI application research

In collaboration with Wuhan University of Technology, Sinoma International Intelligent Technology Co., Ltd., and East China Materials Co., Ltd., the Company jointly researches and develops the "Large Model for AI-Driven Intelligent Production of Ready-Mix Concrete". This project is part of the fifth batch of the national "open bidding for selecting the best candidates" for major science and technology breakthroughs in the building materials industry, focusing on the strategic needs for green, low-carbon, and intelligent development within the industry. Addressing key challenges in concrete quality control and based on the four core industrial AI elements of algorithms, computing power, data, and application scenarios, the project develops a large model for intelligent concrete production and an intelligent production system applicable to ready-mix concrete plants. By virtue of these, the system will correlate data on raw materials, mix ratio, performance, costs, and carbon emissions.

List of 7 national R&D projects underway this year

As of the end of 2025, the Company was involved in a total of 7 R&D projects/topics at the national, provincial, municipal, and university levels:

1. Key Preparation Technology and Demonstration Application of High-Performance Cementitious Materials with Low Environmental Impact
2. Key Technologies for R&D and Application of New Low-Carbon Cement
3. Integrated Demonstration Project for Co-disposal of Multi-Source Sludge in Typical Cities of the Yangtze River Economic Belt
4. Key Project for Green and Low-Carbon Preparation and Equipment R&D of Active Calcium Oxide
5. Energy-Saving and Carbon Reduction Technology for Replacing Fossil Fuels with Biomass Fuels in New Dry Process Cement Production Lines
6. Key Technologies for the Preparation of Low-Cost Aerogel Materials and Products and Typical Applications
7. Joint R&D on Key Technologies and Equipment for New Low-Carbon Cement Preparation and Application

Awards

"Key Technologies and Applications of Oil and Gas Field Cementing Materials in Extreme Environments" was awarded

The First Prize of Science and Technology Award by Chinese Materials Research Society in 2025

"Preparation and Application of Energy-Saving and Efficiency-Enhancing Admixtures, Product Cement, and Cementitious Materials for Prefabricated Building PC Components" received

The Second Prize of Innovation Achievements Award by China Machinery, Metallurgy, and Building materials Workers Technical Association

"R&D and Application of High-Performance Tile Adhesive Series Products" was awarded

The Third Prize of Science and Technology Award by China Building Materials Circulation Association

"Technological Innovation and Application of Multi-faceted Protection for Concrete and Products in Major Coastal Infrastructure" received

The Third Prize of Innovation Achievements Award by China Industry-University-Research Institute Collaboration Association in 2024

"Collaborative Preparation and Large-Scale Application of Low-Carbon Cementitious Materials from Multi-Source Typical Bulk Industrial Solid Waste" received

The Third Prize of Building Materials Science and Technology Award (Technology Progress Award) in 2024

"Research on Steam Curing Activity of Admixtures for Steam-Cured Concrete Products and Standard Development" received

The Third Prize of Building Materials Science and Technology Award (Science and Technology Public Welfare Award) in 2024

Participation in the 11th International Symposium on Cement and Concrete in 2025

Participation in the 2025 National High-Quality Development Forum on Stone-Imitating Pavement Products by China Construction Units Association

Intellectual Property Protection

Strengthening the protection of intellectual property is crucial for driving product innovation and solidifying customer trust. The Company systematically analyzes and identifies the risks associated with intellectual property and develops corresponding risk management strategies and countermeasures to ensure the identified risks are always controllable, governed, and tolerable. For trademark management, the Company has established a trademark information database and implemented comprehensive measures to manage all aspects of the trademark, including trademark registration, trademark maintenance, trademark licensing, trademark disposal and trademark protection. Moreover, the Company has also formulated assessment and accountability mechanisms. Meanwhile, the Company continues to refine the "Trademark Management Measures" to protect intangible assets like the Company's trademarks and enhance trademark management.

The Company continues to increase the investment in technological innovation, driving high-quality development through technological innovation. In the year, the Company accumulatively held 4,084 valid patents, including 3,336 utility model patents and 584 invention patents, and successfully registered a total of 164 software copyrights.

Responsible Business Operations

Adhering to the principles of openness, sharing, friendship, and mutual assistance, the Company actively fulfills its social responsibilities through concrete actions. We actively participate in industry exchanges, contribute to rural revitalization, and engage in public welfare activities. We also integrate social responsibility into our corporate strategy and daily operations, striving to achieve synchronous progress in both corporate growth and the fulfillment of social responsibilities.

Industry Communication and Cooperation

The Company consistently maintains an open and collaborative approach, seeking mutual benefits and win-win outcomes. The Company collaborates with government organs and peer companies to share resources and complementary strengths and proactively explores new pathways for technological innovation and product upgrading, thereby driving the high-quality development of the cement industry.

Case: The 6th CNBM "Responsible Resource Use Day" was successfully held

During the 6th CNBMG "Responsible Resource Use Day" in 2025, nine subsidiaries under Tianshan Material participated. Among them, CUCC Juxian organized an event themed "Driven by Innovation and Empowered by Greenness", inviting over 20 partners to visit its national-level green factories. Participants toured its aggregate production line to learn about intelligent production processes and energy-saving, environmentally friendly technologies, attended presentations on innovative practices in slope management, smart mining, and comprehensive resource utilization, and engaged in in-depth discussions with relevant personnel on topics such as green mine construction and sustainable development.

Public Welfare Activities

The Company has continuously organized volunteer teams to carry out various public welfare activities, including educational assistance, caring for poor children, visiting lonely seniors, and providing convenience services. These activities represent the Company's concrete efforts to deliver love to society. The Company's donations are primarily directed toward the "Shanjian Public Welfare" project, as well as local educational assistance and elderly care services, effectively contributing to community development while enhancing the Company's brand image. In 2025, Tianshan Material contributed a total of RMB 40,287,200 for public welfare initiatives.

Case: East China Materials cares for the elderly and supports the youth in their education

In 2025, Ruichang Platform of East China Materials actively fulfilled its social responsibility. On the Double Ninth Festival, Party member representatives and volunteers delivered essential daily supplies such as rice and cooking oil, along with charitable funds, to the elderly in Beishan Village, Xiachaohu Village, and Jinsi Village, conveying sincere holiday greetings and deep care.

In addition, Ruichang Platform launched a scholarship donation campaign, providing tuition fees and living allowances for more than 20 impoverished students at Huangjin Township Central Primary School and Matou Middle School, demonstrating its compassion and commitment.

Case: CNBM New Materials supports the local basketball competition to build team cohesion

In 2025, CNBM New Materials donated RMB 10 thousand to Huangjin Township, Ruichang City, to support the local government in hosting the 5th Village Basketball Association Men's Basketball League. The company organized a team to participate in the competition and achieved an outstanding result by securing 2nd place. This activity not only contributed to the development of local sports but also fostered stronger ties between the enterprise and the local community.

Case: Sinoma Cement Menggu Company , actively supports social welfare and environmental initiatives

In 2025, Menggu Company made external donations totaling RMB 300 thousand. Of this amount, RMB 150 thousand was used to improve local medical conditions and extend support to veterans. The remaining RMB 150 thousand was allocated to the "Warm Winter Initiative", which involved donating forage to herders to ensure livestock safety during the winter. Meanwhile, Menggu Company participated in the tree-planting activity organized by the Chinese General Chamber of Commerce as part of the "Planting Ten Billion Trees" campaign, replanting and maintaining non-viable trees and enhancing the local ecological environment.

Rural Revitalization Initiatives

Tianshan Material and its subsidiaries actively fulfill social responsibility by engaging in initiatives that support rural revitalization, effectively improving the quality of life for local residents and creating more development opportunities. The Company has implemented multiple assistance projects covering key areas such as infrastructure enhancement and educational support, which effectively promotes the social and economic development in the assisted areas.

Case: Yungui Cement donates supplies to care for the elderly and children in Kazi Village, Shouwang Township

On November 7, 2025, Yungui Cement organized a themed activity "Bringing Warmth to the Elderly and Children" at its designated assistance village, Kazi Village in Shouwang Township, Zhaoyang District, Zhaotong City. Winter supplies were delivered to 93 village households with elderly members or children in need. Since 2014, Yungui Cement has cumulatively invested over RMB 11 million in the village to support industrial development, infrastructure construction, and village appearance improvement, with notable results achieved.

Case: Sichuan Ebian Southwest donates construction materials to improve residential environment, fulfilling its mission as a state-owned enterprise

To continuously advance rural revitalization and improve living environments and production conditions in poverty-alleviated areas, on October 16, 2025, Sichuan Ebian Southwest Cement Co., Ltd. donated 30 tonnes of cement to the People's Government of Maoping Town, Ebian Yi Autonomous County. The cement was used for renovating the residential houses of the town's households enjoying five guarantees, assisting in improving the living environment for those who have shaken poverty and injecting warm-hearted impetus into rural revitalization.

Case: Yili Tianshan donates cement for rural road construction, contributing to rural revitalization and silk road prosperity

On September 9, 2025, Yili Tianshan actively responded to the national rural revitalization strategy and the "Belt and Road" Initiative by donating 100 tonnes of construction cement to Jiagasitai Town, Qapqal Xibe Autonomous County. The cement was designated for livelihood projects such as rural road hardening and irrigation canal repairs, effectively improving local infrastructure. This donation significantly enhances transportation and irrigation conditions in Jiagasitai Town, benefiting over 300 households. It is estimated to save approximately RMB 50 thousand in annual road maintenance costs, and the improved irrigation canals will benefit 200 mu of farmland, demonstrating the Company's commitment to its social responsibility.

Tianshan Material has always regarded educational support as a top priority for rural revitalization and social responsibility fulfillment. The Company continuously participates in the CNBMG "Shanjian Colorful Classroom" initiative, focusing on rural left-behind children to address the challenge of care giving during summer. We provide financial aid to underprivileged students and reward outstanding teachers and students, contributing to the educational development of the regions where we operate. In 2025, 30 young volunteers from 24 Tianshan Material's member enterprises conducted volunteer activities at six teaching sites in Shitai County in Anhui Province, Jingyuan County in Ningxia Hui Autonomous Region, and Zhaotong City and Yongshan County in Yunnan Province.

Case: Tianshan Material's member enterprises demonstrate responsibility as state-owned enterprises through concrete actions, actively serving the community with care

On June 23, 2025, Xinjiang Cement purchased 2,744 boxes of apricots in Tuopuluke Township, Yingjisha County, assisting local farmers in achieving stable income growth. Additionally, 12 member enterprises under Xinjiang Cement actively participated in the local "Thousand Enterprises Aid Hundred Villages" project, collaborating with poverty-stricken villages to build beautiful communities.

On October 16, 2025, in response to the local government's call for targeted assistance and doing practical things for the people, Lipu South donated 30 tonnes of cement to Longtian Village, Dongchang Town, Lipu City, specifically for the village's road construction projects. Upon completion, the roads allow freight vehicles direct access to orchards, significantly improving the transport efficiency of agricultural products and helping farmers secure better prices, thereby contributing to rural revitalization though concrete actions.

On November 18, 2025, Jinlei Nanfang implemented a "Doing Practical Things for the People" project, donating 160 tonnes of cement to its designated assistance village, Penggongmiao Village, Zhoumensi Town, Zixing City. The cement was used for paving rural roads and repairing flood-damaged bridges, benefiting over 100 households across four village groups and effectively improving transportation conditions for the villagers.

On December 4, 2025, Guilin Nanfang carried out a "Doing Practical Things for the People" project, donating 80 tonnes of cement to Baiyang Village, Gongcheng County, Guilin City, to construct a 1-kilometer industrial road. This project facilitates transportation for agricultural products, tangibly improves local production and transportation, and injects momentum into rural industrial development and revitalization.

Public welfare donation project at Penggongmiao Village, Jinlei Nanfang's designated assistance village

Donation for road construction in Baiyang Village, Gongcheng County, Guilin

Appendix

Appendix 1 Independent Assurance Statement

CECEP (HK) Advisory Company Limited ("**CECEPAC (HK)**" or "**We**") has been engaged by Tianshan Material Co., Ltd. ("**Tianshan Material**") to conduct an independent limited assurance engagement ("**Assurance Engagement**") on the information and data related to sustainable development in Tianshan Material Co., Ltd. 2025 Environmental, Social and Governance (ESG) Report ("**ESG Report**") and to disclose the results and conclusions of the assurance in the form of an independent assurance statement to the users of the ESG Report.

CECEPAC (HK) has been engaged to assure Tianshan Material adherence to the four AA1000 Accountability Principles (Inclusivity, Materiality, Responsiveness and Impact) set out in the AA1000 Assurance Standard v3 ("**AA1000AS v3**"). CECEPAC (HK) has also been engaged to provide limited assurance on the reliability and quality of specific performance information disclosed in the ESG Report that have been selected in accordance with the Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange ("**Shenzhen Stock Exchange**") - Sustainability Report (For Trial Implementation) ("**Sustainability Report Guideline**").

If there is any inconsistency or ambiguity between the English version and the Chinese version of this independent assurance statement, the Chinese version shall prevail.

I. Independence and Competence

CECEPAC (HK) was not involved in collecting and calculating data, or in the development of the ESG Report. CECEPAC (HK)'s activities are independent from Tianshan Material. There is no relationship between Tianshan Material and CECEPAC (HK) beyond the contractual agreement for providing this Assurance Engagement.

CECEPAC (HK)'s assurance team consists of professional personnel who are experienced in the industry and have received professional training in sustainability-related standards such as GRI Standards issued by Global Reporting Initiative, AA1000AS v3, Sustainability Report Guideline issued by Shenzhen Stock Exchange, ISO 17001, and ISO 9001.

CECEPAC (HK)'s assurance team has rich experience in conducting assurance work and has a full understanding and practical ability of AA1000AS v3. Meanwhile, the assurance team of CECEPAC (HK) carries out assurance work on sustainable development issues in accordance with the internal assurance regulation of CECEPAC (HK).

II. Tianshan Material's Responsibilities

Tianshan Material is responsible for the preparation and presentation of the ESG Report in accordance with the Sustainability Report Guideline issued by Shenzhen Stock Exchange. Tianshan Material is also responsible for implementing internal control procedures and ensuring that contents of the ESG Report are free from material misstatement, whether due to fraud or error.

III. Assurance Provider's Responsibilities

CECEPAC (HK) is responsible for issuing an independent assurance statement according to AA1000AS v3 to the Board of Directors of Tianshan Material. This independent assurance statement applies solely to the ESG Report in the specified scope, expresses a conclusion on the assurance work, and does not serve any other intents or purposes.

CECEPAC (HK) ensures that all personnel involved in assurance work meet professional qualification, training and experience requirements, and are proficient in conducting assurance engagements. The results of all assurance and certification are internally reviewed by senior staff to ensure that methodologies used in the process are sufficiently stringent and transparent.

IV. Scope of the Assurance Engagement

- The scope of the Assurance Engagement is limited to the information and data in the ESG Report that relates to Tianshan Material and its subsidiaries and does not include data or information provided by Tianshan Material's suppliers, contractors, and other third parties;
- Type 2 Moderate Level of Assurance was adopted to evaluate the nature and extent of Tianshan Material adherence to the four AA1000 Accountability Principles set out in the AA1000AS v3;
- Tianshan Material and CECEPAC (HK) reached an agreement to select the specific performance information in the ESG Report as part of the content for Assurance Engagement;

No.	Review Indicator	Unit
1	Total Emissions of Nitrogen Oxides (NO_x)	Tonne
2	Total Emissions of Sulfur Dioxide (SO_2)	Tonne
3	Investment in workplace safety	RMB 10,000
4	Number of work-related fatalities in production safety liability accidents (including related parties)	person-time
5	Total number of national green factoriess	Number
6	Enterprises certified with the ISO 45001 Occupational Health and Safety Management System	Number
7	Enterprises certified with the ISO 14001 Environmental Management System	Number
8	Rate of safety hazard investigation and rectification	%
9	AI alert comprehensive response rate	%
10	Enterprises certified with the ISO 9001 Quality Management System	Number
11	Combined energy consumption	Tce
12	Consumption rate of alternative fuel	%
13	Total greenhouse gas emissions (scope 1 and scope 2)	tCO_2e
14	Greenhouse gas emissions per million revenue (scope 1 and scope 2)	tCO_2e /million revenue
15	Greenhouse gas emissions (scope 3)	tCO_2e
16	Total amount invested in public welfare (including material donations)	RMB 10,000
17	Percentage of employees in key positions covered by anti-corruption training sessions held and organized	%
18	Number of patents for inventions granted during the reporting period	Number

- The time scope of the Assurance Engagement was with respect to information disclosed from January 1, 2025 to December 31, 2025 only. We have not performed any procedures with respect to earlier periods or any other elements included in the ESG Report, and therefore, these do not constitute a part of our conclusions; and
- The scope of the Assurance Engagement is confined to the information and data provided by Tianshan Material. Any queries regarding the content or related matters within this independent assurance statement should be addressed to Tianshan Material only.

Appendix

Appendix 1 Independent Assurance Statement (Continued)

V. Methodology of the Assurance Engagement

CECEPAC (HK)'s Assurance Engagement was conducted at the headquarters of Tianshan Material and part of its subsidiaries. The assurance work included:

- An assessment on the suitability of Tianshan Material's stakeholder engagement participation process;
- On-site interviews with Tianshan Material's sustainability management and other personnel involved in the preparation and provision of the content and information in the ESG Report;
- An assessment on whether the reporting and management approach disclosed in the ESG Report responded to the principles of Inclusivity, Materiality, Responsiveness, and Impact as defined in the AA1000AS v3;
- Random sampling of sources of reliability and quality evidence pertaining to selected key performance indicators;
- Recalculation of selected key performance indicators; and
- Other procedures we deemed necessary.

The Assurance Engagement was performed and the conclusions within were based upon information and data provided by Tianshan Material, and on assumptions that the information provided was complete and accurate.

VI. Inherent Limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities.

VII. Conclusions

In accordance with the principles of Inclusivity, Materiality, Responsiveness and Impact in the AA1000AS v3, our findings and conclusions are detailed as follows:

Inclusivity

Tianshan Material has identified key stakeholders. Continuous communication with the key stakeholders is carried out in various ways to understand their expectations and concerns. On this basis, Tianshan Material has formulated policies in consideration of key stakeholders' expectations and its impact on stakeholders. In our professional opinion, Tianshan Material adheres to the Principle of Inclusiveness.

Materiality

Tianshan Material conducted the material topic analysis for its ESG Report, collected opinions from key stakeholders, determined material topics through appropriate methods, and presented the results in its ESG Report. In our professional opinion, Tianshan Material adheres to the Principle of Materiality.

Responsiveness

Tianshan Material has established relevant communication channels for its key stakeholders to gather their concerns and has responded on material topics related to sustainable development to its key stakeholders. In our professional opinion, Tianshan Material adheres to the Principle of Responsiveness.

Impact

Tianshan Material has invested resources in understanding, measuring, assessing and managing the impacts caused by the company in order to achieve more effective decision-making and results-based management within the organization, and has appropriately disclosed the impacts in the ESG Report. In our professional opinion, Tianshan Material adheres to the Principle of Impact.

Specific Performance Information

Based on the procedures CECEPAC (HK) has performed and the evidence we have obtained, nothing has come to our attention that causes us to suspect the reliability and quality or the conformity with the preparation basis set out in the ESG Report of the 18 selected specified performance information of the ESG Report.

CECEP (HK) ADVISORY COMPANY LIMITED
中國節能皓信(香港)咨詢有限公司

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March 30, 2026

Hongkong, China

Appendix 2 ESG Key Performance

Key Performance Indicators	Unit	2025	2024	2023
Advancing Green Development Across Multiple Fronts				
Embracing Our Climate Responsibility				
Total greenhouse gas emissions (scope 1 and scope 2)	tCO_2e	131,725,068.22	146,604,719.80	166,579,684.27
Greenhouse gas emissions (scope 1)	tCO_2e	127,519,431.94	141,472,149.69	163,036,585.43
Greenhouse gas emissions (scope 2)	tCO_2e	4,205,636.27	5,132,570.11	3,544,098.25
Greenhouse gas emissions per million revenue (scope 1 and scope 2) [13]	tCO_2e /million revenue	1,768.22	-	-
Greenhouse gas emissions (scope 3)[14]	tCO_2e	25,653,008.92	-	-
Category 1: Purchased Goods & Services	tCO_2e	23,726,831.08	-	-
Category 4: Upstream Transportation & Distribution	tCO_2e	821,807.23	-	-
Category 6: Business Travel	tCO_2e	1,873.78	-	-
Category 9: Downstream Transportation & Distribution	tCO_2e	1,102,496.84	-	-
Embracing Green Actions				
Combined energy consumption	Tce	17,059,993.41	19,309,556.77	23,314,709.59
Combined energy consumption per million revenue	tCO_2e /million revenue	229.00	221.96	217.12
Total non-renewable energy consumption	MWh	122,418,607.93	157,079,589.65	264,105,793.07
Total coal consumption	Tonne	15,009,575.80	21,784,398.18	27,650,916
Total gasoline consumption	L	98,010.00	184,690.00	263,940.00
Total diesel consumption	L	30,271,817.77	25,400,620.00	32,934,430.00
Total natural gas consumption	m^3	1,025,451.79	1,872,100.00	2,804,000.00
Total power consumption	MWh	15,474,299.79	20,045,636.80	20,567,391.40
Total renewable energy consumption	Tce	48,141.31	64,789.76	21,630.77
Consumption of renewable resources as a proportion of total consumption of corresponding resources	%	0.28	0.34	0.09
Total direct energy consumption	MWh	122,128,416.64	133,351,169.70	169,275,522.20
Total indirect energy consumption[15]	MWh	15,474,301.05	20,045,636.80	20,567,391.40
Purchased electricity consumption	MWh	10,977,274.98	15,312,201.70	14,356,101.00
Self-generated electricity consumption	MWh	4,497,024.81	4,733,435.10	6,211,290.40
Clean energy use	MWh	532,530.31	54,212.45	53,033.04
Including: natural gas consumption	m^3	1,025,451.79	1,872,100.00	2,804,000.00
Including: percentage of natural gas consumption	%	1.90	35.8	57.21
Including: wind energy consumption	MWh	0.00	0.00	0.00
Including: percentage of wind energy consumption	%	0.00	0.00	0.00
Including: percentage of wind energy consumption	MWh	129,888.80	34,807.00	22,688.70
Including: percentage of solar energy consumption	%	24.39	64.2	42.78

Key Performance Indicators	Unit	2025	2024	2023
Developing Circular Economy				
Total water withdrawal	Tonne	1,185,702,234.29	961,173,442.25	1,055,005,407.81
Recycled water utilization rate of clinker-producing cement companies	%	94.54	92.18	93.56
Total water consumption	Tonne	71,014,143.28	75,169,699.00	79,353,902.00
Water consumption intensity	Tonne/million revenue	953.26	864.07	739
Reusing rate of the treated wastewater for commercial concrete business	%	100	100	100
Emission Compliance Management				
Total waste gas/total waste gas pollutant emissions	m^3	451,048,516,500	493,427,362,600.00	575,146,395,700.00
Total Emission of Nitrogen Oxides (NO_X)	Tonne	35,081.86	40,868.76	52,908
Total Emission of Sulfur Dioxide (SO_2)	Tonne	3,123.34	3,429.85	4,152
Industrial particulate matter emission	Tonne	3,066.84	3,307.06	5,138
Direct mercury emission	Tonne	1.89	2.59	2.03
Chemical oxygen demand (COD) emission[16]	Tonne	12.61	9.38	0.06
Proportion of companies meeting noise level standards	%	100	100	100
Proportion of recyclable cement packaging bags	%	100	100	100
Total amount of waste generated	Tonne	444,746.60	9,551,603.19	1,961,883.09
Self-produced hazardous solid wastes	10,000 t	0.05	0.07	0.09
Total hazardous waste generated per million revenue	Tonne/million revenue	0.01	0.01	0.01
Self-produced non-hazardous solid wastes	10,000 t	44.42[17]	955.09	211.34
Total amount of non-hazardous waste generated per million revenue	Tonne/million revenue	5.96	10.98[18]	19.68
Self-processed non-hazardous solid wastes	10,000 t	43.68	948.04	193.72
Absorbed and discharged volume of solid wastes	10,000 t	6,429.81	7,543.60	7,587.97
Absorbed volume of industrial wastes	10,000 t	6,228.20	6,405.10	7,209
Discharged volume of solid wastes	10,000 t	44.42	955.09	47.16
Discharged volume of other wastes	10,000 t	140.48	183.41	331.54
Volume of waste recycled	Tonne	436,767.66	9,480,423.96	1,921,585.55

[13] Due to a significant decrease in operating revenue in 2025 compared to 2024, the greenhouse gas emissions (Scope 1 and Scope 2) per million revenue increased substantially in 2025.

[14] In 2025, we used the financial control approach to conduct a greenhouse gas (GHG) inventory for Scope 3 in accordance with the "GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard", and completed the accounting for 4 categories.

[15] Total indirect energy consumption includes purchased electricity consumption and self-generated electricity consumption.

[16] 2025 statistical caliber increase in domestic sewage discharges to the Park's wastewater treatment plants.

[17] Among these, the volume of waste disposed through landfill, incineration for power generation, incineration without power generation, and other methods were 0, 0, 0, and 444.2 thousand tonnes, respectively.

[18] This year, the Company retrospectively reviewed and adjusted this data to ensure the consistency and accuracy of the information presented.

Key Performance Indicators	Unit	2025	2024	2023
Biodiversity Protection				
Land area affected by business operations	m^2	13,325,700.0	11,576,100.00	9,877,700.00
Restored land area	m^2	7,140,300.00	6,312,300.00	3,099,050.80
Investments in green mine construction and ecological restoration projects	RMB 10,000	5,107.02	8,638.76	3,052
Total number of national green factories	Number	62	54	53
National Ready-Mixed Concrete Green Demonstration Factory	Number	61	61	69
National green mines	Number	38	38	38
Provincial green mines	Number	110	103	98
Building a Stronghold for Talent Development				
Employee Recruitment and Retention				
Total number of employees	Number	51,423	55,034	61,662
Total number of employees by gender				
Male	Number	39,929	42,687	47,651
Female	Number	11,494	12,347	14,011
Total number of employees by employment type				
Full time	Number	51,273	54,760	60,321
Other (including part-time, intern and outsourced)	Number	150	274	1,341
Total number of employees by age				
30 and below	Number	4,880	5,380	6,491
Between 30 and 50	Number	31,967	34,184	38,070
50 and above	Number	14,576	15,470	17,101
Total number of employees by region				
Chinese mainland and Hong Kong, Macao and Taiwan	Number	50,929	54,914	61,545
Overseas	Number	494	120	117
Ethnic minorities	Number	3,822[19]	3,606	-
Proportion of women in senior management of the Company	%	6.70	9.70	7.49
Proportion of women in middle management of the Company	%	13.77	14.60	-
Proportion of women in management of the Company	%	12.30	13.49	-
Proportion of women in business management positions	%	10.03	10.36	-
Proportion of women in STEM (Science, Technology, Engineering, and Mathematics) positions	%	17.22	22.89	-
Employee Salary and Welfare Benefits				
Number of employee activities held and organized annually	Number	3,569	1,593	2,006
Number of employees participated in activities in the year	Person-time	63,974	69,540	81,935
Comforting special employees and helping employees with difficulties in a year	Person-time	1,793	1,543	3,108
Total expense on comforting special employees and helping employees with difficulties	RMB 10,000	197.27	174.09	268.5
Assistance to children's education of the difficult employees or enrollment scholarship for employees' children in a year	Person-time	325	434	589
Total expense on offering grants to the children of employees with difficulties in going to school or rewarding the children of employees to go to school	RMB 10,000	48.13	60.54	93.87
Helping employees with critical diseases in a year	Person-time	60	131	179
Total expense on helping employees with critical diseases	RMB 10,000	24.09	41.76	36.8
Percentage of employees signing collective contract	%	97.07	94.62	-

Key Performance Indicators	Unit	2025	2024	2023
Employee training and development				
Number of employee trainings	Number	24,130	24,056	26,467
Employee training coverage/Percentage of employees trained	%	97.33	96.57	98.29
Expense on training	RMB 10,000	3,539.34	4,270.20	3,017.95
Occupational Health and Safety				
New cases of occupational diseases	Number	0	0	0
Serious injury rate per thousand persons	%	0.00	0	0.44
Accident rates of minor and serious injuries	%	0.00	0.03	0.44
Investment in workplace safety	RMB 10,000	82,713	120,400	100,486
Lost work days due to work injuries	Day	0	11	18,030
Employee lost time injury frequency rate (LTIFR) per million working hours	/	0.00	0.02	-
Supplier lost time injury frequency rate (LTIFR) per million working hours	/	0.00	0.02	-
Number of employees participated in occupational health and safety training	Person-time	992,975	863,374	663,943
Safety risk prevention training coverage	%	100.00	100.00	-
Near accident rates of full-time employees[20]	%	0.457[20]	0.0187	0.024
Number of work-related fatalities in production safety liability accidents (including related parties)	Person-time	0	0	0
Rate of safety hazard investigation and rectification	%	99.92	99.81	99.39
Number of deaths due to work-related causes	Person-time	0	0	3
Death rate per thousand people	‰	0.00	0.00	0.05
Enterprises certified with the ISO 45001 Occupational Health and Safety Management System	Number	394	431	472
Embarking on a Shared Journey of Social Value				
Advancing Modernized governance				
Number of anti-corruption training sessions held and organized	Number	4,517	4,452	2,855
Total number of employees covered by anti-commercial bribery and anti-corruption training	Number	50,606	55,034	61,662
Percentage of employees covered by anti-bribery and anti-corruption training	%	100	100	100
Including: the total number of directors covered by anti-commercial bribery and anti-corruption training	Number	9	9	9
Percentage of directors covered by anti-bribery and anti-corruption training	%	100	100	100
Including: total number of management staff covered by anti-commercial bribery and anti-corruption training	Number	4,450	4,956	4,858
Percentage of management staff covered by anti-bribery and anti-corruption training	%	100	100	100
Percentage of employees in key positions covered by anti-corruption training sessions held and organized	%	100	100	100
Number of employees (including directors) who participated in anti-corruption training	人次	132 ,058	164,237	46,675
Amounts involved in litigation or significant administrative penalties due to the Company's unfair competition behavior during the reporting period	RMB 10,000	0	0	0

[19] In terms of overall workforce, the largest ethnic minority groups were the Tujia (0.98%), Uyghur (0.82%), Hui (0.71%), Yi (0.66%), and Zhuang (0.50%). Among these groups, their representation in senior and middle management stood at Tujia (1.78%), Uyghur (0.11%), Hui (0.70%), Yi (2.52%), and Zhuang (0.22%).

[20] In 2025, the company issued the "Notice on Conducting Statistics and Reporting of Unsuccessful Incidents", requiring each member enterprise to establish a positive incentive mechanism to encourage employees to voluntarily report unsuccessful incidents. As a result, the data showed a significant change compared to 2024.

Key Performance Indicators	Unit	2025	2024	2023
Promoting Responsible Procurement				
Number of suppliers who have established long-term cooperation with the Company	Number	10,776	10,747	12,006
Chinese mainland and Hong Kong, Macao and Taiwan	Number	10,742	10,719	11,973
Overseas	Number	34	28	33
Number of suppliers screened and controlled by the Company's environmental and social risks	Number	7,865	7,792	6,444
Chinese mainland and Hong Kong, Macao and Taiwan	Number	7,831	7,698	6,444
Overseas	Number	34	94	0
Innovative R&D				
Investment in scientific research and innovation	RMB hundred million	16.51	24.97	31.69
Number of R&D employees	Number	6,809	7,863	9,481
Percentage of R&D employees	%	13.24	14.28	15.38
National intelligent manufacturing demonstration factories	Number	2	2	1
Intelligent manufacturing demonstration factories	Number	32	22	21
Digital mine	Number	22	18	15
Number of patent applications for inventions during the reporting period	Number	169	129	188
Number of patents for inventions granted during the reporting period	Number	81	85	92
Number of active patents during the reporting period	Number	4,084	4,261	3857
Accumulated number of patents for utility models	Number	3,336	3,423	3,398
Accumulated number of invention patents	Number	584	501	429
Accumulated number of design patents	Number	11	11	11
Product and Service Quality				
Products recalled due to safety and health concerns	%	0	0	0
Lawsuits involving product and service safety and health	Case	0	0	0
Cement product overall pass rate	%	100	100	100
Number of complaints about products and services received during the year	Number	21	68	143
The percentage of complaints properly replied to and disposed accounted for	%	100	100	100
Number of complaints due to the disclose of customer information	Number	0	0	0
Responsible Business Operation				
Total amount invested in public welfare (including material donations)	RMB 10,000	4,028.72	4,285.53	4,967
Amount of targeted assistance/rural revitalization investment (including material donations)	RMB 10,000	3,392.76	3,377.73	3,531.70
Amount of educational investment (including material donations)	RMB 10,000	38	111.29	137.9
Amount of public facility construction investment (including material donations)	RMB 10,000	317.00	465.60	668.42
Donations to the affected areas	RMB 10,000	47.44	0.00	-
Other donations	RMB 10,000	550.52	331.94	629.35
Number of industrial assistance projects	个	24	34	70
Number of people reached by rural revitalization	人	4,128	3,400	3,684
Number of established volunteer organizations or groups	个	16	13	41
Participation in volunteer activities	人次	1,629	2,405	3,680
Number of volunteers among employees	Number	837	1,159	3,233
Hours of volunteer activities	Hour	1,160	3,319	13,107
Total investment of all subsidiaries' annual support in volunteer activities from the Company in a year	RMB 10,000	61.5	3.83	3.1
Number of participations in or support activities related to the protection of the rights and interests of women, children or the disabled	Number	117	71	310
Number of entrepreneurial practice bases	Number	8	3	4
Student internship position situation	Person/day	25,560	14,760	20,200
Number of events participated organized by industry associations (above the provincial level)	Number	217	191	152
Expense related to industry associations and social organizations	RMB 10,000	1,399.99[21]	-	-

Appendix 3 Indexes

Indexes of "Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange - Sustainability Report (For Trial Implementation)"

Chapter	Section	Guideline	Chapter in the Report
Chapter 3	Section 1	Article 20	Feature: Embracing Our Climate Responsibility
		Article 21	Feature: Embracing Our Climate Responsibility
		Article 22	Feature: Embracing Our Climate Responsibility
		Article 23	Feature: Embracing Our Climate Responsibility
		Article 24	Feature: Embracing Our Climate Responsibility
		Article 25	Feature: Embracing Our Climate Responsibility
		Article 26	Feature: Embracing Our Climate Responsibility
		Article 27	Feature: Embracing Our Climate Responsibility
		Article 28	Feature: Embracing Our Climate Responsibility
	Section 2	Article 29	Advancing Green Development Across Multiple Fronts
		Article 30	Advancing Green Development Across Multiple Fronts
		Article 31	Advancing Green Development Across Multiple Fronts
		Article 32	Advancing Green Development Across Multiple Fronts
		Article 33	Advancing Green Development Across Multiple Fronts
	Section 3	Article 34	Advancing Green Development Across Multiple Fronts
		Article 35	Advancing Green Development Across Multiple Fronts
		Article 36	Advancing Green Development Across Multiple Fronts
		Article 37	Advancing Green Development Across Multiple Fronts
Chapter 4	Section 1	Article 38	Embarking on a Shared Journey of Social Value
		Article 39	Embarking on a Shared Journey of Social Value
		Article 40	Embarking on a Shared Journey of Social Value
	Section 2	Article 41	Embarking on a Shared Journey of Social Value
		Article 42	Embarking on a Shared Journey of Social Value

[21] Among them, the expenditure amount of the association/group organization with the highest budget was 3.7329 million yuan.

Chapter	Section	Guideline	Chapter in the Report
Chapter 4	Section 2	Article 43	Not applicable
	Section 3	Article 44	Embarking on a Shared Journey of Social Value
		Article 45	Embarking on a Shared Journey of Social Value
		Article 46	The Company's accounts payable (including notes payable) exceed 30 billion, but there are no overdue payments. The Company does not need to disclose the payment for small and medium-sized enterprises through the National Enterprise Credit Information Publicity System.
		Article 47	Embarking on a Shared Journey of Social Value
		Article 48	Embarking on a Shared Journey of Social Value
	Section 4	Article 49	Building a Stronghold for Talent Development
		Article 50	Building a Stronghold for Talent Development
Chapter 5	Section 1	Article 51	Advancing Our Long-Term Vision
		Article 52	Embarking on a Shared Journey of Social Value
		Article 53	Advancing Our Long-Term Vision
	Section 2	Article 54	Embarking on a Shared Journey of Social Value
		Article 55	Embarking on a Shared Journey of Social Value
		Article 56	Embarking on a Shared Journey of Social Value

Indexes of "Reference of ESG Indicators System for ESG Reports of Listed Companies Controlled by Central Enterprises"

Disclosure Information		Chapter in the Report
Environmental Indicators		
Level I	Level II	
Source Consumption	Water Resources	Advancing Green Development Across Multiple Fronts-Developing Circular Economy
	Materials	Advancing Green Development Across Multiple Fronts-Developing Circular Economy
	Energy	Advancing Green Development Across Multiple Fronts-Embracing Green Actions
	Packaging Material	Advancing Green Development Across Multiple Fronts-Emission Compliance Management-
Prevention and Control of Pollution	Wastewater	Advancing Green Development Across Multiple Fronts-Emission Compliance Management
	Waste Gas	Advancing Green Development Across Multiple Fronts-Emission Compliance Management
	Solid Waste	Advancing Green Development Across Multiple Fronts-Emission Compliance Management
Climate Change	Greenhouse Gas Emissions	Feature: Embracing Our Climate Responsibility
	Emission Reduction Management	Feature: Embracing Our Climate Responsibility
	Environmental Rights Transaction	Feature: Embracing Our Climate Responsibility
	Climate Risks Management	Feature: Embracing Our Climate Responsibility
Biodiversity	Impacts of Production, Services and Products on Biodiversity	Advancing Green Development Across Multiple Fronts-Biodiversity Protection
Measures for Resource and Environment Management System	Low-carbon Development Goal Formulation and Strategic Measures	Feature: Embracing Our Climate Responsibility
	Resource Management Measures	Advancing Green Development Across Multiple Fronts-Embracing Green Actions, Developing Circular Economy
	Resource Management Measures	Advancing Green Development Across Multiple Fronts-Embracing Green Actions, Developing Circular Economy
	Energy Saving and Carbon Reduction Statistical Detection & Assessment Reward and Punishment System	Feature: Embracing Our Climate Responsibility
	Green Action and Measures	Advancing Green Development Across Multiple Fronts-Embracing Green Actions
	Green and Low-carbon Certification	Advancing Green Development Across Multiple Fronts-Innovate Low-Carbon Products
	Environmental Legitimacy and Compliance	Advancing Green Development Across Multiple Fronts-Emission Compliance Management
	Resource Management Measures	Advancing Green Development Across Multiple Fronts-Embracing Green Actions, Developing Circular Economy
	Energy Saving and Carbon Reduction Statistical Detection & Assessment Reward and Punishment System	Feature: Embracing Our Climate Responsibility
Social Indicators		
Level I	Level II	
Employees' Rights and Interests	Recruitment and Employment	Building a Stronghold for Talent Development-Employee Recruitment and Retention
	Employee Salary and Welfare Benefits	Building a Stronghold for Talent Development-Employee Salary and Welfare Benefits
	Employee Health and Safety	Building a Stronghold for Talent Development-Occupational Health and Safety
	Employee Development and Training	Building a Stronghold for Talent Development-Employee Training and Development
	Employee Satisfaction	Building a Stronghold for Talent Development-Employee Salary and Welfare Benefits
Product and Service Management	Product Safety and Quality	Embarking on a Shared Journey of Social Value-Product and Service Quality
	Customer Service and Rights	Embarking on a Shared Journey of Social Value-Product and Service Quality
	Innovative Development	Embarking on a Shared Journey of Social Value-Innovative R&D
Supply Chain Safety Management	Supplier Management	Embarking on a Shared Journey of Social Value-Promoting Responsible Procurement
	Supply Chain Management	Embarking on a Shared Journey of Social Value-Promoting Responsible Procurement
Social Contribution	Tax Payment	/
	Community Co-building	Embarking on a Shared Journey of Social Value-Responsible Business Operations
	Public Welfare Activities	Embarking on a Shared Journey of Social Value-Responsible Business Operations
	Responding to National Strategies	Embarking on a Shared Journey of Social Value-Responsible Business Operations

Disclosure Information		Chapter in the Report
Governance Indicators		
Level I	**Level II**	
Governance Strategy and Organization Framework	Governance Strategy and Procedure	Embarking on a Shared Journey of Social Value-Advancing Modernized Governance
	Organizational Structure and Functions	Embarking on a Shared Journey of Social Value-Advancing Modernized Governance
	Remuneration Management	Building a Stronghold for Talent Development-Employee Salary and Welfare Benefits
Regulating Governance	Internal Control	Embarking on a Shared Journey of Social Value-Advancing Modernized Governance
	Integrity Building	Embarking on a Shared Journey of Social Value-Advancing Modernized Governance
	Fair Competition	Embarking on a Shared Journey of Social Value-Advancing Modernized Governance
Investor Relations Management and Shareholders' Equity	Investor Relation Management	Advancing Our Long-Term Vision-Investor Communication
	Shareholders' Equity	Advancing Our Long-Term Vision-Investor Communication
	Creditors' Equity	Advancing Our Long-Term Vision-Investor Communication
Transparency of Information Disclosure	Information Disclosure System	Advancing Our Long-Term Vision-Investor Communication
	Information Disclosure Quality	Advancing Our Long-Term Vision-ESG Awards and Recognitions
Compliant Operation and Risk Management	Compliant Operation	Embarking on a Shared Journey of Social Value-Advancing Modernized Governance
	Risk Management	Embarking on a Shared Journey of Social Value-Advancing Modernized Governance