SAILUN
赛轮集团



2024
SUSTAINABILITY REPORT

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About the Report

This report is the 12th annual Sustainability Report of Sailun Group Co., Ltd. (Stock Code: 601058.SH, hereinafter referred to as "the Group"). The report adheres to the principles of objectivity and truthfulness, disclosing the Group and its subsidiaries' philosophy and practical achievements in sustainable development, as well as in the areas of environment, social responsibility, and governance (ESG).

Terminology and Definitions

For ease of expression, the terms "Sailun Group", "the Group", and "we" as used in this report all refer to Sailun Group Co., Ltd., and its subsidiaries[1]. The names and abbreviations of the subsidiaries mentioned in this report are detailed in Appendix V.

Report Time

The report covers the period from January 1 to December 31, 2024 (hereinafter referred to as the "reporting period"). The report is published annually, in line with the financial reports. To ensure the completeness of the report, certain content has been retrospectively included or extended as necessary.

Report Scope

The report covers Sailun Group and its subsidiaries, consistent with the scope of the Group's consolidated financial reporting.

Report Data

The data and case studies presented in this report are sourced exclusively from Sailun Group's official documents, statistical reports, and media publications, containing no false records, misleading statements, or material omissions. The Board of Directors has reviewed and approved this report, assuming full responsibility for the authenticity, accuracy, and completeness of its content. Unless otherwise specified, all monetary values in this report are denominated in Renminbi (RMB).

[1] As used in this report, the terms "Sailun Group," "the Group," and "we" all refer to Sailun Group Co., Ltd. at the group level. When the "Qingdao Factory" is mentioned separately in this report, it specifically refers to the factory of Sailun Group Co., Ltd. located in the Qingdao region.

External Assurance

This report has undergone independent third-party assurance. The assurance statement can be found in Appendix VI: Independent Assurance Statement.

Preparation Basis

This report has been prepared primarily in accordance with the Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies — Sustainability Report (Trial) (hereinafter referred to as "SSE Guidelines"), with reference to the United Nations Sustainable Development Goals (UN SDGs), the Global Reporting Initiative (GRI) Standards, and the Corporate Sustainability Disclosure Standards—Basic Standards (Trial) issued by the Ministry of Finance of China.

Contact Information

The report is available in both Chinese and English print and electronic versions. The electronic version can be accessed or downloaded online from the official website of Sailun Group at www.sailungroup.com. In case of any minor discrepancies between the Chinese and English versions, the Chinese version shall prevail.

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Message from Our Chairwoman

In 2024, amid the complexities of the global economy and the accelerating changes not seen in a century, Sailun Group rose to the challenge with resolve and innovation. Staying true to its original mission of "making great tires," we successfully entered the ranks of the world's top ten tire companies, representing Chinese tire brands and shining on the global stage.

Throughout this journey, we have remained driven by sci-tech innovation, delivering exceptional products and services to customers worldwide. Guided by our core corporate values of "trust and respect," we operate with care and treat our employees with sincerity. We actively fulfill our corporate responsibility through concrete actions that benefit society. Meanwhile, we continue to push forward green technology through iterative upgrades and key breakthroughs, leading the industry's transition to green and low-carbon development. In 2024, our ESG ratings saw steady improvement, demonstrating the power of Chinese enterprises in sustainable development, with the commitment and leadership expected of an industry pioneer.

As the global green wave gains momentum, we have embraced our role as a proactive advocate of sustainability in the global tire industry. This year, we officially launched the "eco+" sustainable development strategy, structured around four strategic pillars: "eco-planet, eco-harmony, eco-production, and eco-governance." With a long-term perspective, we are steadfast in promoting the integration of commercial and social value as we move forward confidently on the path of sustainability.



ECO-GOVERNANCE: Practicing Sustainability Throughout the Enterprise Life Cycle

In 2024, we positioned "eco-governance" as a core pillar of Sailun Group's sustainable development strategy. We fully integrated key sustainability issues into our strategic decision-making processes and anchored our development direction through top-level planning, establishing a governance structure with clearly defined roles and responsibilities. We implemented a comprehensive closed-loop management process encompassing risk identification, strategy formulation, implementation calibration, and performance evaluation, and tightly linked ESG performance with senior management's compensation assessments. This "key minority" accountability mechanism has significantly enhanced governance efficiency.

At the same time, we established an all-encompassing management system that covers business ethics, data security, and compliance risk control. Through regular company-wide business ethics training and compliance drills, we have fortified a clean and transparent operating environment. These initiatives ensure that all employees embed sustainability principles into their decision-making. By institutionalizing our original mission, we continue to elevate the professionalism and effectiveness of our sustainability governance.

ECO-PRODUCTION: Innovating Green Technology to Empower Industry-wide Sustainability

Rooted in Qingdao University of Science and Technology, a leading institution renowned for its deep expertise in rubber technology, Sailun Group has inherited a robust culture of innovation. For years, we have remained committed to fundamental research, adopting a forward-looking approach to the development of green tire technologies. Guided by a value-driven philosophy, we are at the forefront of sustainability progress in the rubber and tire industry.

Innovating product value: We focus on both green, low-carbon innovation and performance breakthroughs. Through continuous exploration of new technologies and processes, we launched the industry-transforming EcoPoint[3] tire series. By optimizing the formulation of sustainable materials, we achieved 75% sustainable content in passenger car radial (PCR) tires and 80% in truck and bus radial (TBR) tires, offering green mobility solutions that enable users to embrace low-carbon travel.

Reinforcing quality value: We uphold quality as the foundation of our enterprise, infusing our mission of "making great tires" into every step of the production process. In 2024, with a goal of "zero recalls", we strengthened our life cycle quality control system. All seven operating factories attained 100% ISO 9001 certification, and quality training covered 100% of employees. Our unwavering commitment to quality safeguards the safety and reliability of every journey.

Expanding service value: Through our proprietary Eco-Rubber Cloud industrial internet platform, we have broken down data silos across the value chain. From R&D to customer service, we have built an intelligent and collaborative ecosystem that continuously enhances supply chain responsiveness, delivering services that are faster, smarter, and more precise.

Enhancing brand value: In 2024, we became the first Chinese tire brand certified by the Fédération Internationale de l'Automobile (FIA), entering the ranks of top-tier international motorsport tire suppliers. Our brand influence and reputation continue to grow globally. We actively participate in industry collaborations and showcase our green manufacturing and low-carbon products on international stages such as The Tire Cologne in Germany, highlighting Sailun Group's strength and determination in advancing sustainability in the global tire industry.

Today, Sailun tires are sold in more than 180 countries and regions, and our EcoPoint[3] technology has become a benchmark in the industry's green transformation. Remaining steadfast in our mission of "making great tires" and guided by a value-driven approach, we are redefining tires—not only as core components of transportation, but as essential enablers of road safety, green innovation, and global sustainability.

ECO-PLANET: Advancing Green Transformation to Protect the Future of Our Planet

As a pioneer in the low-carbon transformation of the global tire industry, Sailun Group has adopted "eco-planet" as a strategic compass, establishing a full life cycle green management system covering R&D, manufacturing, and services. In 2024, we made solid progress in our environmental initiatives: all seven of our operational factories obtained ISO 14001 and ISO 50001 certifications, clean energy usage reached a record high, and all four of our domestic factories were designated as green factories. Altogether, the Group achieved an annual carbon reduction of 208,600 tonnes. Through high-quality, efficient, and intelligent production models, we continue to advance resource conservation and lower our carbon footprint—actively contributing to the improvement of the global ecological environment.

In response to China's "dual carbon" strategy, 2024 marked a year of significant reductions in energy consumption and carbon emissions across our PCR, TBR, and OTR tire lines. With a target of reducing energy consumption and carbon emissions per tire product by 30% by 2030 compared to 2022, we are not only making a solemn commitment to global sustainability, but also demonstrating the tangible actions of a Chinese enterprise in protecting the planet and promoting harmony between humanity and nature.

ECO-HARMONY: Putting People First and Embracing Social Responsibility

As the humanistic core of the "eco+" strategy, "eco-harmony" is deeply rooted in Sailun Group's people-oriented values of "trust and respect". Our commitment to social responsibility begins with genuine care for our employees and efforts to empower their growth. In 2024, we continued refining our talent development strategy, launched a project to strengthen organizational capabilities, and conducted a comprehensive talent review. We provided clear career development paths and built a holistic, multi-level training and development platform to nurture, develop, and empower every employee to reach their full potential.

Guided by the principle that "Sailun people's personal concerns are the company's top priority" and that "we work hard for a better life", we protect the rights of every employee, continuously improve our compensation and benefits system, and care for both their work and personal well-being. We are committed to building a diverse and inclusive workplace where everyone shares in the fruits of corporate growth.

As the first Chinese tire company to expand internationally, Sailun Group actively promotes a globalization strategy. On our journey outward, we contribute to local economic development and job creation, while embedding our values of trust and respect into every overseas market. We provide equal opportunities to employees of all nationalities, races, and genders. By exporting advanced production management practices, we are sharing our vision of green development worldwide and setting a new benchmark for Chinese enterprises going global with sustainability at their core.

We remain deeply committed to public welfare, taking action in areas such as rural revitalization, education support, and disaster relief. In 2024, we donated RMB 4.34 million to various sectors of society. Through systematic and long-term philanthropic initiatives, we fulfill our corporate social responsibility and foster the integrated development of social and business value.

We firmly believe that a better tomorrow begins with sustainable action today. Humanity's pursuit of a better life and quality mobility is endless. It is this aspiration that drives Sailun Group to keep exploring, innovating, and advancing. Guided by our vision to become a globally influential tire company, we will continue to integrate the "eco+" strategy into our development path. We aim to imbue technological innovation with compassion and a sense of purpose, taking bold steps in fulfilling our corporate social responsibilities. Together with our value chain partners, we are committed to building a low-carbon, sustainable future—one that enables safer, greener, and smarter mobility, and a more efficient, harmonious society.

About Us

Corporate Profile

Sailun Group, established in 2002 and listed on the Shanghai Stock Exchange in 2011 (Stock Code: 601058), was the first privately-owned tire manufacturer in China to be listed on the A-share market. Over the past two decades, we have grown into a global enterprise integrating tire research and development, manufacturing, sales, and services. Currently, we operate seven intelligent tire manufacturing factories in Qingdao, Dongying, Shenyang, and Weifang in China, as well as in Vietnam and Cambodia. We are also advancing the construction of new intelligent tire factories in Mexico, Indonesia, and Dongjiakou (Qingdao). In addition, we have established four major R&D centers worldwide, and our products are sold in more than 180 countries and regions. In the 2024 Global Tire Report Top 75 ranking released by Tire Business, we ranked 10th in terms of sales revenue. In the World's Most Valuable Tire Brands 2024 list released by Brand Finance, our brand value ranked 11th worldwide.

Sailun Group follows an innovation-driven development strategy and has launched the world's first operational industrial internet platform for the rubber tire industry—Eco-Rubber Cloud—achieving integrated, platform-based, and diversified business operations. We have developed three core proprietary technical systems for Passenger Car Radial Tires (PCR), Truck and Bus Radial Tires (TBR), and Off-The-Road Tires (OTR). We have pioneered the use of the world's first chemically refined rubber material to create a new generation of green tires—EcoPoint[3]. These tires reduce rolling resistance while improving wet grip and wear resistance, successfully breaking the long-standing "magic triangle" that has challenged the tire industry for decades. This advancement has made driving safer, more energy-efficient, and more comfortable, and is recognized as the fourth milestone innovation in the global rubber tire industry. Moreover, we have invested in the construction of an intelligent and connected vehicle test track in East China, providing an advanced testing and verification platform for the automotive industry. This facility not only supports the efficient transition of intelligent connected vehicle technologies from R&D to market application but also serves as a high-quality platform for cross-sector collaboration and technology sharing.



Approval number: GS (2016) 2945, supervised by the Ministry of Natural Resources

Our Brands

SAILUN TYRE | EcoPoint³ TECHNOLOGY | MAXAM SPECIALTY TIRE SOLUTIONS PROVIDER | ROADX TYRE

ROVELO TYRE | BLACKHAWK TYRE | 和平轮胎 PEACE DOVE TYRE | SAILWELL 赛维轮胎

黑骑士轮胎 | SENYOW 胜业轮胎 | 沈通轮胎 | DEFIL 德菲尔



Mission and Vision

Become a global influential tire company

Mission — Make great tires

Core Values — Trust and respect

People-Oriented Concept — Value employee's personal well-being as a top priority

Sailun's Code of Conduct

- Align with the mission and have clear goals
- Create customer value
- Complete tasks within the expected timeframe
- Have the courage to take responsibility
- Engage in continuous learning
- Strive for continuous improvement and innovation
- Possess a sense of the bigger picture
- Be straightforward and maintain transparency in communication and operations

Awards and Honors

ESG Rating Performance

Received a BB Rating from MSCI

Received a B rating for "Climate Change" and a B rating for "Water Security"

Awarded the Silver Medal by EcoVadis

Rated A by the Wind ESG Rating

Sustainability Commitments

Joined the United Nations Global Compact (UNGC)

Joined the Global Platform for Sustainable Natural Rubber (GPSNR)

Joined the Science Based Targets initiative (SBTi)

Joined the China Carbon Neutrality Action Alliance (CCNAA)



Governance

China's Top 500 Manufacturing Enterprises (2024)	China Enterprise Confederation China Enterprise Directors Association
Best Practice in Board Governance for Listed Companies (2024)	China Association for Public Companies
Outstanding Practice Case in Board Office Management for Listed Companies (2024)	China Association for Public Companies
Outstanding Practice Case in Corporate Culture Building for Listed Companies (2024)	China Association for Public Companies
Outstanding Practice Case in Annual Results Briefing for Listed Companies (2024)	China Association for Public Companies
A-Level Rating in Information Disclosure	Shanghai Stock Exchange
Best ESG Information Disclosure Award at the 20th New Fortune Awards	New Fortune
Global Sustainable Development Award (2024 Phoenix Star Best Listed Companies)	Phoenix TV, Ifeng

Environment

Leading Enterprise in Industrial Carbon Peaking in China (2023)	China Federation of Industrial Economics
Climate Lighthouse Pilot Award (2024)	Shanghai Climate Week
Green Supply Chain Management Enterprise: Qingdao Factory (2024)	Ministry of Industry and Information Technology of the People's Republic of China
Provincial Green Factory: Dongying Factory (2024)	Department of Industry and Information Technology of Shandong Province
Energy Efficiency "Leader" in Key Industries (2023)	Ministry of Industry and Information Technology of the People's Republic of China
Provincial Energy Efficiency "Leader" in Key Industries (2024)	Shandong Provincial Department of Industry and Information Technology

Social

Special Jury Award of the 4th China Automobile Grand Ceremony	China Media Group (4th China Automobile Grand Ceremony)
China's Industrial Data Governance "Forerunner" Enterprise (2024)	China Federation of Industrial Economics
First Prize of the 17th National Management Innovation Achievement Award for Petroleum and Chemical Enterprises	China Chemical Enterprise Management Association
Shandong May Day Labor Award	Shandong Federation of Trade Unions
Enterprise Standard "Leader"	Beijing Rubber Industrial Research and Design Institute
Ranked 108th in China's 500 Most Valuable Brands (2024)	World Brand Lab
Excellence Award of the 8th Qingdao Mayor Quality Award	Qingdao Municipal People's Government
Most Promising Employer (China's Best Employer of the Year, 2024)	Zhaopin
China Outstanding Employer (2025)	51job

ESG Highlights Performance

ECO-GOVERNANCE: New Chapter of Responsibility Governance

Sustainable Development Governance

Issued **"eco+"** Sustainable Development Strategy

43% of Board members are women

43% of Board members are independent directors

Business Ethics

100% of employees received business ethics training

23 business ethics training sessions conducted for suppliers

Information Security

0 incidents involving information security breaches or customer privacy leaks

ECO-PRODUCTION: Pioneering Quality-Driven Operational Excellence

Product Quality and Safety

100% of operational factories obtained ISO 9001 Quality Management System certification

0 recorded major incidents related to product safety or quality liability

Conducted **1,815** quality training sessions achieving **100%** coverage

totaling **282,042** hours

R&D Innovation

100% of operational factories certified by CNAS

3 enterprises recognized as high-tech

4 national-level innovation platforms

Launched Eco Rubber Chat, the world's first large language model in the rubber tire industry

2,008 valid patents

315 newly granted patents

Customer Service

Achieved an average customer satisfaction score exceeding **97**

Supply Chain Management

100% of raw material suppliers signed the Quality Assurance Agreement

Held **30** dedicated training sessions on supplier quality

Established a procurement risk management system and EcoVadis assessment framework

558 suppliers signed the Supplier Code of Conduct

Delivered **23** ESG training sessions for suppliers and **3** for internal procurement staff

ECO-PLANET: Shaping the Future of Sustainable Growth

Green Operations

100% of operational factories obtained ISO 14001 Environmental Management System and ISO 50001 Energy Management System certifications

1 national-level green supply chain enterprise

2 national-level green factories

2 provincial/municipal-level green factories

Climate Response

Carbon emissions per unit of PCR tire production decreased by **19.3%** compared to 2022

Carbon emissions per unit of TBR tire production decreased by **19.7%** compared to 2022

Carbon emissions per unit of OTR production decreased by **29.9%** compared to 2022

Utilized **16,500 tonnes** of biomass, reducing carbon emissions by **24,741 tonnes**

Generated **43.48 million kWh** of photovoltaic electricity, reducing carbon emissions by **23,333 tonnes**[2]

Reduced **208,600 tonnes** of carbon emissions throughout the year across the Group

Promoting Clean Technologies and Products

The sustainable material content in tires reached **31.8%**

Developed the technology to incorporate **over 75%** sustainable materials in PCR tires

Developed the technology to incorporate **over 80%** sustainable materials in TBR tires

Awarded **8** China Green Product Certificates for EcoPoint[3] tires

covering **90** tire specifications

ECO-HARMONY: Fostering a Culture of Diversity and Inclusion

Inclusive Workplace

100% of operational factories obtained SA8000 certification

Talent Development

Provided an average of **42.95** training hours per employee, achieving **100%** coverage

Appointed **480** mentors through talent development programs

guiding a total of **862** trainees

Employee Care

Achieved a **92.5%** participation rate in the employee satisfaction survey with an average satisfaction score of **93.7**

Work Together

RMB 4.34 million invested in rural revitalization and donations to various social sectors

Occupational Health and Safety

100% of operational factories obtained ISO 45001 Occupational Health and Safety Management certification

Reached **100%** coverage for employee occupational health checkups

[2] Calculated based on the national average carbon dioxide emission factor of 0.5366 $kgCO_2/kWh$, as stated in the 2022 Announcement on Issuing Carbon Dioxide Emission Factors for Electricity (hereinafter the same).

ECO-GOVERNANCE: Advancing a New Era of Responsible Leadership

Sailun Group has established a structured and science-based governance system that provides a solid foundation for our continued growth. We continuously enhance internal controls and risk management, strictly uphold business ethics, and promote ESG management by formulating a sustainable development strategy that we integrate into our daily operations. At the same time, we place high importance on stakeholder interests and remain committed to collaborating with all parties to achieve shared development and prosperity, creating a new chapter in sustainable development.

Responding to the following indicators and targets

SSE Guidelines:
Data security and customer privacy protection, Due diligence, Stakeholder engagement, Anti-commercial bribery and anti-corruption, Anti-unfair competition

UN SDGs:



01

- Sustainable Development Governance
- Corporate Governance

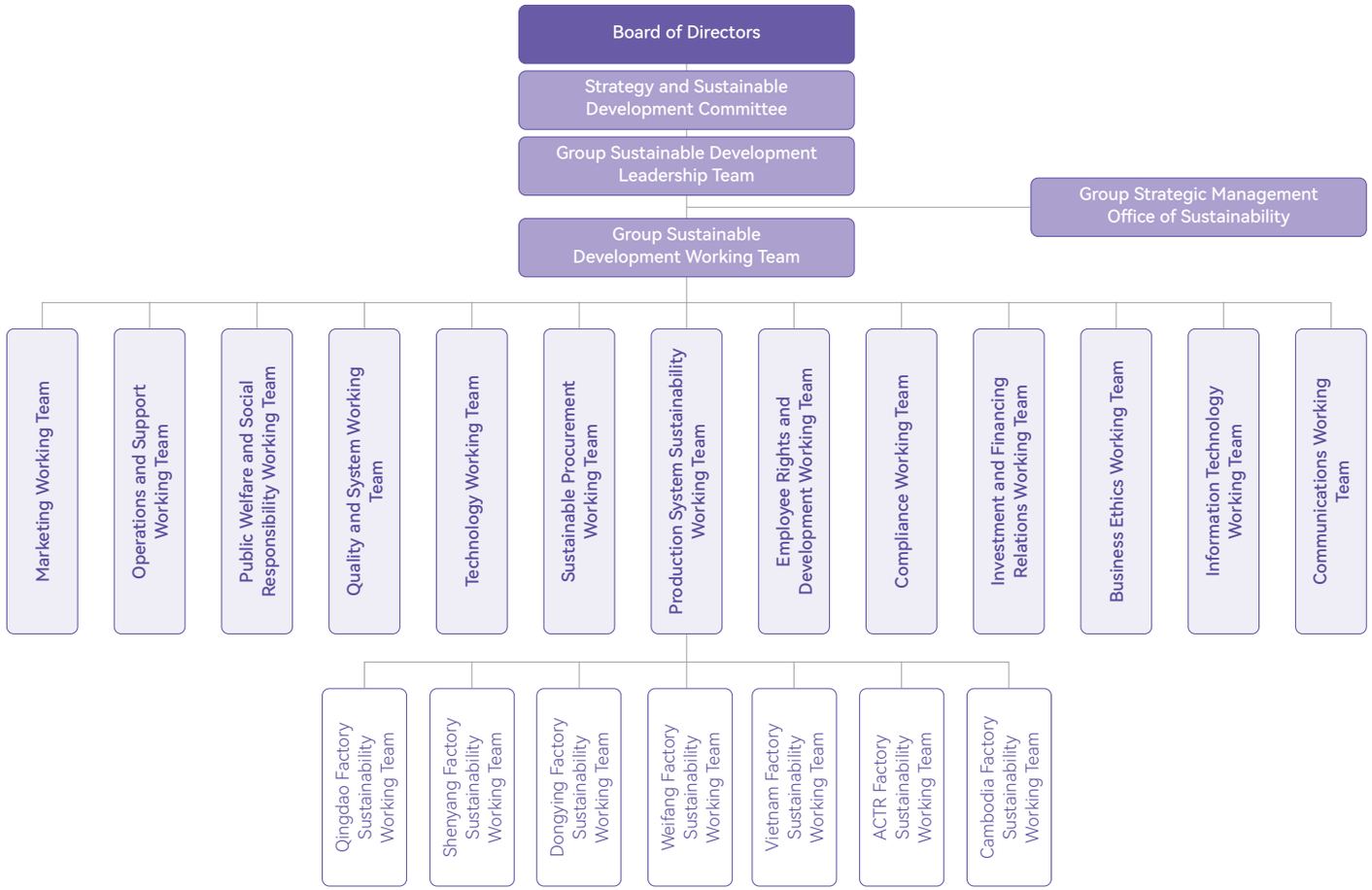
Sustainable Development Governance

Sailun Group recognizes that robust ESG governance is fundamental to achieving sustainable development. We are committed to strengthening our ESG governance structure to ensure that sustainability goals are closely aligned with our core business objectives. Through double materiality assessments, we identify key topics and formulate targeted sustainability strategies. We actively engage with stakeholders to incorporate diverse perspectives into our decision-making processes and to demonstrate transparency in our ESG practices and achievements.



Sustainable Development Governance Structure

To implement the concept of sustainable development and integrate it into the Group's daily operations, Sailun Group has established a comprehensive governance structure with clearly defined responsibilities at each level, ensuring effective and coordinated ESG management. The Board of Directors, as the highest governance body, oversees sustainability-related matters and ensures alignment between corporate strategy and sustainability objectives. The Board authorizes the Strategy and Sustainable Development Committee to take direct responsibility for decision-making and coordination of ESG-related issues.



Sustainable Development Governance Structure

Level	Governance Subject	Personnel Composition	Functions	Monitoring/Reporting Mechanism
Decision-making Level	Strategy and Sustainable Development Committee	Composed of 2 non-independent directors and 1 independent director	• Responsible for studying sustainable development strategies and promoting the construction of a sustainable development system • Annual review of sustainable development reports and progress on targets	Reporting to the Board of Directors at least once a year
Management Level	Group Sustainable Development Leadership Team	Directly led by the Chairman, composed of business leaders including the President, Vice President, and Assistant to the Chairman	• Responsible for formulating and implementing the Group's sustainable development strategy, reviewing the performance of commitments on key topics such as climate change response and social responsibility	Reporting to the Board of Directors or the Strategy & Sustainable Development Committee at least 4 times a year
	Group Strategy Management Office of Sustainability	Directly led by the Assistant to the Chairman and composed of the Secretariat of the Working Team	• Promoting the implementation of sustainable development strategies and initiatives, and preparing the ESG Report • Regularly summarizing ESG progress and achievements	Monthly reporting of progress and results to the Sustainability Leadership Working Team
Execution Level	Group Sustainable Development Working Team	Composed of the heads of all business departments and factories.	• Implementing the strategic objectives of sustainable development, planning and executing annual sustainability-related tasks	Monthly reporting of ESG-related progress to the Strategy Management Office of Sustainability

Decision-Making and Supervision

Board of Directors and the Strategy and Sustainable Development Committee regularly review progress on sustainability goals, discuss risks and opportunities based on external trends and the Group's development phase, and evaluate management strategies for sustainability risks to ensure these strategies integration into our long-term development planning and sustainable development strategy. To supervise the implementation of the sustainable development strategy and the achievement of its objectives, the Group has incorporated ESG performance into the performance evaluations of certain directors and senior executives. Their pay is linked to ESG indicators relevant to their respective areas of responsibility, such as occupational health and safety, product quality, climate change tackling, and business ethics. We apply a corresponding reward and penalty mechanism based on the completion of sustainable development targets, enhancing both the engagement of our decision-making bodies and our overall management efficiency. Additionally, we embed ESG performance into the Group's annual performance evaluation system, cascading these indicators to key departments as part of their performance assessments.

Professional Skills and Abilities

Sailun Group ensures that members of the Board of Directors and the Strategy and Sustainable Development Committee have diverse professional backgrounds, covering areas such as auditing, risk management, financial management, and possess rich experience in industry research. This diversity supports informed and comprehensive decision-making that incorporates sustainability considerations into long-term corporate planning and decision making. Our directors regularly participate in training programs organized by external professional institutions to stay up to date on the latest compliance requirements and best practices in sustainability. This continuous learning process enhances their awareness and decision-making capability regarding sustainability. We also maintain ongoing communication between the Group Sustainable Development Leadership Team, Group Strategy Management Office of Sustainability, Sustainable Development Working Team, and external institutions. Through continuous sustainability training and capacity building, we ensure these bodies enhance their ESG management capabilities and jointly drive value creation in sustainable development.

During the reporting period, Sailun Group's Strategy and Sustainable Development Committee held a meeting focused on sustainability governance. The meeting reviewed and approved our sustainable development strategy and objectives, double materiality topics, and the annual sustainability report. Meanwhile, the Sustainable Development Leadership Team, Strategy Management Office of Sustainability, and Sustainable Development Working Team participated in specialized training programs on sustainability governance to ensure that personnel at all levels can fulfill their ESG responsibilities effectively.

Organize ESG Training for Management to Enhance ESG Competency

In November 2024, Sailun Group held an ESG training session specifically for all management to enhance ESG awareness. Nearly 500 middle and senior-level management personnel participated, both online and offline. We invited external experts to lead sessions covering ESG frameworks, external regulatory requirements, best practice sharing, and strategy building. This initiative aimed at providing our management with a comprehensive understanding of ESG's significance. The training strengthened our ESG awareness across the Group, improved our ESG management capabilities, and laid a solid foundation for the effective implementation of our ESG strategy.



Stakeholder Communication

Sailun Group places significant importance on the expectations and demands of our stakeholders. We continuously expand diversified communication channels to ensure smooth and effective stakeholder engagement. We actively listen to stakeholder expectations and demands, respond promptly, and communicate our sustainability philosophy and ESG progress, thereby enhancing transparency in our sustainability governance.



Stakeholders	Issues of Concern		Communication Method
Suppliers	• Product sustainability • Product quality and safety • R&D innovation	• Supply chain management • Business ethics	Meetings, exchanges and visits, bidding and tendering, business negotiations, supply chain construction
Customers	• Product sustainability • Customer service • Information and privacy protection		Providing high-quality products and services, business communication, site visits
Investors	• R&D innovation • Public welfare service and social contribution • Corporate governance	• Risk management • Business ethics	Information disclosure, shareholders' meeting, investor communications, performance briefings, routine receptions, dedicated phone number and email address, SSE e-interaction platform
Government, Industry Associations, and Regulatory Agencies	• Environmental management • Climate change tackling • Water stewardship • Product sustainability	• R&D innovation • Business ethics • Information and privacy protection	Government meetings, special reports, information submission, project collaboration, information disclosure
Employees	• Human rights • Occupational health and safety • Compensation and benefits	• Training and development • Diversity, equality and inclusion	Employee congresses, training and career planning, onboarding programs, internal communications
Society and the Public	• Environmental management • Climate change tackling	• Biodiversity conservation • Rural revitalization and local community development	Public welfare activities, social programs, energy conservation and emission reduction initiatives

Double Materiality Analysis

Sailun Group is committed to understanding stakeholders' key concerns and integrating their expectations and demands into our sustainability practices. Based on our industry characteristics, business model, and value chain, and by identifying external areas of concern, we have defined sustainability issues that are material to our operations. By comprehensively analyzing factors such as regulatory requirements and industry trends, we have identified ESG material issues and conducted both impact and financial materiality assessments. The results of these assessments are reviewed and approved by the Board of Directors.

Through systematic evaluation, we identified 23 sustainability issues[3, 4] in total. Among them, climate change tackling and safety and quality of products were classified as issues of double materiality. These issues are disclosed in accordance with the four pillars of governance, strategy, risk and opportunity management, and metrics and targets. To fully understand how these material issues affect our business development and how they impact the economy, society, and the environment, we have developed targeted short-, medium-, and long-term management strategies. We continuously monitor progress and improve our management practices to minimize the potential impact of internal and external risks on our operations and stakeholders.

1 Corporate Background Analysis

- Conducting an in-depth analysis of the Group's business plan, strategic guidelines, and financial statements, examining the geographical locations of Group activities and product services, and creating a detailed business relationship map to clarify the upstream and downstream value chains.
- Studying relevant laws, regulations, and regulatory policies, analyzing market trends and industry dynamics, and identifying and understanding the needs and expectations of key stakeholders.

2 Issues Identification and Issue List Establishment

- Benchmarking against regulatory requirements, capital market concerns, and issues prioritized by industry peers, referring to laws, regulations, and industry standards, and making comprehensive analysis on customer demands to identify potential sustainability material issues for Sailun Group, laying the foundation for further evaluating their impact and financial materiality.

3 Materiality Assessment

Issuing prioritization based on multidimensional analysis of expert opinions, industry peer experiences, feedback from management, investors, and employees.

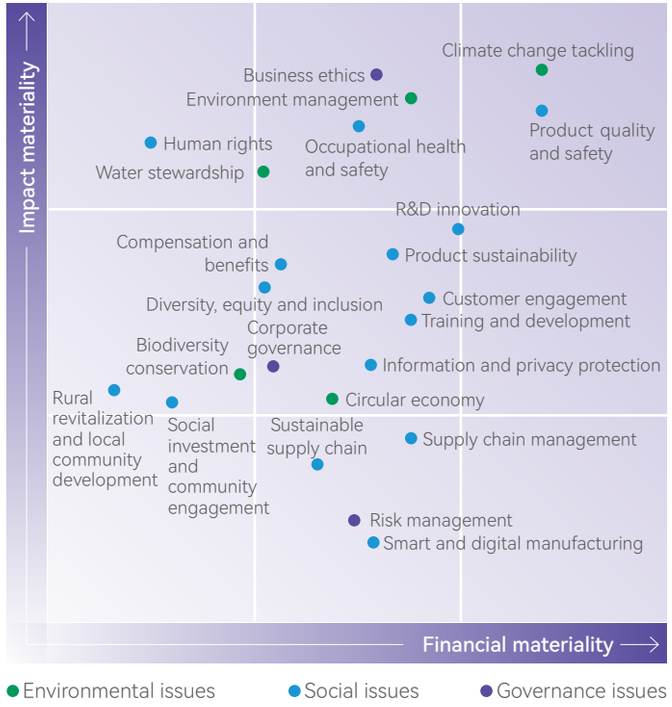
Impact Materiality

- Assessing impact materiality based on factors such as scale, scope, likelihood, severity, and irreversibility of the impact.
- Conducting a comprehensive quantitative evaluation by analyzing multidimensional information from industry peers, external concerns, and internal management perspectives; setting a threshold to evaluate the materiality of the impact, followed by ranking the issues based on their materiality.

Financial Materiality

- Assessing financial materiality based on the impact of the issue on the Group's financial performance, the achievement of strategic goals, and the potential for operational or business disruption.
- Comprehensively evaluating the financial impact of each issue through interviews and surveys with Group's management, and setting thresholds to evaluate financial materiality and ranking the issues accordingly.

Double Materiality Analysis Process



Sailun Group's Double Materiality Issues Matrix for Sustainable Development in 2024

[3] As of the end of the reporting period, the Group's balance of accounts payable (including notes payable) did not exceed RMB 30 billion, accounting for less than 50% of total assets. No overdue payments to SMEs were recorded in the National Enterprise Credit Information Publicity System. Therefore, a separate topic on "Equal Treatment for SMEs" was not established. "Due Diligence" and "Stakeholder Communication" are not listed separately as they are addressed under other issues. For related content, see Appendix II of the Report.

[4] The topic of "Climate Change Tackling" includes content related to "Energy Utilization"; "Environmental Management" includes "Environmental Compliance, Pollutant Discharge, and Waste Treatment"; "R&D Innovation" includes "Innovation-driven Practices and Scientific Ethics"; "Business Ethics" includes "Anti-Commercial Bribery, Anti-Corruption and Anti-Unfair Competition". See Appendix II of this Report for the relevant topic index.

Sustainable Development Strategy

Sailun Group is committed to promoting high-quality development in the rubber tire industry with advanced technology. We strive to provide superior products and services for global tire users, contributing to safer, greener and smarter mobility, while contributing to a more efficient and harmonious society. We are dedicated to realizing our vision of "becoming a global influential tire company".

While deepening our commitment to industry advancement, we officially launched the "eco+" sustainability strategy in fiscal year 2024. Built upon four key pillars—eco-excellence, eco-harmony, eco-production, and eco-governance—and focusing on eight core action areas, the strategy reflects our dual mission to ecological preservation and economic development, with the "+" symbolizing the extension of the mission to our business operations. Through close collaboration with customers, employees, shareholders, government agencies, partners, and the public, we aim to create a sustainable ecosystem across environmental, social, governance, and product dimensions, achieving the coexistence between business value and social value.

ECO-PLANET

Strengthen the foundation of environmental protection, refine resource recycling pathways, build climate resilience capabilities, and set a benchmark for sustainable industrial development

ECO-stewardship

We actively fulfill our environmental responsibilities by building and certifying environmental management systems across our global operations, and promoting environmental awareness among all employees. We strictly monitor emissions to ensure full compliance, and continually improve resource efficiency through circular economy practices.

ECO-resilience

We proactively address climate-related risks and opportunities by embedding climate action across the sustainability governance framework. We systematically identify and assess climate risks and opportunities, formulate targeted response measures, and enhance climate resilience through clean energy transition, robust energy systems, and improved energy efficiency.

ECO-HARMONY

Foster a caring and inclusive workplace, fulfill social responsibilities with compassion, protect the planet's biodiversity, and build a diverse and thriving community of shared responsibility

ECO-inclusion

We uphold the core values of trust and respect by offering clear and diverse career development paths for our employees. We protect employee rights, strengthen compensation and benefits systems, and cultivate a diverse, healthy, and safe workplace to enhance employee well-being and sense of belonging.

ECO-impact

We are committed to fulfilling our corporate social responsibilities by actively engaging in philanthropic initiatives and contributing to the protection of biodiversity to support a thriving global community.

ECO-PRODUCTION

Drive innovation in green manufacturing, set new benchmarks in product performance, cultivate a sustainable supply chain ecosystem, and empower better mobility for humanity

ECO-innovation

We strengthen our R&D capabilities, cultivate innovation talent, and integrate smart manufacturing technologies to boost production efficiency and quality. We seize opportunities in clean technologies, embedding sustainability across the entire product lifecycle to advance green mobility.

ECO-reliance

We uphold quality as the foundation of our business, exceeding industry standards and pushing the boundaries of tire performance. We deliver safe, comfortable travel experiences and earn customer trust through efficient and professional service.

ECO-GOVERNANCE

Uphold the core principles of business ethics, build a comprehensive risk management framework, and elevate sustainable governance to new heights

ECO-integrity

We adhere to integrity and compliance in all business practices, establishing a solid governance framework for business ethics. We foster a transparent corporate environment through continuous supervision and cultural promotion, and build a robust risk management system to support long-term success.

ECO-synergy

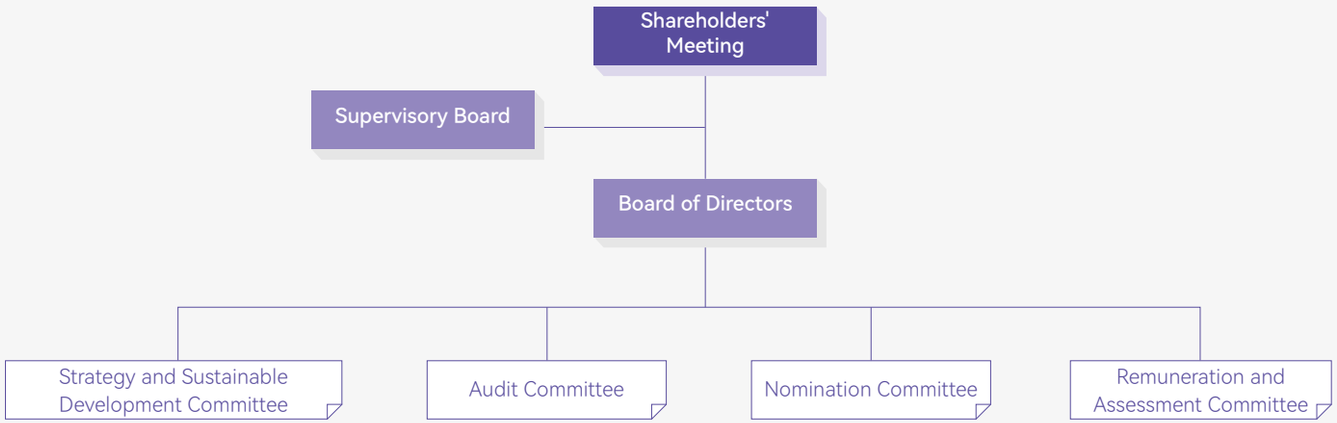
We strengthen collaboration with partners across innovation, quality improvement, and sustainability. We enhance full-cycle supplier management and empower suppliers to improve their sustainability performance, building a resilient and sustainable value chain together.

Corporate Governance

Sailun Group is committed to compliant operations, strictly adhering to relevant laws, regulations, and industry standards in the regions where it operates, while striving to set an industry benchmark. We continue to optimize our governance structure, uphold business ethics, establish a risk management and internal control system, and implement various measures to protect information security and customer privacy, ensuring the stability and continuity of our operations.

Board Governance

In accordance with the Company Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies, and other relevant laws, regulations and rules, Sailun Group has established a governance structure consisting of the Shareholders' Meeting, the Board of Directors, the Supervisory Board, and management. Four specialized Committees support the Board of Directors: the Strategy and Sustainable Development Committee, the Audit Committee, the Nomination Committee, and the Remuneration and Assessment Committee. These committees assist the Board in making informed decisions and ensure clear responsibilities and efficient collaboration across all governance bodies.



Corporate Governance Structure

We place significant importance on the diversity of our Board members, considering it a critical factor in driving the Group's sustainable growth. The director's nomination process strictly follows established procedures, considering factors such as industry experience, professional expertise, management capabilities, cultural background, and gender to ensure diversity within the Board.

As of the end of the reporting period

Board of Directors consists of **7** members

including **3** independent directors, accounting for **43%**

and **3** female directors, accounting for **43%**

Risk Management and Control

Sailun Group strongly believes that a robust risk management system is fundamental to ensuring long-term stability and development. We have established a comprehensive risk management and control framework that integrates business processes with risk management through collaboration across the three lines of defense. We continue to refine our risk management processes and enforce risk control systems to ensure the effective implementation of risk management measures. Additionally, we have optimized our daily risk management and reporting mechanisms to provide strong support for achieving our risk management objectives.

Sailun Group has set up three lines of defense for risk management, involving business departments, the Legal and Risk Control Department, and the Audit and Internal Control Department, ensuring the comprehensiveness and effectiveness of risk management efforts.



First Line of Defense: Business Departments

- Responsible for risk prevention and response in daily business activities. Identifying potential risks, assessing their impact, and responding appropriately to manage them, ensuring that business processes comply with risk management policies

Second Line of Defense: Legal and Risk Control and Other Departments

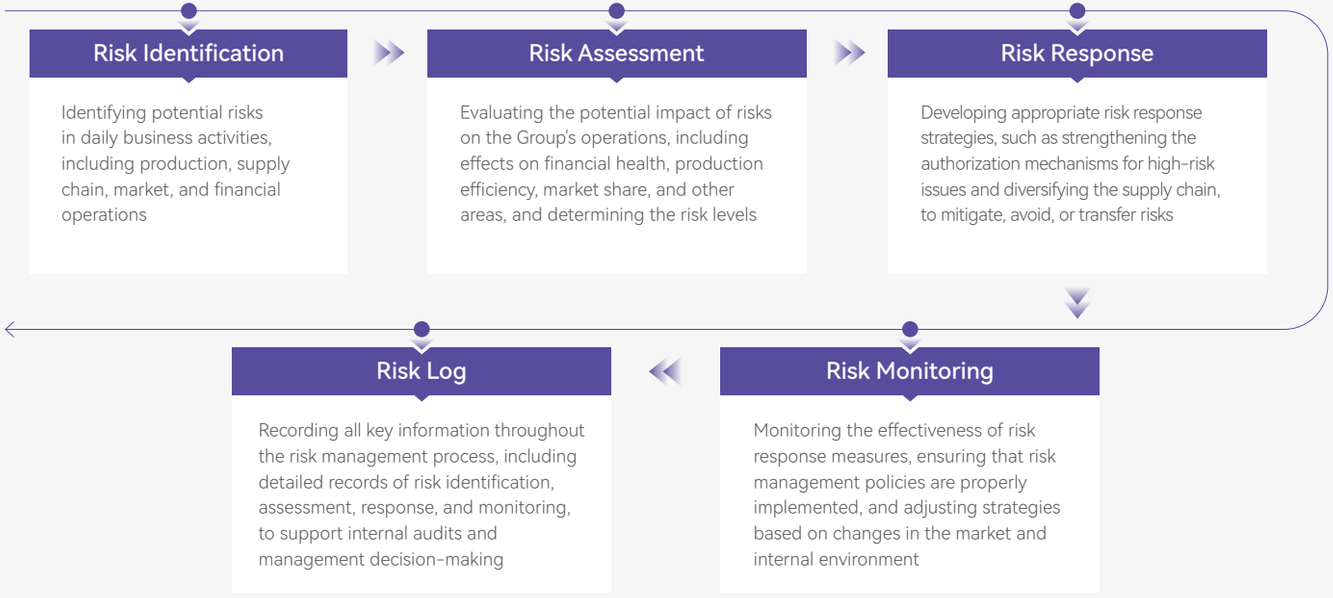
- Providing guidance and supervision for risk response efforts, while empowering business departments to ensure the effective implementation of risk management policies and monitoring the effectiveness of risk control measures

Third Line of Defense: Audit and Internal Control and Other Departments

- Conducting independent supervision and evaluation of the effectiveness of risk prevention and control. Performing regular audits and assessments to ensure the effectiveness of the risk management system and regularly reporting on the Group's risk management activities to the management team

Three Lines of Defense for Risk Management and Control

Building on our existing strong risk management structure, we conduct thorough risk identification, perform accurate risk assessments, implement timely and effective risk response measures, and monitor risks objectively while maintaining detailed records and reporting. This process enhances the effectiveness of our three lines of defense in risk management and ensures the successful achievement of our risk management objectives.



Risk Management and Control Process



To ensure the strict implementation of risk control, we conduct risk-based audits that cover production factories, sales companies, R&D centers, and various functional departments. In 2024, we continued to focus on high-risk areas and conducted routine audits at two factories to identify and resolve internal control issues, strengthening the internal control system. We also carried out customs import and export certification audits at four factories in China to ensure compliance with regulations. Additionally, by formulating the Group's Regulations on Information Confidentiality Management and establishing an early warning and tracking mechanism for export control and trade sanctions risks, we effectively mitigate commercial risks and ensure compliance in international trade, enhancing our overall risk management capabilities.

While reinforcing risk control, we also focus on promoting a robust compliance culture across the Group. In 2024, we launched the "Compliance for Sustainable Development" column on our Enterprise WeChat platform, delivering weekly updates on risk control and compliance-related content to all employees. To date, we have published ten articles in this column, covering critical domains including business ethics, overseas employment practices, trade secret protection, integrated risk prevention systems, and the European Union Deforestation Regulation (EUDR). These efforts ensure that all employees understand and adhere to compliance requirements, further strengthening the Group's risk prevention and control system.



"Compliance for Sustainable Development" Column

Business Ethics

Sailun Group attaches significant importance to the development of anti-corruption and integrity culture, adhering to business ethics and consistently upholding the principles of honesty, integrity, and compliance. We have strengthened the systematic framework for anti-corruption and anti-unfair competition efforts, implementing a whistleblower protection mechanism to safeguard the rights and interests of informants.

Anti-Commercial Bribery and Anti-Corruption

Sailun Group strictly complies with the Criminal Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Anti-Monopoly Law of the People's Republic of China, and other applicable laws and regulations in the regions where we operate. We have issued a Notice on the Establishment of a "High-Voltage Line" Against Disciplinary Violations, which sets forth requirements regarding fraud, bribery, disclosure of confidential information, unfair competition, conflicts of interest, and violations of the Group's rules. This policy aims to guide employees, particularly those in management, in fostering a strong sense of integrity and discipline, ensuring compliance with the Group's ethical guidelines. Additionally, the Employee Handbook outlines specific behavioral expectations for management to avoid fraudulent activities, bribery, corruption, the disclosure of confidential information, and unfair competition, thereby establishing a unified standard for ethical behavior.

Board of Directors and the board-level Strategy and Sustainable Development Committee oversees the development of the Group's ESG system, including matters related to business ethics. We have established a Disciplinary Supervision Committee, which is responsible for building the supervision framework across all business units and subsidiaries of the Group. This Committee formulates integrity-related policies and develops regulations and procedures focused on anti-corruption. It also investigates violations of the code of conduct and reports regularly and directly to the Board. As part of our ongoing anti-corruption efforts, the Qingdao Factory has obtained ISO 37001 anti-bribery management system certification.

To ensure proper management and oversight of business ethics, we conduct internal audits based on the code of business ethics and conduct, assessing potential sustainability risks, and performing due diligence on key positions, suppliers, and partners. Every three years, we regularly conduct business ethics audits across all operations to evaluate compliance with our code of business ethics and conduct. During the reporting period, we collaborated with external experts to review the field, scope, and standards of business ethics audits. We conducted a comprehensive revision and enhancement of our code of business ethics and conduct, along with related policies. Additionally, we strengthened the audit team's understanding of auditing processes and methodologies, ensuring greater consistency and standardization in business ethics audits. We also conducted five special anti-corruption audits on parts of the supply chain, covering over ten partners, identifying eight risk points, and collaborating with business departments to optimize management measures.

Sailun Group actively promotes the development of an integrity and compliance culture within the organization. Through centralized training and ongoing communication, we advocate for adherence to our code of business ethics and conduct among all full-time employees, part-time staff, and contractors, collectively fostering a culture of integrity. For full-time employees, we have uploaded anti-commercial bribery training materials to our internal learning platform and set reminders to ensure every employee receives essential integrity and compliance education. For part-time and contractors, we emphasize business ethics requirements both verbally and in writing when signing contracts, and we monitor their behavior in daily operations through the oversight of supervisors and colleagues, ensuring alignment with integrity standards. During the reporting period, 100% of employees and directors completed training on business ethics. As part of our integrity-focused supervision efforts, we conducted seven warning and education sessions, reaching over 1,000 individuals, including all management personnel, functional heads, all employees in the Procurement and Sales Centers, and new hires within their first three years at the Group.

During the reporting period

100%

of employees and directors completed training on business ethics

Carrying out Specialized Training on Anti-Commercial Bribery, Strengthening Employees' Awareness of Integrity

Sailun Group views the development of a compliance and integrity culture as a cornerstone of sustainable growth and consistently strengthens employees' awareness of ethical conduct. During the reporting period, we organized a specialized training session on anti-commercial bribery with the theme "Strengthening Anti-Bribery Compliance Awareness and Jointly Building the Cornerstone of Integrity Management", attended by over 300 management staff and key personnel. This training not only enhanced employees' compliance awareness but also encouraged them to resist bribery in their daily work and maintain professional integrity, thereby laying a solid foundation for the Group's long-term stable development.



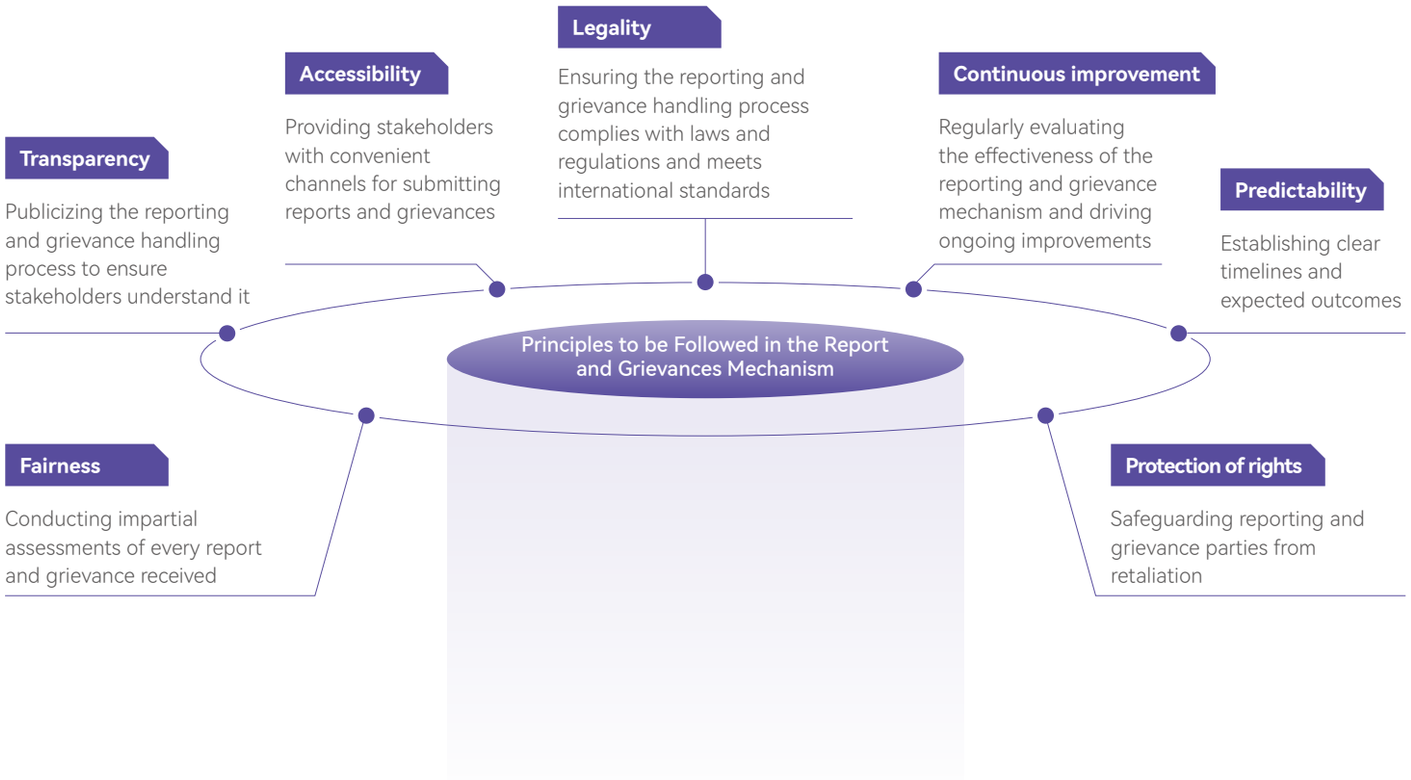
Regarding integrity management of external stakeholders, we ensure that suppliers, customers, and other partners adhere to our business ethics standards through rigorous reviews and regular training. Our Supplier Management Regulations explicitly state that in cases of serious violations of business ethics, we will implement emergency measures and terminate the cooperation. Additionally, suppliers are required to comply with business ethics standards in our social responsibility questionnaires and risk assessment forms. In 2024, we conducted 23 training sessions for suppliers, covering topics such as anti-corruption, to encourage them to strictly follow our business ethics code and collaborate in creating a clean and healthy cooperative environment.

Anti-Unfair Competition

Sailun Group is committed to promoting fair competition by preventing unfair practices through customer information reviews and contract examinations. We use a marketing system to conduct background checks on customers, with internal staff reviewing the information. Furthermore, we employ a contract lifecycle management system to rigorously review contracts and ensure that all business activities comply with legal and regulatory standards. The Employee Code of Conduct explicitly prohibits employees from engaging in any form of unfair competition, including but not limited to entering into agreements with competitors or restricting the supply of products or services, all to maintain a fair market environment. During the reporting period, Sailun Group was not involved in any litigation related to unfair competition.

Violation Whistleblowing

Sailun Group firmly believes that ensuring effective and transparent reporting channels is critical to fulfilling our social responsibilities. We have established comprehensive reporting mechanisms, including an online reporting page, an email address, a telephone hotline, and postal mail, ensuring that employees and partners can report business ethics violations at any time. These reporting channels are publicly available on our official website and promoted internally through communication software, bulletin boards, and other platforms. Additionally, we clearly define the principles of the reporting and grievance mechanism, striving to create an efficient, transparent, and fair system for handling reports and grievances.





In terms of handling reports and complaints, Sailun Group has established the Working Rules for the Discipline Supervision Committee, which designates the Committee as responsible for addressing all issues related to fraud and corruption. Upon receiving complaints or identifying issues through inspections, the Committee will promptly conduct verification and preliminary investigations. If a violation is confirmed, the Committee will formally open a case, thoroughly collect evidence, and determine the facts, taking appropriate action based on the severity of the findings.

To encourage reporting and grievances, and protect the privacy of whistleblowers, Sailun Group has implemented strict confidentiality measures, including limiting access to sensitive information and designating dedicated personnel to manage reporting and grievance materials. These steps ensure that the privacy and rights of whistleblowers are thoroughly protected. We are committed to addressing any retaliation against whistleblowers seriously and holding accountable those responsible.

Information Security

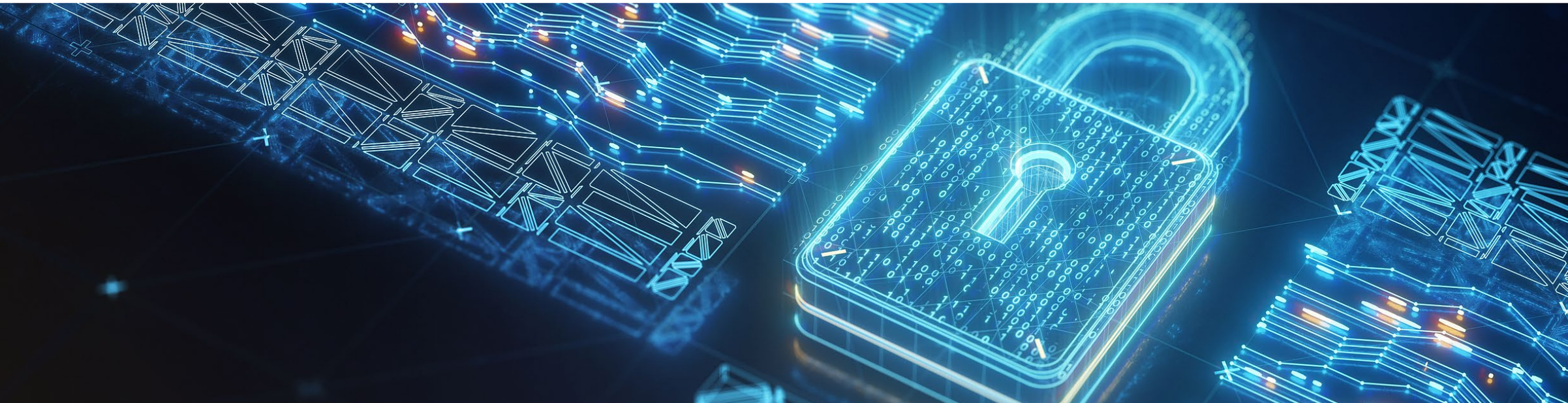
Sailun Group prioritizes information security and privacy protection. We have established a robust information security management framework and continuously enhance our vulnerability prevention and control measures. Additionally, we actively pursue system certifications and regularly organize emergency drills and training to ensure that both the Group and user information security and privacy rights are comprehensively protected.

Sailun Group adheres strictly to the Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China, and other relevant laws and regulations applicable in the regions where we operate. We have developed a global compliance system deployment plan and rely on internal information security management policies, such as the Group's Information Security and Confidentiality Management Regulations and Information Security Risk Management Regulations, to provide institutional safeguards for information security and customer privacy protection.

We have established a clear information security management structure and are systematically advancing the development of our information security management system. During the reporting period, we implemented continuous monitoring and optimization at the group level to ensure that our data security and privacy protection systems meet both regulatory compliance requirements and business needs, effectively mitigating data security risks. Additionally, our Qingdao Factory has been certified for ISO 27001 Information Security Management System and ISO 27701 Privacy Information Management System, further confirming the effectiveness and professionalism of our information security management practices.

We have built a cybersecurity and information security platform that integrates a four-dimensional data acquisition layer composed of traffic probes, endpoint monitoring, log auditing, and threat intelligence aggregation, enabling proactive threat detection. We have also established a full-lifecycle, systematic vulnerability management process, supported by a four-level incident response framework. This framework allows us to execute 12 types of automated response actions—such as asset isolation via SOAR[5] and blocking of malicious IP[6] addresses—ensuring the security of our business systems and the integrity of our data. Building on our existing information security management system, we have further developed a multi-layered protection mechanism. Combined with regular emergency response drills and attack-defense simulations, these measures provide comprehensive safeguards for data security and customer privacy rights.

[5] SOAR (Security Orchestration, Automation, and Response) is a technology and methodology that orchestrates security processes and enables rapid response through automation.
[6] IP (Internet Protocol) is the unique digital identifier used to distinguish devices (such as servers, computers, routers, etc.) in a network.



Information Security Measures

Software upgrades: Conducting regular network-wide scans for vulnerabilities and patches in key systems and software, and promptly addressing any identified issues.

Hardware upgrades: Upgrading information security hardware in our factories, such as data backup and storage devices.

Security risk scanning: Performing routine comprehensive scans of information systems and network devices to detect vulnerabilities and address them in a timely manner.

Operational data encryption: Implementing zero-trust access control and bastion host access control, alongside employing data de-identification, off-site disaster recovery, and encrypted data transmission technologies.

Information security auditing: Regular internal audits are conducted by our audit team, while external agencies are engaged in independent audits of our information security management systems.

Emergency Response Actions

Emergency drills: During the reporting period, we organized several internal emergency drills, including phishing email exercises for employees, database recovery drills, and virus infection drills.

Attack and defense drills: In 2024, we coordinated three external attack and defense drills, including network protection exercises organized by Qingdao City and the Qingdao West Coast New Area, as well as external security assessments conducted by third-party security vendors. Any issues identified during these drills were promptly addressed and rectified.

Customer Privacy Protection Measures

Cross-border data security: Data is categorized and assessed, and we use encryption technologies and secure protocols for data transmission.

Database analysis and auditing: We have implemented auditing systems, established operational monitoring rules, and conducted retrospective analyses of records to pinpoint security issues.

System-level disaster warning and prevention: Risks are assessed, and early warning and emergency response mechanisms are established. Additionally, disaster recovery plans are created and regularly tested.

Data and hardware backups: Backup strategies have been developed, employing redundant hardware configurations to ensure the security of backup storage.

App data crawling notifications: Users are clearly informed about data crawling activities. We obtain their authorization before proceeding and ensure timely updates to public information.

Moreover, Sailun Group actively promotes an information security culture by organizing various activities to raise employee awareness of information security. These initiatives aim to enhance employees' ability to recognize and respond to potential network security risks. During the reporting period, no incidents of information security breaches or customer privacy disclosures occurred.

Promoting Information Security Culture and Strengthening the Defense Line

To improve employees' awareness of information security and IT skills, we regularly conduct training on information security awareness, National Information Security Publicity Week activities, and IT knowledge sessions. These activities help increase employees' understanding of potential security risks and enhance their ability to identify and address various information security challenges. Through these initiatives, we actively foster a safer and more reliable work environment, safeguard the Group's assets, and support its long-term sustainable development.



ECO-PRODUCTION: Pioneering Quality-Driven Operational Excellence

Sailun Group upholds product quality and safety as non-negotiable priorities, enhancing brand influence through R&D and innovation. We are committed to improving customer experience and practicing responsible marketing to earn long-term consumer trust and strong market reputation. By implementing full-cycle supplier management and sustainability procurement strategies, we have comprehensively strengthened our core competitiveness while creating lasting value for society.

Responding to the following indicators and targets

SSE Guidelines:
Innovation, Ethics of science and technology, Supply chain security, Equal treatment to small and medium-sized enterprises, Product and service safety and quality, Due diligence

UN SDGs:



02

- Product Quality and Safety
- R&D and Innovation
- Commitment to Service Excellence
- Supply Chain Management

Product Quality and Safety

To ensure product quality and safety, we adopt a strategic framework that rigorously manages risks and opportunities, embedding quality indicators and targets as an integral part of our corporate management. Through stringent product testing, efficient recall mechanisms, and systematic quality training, we guarantee product quality and safety while enhancing brand reputation and competitiveness—providing robust support for our financial resilience and sustainable growth.

Governance

As a comprehensive governance framework, our sustainable development governance structure monitors, evaluates, and enforces aspects related to product quality and safety (refer to Section Sustainable Development Governance Structure for further details). The Quality and System Working Team, a component of the Group Sustainable Development Working Team, submits monthly reports to the Group Strategic Management Office of Sustainability regarding advancements in quality and safety management.



Product Quality and Safety Governance Structure

Strategy

By analyzing our business structure, operations, and mid-to-long-term strategies, we have identified short-, medium-, and long-term risks and opportunities related to quality and safety to assess their operational and financial impacts. Based on these insights, we have developed a set of management strategies, including quality system improvements, product testing, product recalls, and quality culture cultivation.

Key Risk/Opportunity	Definition	Impact
Quality Control Risk	Delivery of non-conforming products due to substandard materials, inadequate quality control systems, or insufficient staff competency	Short-term: Product recalls and customer complaints Mid-term: Brand erosion Long-term: Competitiveness decline
Regulatory Risk	Heightened safety risks and governance complexity arising from new materials and products introduced by rapid technological advancements	Short/mid-term: Rising regulatory costs due to policy changes Long-term: Increased compliance cost arising from adaptive strategies
Technological Opportunity	Enhanced quality and safety through innovations in materials and products	Short-term: Increased R&D investment Mid-term: Quality improvements Long-term: Market advantages through innovation
Regulatory Opportunity	New pathways created through reformed and innovated regulatory measures, allowing companies to optimize regulatory efficiency and outcomes by participating in regulatory reform and governance	Short-term: Accelerated adaptation to new requirements Mid-term: Improved compliance Long-term: Increased market opportunities via regulatory collaboration
Market Opportunity	Assessment of professionalism and awareness of quality control personnel based on customer feedback on product quality, the precision of test results, and routine monitoring	Short-term: Enhanced communication with customers Mid-term: Improved product quality and higher satisfaction Long-term: Market share gains through enhanced quality

Risks and Opportunities Related to Product Quality and Safety and Their Impacts

Quality Management System

We have established three management teams under our Quality Management Center, each responsible for quality management system development and operations and maintenance management, supplier quality oversight, and delivery quality control and claims.

Comprehensive Quality Management

- Develops the quality management system, builds the quality information system, manages quality cost and corporate documents, and studies latest regulations on product certification

New Product Quality Management

- Manages market demand reviews, new product development, design reviews, and product quality gate
- Manages supplier quality performance and supplier quality improvements

Mature Product Quality Management

- Coordinates factory quality operations, including technique control for mature products, finished goods inspection, and manufacturing process evaluations; plans and implements changes
- Develops and supervises standards for quality, logistics, and claims; manages complaints through a closed-loop process; supervises corrective actions and ensures accountability

Management Teams under Quality Management Center and Their Responsibilities

We have also set up a three-tier responsibility system to lay a solid foundation for product quality and safety.

Quality and Safety Officer

- Takes overall responsibility for product quality and safety across factories
- Organizes the evaluation of measures to address product safety risks
- Reviews monthly reports from the Quality and Safety Director and provides guidance and coordination for key tasks in the upcoming month

Quality and Safety Director

- Organizes the formulation of quality management policies across factories and ensures their implementation
- Organizes the formulation of prevention and control measures for quality and safety risks and conducts weekly quality and safety self-inspections
- Organizes the preparation of quality and safety incident response plans and conducts emergency drills
- Organizes quality and safety education, training, and assessments for employees

Quality and Safety Supervisor

- Supervises and instructs employees to implement job-specific quality and safety standards
- Inspects the implementation of raw material intake controls, production process controls, and final product inspection procedures
- Controls non-conforming products and ensures employees take effective actions to rectify quality issues

Product Quality and Safety Responsibility System



To ensure robust operation of Advanced Product Quality Planning (APQP[7]), we have established and enforced a quality gate management mechanism. By accelerating its integration with APQP, we have formed a dual line of defense in R&D control. This strengthens our delivery capabilities while reducing Failure Modes and Effects Analysis (FMEA[8]) risks and project costs.

We have built a quality management system grounded in the PDCA (Plan-Do-Check-Act) cycle. For each process, we have developed comprehensive procedural documents that clearly define workflow steps, responsibilities, key control points, and areas for improvement. This ensures the system's continuous optimization and enhanced effectiveness.

Additionally, we link product quality to employee compensation in accordance with our Performance Management Control Procedure. Each factory is required to develop a Performance Responsibility Agreement based on the Group's annual performance targets, periodically report progress, and evaluate and implement rewards and penalties.

We have systematically identified potential risks across all processes and their technical steps, and implemented advanced error-proofing strategies for high-risk stages to ensure stable and well-controlled operations.



Error-Proofing Strategies for High-Risk Processes

As of the end of the reporting period, all seven of our operational factories have obtained ISO 9001 certification, achieving 100% coverage of international quality standards. Among them, six factories have also been certified under the IATF 16949 Automotive Quality Management System, ensuring full certification coverage where applicable[9]. Furthermore, our products have obtained more than 20 certifications, including China CCC, U.S. DOT, Europe ECE, Korea KC, and EU VECTO.

As of the end of the reporting period

100%

of operational factories obtained **ISO 9001** certification

Our products have obtained

over 20 certifications

[7] APQP (Advanced Product Quality Planning): A systematic quality management method to ensure quality standards are met during product development and manufacturing processes.
[8] FMEA (Failure Mode and Effects Analysis): A systematic quality management tool that identifies, analyzes, and prevents potential failure modes in products and processes as well as their possible impacts, thereby supporting the implementation of risk mitigation measures.
[9] The Weifang Factory produces OTR tires, which are not included in the IATF 16949 product scope and therefore do not require certification.

Product Testing

We have established and implemented a Product Audit Control Procedure to regularly verify product quality stability according to internal quality management standards and customer requirements. To prevent and address emerging quality and safety issues, we conduct testing and evaluation throughout both product development and mass production stages. During development, we conduct performance verification, regulatory compliance tests, and on-vehicle trials. In the mass production phase, we implement monthly and quarterly sampling and audit testing to continuously monitor and improve product quality.

All our factories are accredited by CNAS[10] and have full in-house testing capabilities spanning raw materials, components and finished products. Rigorous quality tests are conducted throughout the entire process. With a robust product testing system and stringent quality standards, we have achieved remarkable outcomes. For example, our EcoPoint[3] WP81 Winter Tire Series passed EU ice grip performance tests with results 26% above regulatory standards, and our EcoPoint[3] SFL2 and SDL27 tires outperformed leading international brands in third-party dry and wet braking tests.

To enhance testing efficiency and capabilities, we introduced China's first 7-meter high-speed endurance testing machine with slip angle functionality during the reporting period to validate large-size tires. We are also building overseas comprehensive laboratories at two factories under construction to support raw material quality control, rubber performance evaluation, and tire product validation. During the reporting period, we completed 309 performance tests, covering 2,890 test protocols, and conducted wear tests with a total mileage of 330,000 kilometers.

During the reporting period

we completed **309** performance tests

covering **2,890** test protocols

accumulating a total mileage of **330,000** kilometers

Enhancing Testing Capabilities Through Dry Braking Projects

We have partnered with Changchun Automotive Testing Center and CCCC First Highway Engineering Group to co-develop the East China Intelligent Connected Vehicle (ICV) Test Site—a world-class testing platform for smart vehicles and intelligent transportation systems. Spanning approximately 8,600 mu (about 573 hectares), the site is divided into five core zones: intelligent connectivity, performance testing, durability testing, laboratory testing, and operations and maintenance services. A total of 22 high-standard test tracks are planned for phased construction, supporting a full spectrum of vehicle types, including both commercial and passenger vehicles. Phase I, centered on intelligent connectivity and performance testing, commenced operations in 2024. Notably, the intelligent connectivity zone replicates 382 autonomous driving scenarios, making it the most comprehensive closed ICV testing area in China. The performance testing zone includes 8 types of special road surfaces for brake testing, 25 types for ride comfort assessment, and a 120-meter-diameter wet circular track equipped with four distinct friction coefficients, positioning it as a national leader in road surface diversity and key performance indicators.

[10] CNAS stands for China National Accreditation Service for Conformity Assessment.

Product Recalls

To standardize the management of defective product recalls, we have developed Product Recall Management Regulations, which defines our recall team's responsibilities and outlines recall procedures. For non-conforming products identified during recalls, we follow our Non-Conforming Product Control Procedure to prevent unintended use through corrective, isolation, and containment actions.

Improving Emergency Response with Recall Drills

In 2024, we conducted a mock recall for a specific tire batch to familiarize ourselves with the recall mechanism and gain hands-on experience. After identifying a quality risk, we promptly assembled a recall team and developed a recall plan. Consumers were notified through our website, dealers, and phone calls. The drill improved our ability to manage unexpected product incidents, further enhancing recall responsiveness and process efficiency.



Quality Culture

Each year, we provide product quality-related training at the group, center, department, team, and position levels. During the reporting period, we held 1,815 training sessions, totaling 282,042 hours, with 100% employee participation.

Group-Level Training

- Organized by the Quality Management Center for middle, senior, and newly promoted managers
- Covers quality strategies, quality awareness, and quality management processes training

Center-Level Training

- Organized by the Quality Management Center for middle and junior managers
- Covers quality standards and quality tools training

Department, Team, and Position-Level Training

- Conducted internally by departments and teams
- Covers SOPs, on-site management, quality incident handling, and standard workflows

Employee Quality Training System

Strengthening Quality Management with IATF 16949 Training

In 2024, we conducted two IATF 16949 training sessions for over 100 employees across functions such as marketing, sales, HR, logistics, operations, quality, R&D, technology, equipment, and production. Training content was aligned with practical business challenges and delivered using a team-based point system to encourage engagement, enhancing quality management knowledge among process operators and managers and optimizing the Group's quality management system.



IATF 16949 Internal Auditor Training

Promoting Quality Culture to New Hires Through Quality Awareness Training

During the reporting period, we organized centralized training for 658 fresh college graduates. The head of our Quality Management Center delivered a course titled "Quality Awareness," covering four topics: Understanding Quality, Quality Profile, Sailun Group's Quality, and Quality Culture. Through clear insights and practical experience, the training helped new hires build a strong awareness of quality.



Head of Quality Management Center Delivering a Training Session

Raising Employee Awareness Through Quality Competitions

During the reporting period, the Dongying Factory hosted the "Sailun Group Cup" Quality Knowledge Competition, which attracted over 1,300 individual participants and 9 teams. The event boosted employee engagement and deepened their understanding of quality-related knowledge.



The Dongying Factory hosting the "Sailun Group Cup" Quality Knowledge Competition

Sailun Group has earned widespread recognition for its product quality and services. During the reporting period, we received the Excellence Award at the 8th Qingdao Mayor's Quality Awards. Established by the Qingdao Municipal Government, this award represents the city's highest honor in quality management. It highlights our leadership in quality control and our contribution to Qingdao's quality development. Our products were also recognized by partners such as Farizon, SANY Commercial Vehicles, and Yutong Group.

During the reporting period

we received the

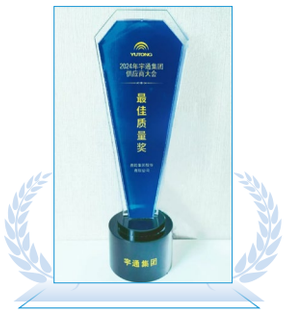
Excellence Award at the 8th Qingdao Mayor's Quality Awards



2024 Value Award, Farizon



2024 Outstanding Contribution Supplier, SANY Commercial Vehicles



Best Quality Award, Yutong Group's 2024 Supplier Conference

Risk and Opportunity Management

To strengthen the management of product quality risks and opportunities, Sailun Group has established a Product Quality and Safety Risk Management Framework. By considering both internal and external factors such as market trends, technological advancements, and regulatory changes, we have reviewed and developed a comprehensive list of quality and safety-related risks and opportunities. Key risks are thoroughly identified, with their likelihood and potential impact assessed by senior management to determine management priorities. For high-risk projects, we implement dedicated quality risk control procedures, assigning specialized teams to manage execution and monitor progress. These control measures are not just safeguards for product quality, they also enable us to seize opportunities in technological innovation and market development, reinforcing our strengths in quality management. We have integrated quality and safety risk management into our broader corporate risk management framework. For more information, see Section 1.2.2 Risk Management and Control.

Risk Response Management System

Through our DFMEA[11] Management Regulations and PFMEA[12] Management Regulations, we systematically apply FMEA to the preventive risk management of product quality. Our R&D Center uses DFMEA to mitigate potential design risks, while our Production Center applies PFMEA to reduce manufacturing risks—ensuring comprehensive product quality and reliability improvements.

We conduct functional, structural, and failure analyses for our tire products to better understand their performance, optimize designs, and identify and prevent potential risks. These efforts turn our strengths in quality control into competitive advantages. Before launching any project plan, we conduct detailed reviews to ensure the design meets all relevant standards. Through standardized processes and improved mechanisms, we monitor and document risks throughout the entire lifecycle, providing strong support for tire quality and performance.

Functional Analysis

- Tools such as parameter diagrams[13] are used to identify the tire's operating environment, load conditions, and interactions with vehicle systems. This enables us to pinpoint potential abnormal sources of variation in the production process, providing a basis for design optimization.

Structural Analysis

- By disassembling tire components and using tools such as block diagrams[14], structure trees, and QFD (Quality Function Deployment), we have established clear relationships between structure and function, ensuring optimal component synergy and functional performance.

Failure Analysis

- A three-level failure chain is constructed to match failure effects, modes, and causes. We conduct in-depth analysis of failure modes and design factors and strictly control key parameters through standardized design documents to prevent failures at the source.

Methods for Identifying Tire Product Risks

[11] DFMEA stands for Design Failure Mode and Effects Analysis.
[12] PFMEA stands for Process Failure Mode and Effects Analysis.
[13] A parameter diagram, or P-diagram, is a structured chart used to describe inputs, outputs, and influencing factors of a system or component in a specific functional context. It focuses on key variables in the functional realization process, helping identify and control factors that influence functional performance.
[14] A block diagram, or boundary diagram, is a system analysis tool used to define the scope of the analyzed object and illustrate its interfaces and interactions with external systems, the environment, and users. By providing a visual representation of system boundaries, it helps identify key elements to be evaluated in structural decomposition and functional analysis.

Additionally, each factory has set emergency management procedures to address anomalies and quality issues in tire production. These protocols aim to minimize losses and ensure the continuity, safety, and quality of the production process. For example, in the event of critical equipment failure, the maintenance department estimates repair time, while the production management department evaluates the need for rescheduling and initiates a backup cross-factory production plan. Once the equipment is restored, the technical department verifies the compliance of production resumption in accordance with internal management requirements to ensure product delivery quality.



Metrics and Targets

To continuously improve customer experience and product quality—and enhance our market competitiveness—we developed a series of product quality management indicators in 2024 and conducted regular performance tracking. See Appendix I: Quantitative Performance Table for detailed data.

We have also set quality management targets across multiple dimensions and periodically disclosed progress. During the reporting period, all our quality management targets were met. Notably, all of our tire factories have obtained international quality certifications, maintaining 100% coverage for consecutive years.

Our Targets

Ensure product quality and safety

100%
coverage of international quality certifications for eligible factories with stable operations[15]

0
product recall

Strengthen quality culture

100%
quality training coverage

Progress in 2024

Ensure product quality and safety

100%
of operational factories obtained the quality management certification

0
product recall

7
operational factories certified to ISO 9001

6
operational factories certified to IATF 16949

Strengthen quality culture

100%
employee coverage in quality training

1,815
quality training sessions conducted

[15] International quality certifications available to tire factories include ISO 9001 Quality Management System and IATF 16949 Automotive Quality Management System.

R&D Innovation

With our R&D management system as the foundation and technology ethic as our guiding principle, we leverage digital and smart manufacturing technologies to accelerate the integration and expansion of core business operations across the industry chain, driving industrial upgrades and enabling greener, safer mobility through technological innovation. By continuously strengthening our intellectual property protection framework, we provide solid support for innovation breakthroughs and sustainable development.

Enhancing R&D Capabilities

Sailun Group regards technological innovation as a core competitive advantage and continually improves its R&D system and digital platforms. Our drive for product upgrades and industry transformation creates synergy between R&D, manufacturing, and the market, enhancing both operational efficiency and innovation capabilities.

R&D System Management

To enhance our R&D capabilities and competitive edge, we have established the R&D Project Management Regulations, standardizing and optimizing end-to-end project management to ensure timely, quality-assured, and quantity-compliant delivery. We have also introduced a set of control procedures to oversee the entire development process of new products, securing excellent R&D quality. Additionally, our R&D Quality Management Regulations outline the quality control requirements for key steps in the R&D process, helping to improve both R&D efficiency and product reliability.

During the reporting period, we provided more than 20 training sessions for all employees related to technology research and development. These sessions attracted over 1,000 participants and included expert lectures, project manager certification training, integrated simulation platform usage training, and onboarding sessions. Collectively, these efforts significantly enhanced our employees' professional skills and overall capabilities, thereby laying a strong foundation for technological innovation and project execution.

During the reporting period

we provided **over 20** training sessions

with **over 1,000** attendances



Drive Technological Advancements Through an Integrated Design & Simulation Platform

During the reporting period, we continued to develop our integrated design and simulation platform. By combining structural design and simulation analysis, we aim to build a customer-centric, performance-oriented forward tire development and design system to ensure that our final products meet customer requirements and performance expectations. As an essential tool in this system, the platform integrates tire structural design, performance simulation validation, mold drawing design, construction design, and database functions, ensuring consistent implementation of design standards and specifications.

In 2024, we created a simulation tool by adding tread design and functional analysis modules to the platform, enabling standardized, scalable tread design and performance simulation. This tool allows performance validation—covering contact area, pitch sequence, rigidity, braking, and noise—offering dedicated support for forward tread design.

Innovation Incentives

To protect and apply inventions and enhance innovation capabilities, we have introduced the Group Patent Reward Management Regulations, which outline the principles, content, standards, and procedures for rewarding patent applications and grants. To make our R&D project management more effective, we have also implemented performance-based incentives and created special recognition awards for outstanding contributors, further motivating innovation across our R&D teams.

Technology Ethics

Technology ethics is the core value guiding our R&D and application activities, forming the foundation for sustainability advancement in science and technology. We uphold principles such as environmental respect, biodiversity protection, and ecological balance throughout our R&D processes, promoting harmony between technological innovation and environmental protection.

To reduce the environmental impact of discarded tires, we have employed a lightweighting strategy, including adopting a lightweight design, applying new materials, and integrating new steel cord materials in development. This allows us to produce lighter tires, reducing environmental impact while improving performance. In 2024, we initiated a special research project to explore using six-axis force testers to evaluate wear performance. As a replacement for traditional road tests, this shift helps reduce particulate emissions from wear during the development phase.

Digital and Smart Manufacturing

To accelerate digital transformation in the rubber tire industry, we have launched Eco-Rubber Cloud, a vertically integrated industrial internet platform that connects all process production lines in terms of people, machines, materials, methods, environment, and testing to improve operational management efficiency. Currently, it has achieved interconnectivity of more than 99% of devices, with parallel collection points reaching the million level and annual data collection growth exceeding 8 billion entries. It has also enabled comprehensive interconnection between internal operations and external partners, including suppliers, logistics providers, distributors, and retail stores. Eco-Rubber Cloud facilitates core requirements like multi-tenant management, multi-cluster multi-environment support, microservice architecture integration, real-time monitoring and warning, API lifecycle management, and seamless business integration—achieving integrated, platform-based, and diversified operations across core businesses in the rubber tire industry chain.

As digital transformation reshapes rubber manufacturing, Eco-Rubber Cloud serves as a model for smart upgrading. The platform integrates IoT, big data, and AI technologies to enable smart scheduling, shorten delivery cycles, and propel smart upgrades in manufacturing. Its end-to-end smart production system empowers companies to move beyond manufacturing execution toward intelligent decision-making, pioneering a new model for digital and smart tire manufacturing.

Eco-Rubber Cloud's Green and Digital Manufacturing Practices



Smart Scheduling

The platform overcomes the limitations of manual scheduling by using dynamic algorithms and real-time data on equipment status, process parameters, and work orders. This enables automated scheduling of semi-finished, building, and curing processes, addressing the challenge of scheduling in high-variety, low-volume tire manufacturing and supporting the shift from experience-based to data-driven operations.



Smart Manufacturing Upgrades

Through revolutionary upgrades to key processes such as mixing and vulcanization, the platform completed more than 30 smart equipment upgrade projects, enabling "dark factory" operations in core production stages.



Production Iteration and Optimization

The platform integrates supplier material data with production systems, enabling the AGV smart logistics system to automatically deliver materials based on production schedules. Quality inspection data is fed back automatically to optimize process parameters, creating a fully closed-loop system spanning order placement, scheduling, production, and delivery.

Leading Digital and Smart Manufacturing with the World-First Rubber Tire Large Language Model

In 2023, we partnered with the School of Data Science at Qingdao University of Science and Technology to launch EcoRubberChat, the world's first large language model for the rubber tire industry. In 2024, we continued to develop and iterate the model. Built on Eco-Rubber Cloud's industrial internet and AI computing platform, this large model platform offers powerful industry-specific data processing and smart interaction capabilities. It provides comprehensive, professional Q&A services across product R&D, manufacturing techniques, and marketing. With its advanced analytical and generative capabilities, EcoRubberChat boosts efficiency in R&D and simulation testing significantly, predicts market demand and user preferences more accurately, and helps deliver higher-quality products and solutions. Additionally, we have deployed the DeepSeek large model in a privatized environment and are actively building a dedicated knowledge base for the tire industry to create a smarter workplace experience for our employees.

Leading Through Innovation

Sailun Group leverages EcoPoint[3] as its core competitive advantage to drive high-quality development in the tire industry through technological innovation and efficient R&D. We continuously innovate premium, smart, and green products, advancing industrial upgrades to address diverse application needs and deliver competitive solutions for users around the world.

We continued to develop premium, smart products tailored to various application scenarios. Leveraging our proprietary EcoPoint[3] technology, we have built a diverse product portfolio covering PCR tires, TBR tires, OTR tires, and rubber tracks. These products are designed to meet the diverse needs of electric vehicles, internal combustion engine (ICE) vehicles, mining equipment, and extreme winter road conditions. As of the end of the reporting period, many of our products have achieved or even exceeded the performance levels of leading international brands, earning widespread recognition in global benchmark tests and major industry exhibitions.

EcoPoint[3]: Powering High-Quality, Green Development in the Tire Industry

EcoPoint[3] (EVEC®) is a high-performance rubber material developed using the world's first chemical rubber refining technology. This innovation overcomes the limitations of traditional dry mixing by enabling nano-scale dispersion of fillers and enhanced polymer interaction. In 2016, Tire Technology International[16] magazine hailed this groundbreaking technology as "liquid gold," recognizing its potential to drive a leap forward in China's tire industry. EcoPoint[3] achieves green development across the entire value chain—from raw material substitution and process innovation to performance enhancement—contributing to China's dual carbon goals while reshaping China's role in the global rubber industry and leading the way toward high-quality development.

Passenger Car Radial (PCR) Tires

- China's first EcoPoint[3] SUV (Sport Utility Vehicle) winter tire with the Ice Mountain marking, delivering top-tier performance by international standards
- ZSR2 summer tire for the European market achieved top 10 in performance tests by Auto Bild, a renowned automotive magazine

Truck and Bus Radial (TBR) Tires

- MAXAM EcoPoint[3] Premium North American tires, featuring validated and optimized tread profiles and green tire designs with rolling resistance, durability, and wear performance reaching top international standards

Off-The-Road (OTR) Tires

- Mining tires including wide-body dump truck tires and 63-inch giant radial tires, as well as rubber tracks developed for loaders, excavators, and agricultural machinery

[16] Tire Technology International is an authoritative magazine in the tire industry.

ERANGE: Showcasing Innovation at the 2024 Tire Cologne

At the 2024 Tire Cologne in Germany, Sailun Group unveiled its new premium SUV tires, ERANGE, designed specifically for the European market. With the world's first liquid-phase rubber mixing technology, these tires meet the performance demands of both electric and ICE vehicles. According to tests conducted by Auto Bild, a leading German automotive magazine in Europe, ERANGE tires achieve an 8% improvement in wet braking and handling. This has earned it the exclusive Auto Bild mark.





EcoPoint[3] Winter Tires: Ensuring Safe Travel

To tackle the challenges of winter driving on snow- and ice-covered roads, Sailun Group has launched its self-developed EcoPoint[3] WP81 Winter Tire Series. These tires integrate our world-first chemical refining technology with a proprietary tread design, significantly enhancing snow and ice traction, wet braking performance, and wear resistance—all while reducing rolling resistance. The WP81 Series delivered outstanding performance across a series of rigorous tests. In the EU ice grip test, it exceeded regulatory standards by 26%. Other results were also impressive. Compared to leading international brands, WP81 reduced braking distance on ice by 0.6 meters and improved acceleration on ice by 10%.





In December 2024, Olympic champion Xu Mengtao tested the WP81 tires during our "Journey with Champions: Ice & Snow Challenge" event, praising their exceptional performance in extreme winter conditions.

Collaborating with Xiaomi to Break New Ground in High-Performance Tires

By partnering with Xiaomi Auto, Sailun Group developed the PT01 high-performance racing tire for the Xiaomi SU7 Ultra EV. This tire features a specialized motorsport-grade tread compound, wide contact patch design, and a high-strength carcass structure to deliver exceptional grip performance and precision handling, meeting the rigorous demands of the SU7 Ultra. In March 2025, the Xiaomi SU7 Ultra equipped with our PT01 tires set a new track record of 1:04.04 at the Yiche Goldenport Park Circuit in Beijing—making it the fastest mass-production vehicle on the track. This collaboration marks a significant milestone for Chinese tire brands in the high-performance segment and sets a new benchmark for the global performance vehicle market.



We actively explore solutions that combine EcoPoint[3] with new energy vehicles (NEVs) to meet the growing market demand for eco-friendly and energy-efficient products. During the reporting period, we launched various NEV tire series for passenger cars, trucks, and buses.

US71 e: EcoPoint[3] PCR Tire for NEVs

- High-saturation tread and wear-resistant formulation for improved durability and wet traction
- Non-through grooves for reduced noise to meet NEV owners' demand for both high performance and eco-friendliness

275/70R22.5 CITY PRO Z: EcoPoint[3] TBR Tire for EVs

- High-saturation tread for enhanced stability, lower rolling resistance, and extended mileage
- Bionic sipes for improved grip and driving force, enhancing safety and reliability while reducing noise
- Optimized center and shoulder block size and stiffness to prevent uneven wear

CITY CONVOY e Series: EcoPoint[3] TBR Tire for Electric Buses

- New 3D sipes for enhanced grip performance on ice/snow and wet roads, ensuring driving safety
- Full application of EcoPoint[3] for reduced heat generation and rolling resistance to increase both range and tire lifespan

Innovative Tire Solutions for NEVs

As a pioneer in smart tire manufacturing and transportation safety, we have developed industry-leading solutions through continuous technological innovation. Our self-developed intelligent tire lifecycle management system enables end-to-end digital management from production to maintenance, and leverages 5G networks to establish a real-time safety warning system—offering a replicable model for smart upgrades in the transportation sector.

Driving Safer and Smarter Logistics with Intelligent Tire Lifecycle Management

Sailun Group's self-developed intelligent tire lifecycle management system uses built-in tire sensors and in-vehicle receivers to collect real-time data on pressure, temperature, speed, mileage, and location. With the support of 5G networks, this multidimensional data is instantly transmitted to the management platform and in-vehicle displays, enabling real-time monitoring and full-process visibility.

By monitoring tire temperature in real-time, the system can issue early warnings for overheating risks, helping prevent incidents such as tire blowouts or spontaneous combustion—greatly enhancing driver and cargo safety. It also automatically detects abnormal conditions such as overpressure, under pressure, and overheating, instantly triggering alerts and notifying both drivers and dispatch centers. This significantly improves tire safety and management efficiency.

During the reporting period, the Tire Pressure Monitoring System (TPMS) was deployed across fleet vehicles operated by State Energy Group, Zhenhai Petrochemical Logistics, J&T Express, SANY Group, and Conch Group—providing strong support for safer and more efficient logistics operations.

Protecting Intellectual Property

Sailun Group has completed a global intellectual property (IP) portfolio covering TBR tires, PCR tires, and OTR tires, establishing a comprehensive IP protection framework both in China and abroad. We have implemented policies such as the Group Patent Management Regulations and Group Trademark Management Regulations to ensure effective identification and control of IP risks across all processes of operations, safeguarding our R&D achievements and IP security.

During the reporting period, we developed a patent lifecycle management system to optimize our patent workflows and enhance data standardization. This system enables digital, process-based, and smart management of intangible assets, ensuring closed-loop control across all stages, and further strengthens IP protection. To support our global expansion, we integrated patent intelligence and infringement prevention into our R&D project management and other operations, ensuring IP risk control throughout the entire process.

Patent Management Measures in the R&D Stage

- Provide and share patent intelligence based on demand analysis to support R&D teams in setting development strategies and facilitate the patenting of R&D outcomes
- Establish a patent infringement screening system to assess potential risks and ensure freedom to operate for new products

As of the end of the reporting period

Total valid patents	Valid software copyrights
2,008	116

Commitment to Service Excellence

Sailun Group has established a comprehensive customer service management system based on customer-first principle. We listen attentively to customer feedback, optimize service experience, and continuously enhance customer satisfaction. In the face of market competition, we consistently uphold a responsible marketing philosophy. Backed by a robust compliance management system, we steadily advance our brand development, aiming to create a trusted brand image.

Reliable Customer Service

The quality of customer service is paramount to a corporation's brand reputation and long-term customer loyalty. We continuously enhance the capabilities of our customer service team, strengthen service quality control, and optimize service experience to deliver efficient and professional services that precisely meet customer needs. By doing so, we consistently enhance customer satisfaction and trust.

Customer Service System

At Sailun Group, customer needs are always our top priority. We have developed internal policies, such as the Service Management Control Procedure, Complaint Control Procedure, and Emergency Management Regulations for Major Product Risks, to specify and regulate customer service standards, complaint handling processes, and emergency responses to major market risks.

We have created a customer service center framework around customer needs, establishing both digital and on-site service platforms to manage the entire service process online and offline. Based on product categories and service channels, we have set up three service teams with defined roles and responsibilities, significantly improving the effectiveness and precision of customer service management.

An online-offline customer communication mechanism is in place to ensure that every customer suggestion and request is accurately identified and promptly addressed. Regular market visits and customized visits to key customers are conducted to understand product application and performance, address product issues, and provide specialized tire usage training for key customers. Additionally, online customer support is accessible via a range of channels, including our website, WeChat Official Account/mini-program, mobile app, 400 customer service hotline, and live chat, offering customers convenient and diverse avenues for communication, feedback, and assistance.

Upgraded Customer Service

To improve our customer service, we have developed a digital platform comprising both business and analytical management systems. Regular training sessions are provided for our customer service staff to enhance their professional skills and service quality.

Tire Claims Specialist Qualification

Conducted by the China Rubber Industry Association / National Rubber Tire Quality Supervision and Inspection Center; participants who pass the final assessment receive qualification certificates as claims specialists

Abnormal Tire Claims Identification

Monthly on-site training at factories for market service engineers, focusing on identifying abnormal tire claims

Tire Inspection

Regular training for junior employees in on-site tire inspection, followed by performance evaluations

Weekly/Monthly Meetings

Discussions and analysis of issues, cases, and experiences from market visits

Monthly Technical Exchange Sessions

Topics including updates on product development and improvements,R&D market visits and road-test tire performance tracking, and product demand and anomalies

Employee Competency Enhancement

Group-level training initiatives, such as the EcoPoint[3] Special Camp, to improve employee capabilities

Customer Service Training Program

Customer Satisfaction

In line with our Sailun Group Customer Satisfaction Measurement Management Regulations, we regularly conduct customer satisfaction surveys, analyze results, address issues, and monitor improvements to ensure continuous service quality enhancement. To further elevate customer service standards, we set management goals that include customer satisfaction and complaint handling timeliness. During the reporting period, our customer satisfaction scores exceeded 97 points across all three product lines, successfully achieving our annual targets.

With our customer-centric philosophy in mind, we have organized professional teams to work closely with customers on-site, ensuring prompt responses to their needs and reinforcing their trust.

Gaining Customer Trust Through Excellent Service Quality in Mining Areas

Sailun Group's mining service engineers uphold a customer-first service philosophy. They stay on the frontline of mining sites to provide efficient and professional services, ensuring the stable operation of customer equipment. Despite the harsh conditions, our engineers consistently deliver expert services and demonstrate excellent coordination and technical skills. In 2024, our engineers visited numerous domestic and international mining areas, investigating vehicle conditions, road types, transport distances, and tire usage to provide solutions and collect product usage data. Their efforts were universally recognized by partner companies.





Enhanced Distributor Management

Optimizing distributor management plays a critical role in improving service quality and capturing market dynamics. Each month, our market service engineers visit our distributors and their secondary customers and retail outlets to collect and analyze end-market trends, product feedback, and service needs. We provide multiple channels—such as our 400 customer service hotline, WeChat, and live chat—for distributors and their customers to submit feedback. This allows us to respond promptly and resolve any issues that may arise.

We also conduct regular training sessions on products and services, covering topics like product performance, claims standards, tire diagnostics, usage guidelines, and service models. These sessions help distributors better understand our offerings and processes, improving customer satisfaction and enhancing market competitiveness.

Responsible Marketing

Sailun Group places great emphasis on the legal and compliant execution of all marketing activities. We have established a comprehensive compliance management framework and regularly review the conformity of our marketing policies. Our marketing compliance management system is continually refined, with all economic contracts, major decisions, and internal regulations subject to rigorous review before implementation. This approach mitigates risks at the outset and safeguards business compliance and security.

During the reporting period, we continued to strengthen our "dual line of defense" in compliance oversight. Business departments, as the first line of defense, are responsible for ensuring compliance throughout the marketing process. Meanwhile, the Marketing and Legal & Risk Control departments serve as the second line of defense for additional review. We also offer regular compliance training sessions to reinforce a culture of responsible marketing. No violations related to marketing compliance occurred in 2024.

Brand Development

We have established a comprehensive branding strategy covering brand classification, structure, positioning, visual design, protection mechanisms, communication strategies, and evaluation systems. These efforts aim to enhance brand influence, consolidate market presence, and ensure the sustained growth of brand value. To prevent and address potential brand crises, we have developed a Brand Crisis Management Manual and set up crisis warning and rapid response mechanisms to improve risk awareness and response capabilities.

With an ambition to become a leading high-end Chinese brand, we continue to strengthen our youthful and premium brand image through innovative and diverse communication strategies, enriching our brand narrative and fostering stronger connections with our users. At the same time, we actively participate in international industry events to expand our global reach and enhance our brand's international influence.

Promoting "Guochao" Culture and Showcasing Innovation Capabilities

During the reporting period, Sailun Group was recognized as a "Guochao" brand (a term referring to trendy Chinese brands) in an integrated media campaign by China Media Group spotlighting "Guochao" brands. We were also featured during the live broadcasts of the UEFA Euro 2024 tournament. In collaboration with CCTV News, we launched a special livestream program showcasing the innovative technology behind our EcoPoint[3] tires and highlighting self-developed products such as the world's largest 63-inch giant radial tire, winter tires, and sustainable material tires. These efforts demonstrate our practices in technological innovation and green manufacturing.





Shining at Paris Olympics to Elevate Chinese Brands

In 2024, Sailun Group's EcoPoint[3] advertisement aired during the Paris Olympics, including the opening and closing ceremonies as well as live and rebroadcast events—bringing Chinese innovation and quality to a global audience. During the Games, we were also featured in China Media Group's special program recommending Chinese brands to the world, with guests including our Chair, Olympic champions, and industry experts. Together, they explored the rise of China's tire industry. With EcoPoint[3] as the centerpiece, Chair Liu shared Sailun Group's journey of technological innovation and global expansion.





Supply Chain Management

Sailun Group recognizes that a strong and resilient supply chain is key to achieving sustainable development. To this end, we continuously optimize our supplier management system, ensuring supply chain stability while fostering partnerships that uphold social responsibility and contribute to a sustainable supply chain ecosystem.

Full Lifecycle Supplier Management

Sailun Group strictly complies with the Government Procurement Law of the People's Republic of China and the Tendering and Bidding Law of the People's Republic of China, among other applicable laws and regulations in the regions where we operate. We have developed internal policies such as the Procurement Control Procedure, Supplier Management Regulations, and Procurement Management Regulations, which define the details of supplier lifecycle management and procurement control processes, to provide a solid institutional foundation for supplier management and procurement.

Supplier Onboarding

We have developed a comprehensive supplier onboarding evaluation process. All suppliers are required to provide relevant certifications based on the type of materials supplied. For key reinforcement material suppliers, third-party certification under IATF 16949 is mandatory, while non-key material suppliers must hold ISO 9001 certification. Certificate reviews are carried out periodically to ensure validity. Once a list of potential suppliers is proposed, we conduct thorough assessments based on Production Part Approval Process (PPAP) requirements, ensuring that materials meet quality standards and that suppliers have the capability for stable, long-term production.

Score-Based Evaluation of Potential Suppliers

Based on the VDA 6.3 standard[17], we conduct comprehensive score-based evaluations of potential suppliers' overall capabilities and risk resilience. These evaluations cover areas such as business qualifications, project management, product development, supplier management, and manufacturing process management.

Quality Testing of Supplier Samples

We conduct progressive quality testing of supplier samples, including small-sample reviews, large-sample evaluations, and trial production. Simulated real production environments are used to assess product stability at scale, ensuring quality compliance.

PPAP Audit and Supplier Approval

Suppliers that pass score-based evaluations and sample testing proceed to PPAP audits, where we review production documentation, product consistency, and control point stability. Qualified suppliers are officially added to our supplier list.

Supplier Onboarding Process

[17] VDA 6.3 standard: A normative document developed by the German Association of the Automotive Industry (VDA) that outlines quality management system requirements for the automotive sector.

Supplier Assessment

We implement classification and tiered management in accordance with our Supplier Management Regulations. Suppliers are categorized by business type—manufacturers, production plants, agents, and traders—and further classified based on material criticality into Tier 1 (critical materials) and Tier 2 (non-critical materials) suppliers.

We conduct routine audits at varying frequencies based on the previous year's assessment results for each tier. These audits comprehensively assess supplier performance to ensure ongoing compliance. Additional audits may be triggered by issues identified during operations or reviews or by requests from departments such as procurement, quality, and R&D.

At year-end, we calculate weighted scores based on all audit results and adjust supplier ratings accordingly. These ratings guide our partnership strategies, encouraging suppliers to improve internal management and contributing to a more robust and stable supply chain.



Supply Chain Quality Management

We manage the quality of incoming materials according to our Raw and Auxiliary Materials Control Procedure, covering all stages from pre-storage preparation, warehousing, sampling, inspection, and in-storage handling to final release. Every batch of raw and auxiliary materials is subject to lab testing, and only those passing inspection may enter storage. Based on the type of material and severity of quality issues, we classify non-conformities into three levels. If materials fail inspection, we follow our Non-Conforming Raw Materials and Tire Components Disposal Management Procedure by issuing non-conformance notices, communicating quality standards, and requiring suppliers to complete corrective actions and submit 8D reports[18] or corrective action reports within the specified timeframe.

To strengthen supply chain management and ensure quality from the source, we sign Quality Assurance Agreements with suppliers. Suppliers are required to apply Sailun Group's quality standards to their own procurement activities and conduct regular quality audits. They are also encouraged to provide internal training on quality topics such as ISO 9001, problem-solving techniques, and skills development, ensuring the implementation of quality management requirements and standards. During the reporting period, all our raw material suppliers signed the Quality Assurance Agreements.

During the reporting period

100%

of our raw material suppliers signed the Quality Assurance Agreements

[18] 8D refers to the "8 Disciplines Problem Solving" methodology, which includes the following steps: D1: Establish the team; D2: Describe the problem; D3: Implement interim containment actions; D4: Define root causes; D5: Choose and verify permanent corrective actions; D6: Implement permanent corrective actions; D7: Prevent recurrence; and D8: Congratulate the team.

Supplier Quality Empowerment

Each year, we implement quality standards across all stages of supplier management through formal agreements, email reminders, verbal communication, and online or offline training sessions, ensuring all our suppliers fully understand our quality standards.

During the onboarding phase, we emphasize quality standards when signing the Quality Assurance Agreement with each supplier. In the audit phase, we conduct annual quality training for supplier employees, evaluate their quality management systems and human resources management procedures, and guide them in improving quality performance. For suppliers who fail to meet our quality standards, we arrange expert consultations, coaching, and rectification to address issues of non-compliance. For key suppliers, we initiate capability-building programs. During the reporting period, 233 quality issues were identified across 106 suppliers. We oversaw their root cause analysis and ensured the completion of corrective actions.

In day-to-day operations, we also provide targeted quality training for key suppliers every year. During the reporting period, we organized 30 dedicated training sessions totaling 56 hours, covering topics such as quality standards and awareness to strengthen suppliers' quality management capabilities and their employees' quality awareness.

Strengthening Quality Training for Stable Supply Chain Quality

In 2024, we delivered specialized training to the cord fabric workshop employees of key suppliers, covering preventive measures and control plans for quality issues related to cords and packaging. The training helped production teams identify quality risks and implement preventive measures to ensure stable and high-quality output. Participants were assessed after training, achieving a 100% pass rate.

Sustainable Procurement

Sailun Group is committed to sustainable procurement by integrating ESG principles into supply chain management. We aim to build a green and responsible supply chain, while encouraging suppliers to enhance their performance in human rights, environmental protection, and safety management. Our Sustainable Procurement Policy outlines clear requirements for suppliers in areas such as environmental stewardship, health and safety, business ethics, and labor rights protection.

During the reporting period, we issued the Sustainable Natural Rubber Policy, which explicitly requires natural rubber suppliers to uphold strict human rights principles and prohibits any human rights violations. The policy also sets high environmental standards to ensure that no procurement activities have a negative environmental impact. We continuously monitor progress in sustainable rubber sourcing and actively support suppliers in their sustainable transformation, striving to build a stable, eco-friendly, and human rights-conscious supply chain ecosystem.

Advancing Sustainability in the Rubber Industry as a GPSNR Member

In 2024, Sailun Group joined the Global Platform for Sustainable Natural Rubber (GPSNR) as a member. GPSNR is an international organization dedicated to improving the social, economic, and environmental performance of the natural rubber supply chain. Under GPSNR's policy framework, we will embed sustainability principles into our supply chain management and work with stakeholders across the global natural rubber value chain to drive sustainable development throughout the industry.

Sailun Group has established a procurement risk management system to enhance the stability and flexibility of its supply chain while reducing procurement-related risks. We identified seven risk categories across our supply chain. For each category, we have developed emergency response plans and mitigation procedures and continue to monitor potential risks at all stages. Both short-term emergency measures and long-term contingency plans are in place for high-risk items and critical materials. Meanwhile, we continue to optimize our supply chain by adopting dual-sourcing strategies and building a multi-supplier network. Through backup suppliers and emergency supplier onboarding mechanisms, we ensure stable transportation and inventory of critical materials, enhancing our resilience to procurement-related risks.



Identified Supply Chain Risk Categories

Driving Sustainable Supply Chain Transformation in Response to EUDR

In response to the global climate crisis and the need for ecological protection, the EU passed the EUDR in 2019. This regulation requires companies to establish an end-to-end compliance system covering raw material sourcing, production, transportation, and export. It also mandates comprehensive environmental due diligence across the entire supply chain to ensure sustainability.

To meet these requirements, Sailun Group established a cross-functional task force involving the supply chain, quality management, and legal departments to drive compliance system reconstruction and digital traceability upgrades. We have established a raw material segregation management policy and introduced a lifecycle traceability coding system to enable end-to-end visibility from orders and production to logistics. In terms of supply chain management, we have optimized our tiered onboarding system by conducting on-site audits on environmental protection and labor conditions, among other dimensions, in sourcing regions such as Southeast Asia and Africa. We have also developed standardized self-assessment tools and documentation templates to accelerate supplier certification processes. Through our sustainable supply chain governance model, we have strengthened both operational efficiency and green competitiveness within our compliance framework, laying a solid foundation for navigating global trade competition and advancing our supply chain's transition to sustainability.

Sustainable Supply Chain Audits

We require all suppliers to commit to local labor laws and corporate social responsibility (CSR) standards and receive regular evaluations based on our CSR criteria. If any supplier is found to be employing child labor, prison labor, or forced labor, we will immediately terminate the partnership and demand thorough rectification.

We conduct regular investigations and assessments of our suppliers using the EcoVadis framework, focusing on four key areas: social responsibility, environment, labor and human rights, and business ethics. All suppliers are required to sign the Supplier Code of Conduct and encouraged to commit to reducing toxic emissions such as nitrogen oxides (NO_x) and volatile organic compounds (VOCs), ensuring compliance with environmental regulations, and taking proactive actions. We also guide our suppliers to reduce waste emissions and provide necessary environmental data regularly. As of the end of the reporting period, 558 suppliers had signed the Supplier Code of Conduct.



Labor and Human Rights

- Assessment criteria: Covers human resource management (health and safety, working conditions, social dialogue, career development, and training opportunities) and human rights (child labor, forced labor, and discrimination).
- Focus areas: EcoVadis places emphasis on health, safety, and non-discrimination, particularly for companies in high-risk industries or countries.
- Supplier requirements: Provide evidence such as policies prohibiting child and forced labor, copies of labor contracts, and protection policies for underage workers to demonstrate compliance.

Environment

- Assessment criteria: Focuses on the environmental impact of business operations, including energy consumption, use of chemicals, and product lifecycle.
- Focus areas: Environmental measures taken by suppliers, such as energy conservation, waste reduction, toxic emission reduction, and product recycling.
- Supplier requirements: Disclose environmental initiatives aimed at minimizing the negative impact of operations.

Sustainable Procurement

- Assessment criteria: Evaluates the sourcing of raw materials, production processes, and CSR management systems within the supply chain.
- Focus areas: Working conditions for labor involved in material, service, and component production, and actions taken for sustainable sourcing.
- Supplier requirements: Adopt sustainable practices in raw material sourcing, production, and supply chain management to ensure sound working conditions and responsible actions.

Business Ethics

- Assessment criteria: Covers issues such as corruption, bribery, anti-competitive behavior, fair marketing, and confidentiality.
- Focus areas: Adherence to ethical conduct in business operations.
- Supplier requirements: Provide evidence of ethical and corruption-free practices in business activities and implement measures to prevent anti-competitive behavior.

Assessment Dimensions Based on EcoVadis

Supplier Empowerment

Sailun Group attaches great importance to maintaining close partnerships with suppliers through diverse communication channels. We encourage suppliers to report any violations found in the procurement process. With an open and cooperative approach, we uphold fair and open procedures and standards to ensure transparent procurement and equal treatment of small and medium-sized enterprises (SMEs). During the reporting period, there were no overdue payments to SME suppliers.

On top of that, we regularly organize technical exchange meetings with suppliers to facilitate in-depth communication and provide them with support. During the reporting period, 30 such technical exchange meetings were held. To enhance our suppliers' sustainable supply chain capabilities and support their sustainability management, we regularly conduct ESG-themed training for both our procurement teams and suppliers. During the reporting period, three internal training sessions were conducted for procurement staff, covering topics such as sustainable material sourcing, procurement ethics, and ESG knowledge. A total of 210 participants were recorded.

During the reporting period

30
supplier technical exchange meetings were held

3
internal training sessions were conducted for procurement staff

with a total of
210 attendances

Building a Sustainable Future Together Through ESG Training

During the reporting period, we conducted 23 ESG-themed training sessions for suppliers, totaling 30 hours. These sessions focused on supply chain sustainability, covering topics such as ESG standards and practices, CSR, business ethics, and anti-corruption case studies. Over 300 representatives from raw material, auxiliary material, and component suppliers participated through in-person seminars, live-streamed sessions, and case-based discussions. These training courses have continuously enhanced supplier competencies, strengthened ESG practices and performance across our supply chain, and contributed to building a more sustainable future together.



ECO-PLANET:
Shaping the Future of Sustainable Growth

Sailun Group has consistently integrated the philosophy of green development into its operations, striving to be an advocate and practitioner of low-carbon initiatives. With great importance placed on the environmental impact of our operations, we have continuously improved our environmental management system and strengthened pollution control to reduce negative environmental effects. We focus on efficient resource use and the protection of natural ecosystems while actively responding to the challenges of climate change. Through concrete actions, we are driving a green transition and working with all stakeholders to protect clean air and water, co-building a sustainable future for humanity.

Responding to the following indicators and targets

SSE Guidelines:
Climate response, Pollutant discharge, Waste disposal, Ecosystem and biodiversity protection, Environmental compliance management, Energy utilization, Water resources utilization, Circular economy

UN SDGs:



03

- Environmental Management
- Green Operations
- Climate Response

Environmental Management

Sailun Group is committed to building a robust environmental management system. Through compliant emissions management, we ensure our production emissions strictly meet environmental standards. We aim to minimize the environmental impact of our operations, actively fulfill our environmental responsibilities, and contribute to a sustainable future.

Management System

We strictly comply with applicable environmental laws and regulations in our operating regions, including the Environmental Protection Law of the People's Republic of China, the Law on Environmental Protection and Natural Resource Management of Cambodia, and the Law on Environmental Protection of Vietnam. Internally, we have established policies such as the Environmental, Occupational Health and Safety Management Manual and Environmental Safety Control Procedure to provide comprehensive guidance for environmental management.

We have developed a clear, multi-tier environmental management structure, composed of the board-level Strategy and Sustainable Development Committee, the Group Sustainable Development Leadership Team, the Production System Sustainable Development Working Team, and Sustainable Development Working Teams across our factories. This system spans strategic planning, implementation, supervision, and assessment, ensuring effective advancement and execution of environmental initiatives.

Strategy and Sustainable Development Committee

Responsible for Group's environmental management strategy and performance; studies sustainable development strategies; advances the development of environmental management systems; and oversees the research and decision-making of environmental strategies

Group Sustainable Development Leadership Team

Develops the Group's medium- and long-term sustainable development plans, including environmental goals; reviews the Group's commitments to key environmental topics; oversees environmental performance; identifies significant environmental risks and opportunities of Group businesses; and proposes corresponding actions

Production System Sustainable Development Working Team

Implements the Group's environmental strategic goals; designs and executes annual environmental tasks for the production system; guides, supervises, and inspects energy management and environment, health, and safety (EHS) management across factories; and completes environmental disclosure reporting and document editing and submission

Sustainable Development Working Team at Each Factory

Serve as execution units to fulfill the requirements set forth by the Production System Sustainable Development Working Team, implement environmental management tasks, and cooperate with higher-level guidance, supervision, and inspections

Environmental Management Structure



Additionally, we have established and implemented an efficient environmental management system aligned with the ISO 14001 standard, and we have actively advanced environmental management system certification across our production sites. As of the end of the reporting period, all seven of our factories have obtained ISO 14001 certification, achieving 100% coverage.

As of the end of the reporting period

100%

of operational factories obtained **ISO 14001** certification



Qingdao Factory



Dongying Factory



Shenyang Factory



Weifang Factory



Vietnam Factory



ACTR Factory



Cambodia Factory

Compliant Emissions

To track our progress and outcomes in environmental management, we have developed the Monitoring and Measurement Control Procedure, which incorporates key environmental performance factors—such as pollutant emissions, emissions compliance rate, and climate change response—into senior management's performance assessments and their compensation incentive system. We continuously monitor key environmental aspects and risks and periodically conduct assessments of our performance against established environmental indicators. If these assessments identify a decline in environmental performance, we may reduce the executive compensation incentive system accordingly.

We have set environmental goals in areas such as environmental management and emissions, energy use, resource utilization, and carbon emissions. To achieve these goals, we have conducted environmental risk assessments at all operational factories to prevent environmental risks during production. After identifying on-site environmental aspects, we implement controls for both significant and general risks and conduct ongoing monitoring and management. All seven factories also conduct regular self-monitoring to ensure emissions and environmental risks remain under control. Emergency response plans are in place to address potential environmental incidents.

We conduct annual internal environmental impact audits in accordance with ISO 14001. These include review meetings and comprehensive on-site assessments to ensure operational procedures across all locations meet ISO 14001 standards. For example, our Dongying Factory conducted an internal environmental audit in April 2024, identifying 794 environmental aspects—18 significant and 778 general.

We also undergo comprehensive annual audits of all seven operational factories by third-party auditors in accordance with ISO 14001. These external reviews help ensure the effectiveness of our environmental management system. During the reporting period, no environmental penalties were recorded across our operations. All seven factories passed the annual ISO 14001 audit.

Sailun Group places compliant pollutant management and discharge as a core principle of its environmental management system. We strictly adhere to applicable laws, regulations, and standards on pollutant emissions in all our operating regions. We have formulated management regulations for several types of pollutants, including the Wastewater Management Control Procedure, Waste Gas and Dust Management Control Procedure, and Solid Waste Management Control Procedure, to ensure that every stage—from generation to discharge—is effectively monitored and managed.

Wastewater Management

We strictly comply with the Water Pollution Prevention and Control Law of the People's Republic of China and local wastewater discharge standards to ensure compliant wastewater treatment and discharge across all our operations. Our main types of wastewaters include circulating water blowdown and domestic sewage. Factories with in-house wastewater treatment stations utilize processes like sedimentation, aerobic and anaerobic treatment, and filtration to ensure compliant discharge. For factories without in-house treatment stations, wastewater is processed by sewage treatment plants to meet discharge standards. Each factory implements a comprehensive wastewater management strategy to ensure compliant discharge. During the reporting period, all wastewater discharges complied with applicable local laws and regulations.

Waste Gas Management

In terms of waste gas management and emissions, we fully comply with the Atmospheric Pollution Prevention and Control Law of the People's Republic of China and local emission standards. Both physical and chemical methods are applied to ensure that waste gases like VOCs and particulates generated during production are discharged in compliance.

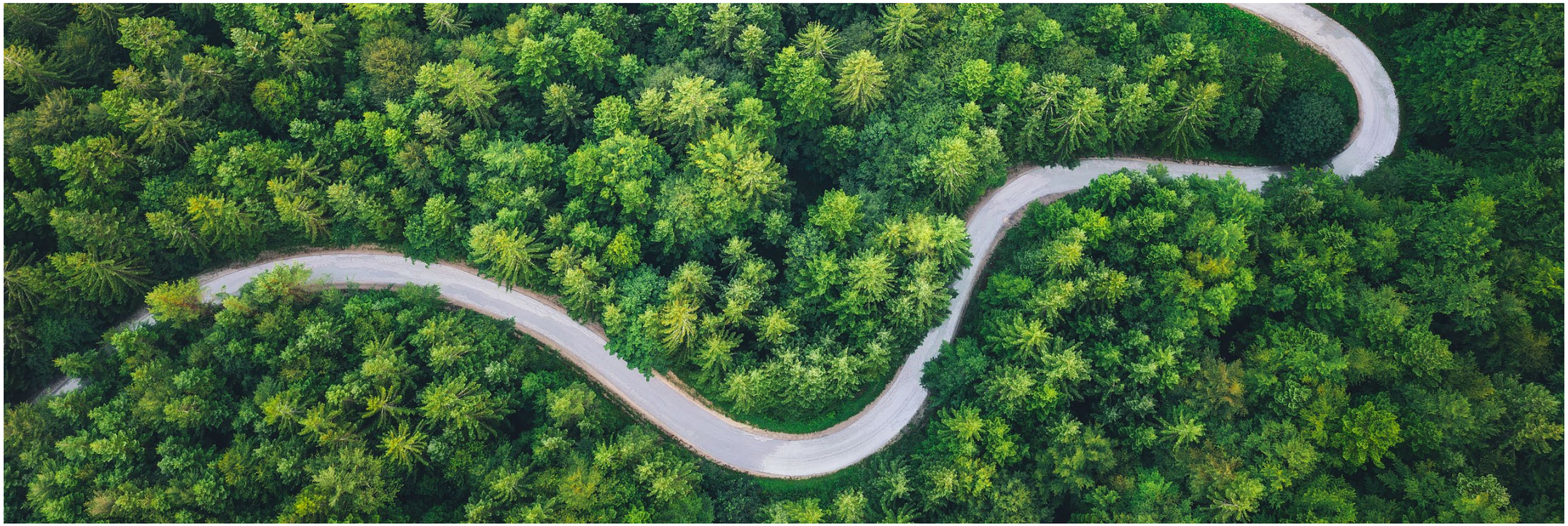
Additionally, all our air treatment systems are equipped with online monitoring devices that transmit data to environmental authorities, enabling real-time oversight and precise control. During the reporting period, all waste gas emissions complied with applicable local laws and regulations.



Solid Waste Management

We strictly comply with applicable local laws, regulations, and policies on solid waste management. We have developed science-based classification methods and compliant handling procedures to ensure full control over the generation, storage, and transfer of hazardous waste. Qualified third-party organizations are engaged to conduct compliant treatment. Specifically, general solid waste is handled by licensed local agencies through waste-to-energy incineration or material recycling. For hazardous waste, factory-specific management plans are in place to reinforce full-lifecycle control, including maintaining tracking records, using standardized transfer manifests, and ensuring traceability throughout the process. Meanwhile, all hazardous waste is transferred to certified third-party organizations for compliant disposal.

Alongside compliant management, we set quantitative waste reduction targets, with a clear goal to reduce waste generation by 1,200 tonnes in 2024. Meanwhile, we implement factory-wide reduction plans across all operations. Various initiatives are conducted to enhance waste recovery and reuse. For general waste, we reduce rubber scrap by optimizing production processes and installing rubber shredding units. For hazardous waste, we reduce generation and achieve efficient reuse through innovations like filtration and purification technologies and waste oil recovery units. During the reporting period, our seven operational factories collectively reduced nearly 1,300 tonnes of hazardous waste, further lowering the volume of hazardous waste for disposal and lessening environmental pollution and ecological burden. In 2024, we successfully achieved our annual waste reduction target.



Green Operations

Sailun Group focuses its green operations on three key areas: resource conservation, green office practices, and biodiversity protection. Through refined resource management, eco-friendly workplace initiatives, and active ecological conservation, we are building a sustainable operational model to fulfill our environmental responsibilities.

Resource Conservation

Sailun Group integrates resource management and conservation across all aspects of its production and operations. We are committed to innovations in water and packaging resource management, enhancing resource efficiency through actions such as recycling, resource reuse, and packaging technology development and innovation. These efforts lay a solid foundation for our green and low-carbon development.

Water Resources

We have established internal management policies such as the Water Resource Management Policy and Water Quality Control Standards to regulate the use and management of water resources. These documents define key indicators, such as ion concentration limits and standards for water replacement and replenishment, ensuring that water resources are rationally allocated and efficiently used.

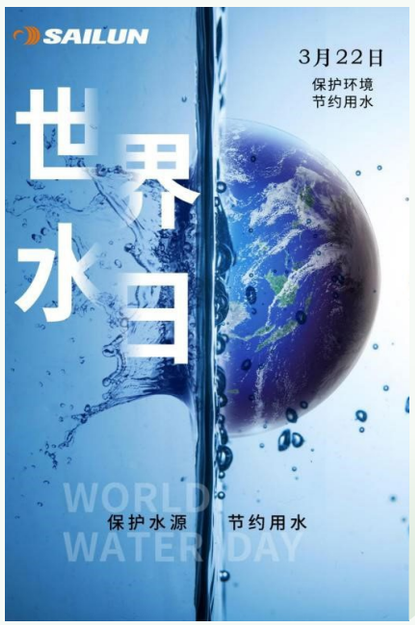
Building on these institutional foundations, we have launched water recycling and reuse projects that have significantly improved water utilization efficiency and delivered notable water-saving outcomes. By optimizing circulating water quality, we have mitigated scaling and corrosion, extended equipment lifespan, and reduced the frequency of water replacement—thereby improving overall water management efficiency.

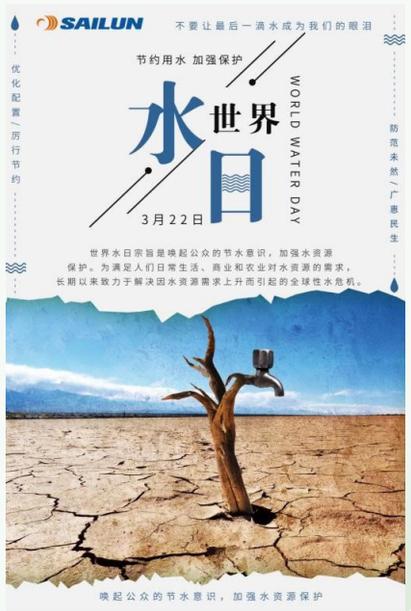
Additionally, we conduct water conservation training and publicity activities to further strengthen employee awareness and engagement, nurturing a workplace culture that promotes water-saving practices.

Conducting Water Conservation Training to Enhance Awareness

To improve the efficiency of water resource management, we actively conduct water conservation training and publicity activities. During the reporting period, our training sessions on water treatment processes covered the principles, applications, and operational precautions of each stage, enhancing water conservation awareness among our employees.

On World Water Day (March 22), we launched large-scale water-saving campaigns across our factories. Posters and other promotional materials helped raise employees' awareness of water conservation and strengthen their sense of responsibility for protecting water resources.





Packaging Materials

To reduce packaging material consumption in tire products, we are committed to improving packaging material efficiency through innovative practices. These include adopting recycling and reuse strategies, incentivizing suppliers to use recycled packaging materials, and developing fully automated packaging machines to reduce material waste. We also launched a recycling and automated feeding improvement project for waste wood to enhance reuse rates, creating economic value while contributing to sustainable social development.

Improving Resource Efficiency Through Recycling and Reuse

Sailun Group actively promotes the recycling and reuse of packaging materials. Our factories recover a wide range of materials including plastic pallets, transport boxes, and empty steel spool boxes. As of the end of the reporting period, our seven factories had collectively recycled approximately 18,936 tonnes of plastic sheeting. Additionally, more than 60,000 empty steel spool boxes, 110,000 transport boxes, 140,000 pallets, 40,000 bead wire reels, and 20,000 steel spools were recycled across all factories, effectively advancing the circular use of resources and supporting environmental sustainability.



Plastic Sheeting Reuse



Pallet Recovery



Transport Box Recycling



Steel Reel Recycling

Developing Automated Packaging Machines to Improve Efficiency

To further enhance packaging material efficiency, our Qingdao Factory developed a fully automated packaging machine. By integrating barcode positioning, automatic film traction and wrapping, automatic tape application and cutting, and automated PVC film cutting, this equipment automates the entire tire packaging process.



Fully Automated Packaging Machine

Green Office Practices

Building on optimized resource utilization in production, Sailun Group integrates green and low-carbon principles into daily operations. We implement resource conservation and improve resource efficiency across all aspects of operations, aiming to create a low-carbon, green operational model.

During the reporting period, our green office practices were strengthened through various initiatives. We promoted energy conservation, emission reduction, and green office concepts through multiple channels, encouraging eco-friendly habits such as double-sided printing, switching off lights after use, saving water, and sorting waste. An online office platform was created to reduce paper usage and improve office efficiency. A flea market campaign was also organized to facilitate material reuse, embedding the principles of green office practices and sustainability into our corporate culture.



Publicity of Green Office Practices

Biodiversity Conservation

Sailun Group places great importance on biodiversity conservation during project development, construction, and operation. We strictly comply with ecological conservation red lines, environmental quality benchmarks, and resource utilization caps—by implementing ecological environmental access lists and taking ecological restoration measures to minimize our projects' environmental impact. All new projects must conduct environmental impact assessments during the development phase. Qualified third-party organizations assess the surrounding areas of proposed factory sites to ensure a balanced development of the project and the ecological environment. Additionally, we continuously monitor wastewater, waste gas, and other emissions during operations to ensure compliance with discharge standards and prevent any adverse impact on the local ecological environment.

In tire development, we regularly monitor biodiversity impacts and implement tiered controls over the use of heavy metals. In strict compliance with international ecological standards, we prioritize heavy metal-free formulations and eco-friendly additives. We have also established a comprehensive traceability system by setting thresholds for trace elements like lead, cadmium, mercury, and hexavalent chromium. Through careful material selection, process improvements, and other technologies, we control the risk of heavy metal migration within ecological safety limits, ensuring that the impact on soil microorganisms and aquatic life throughout the tire's lifecycle stays within the natural remediation capacity. Furthermore, we design preventive indicators to protect the material circulation balance in biological habitats, maintaining ecosystem diversity and stability to foster sustainable development.

In support of China's ecological civilization development, our Shenyang Factory continued its greening initiative in 2024. We selected tree species that offer both ecological value and visual appeal, establishing composite plant communities around the factory. Notably, several peony crabapple trees were planted along the main roads to create a floral corridor, accompanied by northern fruit trees and ginkgo trees that add seasonal charm to the landscape. Around the production area, wax myrtle trees were arranged to form a green hedge, serving as a natural barrier that supports the stability of the surrounding ecosystem.

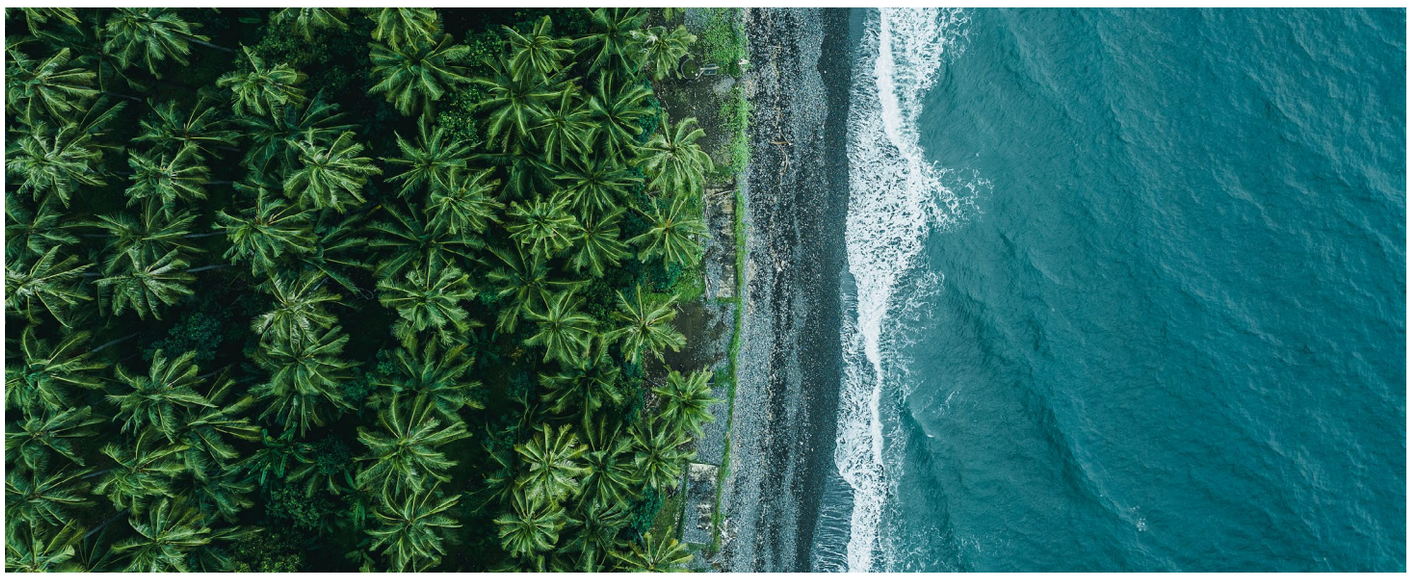


Climate Response

Sailun Group regards climate change response as a critical mission for achieving sustainable development. We have established a comprehensive governance system to ensure full oversight of climate-related matters. These efforts include regularly identifying climate-related risks and opportunities and developing strategic actions across the entire process to implement carbon reduction measures. We have also set clear indicators and targets to monitor the effectiveness of these measures, further enhancing our climate resilience.

Governance

We have established a multi-tier sustainable development governance structure, which integrates climate-related oversight and management responsibilities to ensure an effective response to climate change challenges. The Board of Directors holds the highest level of oversight regarding climate-related matters, supported by the Strategy and Sustainable Development Committee for decision-making. The Sustainable Development Leadership Team reviews climate performance and proposes response measures, the Strategic Management Office of Sustainability drives the implementation of these measures and coordinates the achievement of climate-related goals, and the Sustainable Development Working Team executes action plans and provides periodic progress updates.



Board of Directors

- Holds the highest governance and oversight authority on climate-related matters

Strategy and Sustainable Development Committee

- Monitors and evaluates the Group's long-term strategy for tackling climate change and supports the Board in decision-making and oversight

Sustainable Development Leadership Team

- Reviews the Group's performance on climate-related issues and proposes measures for managing climate risks and opportunities

Strategic Management Office of Sustainability

- Drives the implementation of climate risk response measures and organizes actions to achieve climate goals
- Conducts organization-level greenhouse gas verification and product carbon footprint verification
- Develops policies for tackling climate change, establishes a climate risk management structure, and identifies climate-related risks and opportunities

Sustainable Development Working Team

- Implements the Group's climate change action plan and periodically reports progress to the Strategic Management Office of Sustainability

Climate Governance Structure

Strategy

Sailun Group consistently monitors changes in geographical and climatic information while regularly identifying and analyzing climate-related risks and opportunities in line with regulatory policy updates. By assessing the potential impacts of these risks and opportunities, we have developed comprehensive response measures aimed at mitigating adverse effects on our business operations and seizing potential sustainable development opportunities. The key climate risks and opportunities identified during the reporting period are outlined below:

Risk/ Opportunity	Category	Item	Impact	Response Measures
Physical Risks	Chronic risks	Increased precipitation, extreme weather events, rising average temperatures	Significantly increased supply chain disruption risk, especially in raw material supply and logistics, potentially causing production delays and cost increases	• Establish more flexible collaboration mechanisms with suppliers and logistics companies • Implement multi-channel procurement to reduce the risk of relying on a single source • Adjust production schedules to adapt to climate change
	Acute risks	Typhoons, floods, droughts	Potential disruptions to logistics and the stability of the supply chain; damage to infrastructure such as warehouses and factories, leading to higher repair and maintenance costs	• Develop emergency response plans, establish response mechanisms, and conduct regular emergency drills • Strengthen infrastructure construction, including reinforcing structures, installing flood barriers, and optimizing drainage systems • Purchase generators for sewage and stormwater stations to prevent power supply interruptions during extreme weather events • Ensure stable raw material supply to avoid shortages caused by disasters
Transition Risks	Policies and laws	Carbon emission management, energy structure transformation, and other related policies and stricter environmental standards	Increased investment to meet new regulatory requirements; failure to meet policies and standards may increase business interruption risks	• Increase investment in emission reduction technologies and equipment • Collaborate with suppliers and customers to develop green supply chain, prioritizing low-carbon suppliers
	Technology and innovation	Technological transformation driven by new environmental standards and requirements	Existing technologies may not align with low-carbon and environmental development trends, potentially resulting in non-compliant products, damage to brand image, and reduced market competitiveness	• Improve product design, optimize manufacturing processes, and transition to low-carbon technologies • Collaborate with suppliers to develop new technologies and materials
	Market	Increasing environmental awareness among consumers, leading to higher demand for low-carbon, eco-friendly technologies	Failure to meet this demand may negatively affect market competitiveness and market share	• Collaborate with suppliers to optimize cost structures • Seek cost control methods to improve market competitiveness • Stay updated on market demand changes, drive product R&D and design to meet market needs
Opportunities	Products and services	Growing market demand for high-performance, eco-friendly products	Low-carbon, eco-friendly, high-performance products can enhance market competitiveness, leading to higher market share and profits	• Use clean energy during production to reduce carbon emissions • Improve resource efficiency to lower production costs and collaborate with suppliers to enhance resource utilization
	Energy and resource efficiency	Increased use of clean energy and improved resource efficiency	Reduced energy consumption, lower energy costs, and less environmental impact	• Use clean energy during production to reduce carbon emissions • Improve resource efficiency to lower production costs and collaborate with suppliers to enhance resource utilization
	Resilience	Enhanced ability to respond to climate change	Reduced negative impacts of extreme weather and resource shortages on the supply chain, production, and operations	• Build a flexible supply chain system to cope with uncertainties arising from climate change • Regularly identify and assess the impact of climate change risks and develop response strategies
	Market	Growth in tire demand driven by the adoption of NEVs	Increased market demand can enhance our brand competitiveness and growth potential	• Closely monitor market trends and adjust product strategies to meet market demand • Actively promote eco-friendly tire products and strengthen brand building to expand market share

List of Climate Risks and Opportunities

To address climate change risks and seize potential development opportunities, we actively advance low-carbon management across our supply chain, step up energy-saving and emission-reduction efforts in production, and intensify the promotion of green products. This continuously enhances our resilience in responding to climate change risks, injecting new growth momentum into our low-carbon transition.

Low-Carbon Supply Chain Management

Through forward-looking climate risk assessments, closer collaboration with suppliers, and green, low-carbon transformation initiatives, we actively address climate-related risks in our supply chain, driving sustainable optimization to build a greener, more resilient supply chain system.

Climate Risk Management in Supply Chain

- Conduct regular risk assessments across our supply chain to identify critical areas vulnerable to climate change and enhance overall resilience
- Optimize our supply chain by diversifying suppliers and logistics routes, reducing dependency on single sources or pathways
- In extreme weather events, prioritize the transportation of critical materials and urgent orders to mitigate disruptions caused by climate risks

Strengthening Green Supply Chain Management

- Set supply chain climate management goals and action plans, periodically reviewing progress and reporting to stakeholders
- Collect and monitor suppliers' carbon emissions data and product carbon footprints to manage upstream emissions
- Prioritize partnerships with environmentally responsible and low-carbon suppliers, incorporating carbon performance indicators into supplier onboarding, evaluation, and performance assessments
- Collaborate with suppliers to jointly develop climate strategies and plans, and support their green certifications or carbon reduction initiatives

Energy Conservation and Emissions Reduction in Production and Operations

Sailun Group is firmly committed to green, low-carbon development in support of China's dual carbon strategy. We have adopted digital systems to regulate energy use and management, increased the use of renewable energy, and advanced energy-efficient equipment upgrades. By identifying energy-saving opportunities across our operations—from production to office activities—we have continuously improved overall energy efficiency, reduced carbon footprint.

During the reporting period

the Group reduced carbon emissions by

208,600 tonnes

• Strengthening Our Energy Management System

We strictly comply with the Energy Conservation Law of the People's Republic of China, the Environmental Protection Law of the People's Republic of China, and other applicable laws and regulations at our operating locations. In line with GB/T 23331-2020 Energy Management Systems—Requirements with Guidance for Use, we have established an Energy Management System Manual and related procedures. Through systematic and standardized management practices, we continue to enhance energy efficiency and reduce energy consumption. In our Energy Baseline and Performance Parameter Control Procedure, we define the development of annual energy baselines, specify the breakdowns of energy performance targets, and integrate energy indicators into staff performance evaluations to ensure accountability for energy efficiency and drive overall improvement.

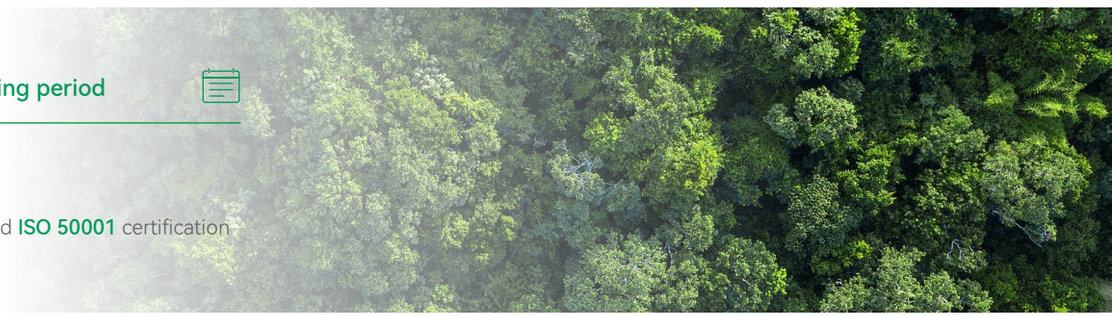
Our energy management structure includes top management, management representatives, energy management teams, and local functional departments, each with clearly defined responsibilities to ensure system-wide implementation. The system spans planning, implementation, inspection, and improvement, supporting ongoing optimization of our energy management performance.

All seven factories have obtained ISO 50001 energy management system certification. We have also equipped energy measuring instruments in accordance with GB 17167-2006 General Principle for Equipping and Managing of the Measuring Instrument of Energy in Organization of Energy Using, achieving 100% coverage for key energy-consuming equipment. Additionally, all four of our China-based factories were certified under the ISO 10012 measurement management system, improving the transparency and accuracy of energy management and laying a solid foundation for optimizing energy use and accomplishing energy conservation and emission reduction targets.

As of the end of the reporting period

100%

of operational factories obtained **ISO 50001** certification



• Comprehensively Driving Energy Conservation and Consumption Reduction

Guided by the sustainable development goals, Sailun Group has been earnestly promoting efficient energy consumption management and implementing energy conservation and consumption reduction measures. We have established an Energy Management System (EMS), adopting an automated, informatized, and centralized control mode to achieve full-spectrum monitoring and management of energy consumption, significantly improving the management and efficiency of energy consumption. Meanwhile, through the innovation of waste heat recovery technology and the improvement of process, we have achieved remarkable energy-saving results.

Enhancing Energy Management Through EMS

Through the EMS, we collect, monitor, and analyze energy data while tracking real-time consumption of energy sources such as gas, water, electricity, and steam.

The EMS also enables comprehensive management of energy equipment, enhances decision-making through cross-departmental information sharing, and provides online energy quality monitoring to ensure stable and safe energy use. This system has helped our factories make notable progress in energy conservation and emissions reduction.



Interface of Comprehensive Energy Management System (EMS)

Utilization of Steam Waste Heat in Rubber Drying

Guided by the energy cascade utilization philosophy, Qingdao Plant adopted flash steam generated by the power system to replace fresh steam for rubber drying during non-cooling seasons, achieving effective recovery of waste heat resources. This initiative saves approximately 1,260 tonnes of fresh steam annually, equivalent to reducing CO_2 emissions by about 380 tonnes. At Dongying Plant, the installation of jet fans in the rubber drying room enabled the use of hot air instead of fresh steam, resulting in annual savings of around 900 tonnes of steam and a reduction of approximately 270 tonnes of CO_2 emissions.

Zero-Gas-Consumption Retrofit of Centrifugal Air Compressor After Treatment

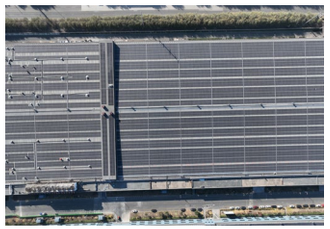
The original compressed heat dryer in the power system consumed 3%-5% of compressed air during the cold blow phase, which was then directly vented, leading to energy waste and unstable system pressure. To address the problem, Qingdao Plant implemented an innovative retrofit by modifying the filter regeneration method, replacing direct venting with condensation recovery. This upgrade saves about 460,000 kWh of electricity annually, equivalent to a reduction of roughly 240 tonnes of CO_2 emissions.

• Adopting Clean Energy

In line with our commitment to clean energy, we continuously increase the share of renewables to drive our transition toward green energy adoption. During the reporting period, our Qingdao and Cambodia factories consumed 16,500 tonnes of biomass, equivalent to a reduction of 24,741 tonnes of carbon emissions. This significantly lowered our greenhouse gas and pollutant emissions. In 2024, new photovoltaic (PV) systems were commissioned at our Dongying and Weifang factories, generating a total of 43.48 million kWh of solar electricity, equivalent to avoiding 23,333 tonnes of CO_2 emissions. These efforts have effectively supported our transition from fossil fuels to a cleaner energy structure.



Weifang Factory's Rooftop PV Project



Dongying Factory's Rooftop PV Project

• Strengthening Energy Conservation Awareness

Beyond action, Sailun Group emphasizes cultivating a strong energy-saving mindset across the organization. During the reporting period, our Qingdao Factory conducted nine energy conservation training sessions through a combination of online and offline formats. Experts in thermodynamics and metrology were invited to provide guidance to equipment operators, covering key topics such as the fundamentals of thermal systems. These training sessions have significantly enhanced our employees' awareness of energy conservation and their ability to implement energy-saving measures, laying a strong talent foundation for improving energy efficiency.

Promoting Clean Technologies and Products

As one of the core action areas of our Sustainable Development Strategy, "eco-innovation"[19] guides our clean technology development and application, steering greater resources toward sustainable product creation. This strengthens our competitive edge in green, low-carbon markets. Committed to advancing clean technologies, we embrace "Innovation, Circularity, and Sustainability" — intensifying investments in energy-efficient, eco-friendly tire R&D. By leveraging sustainable advanced materials, developing low-carbon products, and pioneering tire recycling and reuse, we deliver tangible climate solutions. Through these efforts, we aim to lead the industry into a lower-carbon, sustainable future.

• Sustainable Materials

We actively pursue research and application of recyclable materials in tire manufacturing to reduce resource consumption and environmental impact at the source. Renewable materials, such as natural rubber and rayon, are widely used to ensure raw material sustainability. We have also worked with our suppliers to explore the use of sustainable materials across categories such as synthetic rubber, fillers, additives, and reinforcement materials. This includes sourcing zinc oxide made from recycled zinc, steel cords and bead wires made from recycled steel, and polyester cords produced from recycled PET, continuously increasing the proportion of sustainable materials in our raw material procurement. During the reporting period, we reached 31.8% sustainable material content in our tires. We optimized sustainable material formulations to launch two high-sustainability tires: a PCR tire with 75% sustainable materials and a TBR tire with 80%. With rolling resistance coefficients of 6.0 and 3.8 respectively, both products achieved the highest rating of A under the EU tire labeling standard.

[19] For details on the "eco-innovation" initiative and our Sustainable Development Strategy, please refer to the "Sustainable Development Strategy" section of this report.

• Low-Carbon Products

As a pioneer in developing green tire products, we have continued to invest in green material adoption, eco-friendly process design, and comprehensive resource utilization to explore technological pathways for reducing energy consumption, improving energy efficiency, and lowering carbon emissions. Our self-developed EcoPoint[3] tires deliver unprecedented green, low-carbon, and sustainable performance throughout their entire lifecycle, covering raw material selection, manufacturing, product use, and recycling. Notably, our EcoPoint[3] PCR tires achieved the highest A rating in both rolling resistance and wet grip performance under the EU labeling standard, while our EcoPoint[3] TBR tires are the only product in China to receive the AAA rating under the China Rubber Industry Association's Tire Grading Standard. This innovation overcomes the industry's long-standing "magic triangle" challenge, where rolling resistance, wet grip, and wear resistance could not be improved simultaneously, significantly enhancing energy efficiency, safety, eco-friendliness, and ride comfort. For more details on our low-carbon product innovations in 2024, see Leading Through Innovation.

Low-Carbon Certification for EcoPoint[3] Tires

EcoPoint[3] tires significantly reduce fuel and electricity consumption as well as carbon emissions during vehicle operation. Our PCR tires have achieved the highest rating of A under the EU tire labeling standard for both rolling resistance and wet grip performance, while our TBR tires are the first in China to be rated AAA under the Tire Grading Standard (T/CRIA 11003-2016) issued by the China Rubber Industry Association. Additionally, our tires have been certified with the TÜV Mark and China Mark, a testament to their outstanding performance in energy conservation and emission reduction.



TÜV Mark Certificate



China Mark Certificate

According to product carbon footprint verification by TÜV Rheinland, every 1,000 kilometers driven with EcoPoint[3] tires results in a 39% reduction in lifecycle carbon emissions for TBR tires and a 27% reduction for PCR tires, compared to standard tires of the same specifications. In recognition of this exceptional environmental performance, our EcoPoint[3] tires have been awarded the (EU) 2017/2400 CO_2 emissions and fuel consumption certificate by Société Nationale de Certification et d'Homologation (SNCH), a renowned certification body in Luxembourg.



VECTO Certificate

Our EcoPoint[3] low-carbon tires excel in multiple aspects: energy-efficient production equipment, eco-friendly packaging, strict control of harmful substances and heavy metals in rubber compounds, and energy-saving, low-emission performance. In December 2024, these tires received eight China Green Product certificates issued by the Shenzhen Institute of Metrology and Quality Inspection, covering four tread patterns and 90 tire specifications.



China Green Product Certification

Driving Cost and Emission Reductions with EcoPoint[3] Low-Carbon Tires

In 2024, DST Car Rental (Shenzhen) Co., Ltd. purchased over 38,000 EcoPoint[3] low-carbon tires. Based on an average monthly mileage of 1,800 kilometers per vehicle and a reduction of 3.17 kg CO_2 per 1,000 kilometers per tire, our tires helped the Group reduce carbon emissions by more than 2,600 tonnes, save 2.85 million kWh of electricity, and cut costs by over RMB 5 million. Our EcoPoint[3] low-carbon tires have received positive feedback from both customers and drivers for effectively reducing energy consumption per unit load (EKG), improving transportation efficiency, and significantly lowering operating costs.

Promoting Green Product Certification to Enhance Brand Influence

As part of our commitment to green and low-carbon development, we featured our China Green Product label in Shenzhen's public transit advertisements to enhance brand visibility and promote public awareness and adoption of green products.



- **Circular Economy**

As the first "China Tire Resource Recycling Demonstration Base," Sailun Group remains committed to innovating recycling technologies, improving the industry's overall capabilities, and increasing material recovery rates and tire reuse rates to minimize environmental burden.

During the reporting period, our significant breakthroughs in tire recycling technology enabled us to supply batches of retreaded tires to customers including Beijing Public Transport. Our proprietary technology has substantially extended tire lifespan and mileage, effectively reducing resource waste and environmental impact. Additionally, we have integrated circular economy principles into our industrial practices by leveraging technological innovation and establishing relevant standards. To advance waste tires recycling, we led the revision of the national standard GB/T 26731-2024 Treatment and Processing of End-of-life Tires, which outlines treatment methods, processing techniques, and environmental requirements, contributing to a fundamental shift in how the industry treats waste tires.

Risk and Opportunity Management

Sailun Group has established a preliminary process for managing climate-related risks and opportunities, aiming to identify potential impacts more accurately and continuously enhance climate resilience. We are steadily integrating climate risk considerations into our overall risk management system to ensure stable operations amid an increasingly complex environment.

Risk Identification →

- Conduct preliminary identification of climate-related risks based on the geographic distribution of our operations, the nature of our business, and considerations of external environments and climate-related policies
- Closely monitor climate change trends and policy updates to ensure timely responses to external changes

Risk Assessment →

- Conduct qualitative assessments of the potential impacts of climate change to gain a comprehensive understanding of the risks we may face
- Prioritize the identified risks based on assessment results and determine their overall impact on our business

Risk Response →

- Formulate and implement climate risk response strategies and emergency response plans to address extreme weather events and other climate-related risks, ensuring business continuity
- Integrate climate risk considerations into our long-term strategic planning to support business sustainability
- Actively invest in low-carbon technologies and product R&D to improve energy efficiency and reduce carbon emissions

Monitoring and Improvement →

- Regularly review the implementation of climate risk response measures and continuously optimize areas that need improvement
- Refine risk management processes based on monitoring results and external environment changes to strengthen climate risk response capabilities
- Provide regular training for employees on climate change and environmental protection to improve employee awareness and preparedness

Climate Risk Identification Process

Looking ahead, we will further enhance our risk management process by building a closed-loop climate governance mechanism with regular board engagement. The board will oversee and review the identification and management of climate-related strategies, risks, and opportunities on an ongoing basis. Additionally, we will introduce climate-related incentive mechanisms by linking management compensation to climate performance targets, ensuring the effective implementation of climate risk management.

Metrics and Targets

Sailun Group has set clear sustainability targets covering areas such as sustainable material content, energy consumption, and carbon emissions. We will continue to increase investment in the R&D and application of clean technologies, drive innovation and upgrades in green manufacturing processes, and focus on improving energy efficiency and reducing carbon emissions to strengthen our ability to address climate risks.



Category	Targets	Progress in 2024
Sustainable Material Content	Increase the sustainable material content in tires to 40% by 2030 and 100% by 2050	• The sustainable material content in tires reached 31.8% • Developed the technology to incorporate over 75% sustainable materials in PCR tires • Developed the technology to incorporate over 80% sustainable materials in TBR tires
Energy Consumption	Reduce energy consumption per unit of tire product by 30% from 2022 levels by 2030	• PCR tires: down 11.5% from 2022 • TBR tires: down 14.0% from 2022 • OTR tires: down 23.7% from 2022
Carbon Emissions	Reduce carbon emissions per unit of tire product by 30% from 2022 levels by 2030[20]	• PCR tires: down 19.3% from 2022 • TBR tires: down 19.7% from 2022 • OTR tires: down 29.9% from 2022

Our greenhouse gas emissions during the reporting period are presented in the table below[21]:

Indicator	Unit	2022	2023[22]	2024
Scope 1 GHG emissions[23]	thousand tonnes CO_2 equivalent	260.24	420.17	622.58
Scope 2 GHG emissions[24]	thousand tonnes CO_2 equivalent	715.29	786.29	825.30
Total GHG emissions (Scope 1 + Scope 2)	thousand tonnes CO_2 equivalent	975.52	1,206.46	1,447.88
GHG emission intensity	thousand tonnes CO_2 equivalent / RMB million	0.045	0.046	0.046

[20] Our carbon emission target is based on the year 2022, and each product line is required to achieve a 30% reduction target.
[21] Sailun Group conducted an independent third-party verification of its GHG emissions in accordance with ISO 14064 Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals. Emissions were consolidated using the operational control approach, covering seven operational factories, the Group headquarters, and the R&D center. There were no changes to the verification standards, methodologies, or boundaries between 2023 and 2024. Due to increased production capacity, total GHG emissions in 2024 rose compared to 2023.
[22] After publishing the 2023 Sustainability Report, we engaged a third party to verify our 2023 GHG emissions data and issue an assurance report. During the verification process, we updated the electricity emission factors to further enhance data accuracy. As such, the revised 2023 emissions data shall prevail.
[23] Scope 1 greenhouse gas emissions mainly come from natural gas, diesel, gasoline, liquefied petroleum gas, coal combustion and fugitive sources, with emission factors referenced from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.
[24] Scope 2 greenhouse gas emissions mainly come from purchased electricity and steam, with the electricity emission factor referenced from the national average CO_2 emission factor for electric power in the 2022 Announcement on Issuing Carbon Dioxide Emission Factors for Electricity, and the steam emission factor referenced from the Greenhouse Gas Accounting and Reporting Guidelines for Chemical Production Enterprises.

ECO-HARMONY:
Fostering a Culture of Diversity and Inclusion

Sailun Group firmly believes that human capital is a key strategic resource for the sustainable development of any enterprise. Through a fair recruitment system, competitive compensation and incentive mechanisms, a comprehensive training and development framework, and a healthy and supportive work environment, we fully safeguard employees' rights and interests while fostering team cohesion. Additionally, we actively engage in industry dialogue, contribute to philanthropic endeavors, fulfill our social responsibilities, and work towards building a harmonious society.

Responding to the following indicators and targets

SSE Guidelines:
Rural revitalization, Social contributions, Employees

UN SDGs:



04

- Inclusive Workplace
- Talent Development
- Employee Care
- Occupational Health and Safety
- Harmonious Coexistence

Inclusive Workplace

Sailun Group adheres to the principles of compliant employment, actively fostering a diverse and inclusive workplace environment, and prioritizing the protection of labor rights. We attract talent through a transparent and fair recruitment process, create a harmonious workplace based on a culture of respect and inclusion, and provide robust safeguards for employee well-being through a comprehensive rights protection system.

Labor Rights

Sailun Group strictly complies with the Labor Law of the People' s Republic of China, the Labor Contract Law of the People' s Republic of China, the Labor Law of the Kingdom of Cambodia, the Labor Law of Vietnam, and other relevant laws and regulations applicable in the regions where we operate. We have established and continuously improve internal systems for managing employment contracts and other labor-related matters. We also implement a Child and Illegal Labor Policy, which aligns with key international conventions such as the United Nations Guiding Principles on Business and Human Rights, the International Labor Organization (ILO) conventions, and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. We adamantly oppose child labor and forced labor. For all categories of employees—regular staff, interns, labor dispatch workers, and outsourced personnel—we have clear, transparent recruitment processes and compensation standards. Additionally, we maintain a strict management system that covers identity verification, background checks, a reporting mechanism, and the handling of issues to ensure the legality and compliance of our recruitment procedures.

Diversified Guarantee

In our Employee Handbook, we explicitly integrate the principles of diversity, equality, and inclusion into the recruitment and employment processes, ensuring that no discrimination occurs based on race, gender, region, or religion. On this foundation, we maintain an equal employment policy and have established a fair, transparent, and open selection process to ensure that employees receive equal treatment in recruitment, compensation, training, promotion, and other aspects.

To meet the specific needs of different employee groups, we have implemented a series of initiatives to offer diversified care. For example, we provide customized induction packages in English for our overseas employees to help them integrate into our corporate culture. When organizing employee health checkups, we pay particular attention to the health needs of female employees and offer specialized health checkup sessions for them. Furthermore, Sailun Group's headquarters and each of its factories have established "Mother's Huts", managed by the local factory unions. These facilities provide essential support and convenience for female employees in need, demonstrating our respect and care for them. By the end of the reporting period, all seven of Sailun Group's operational factories had passed SA 8000 certification, highlighting the Group's unwavering efforts and significant achievements in protecting employee rights and improving working conditions.

As of the end of the reporting period

100%

of operational factories obtained **SA8000** certification

International Women's Day Activities to Convey the Care of Female Employees

On March 8, 2024, to express our deep care for female employees, Sailun Group's headquarters and the trade unions at each of our factories organized a series of women-focused activities, including fun sports games and the distribution of holiday gift packs. These initiatives aimed to enhance the happiness and sense of belonging among female employees, and reflected our continued recognition and support for their contributions.





Attracting Top Talent

Sailun Group adheres to a diversified recruitment strategy, continually attracting high-quality talent to ensure a solid foundation for the Group's sustainable development. We have strengthened talent assessments and school-enterprise partnerships, utilizing a wide range of recruitment channels and precise talent management strategies to optimize our human resource structure and enhance the Group's overall competitiveness.

Unblocking Recruitment Channels

To meet the global strategic needs of Sailun Group, we continue to implement both campus and social recruitment strategies, attracting high-quality talent through diverse channels to provide strong human resources support for the sustainable development of the business. For campus recruitment, we focus on selecting graduates with exceptional abilities and a global outlook, following standardized processes. For social recruitment, we target experts in functional roles and leading talent in production and R&D to strengthen the competitiveness of our international operations.

Strengthening Talent Inventory

In 2024, Sailun Group launched a special initiative for organizational capacity building. Using the "Eight-Step Department Profiling" method, we comprehensively analyzed responsibilities, positions, and talent profiles across various business units, from the strategic level to the operational level. We conducted a talent inventory and developed a detailed talent matrix.

Enhancing Capability Assessment	Defining Key Positions	Conducting Comprehensive Talent Assessment	Developing Management Talent
Organizing teams within each business department to conduct a comprehensive capability assessment and evaluation using a capability matrix	Identifying key positions based on business development needs and talent development pathways	Conducting talent assessments within each business department, from basic job qualifications to professional capabilities	Identifying management talent through role profiles and assessing their capabilities through leadership model evaluations
Outputting capability matrix diagrams for each business department and developing short-term and long-term improvement measures	Defining position profiles to clarify the characteristics and requirements of the talent needed for each role	Outputting core talent for each specialized field and key positions, completing the talent pipeline	Focusing on addressing skill gaps and developing and nurturing talent through task assignments, mentorship, and empowerment

Talent Inventory

Gathering New Forces

Sailun Group continues to deepen its school-enterprise cooperation and promotes cross-border partnerships with educational institutions. We are committed to creating a high-level talent development base that provides strong support and innovation momentum for our global strategy.

Campus Recruitment Initiatives: Bringing Talent Together to Build Our Dreams

In 2024, Sailun Group held a series of campus recruitment events at multiple universities, featuring job fairs, interactive company open day, corporate presentations, alumni exchanges, and on-site interviews, attracting more than 1,200 students. This event not only provided a platform for students to gain an in-depth understanding of the Group and plan their careers but also marked the deepening of cooperation between the university and the Group, building a solid bridge for talent development and exchange.





Carrying Out Cross-Border School-Enterprise Cooperation to Build Industry-Academia-Research Training Bases

In alignment with the national Belt and Road Initiative, international education efforts, and Sailun Group's global expansion strategy, we have partnered with SMK in Indonesia, Qingdao Technical College, and other institutions to implement cross-border school-enterprise cooperation. In 2024, we signed a contract with Qingdao Technical College to establish an overseas college and design "Chinese + Vocational Skills" training courses, jointly creating a high-level industry-university-research training base.



Sailun Group has earned widespread recognition for its exceptional performance in talent recruitment and development. During the reporting period, we received several prestigious employer brand awards.

- China's Best Employer of the Year – 2024 Most Promising Employer — Zhaopin
- China's New-Generation Employer – 2024 Urban Influence Employer — 58.com
- 2025 Distinguished Employer — 51job
- Most Influential Employer — Liexing & Haitou
- 2024 Shandong's Annual Extraordinary Employer — Liepin
- 2024 Best Employer in Qingdao — Qingdao Human Resources Management Association

Talent Development

Sailun Group thinks highly of employee growth, unlocking their potential through systematic training, fair promotion, scientific assessment, and diversified incentives. We strive to help each employee progress in their career path, achieving a win-win situation for both individuals and the Group.

Employee Training

To establish a robust training system and ensure the successful implementation of training programs, Sailun Group has formulated the Training Management Regulations, Internal Trainer Management Regulations, and Training Resource Management Regulations. These regulations define training responsibilities at all levels, standardize the selection, development, and incentive mechanisms for internal trainers, and optimize the allocation of training resources.

We have developed a training management system based on ISO 10015: 2019 Quality Management—Training Guidelines, covering training needs analysis, training plan formulation and implementation, training effectiveness evaluation, and other areas. We also evaluate and manage internal and external training resources to ensure effective training development.

We encourage all employees to participate in various continuing education programs, such as acquiring qualification certificates. For training related to specialized operations, key business functions, and obtaining professional certificates, we offer reimbursement subsidies and allow employees to attend training sessions with pay.

Sailun Group has established three primary training systems—new employee training, professional line training, and management training—to provide both general and specialized training programs tailored to employees in various positions and career paths. These programs holistically develop employees' professional competencies, including job-specific skills, cross-functional knowledge, and leadership capabilities.

New Employee Training: Empowering New Forces

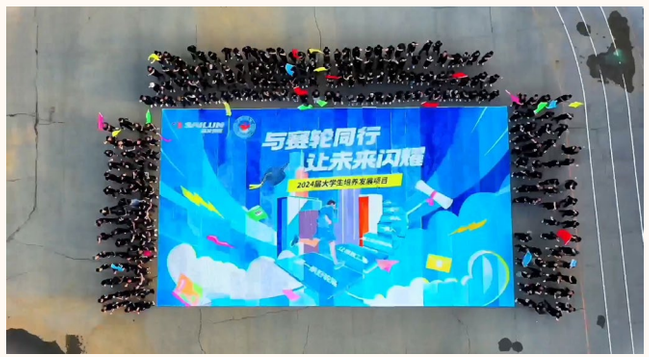
- **New Social Recruitment Employees Training**

We have designed tailored training programs in functional areas and sales for new employees hired through social recruitment. These programs combine centralized classroom instruction with factory visits, allowing employees to gain a deep understanding of our corporate culture. For sales training, we have incorporated practical operational elements, ensuring that employees receive hands-on experience alongside theoretical learning, thus cultivating qualified sales personnel.



- **Campus Recruitment Employee Training and Development Program**

We have developed a 2.5-year training plan for graduates recruited through campus recruitment, designed to guide their growth through three stages: "Fellow Colleagues–Role Competent Employees–Individual Contributors." This program combines various training methods, including centralized training, workshop internships, online learning, and mentorship, to comprehensively enhance the professional skills and overall capabilities of new employees. The goal is to help these new colleagues quickly integrate into the Group, facilitating their transformation from newcomers to core contributors, thereby injecting fresh energy into the Group's long-term sustainable development.





Professional Line Training: Enhancing Employees' Professional Skills

- **Project Manager Qualification Program**

For key employees and project managers within the R&D system, we focus on project management as the core content, enhancing general abilities through centralized training. This program aims to strengthen employees' project management skills and improve their overall effectiveness in managing projects.

- **"Six Sigma" Training Program**

For key employees in production, we offer "Six Sigma" training that combines centralized sessions with practical project work. This program is designed to enhance their expertise in lean production techniques.



- **Internal Trainer Development Program**

To strengthen our internal training capabilities, we provide comprehensive development for internal trainers. Through curriculum design, material optimization, centralized training, and trial lectures, we enhance their teaching skills and instructional effectiveness. This initiative helps cultivate a robust internal trainer team, while also preserving organizational knowledge and experience.



Management Line Training: Cultivating Management Talent

- **"Building an Excellent Team Leader" Training Program**

For team leaders, we provide offline, centralized training in short, frequent sessions over an extended period. This program focuses on team management, communication skills, and problem-solving, empowering team leaders to improve their ability to manage teams and solve challenges effectively.



- **"Refining Camp for New Management Personnel" Training Program**

For newly appointed management personnel, we offer comprehensive training through online learning, group discussions, and project practice. The program focuses on developing strong management awareness, refining skills, and learning management methodologies, equipping new leaders with the tools they need to enhance their overall management capabilities.



- **"First Lesson for Management Personnel" Training Program**

For all management personnel, we offer centralized training centered around strategic planning. This program aims to deepen their understanding of key business areas and strengthen their comprehension of strategy, mission, corporate culture, and responsibilities. Our goal is to enhance managers' awareness of strategic goals and align them with the Group's vision.



Sailun Group continues to advance talent development in its overseas factories, offering customized training programs for various overseas employees. For fresh graduates, we introduced the "Production Star" program to develop a shift supervisor team with high educational standards and strong competencies. For newly appointed team leaders, we implemented the "Eagle Plan", aimed at enhancing their first-line management skills. For key business personnel, we offer opportunities to study in China and provide mentorship with Chinese instructors, enabling them to absorb advanced management and technical knowledge. Through these multi-level talent development programs, we continue to strengthen the talent pipeline in overseas factories, promoting cultural exchange and integration across our Southeast Asian facilities.

In addition, to enhance the language proficiency of our overseas employees, we provide free Chinese language courses and exam rewards, along with English language learning allowances. Outstanding employees are given the opportunity to study at Sailun Group's global factories, broadening their international perspectives, and some employees are also offered free study opportunities at partner universities, providing essential support for their personal and professional growth.



Monthly fresh graduate training



"Eagle Plan" training



Key business personnel went to China for field study

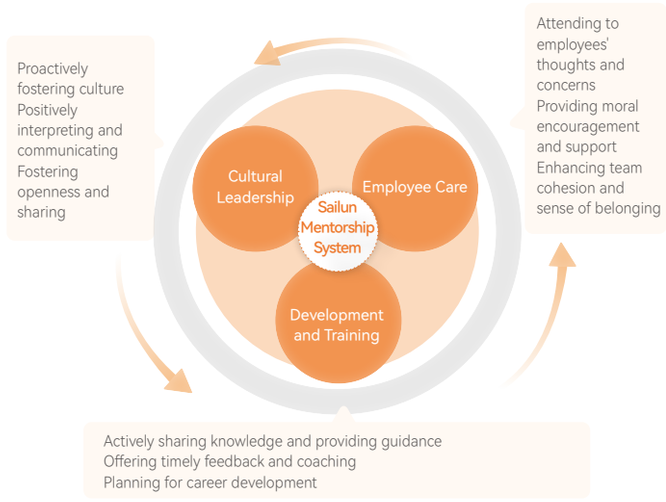
Building a Global Talent Pipeline Through Overseas Talent Development Programs

In 2024, Sailun Group's Cambodia Factory continued to advance its talent pipeline and contribute to the execution of the Group's globalization strategy through diverse talent development initiatives and cultural integration measures. The Cambodia Factory organized centralized training for the 2023 cohort of fresh graduates, which included both Chinese and Cambodian employees. The training was delivered in bilingual formats, using both Chinese and Cambodian for instruction and English-language textbooks to strengthen employees' professional knowledge and cross-cultural understanding. Additionally, the Cambodia Factory hosted a bilingual speech competition in both Chinese and English, providing a platform to highlight the employees' comprehensive skills and language proficiency. At the Vietnam Factory, the "Eagle Plan" for cultivating frontline management talent continued to be implemented. In 2024, five training sessions were held, with approximately 180 participants completing the program, significantly improving management capabilities at the operational level.

Employee Promotion

We follow a dual development pathway, focusing on both management and specialization, and continuously work to internationalize our ranking system while optimizing promotion channels. We have established one management track and three professional tracks—technical, functional, and operational. Each track has clearly defined job levels, ensuring sufficient development space for employees and supporting diversified career growth within the Group.

Sailun Group embraces a mentor culture rooted in "Passing on Knowledge for Long-Term Talent Development" by implementing a full-staff mentorship system to meet talent development needs and business echelon building. Guided by mentor qualifications and team-building objectives, we design empowering training programs targeting key groups, enhance mentor skills through hands-on coaching, track and evaluate progress, and consolidate best practices to create a systematic mentor management mechanism. In 2024, we appointed 480 mentors to the talent development program, selected 56 outstanding mentors, and provided training across 862 individual sessions, with an average satisfaction score of 4.83 out of 5, significantly improving retention and success rates.



Mentorship System Operation Mode

Compensation and Performance

By establishing a standardized compensation management and performance evaluation system, Sailun Group has created a comprehensive compensation incentive system that effectively boosts employee motivation and creativity while ensuring the attraction and retention of key talent.

Compensation Incentives

To standardize compensation management, Sailun Group has formulated the Regulations on Compensation Management and the Regulations on Compensation and Welfare Management for International Dispatched Personnel, which clearly define key processes such as compensation and welfare categories, structures, standards, and adjustments. We have implemented a globally unified compensation and rewards system, offering both fixed and variable compensation to all employees, with floating incentives based on individual performance. Additionally, we have established a medium- and long-term equity incentive plan for employees in key roles to foster greater enthusiasm and initiative, helping retain core talent.

Performance Assessment

We have developed and implemented the Performance Management Control Procedure, the Performance Bonus Assessment Management Regulations, and the Performance Plan Management Regulations to standardize the management rules and standards for performance-based compensation.

Performance Management Mechanism

Assessment Dimensions

- Group level: Financial dimension, customer dimension, internal processes dimension, learning and growth dimension
- Employee level: Performance plans for management include both business and management indicators, while non-management employees are primarily assessed on business indicators

Evaluation Frequency

- Setting differentiated evaluation frequencies based on employee characteristics and business models

Performance Improvement

- Supervisors regularly meet with employees to review their performance, assist in creating improvement plans, and help them achieve their performance targets
- When performance indicators are not met, the system automatically triggers a performance improvement process
- The supervisor analyzes the reasons for not meeting targets and develops improvement measures to ensure the achievement of performance goals in the next cycle



Employee Care

Through a diverse array of employee welfare programs and democratic communication mechanisms, Sailun Group has established a bridge of trust between the Group and its employees, enabling each employee to grow under the Group's care, achieve mutual success through open communication, pool collective strength, and work together to build a brighter future.

Employee Benefits

To standardize employee benefits management, Sailun Group has developed the Regulations on Employee Benefits Management, which define benefit standards and implementation guidelines to ensure that employees' rights and interests are fully protected. We continuously expand our employee benefits initiatives, offering basic benefits such as pension insurance (including post-retirement pensions), holiday benefits, and office campus facilities that comply with local legal requirements. Additionally, we offer all employees enhanced benefits that exceed statutory mandates, including additional full-pay vacation, flexible attendance policies, and comprehensive health benefits. In 2024, as part of the broader employee care program, Sailun Group created an employee care map and launched the "Sailun Care" employee engagement column on the WeChat platform to effectively enhance employees' sense of belonging and well-being through targeted, personalized care initiatives.



Employee Care Map

Work-Life Balance

- **Holiday care:**
  We provide additional leave beyond statutory holidays, including exam leave, Lantern Festival leave, parental leave, and caregiver leave.
- **Supporting facilities:**
  We have enhanced the facilities at the Group's headquarters staff dormitories, including guesthouses, outdoor recreational areas, parking lots, and relaxation rooms. The R&D center is equipped with reading areas, coffee bars, lounges, and a gym.
- **Flexible work hours:**
  We provide flexible work arrangements for staff in functional departments, R&D, sales, and breastfeeding employees.
- **Festival care:**
  We organize activities such as Parent-Child Day, Open House, holiday visits, and Family Visit Days.

Health Benefits

- **Diverse and specialized health plans**
  We offer programs such as health checkups for employees' parents and psychological care services.
- **Employee health management:**
  We have shifted from basic health checkups to a comprehensive employee health management system, optimizing policies and processes to better manage health checkups.

Employee Benefits System

During the reporting period, we established a dedicated task force for dormitory upgrades, investing more than RMB 30 million to comprehensively enhance the staff dormitory facilities, improve the living environment, and increase the overall quality of life for employees.

Upgrading and Renovating Staff Dormitories to Build a Happy Enterprise with Humanistic Care

In 2024, Sailun Group launched a global staff dormitory upgrade and renovation project. The project adopts a modular design featuring "bed on top, desk below + independent storage", equipping staff dormitories with modern facilities such as smart locks, air conditioners, and water heaters. The renovation also optimizes dry-wet separation design for bathrooms and balconies and provides functional spaces such as public laundry rooms and relaxation areas. This renovation added 46 dormitories for new employees, providing a total of 138 beds, and fully maintained 255 beds with a 100% maintenance rate, significantly improving the convenience and comfort of employees' living conditions.

Additionally, we have ensured transparency in the dormitory renovation process through the WeChat platform and organized employee representatives to participate in decisions such as furniture selection and layout design. Over 200 suggestions were collected and implemented, demonstrating the Group's leadership in humanistic care.



We design and distribute induction gift packages for new employees, offering practical and thoughtful items that meet the needs of staff to enhance their onboarding experience. During the reporting period, we actively organized various cultural activities to enrich employees' lives, foster team unity, and create a positive and uplifting corporate culture atmosphere.

Cultural Ceremonial Activities

- Including anniversary celebrations, award ceremonies, cultural speeches, and Cultural Month

Sports and Cultural Activities

- Including sporting events, team-building activities, recreational games, and cultural performances

Intellectual Exchange Activities

- Including seminars, book clubs, co-creation meetings, and discussion forums













Main Cultural Activities

Holding Parent-Child Day Activities to Deepen the Care of Employees' Families

During the reporting period, the Group headquarters held the annual "Parent-Child Day" activity, attracting 40 employees' families. At the event, employees and their children visited the Group's working environment, learned about tire knowledge, and participated in fun interactive games like "Table Tennis Challenge" and "Happy Basketball." These activities allow children to enjoy physical and mental exercises in a joyful environment. The event not only strengthened parent-child bonds but also showcased the Group's care and attention to employees' families.





Democratic Communication

We have established a comprehensive employee complaint channel and developed a standardized mechanism to ensure that employee concerns are handled in a timely and fair manner. We have signed a collective agreement with our employees, covering key areas such as employment management, freedom of association, working hours, vacations, salary and benefits, labor safety and health, insurance and welfare, special protections for female employees, and vocational training. This ensures the protection of employees' rights and promotes harmonious and stable labor relations.

Sailun Group values cultural development and cultivation, and deepens the connotation of corporate culture through methods such as promoting cultural concepts, organizing cultural experience activities, conducting consensus discussions, and promoting cultural business initiatives. During the reporting period, we launched the employee anniversary badge design project and completed its preliminary release to further enhance employees' sense of belonging and pride.

Communication and Appeal Channels for Employees

E-mail: jubaotousu@sailuntire.com;

Tel.: 17568911565(also the WeChat account)

Cultural Promotion

- Party lectures
- Historical and cultural exploration
- Cultural training for new employees
- Cross-cultural communication

Cultural Experience

- Experiential activities
- Management interpretation
- Case analysis

Cultural Consensus

- Consensus discussions with management
- Sales system consensus discussions
- Production system consensus discussions

Cultural Business

- Writing
- Photography and videography
- Interviews and communication
- Video production

Cultural Cultivation and Construction Measures

Building Regular Communication and Feedback Channels for Employees to Improve Their Sense of Satisfaction Through Closed-loop Management

We regularly hold employee communication and exchange activities, such as congresses, symposiums, and tea parties, across the Group's headquarters and all subordinate operational factories. These activities focus on topics of concern to employees, including administrative services, dormitories, property management, and security. For example, the Group headquarters has held five tea parties with over 300 participants, collecting more than 70 employee suggestions. In 2024, based on employee feedback, we conducted a closed-loop self-inspection of the modes and processes for administrative services and the employee care system, formulated corrective actions for the issues identified, further improved business standardization and norms, and continuously enhanced the satisfaction of employees.





To further understand employees' voices, we conduct annual employee satisfaction surveys for all employees at every operational site. Using scientific methods to evaluate employee opinions across various dimensions, we identify organizational development shortcomings and create targeted improvement plans to foster the coordinated development of employees and the Group.

Carrying Out Employee Satisfaction Surveys to Optimize Work Experience

During the reporting period, we launched the "Employee Experience and Organizational Health" survey project for 2024. This comprehensive survey assesses employee satisfaction and organizational health across six core dimensions: strategy and business objectives, organizational management, process mechanisms, resource support, talent incentives, and corporate culture. The survey is conducted using anonymous electronic questionnaires, available in multiple languages, with oversight by the labor union and audit department to ensure data authenticity and protect employee privacy. The survey covered all employees both domestically and internationally, achieving a participation rate of 92.5% and a satisfaction score of 93.7.

We emphasize analyzing the survey results, continuously optimizing the work environment and incentive mechanisms to enhance employees' happiness and organizational effectiveness. This helps create a work ecosystem that offers greater sense of belonging and growth opportunities. At the same time, we regularly share the survey results, along with updates on improvement actions with employees, and allow employees to monitor and participate in the Group's progress.



Occupational Health and Safety

Sailun Group has always taken the occupational health and safety of employees as its core priority, and comprehensively safeguarded the health and safety of employees with perfect safety management systems and measures to lay a solid foundation for the Group's steady progress.

Work Safety

We strictly adhere to the Work Safety Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, the Law on Occupational Safety and Hygiene of Vietnam, the Labor Law of the Kingdom of Cambodia, and other relevant laws and regulations. We have developed safety management rules and systems, such as the Environmental, Occupational Health, and Safety Management Manual and the Regulations on Safety Production Rewards and Punishments, which provide clear guidance on operating procedures and emergency plans. At the same time, we have established a comprehensive safety responsibility system covering all employees, guided by the Safety Production Responsibility Assessment Regulations. We have set clear safety objectives and implemented a three-tier evaluation system—annual, monthly, and daily—to assess the performance of safety personnel at all levels.

Sailun Group's factories adhere to the principle of "safety first, with a focus on prevention", equipping operational sites with safety photoelectric sensors, safety light curtains, and safety scanners to prevent injury from human error or equipment malfunction. We are continuously improving our occupational health and safety management system by clearly defining the responsibilities of the general manager, management representatives, employee representatives, and all functional departments. Key measures include hazard identification, hazardous chemicals management, special equipment supervision, and process-level risk controls. Through internal audits, management reviews, performance monitoring, and daily supervision and inspections, we ensure the safety and effectiveness of our operations, continually enhancing the overall efficiency of our occupational health and safety management.

Based on the risk classification control list, we regularly conduct hazard inspections across various aspects, including platform-based inspections, process inspections, special inspections, safety activities, and safety tools. We track and implement rectifications for any identified hazards. In addition, we comprehensively assess static, dynamic, and management risks in our operations and regularly conduct occupational safety risk assessments. Through hazard identification, accident risk analysis, and evaluation, we develop a risk management and control list, improve employee safety procedures, and create emergency plans. These plans are regularly tested through emergency drills to ensure preparedness and effective response to any incidents.



Types of Emergency Drill Accidents



We regularly conduct work safety and occupational health training for all employees to continuously raise safety awareness and ensure that they understand occupational hazards risks associated with their positions, corresponding prevention measures, and the proper use of personal protective equipment (PPE). In addition, we promote safety knowledge and risk awareness by setting up bulletin boards, information displays, and job-specific risk notification cards to communicate potential safety hazards, occupational disease risks, and related control measures.

Safety Education and Training for Returning to Work After the Holiday to Strengthen Employees' Safety Awareness

During the reporting period, the General Manager of Qingdao Factory personally organized and conducted safety education and training for team leaders and above management staff after the holiday. The training covered topics such as enhancing safety awareness, controlling key points, learning safety knowledge, and discussing the safety production situation. The goal was to reinforce the safety defense line from multiple dimensions—policies, ideas, warnings, and deployments—ultimately improving employees' safety awareness and their ability to prevent accidents.



Conducting Fire Emergency Drills to Enhance the Ability of Emergency Response

During the reporting period, Sailun Group's ACTR Factory cooperated with the Xining Fire Department in Vietnam to conduct fire training and emergency drills aimed at enhancing the professional capabilities of the Group's front-line fire teams. A total of 50 firefighters participated in the drills, effectively improving employees' fire safety awareness and firefighting skills.





On-site Safety Device Awareness Training to Prevent Safety Accidents

During the reporting period, Sailun Group's Cambodia Factory organized on-site safety device awareness training for employees in the PCR vulcanization workshop, focusing on explaining the proper usage and importance of safety devices. The training aimed to prevent employees from bypassing or damaging safety equipment, thereby enhancing the safety awareness and accident prevention abilities of production personnel.





Occupational Health

Sailun Group upholds the people-oriented philosophy that "our employees are our most valuable asset." Each year, we engage third-party organizations to monitor occupational hazard factors at worksites, and every three years, we conduct assessments of the current status of occupational disease risks. These evaluations help us accurately identify occupational health management risks and implement timely corrective measures. To address potential health hazards such as occupational diseases, we have developed emergency response plans and equipped work areas with eyewash stations, alarms, emergency protective equipment, and first-aid supplies. Regular emergency drills are conducted to continuously enhance employees' emergency response and first-aid capabilities.

In terms of personal protective equipment, each factory provides employees with labor protection items such as anti-cutting sleeves, gloves, anti-smash shoes, and anti-static clothing, as well as occupational disease prevention gear including earplugs, dust masks, and gas masks. We organize annual training on the correct use of personal protective equipment to ensure proper usage. In addition, we organize regular occupational health checkups for all employees in positions with occupational disease risks to ensure their long-term health and workplace safety.

Each of Sailun Group's factories organizes annual occupational health training on occupational health and safety management for key personnel and occupational health managers. The training covers occupational health and safety laws and regulations, national occupational health standards, basic knowledge of occupational disease prevention and control, and emergency response procedures for occupational disease incidents. These efforts aim to continuously strengthen each factory's capability in managing occupational health risks.



Positions Covered by Occupational Health and Safety Training

By the end of the reporting period, all seven factories in operation under Sailun Group had obtained ISO 45001 Occupational Health and Safety Management System certification.



Qingdao Factory



Dongying Factory



Shenyang Factory



Weifang Factory



Vietnam Factory



ACTR Factory



Cambodia Factory

Harmonious Coexistence

As a proponent of sustainable development in the global rubber industry, Sailun Group adheres to the concept of "Harmonious Coexistence" and takes the responsibility of building a shared future for the industry. Through initiatives such as deepening collaborative innovation across the industrial chain and establishing technology-sharing platforms, we aim to drive the co-creation of value within the rubber industry ecosystem. In fulfilling our social responsibilities, we continuously engage in public welfare activities, integrate our corporate development into community governance networks, and actively give back to society. We firmly believe that only by fostering cross-industry cooperation with an open and inclusive approach and embracing public welfare and charity through a mindset of symbiosis and mutual benefit can we truly elevate the value of "business for good".

Win-Win Cooperation

With our leading position in the industry and strong research capabilities, we actively participate in industry cooperation and exchanges. We are committed to integrating resources and strengths from various parties to achieve mutual benefits through deep collaboration, thus promoting the thriving development of the tire industry. We actively expand our presence in international events through title sponsorships, partnerships, and supply collaborations, thereby enhancing our influence in the racing sector. In 2024, Sailun Group became the sole Chinese tire manufacturer certified as an official supplier for professional motorsport competitions.

We focus on industry exchanges and enhancing brand influence. We actively participate in major industry exhibitions such as the Mining Indonesia, Las Vegas MINExpo, Shanghai International Bus Exhibition, and The Tire Cologne. Simultaneously, we have built close relationships with leading enterprises across various sectors to provide high-quality, convenient services for our customers. During the reporting period, we entered strategic partnerships with companies such as XCMG, LGMG, and COSCO Shipping, continuously implementing our strategy of collaborative innovation in the industrial chain and jointly establishing a high-level model of cooperation.



Sailun Group × XCMG



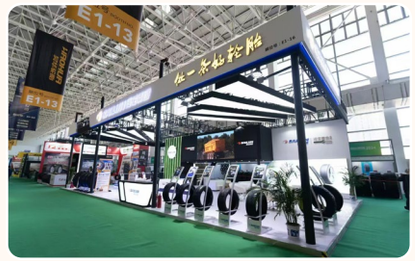
Sailun Group × COSCO Shipping



The Tire Cologne, Germany



Mining Indonesia



The 14th China (Guangrao) International Rubber Tire & Auto Accessory Exhibition



MINExpo



Bauma China



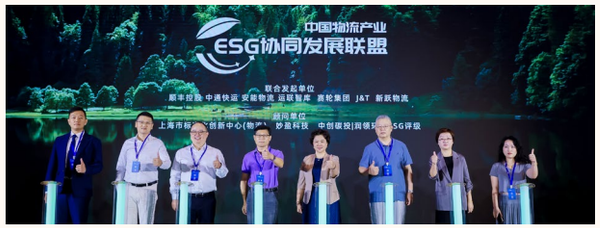
The 17th China International Tire & Wheel (Qingdao) Fair



China International Mining Exhibition (CIME)

Joining the ESG Alliance of Logistics Industry to Support Sustainable Transformation

In August 2024, at the China Logistics Industry ESG Collaborative Development Alliance TUC Summit, Sailun Group, as one of the sponsors, joined the China Logistics Industry ESG Collaborative Development Alliance. We are committed to helping China's logistics industry explore ESG information disclosure standards and promote the green, healthy, and sustainable development of the sector.



Strengthening University-Enterprise Cooperation and Promoting Technological Breakthroughs in Intelligent Tires

Sailun Group has established long-term partnerships with numerous prestigious universities and research institutions, including Peking University, Tsinghua University, the Chinese Academy of Sciences, Shandong University, Beijing University of Chemical Technology, China University of Petroleum (East China), Qingdao University of Science and Technology, Shandong University of Science and Technology, and the China Academy of Industrial Internet.

Driven by the increasing demand for safety, environmental protection, economy, and comfort in next-generation intelligent vehicles, Sailun Group has partnered with the Chinese Academy of Sciences and Shandong University of Science and Technology to jointly advance the development of the intelligent tire industry. This collaboration focuses on the development of new sensors and their associated production technologies, ensuring that these sensors remain functional in the harsh conditions of tire environments. The project aims to guarantee the stability of multi-sensor packaging and signal transmission, further meeting the diverse performance requirements of tires. We anticipate that this effort will significantly drive the leapfrog development of the intelligent tire industry.

Sharing Experience at Industry Quality Exchange Meetings to Lead New Practices in Quality Improvement

In September 2024, Zhang Xiaojun, Vice President of Sailun Group, was invited to attend the opening ceremony of Quality Month, hosted by the Qingdao Administration for Market Regulation. He also participated in the exchange and observation meeting on quality infrastructure that supports industrial chain and supply chain improvements. During the meeting, Sailun Group shared its advanced quality management practices. As a result, Sailun Group was awarded the second prize in the 2nd Qingdao Quality Innovation Competition for its thorough implementation of the city's "strengthening quality support and building a strong quality nation" spirit and its industry-leading practices.



Sailun Group's European Tour: Embarking on a New Journey of Industry Exchange

From May to June 2024, Sailun Group took advantage of The Tire Cologne in Germany to launch a European self-driving experience, called "Cologne Road 2024." On the eve of the exhibition, the Sailun race team visited major dealers across several European countries, including Poland, Italy, France, Spain, and the United Kingdom. During this journey, the team engaged in in-depth discussions with dealers about the application of EcoPoint[3] tires in various electric, hybrid, and popular vehicle models, gaining further insights into the unique characteristics and needs of the European market.





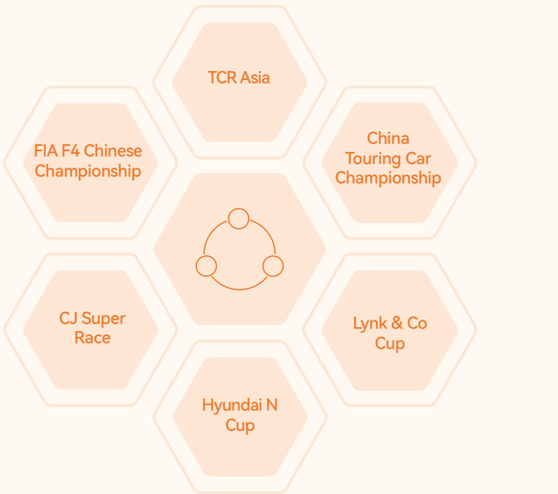
At the Tire Cologne, Liu Yanhua, Chairwoman of Sailun Group, shared the Group's long-term strategy, corporate culture, stories of technological innovation, and commitment to sustainable development with global media and partners, laying a solid foundation for future cooperation.





Sailun Group Supplied Multiple International Events to Help Racing Drivers Set New Records

Thanks to years of foundational research into rubber technology, our race tires have reached world-class standards in terms of handling, grip, and stability. These improvements provide drivers with higher safety and better driving experiences, empowering China's speed in international automotive events. In February 2024, Sailun Group was officially certified by the FIA, becoming the only Chinese tire brand to secure access to professional automobile events. Starting with the 2024 season, we will exclusively supply tires for several top international competitions. Additionally, we have been long-standing sponsors and title partners for major racing events, continually extending the "Sailun Influence" in the racing industry.



Automotive professional events exclusively supplied by Sailun Group



FIA F4 Chinese Championship Tire Partnership

In May 2024, the TCR Asia season opener took place at the Litar Antarabangsa Sepang in Malaysia. The event attracted professional drivers from China, Ireland, South Korea, Indonesia, Malaysia, and other countries. As the official exclusive tire partner for TCR Asia in the 2024 season, Sailun Group provided the PC01 tires, specially developed for TCR tracks, offering a solid foundation for drivers' success in the championship.



In August 2024, the TCR Asia Series made its long-awaited return to Thailand after a hiatus since 2019, with the fifth and sixth rounds held at the Chang International Circuit. Sailun's PC01 race tires, the official designated tire, showcased their exceptional performance and quality, helping drivers set new records.



Working Together for the Common Good

While focusing on maintaining steady business operations and development, Sailun Group remains committed to fulfilling its corporate social responsibilities. We continuously create value for society and strive to give back the benefits of our success. Our efforts focus on people's livelihoods, poverty alleviation, public welfare, and community contributions. We prioritize supporting rural revitalization, education, earthquake relief, and cultural and sports initiatives to help promote the positive and upward development of society.

During the reporting period

RMB 4.34 million

was contributed to rural revitalization initiatives and other social donations

Rural Revitalization

Sailun Group has long been committed to rural revitalization and actively participates in initiatives to help modernize rural communities. We remain focused on the development needs of impoverished and underserved areas, seeking cooperation opportunities and collaborating with various stakeholders to jointly plan development pathways. Moving forward, Sailun Group will continue to monitor the progress of rural revitalization, fulfill its responsibilities as a corporate citizen through practical actions, and contribute to the creation of beautiful and livable villages.

Conducting Agricultural Sales to Help Farmers Increase Their Income

Sailun Group actively responded to the call to support farmers, exploring a new sustainable assistance model, transitioning from "purchasing instead of donating" to "promoting production through purchasing." In 2024, we procured specialty agricultural products from Longnan City, Gansu Province, and other regions to help farmers in underdeveloped areas access new markets and increase their income. Through these efforts, we have addressed the issue of "difficulties in marketing agricultural products from mountainous regions" while also establishing a green and high-quality procurement channel for employee welfare.

Sailun Group Visited Longnan to Seek a New Chapter in East-West Cooperation

In November 2024, Sailun Group, along with the Industry and Information Technology Bureau of Qingdao West Coast New Area and a delegation of enterprises, visited Wudu District in Longnan City, Gansu Province for an investigation and exchange. During the visit, both sides held in-depth discussions on collaborative development between East and West China, focusing on cooperation in industries, science, and technology. Sailun Group seized this opportunity to provide financial support to Wudu District in Longnan City, hoping to contribute further to the future of East-West cooperation.



Facilitating Education

Sailun Group has long been dedicated to education and charitable initiatives. It not only provided teaching materials and scholarships to various schools through donations of materials and funds, but also actively organized educational outreach programs such as the "Tire Lecture Hall." These initiatives aimed to enrich students' scientific knowledge and encourage innovative thinking. We are committed to improving educational conditions and promoting education equity, making tangible contributions to the creation of a better future for society.

"Tire Lecture Hall" Opened to Help a New Chapter in Science Popularization

In 2024, Sailun Group, in collaboration with Jing Gang Shan Road Primary School in the Qingdao West Coast New Area, launched the "Tire Lecture Hall" series of science popularization classes. The first course, "The Wonderful World of Tires," was carefully designed by Sailun Institute of Learning and the Technology R&D Center under the theme "Exploring the Secrets of Tires, Creating Infinite Possibilities." Through various interactive forms, such as pictures, videos, and tire cross-section models, the classes educated all teachers and students about the history, functions, classifications, and patterns of rubber tires, stimulating their curiosity and innovative thinking. On the same day, Sailun Group donated electronic screens to the school to improve students' learning conditions.





Educational Donations to Support the Long-Term Development of Education

In September 2024, to help improve the educational environment for students at Can Tho Viet Hoa International School in Vietnam, Sailun (Vietnam), as a representative Chinese-funded enterprise, joined the Consulate General of the People's Republic of China in Ho Chi Minh City and other Chinese business organizations to make a collective donation. Sailun (Vietnam) contributed 200 million Vietnamese Dong to the school, supporting its development and fostering friendly exchanges between China and Vietnam.



Assistance to Disaster-Stricken Areas

Sailun Group actively engaged in public welfare efforts to support disaster-stricken areas. In response to natural disasters, we acted swiftly, extending a helping hand by providing urgently needed materials and financial support to the affected regions. Our goal was to help communities overcome difficulties and rebuild their homes.

Sailun Group Donated to Vietnam Flood Relief Efforts to Help Overcome Tough Times

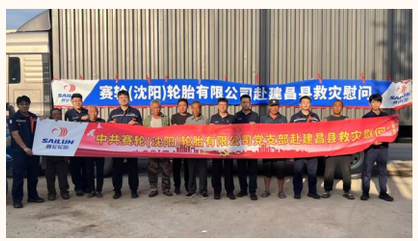
In October 2024, northern Vietnam experienced devastating floods that severely impacted local residents' lives. In response, Sailun Group's Vietnam Factory acted promptly, calling on employees to make donations. A total of 390 million Vietnamese Dong was raised to support emergency relief efforts and post-disaster reconstruction in the affected areas.





Sailun Group Rushed to Liaoning to Build a Warm Defense Line Against Disaster

In August 2024, Huludao City, Liaoning Province was severely affected by flooding. In response, Sailun Group's Shenyang Factory quickly organized employees to visit the disaster-affected areas, offering relief and assistance. We urgently allocated resources and arranged special vehicles to reach Jianchang County, Huludao City, Liaoning Province, delivering necessary living supplies and emergency materials to the affected residents. Through this disaster relief action, we hoped to deliver warmth and care and contribute to the reconstruction and recovery efforts.



Advancing both Culture and Sports

Sailun Group embraced the concept of advancing both culture and sports. We were deeply involved in cultural communication and, through holding sports events, we conveyed our unique urban cultural charm and corporate spirit to the public. At the same time, we supported the development of sports and enhanced the cultural identity and soft power of our city.

Facilitating the Promotion of Qingdao Festivals and Building a New Cultural Landmark

Sailun Group actively contributed to the development of Qingdao's urban culture. During the Qingdao International Beer Festival at the West Coast venue, we set up the "Sailun Energy Station", combining tire culture with Qingdao's beer culture through a series of engaging game challenges and creative cultural activities. Additionally, the "Sailun Energy Station" became one of the nine landmark locations, significantly promoting Qingdao's culture and festival publicity, and demonstrating Sailun Group's pivotal role in supporting local cultural development.



Sailun Group Hosted the Table Tennis Feast in Qingdao, Promoting the Rise of the National Sport

In June 2024, Sailun Group hosted the "Sailun EcoPoint[3] Cup" Table Tennis Open in Qingdao. The event followed a team format and featured three categories: the Open Group, the Chinese Adult Group, and the Chinese Youth Group, attracting nearly 300 table tennis enthusiasts who formed over 70 teams. The competition saw participation from numerous former national players, professional contestants, and online influencers, with the live streaming drawing significant attention. This event not only helped spread Sailun Group's brand concept but also promoted the popularization and development of "National Ball" sports, while cheering for Olympic athletes.





Appendix I Quantitative Performance Table

Governance Data

Indicator	Unit	2024
Operating income of the Group	RMB 100 million	318.02
Business Ethics		
Number of regular employees participating in training related to business ethics	Person	21,077
Percentage of employees trained in business ethics	%	100
Number of directors trained in business ethics	Person	7
Percentage of directors trained in business ethics	%	100
Unfair competition leading to litigation or major administrative penalties	Case	0
Information Security and Privacy Protection		
Number of information security incidents	Case	0
Number of customer privacy disclosure events	Case	0
Number of information security trainings provided to employees	Session	6

Environmental Data

Indicator	Unit	2024
Wastewater[25]		
Chemical oxygen demand (COD)	Tonne	98.29
Ammonia nitrogen	Tonne	12.08
Exhaust gas		
Particulate matter	Tonne	2.13
Sulphur dioxide	Tonne	15.38
Nitrogen oxides	Tonne	48.38
VOCs	Tonne	42.07
Waste		
General solid waste	Tonne	70,126.15
Hazardous waste	Tonne	382.53
Water Resources Utilization[26]		
Total water consumption	Tonne	3,994,254.00
Water consumption intensity	Tonne/RMB million	125.60
Direct energy use		
Natural gas	m^3	16,210.40
Diesel	Tonne	1,384.93
Gasoline	Tonne	32.61
Liquefied petroleum gas	Tonne	0.79
Self-generated green electricity	Megawatt hour	43,483.07
Coal	Tonne of standard coal equivalent	208,112.55
Biomass	Tonne of standard coal equivalent	8,606.84
Indirect Energy Use		
Purchased electricity	Megawatt hour	1,039,443.27
Purchased steam	GJ	2,003,694.26
Total Energy Consumption		
Direct energy consumption	Tonne of standard coal equivalent	224,149.21
Indirect energy consumption	Tonne of standard coal equivalent	205,657.27
Total energy consumption	Tonne of standard coal equivalent	429,806.49

[25] In accordance with Article 30 of the SSE Guidelines, the 2024 statistics for wastewater, exhaust gases, and waste include factories listed in the mandatory environmental information disclosure catalog.
[26] The statistical scope of water resources, energy, and greenhouse gas-related data covers seven operational factories, the Group headquarters, and the R&D center.

Indicator	Unit	2024
Energy consumption intensity	Tonne of standard coal equivalent/ RMB million	13.51
Percentage of renewable energy use	%	3.25
Total renewable energy consumption	Tonne of standard coal equivalent	13,950.91
Non-renewable energy consumption	Tonne of standard coal equivalent	415,855.58
Climate Change Tackling		
Scope 1 GHG emissions	tCO_2e	622,575.62
Scope 2 GHG emissions	tCO_2e	825,303.85
Total GHG emissions (Scope 1 + Scope 2)	tCO_2e	1,447,879.47
GHG Emission Intensity	tCO_2e/RMB million	45.53

Social Data

Indicator	Unit	2024
Employee Hiring		
Regular employees	Person	21,077
Interns	Person	260
Number of employees by type of management		
Total number of management staff	Person	601
Number of ordinary employees	Person	20,476
Number of employees by gender		
Male employees	Person	17,475
Female employees	Person	3,602
Percentage of female employees	%	17.09
Number of employees by age group		
<30 years	Person	8,964
30-60 years	Person	12,080
>60 years	Person	33

Indicator	Unit	2024
Diversified Employees		
Number of minority employees	Person	460
Number of employees with disabilities	Person	7
Number of newly recruited employees	Person	5,465
Total employee turnover rate	%	29.12
Employee turnover rate by gender		
Male employees	%	29.77
Female employees	%	25.96
Employee Training and Development		
Total number of trainees	Person	21,077
Total training participation	Attendance	452,655
Percentage of employees trained	%	100
Average training hours per employee	Hour/person	42.95
Staff training and development expenditures	RMB 10,000	632.04
Number of skills training sessions conducted	Session	5,732
Occupational Health and Safety		
Total hours of employee safety training	Hour	282,000
Total work-related injury insurance coverage	RMB 10,000	833.43
Coverage rate of work-related injury insurance	%	100
Coverage rate of employee health and safety risk assessments	%	100
Employee Rights and Benefits		
Signing rate of labor contracts	%	100
Social security coverage	%	100
Collective contracts coverage	%	100
Safety and Quality of Products and Services		
Number of product recall batches	Time	0

Indicator	Unit	2024
Percentage of product recalls	%	0
Complaint handling rate	%	100
Number of major liability accidents related to product safety and quality	Case	0
Customer Service		
Customer satisfaction (overseas)	%	97.49
Customer satisfaction (China)	%	98.50
R&D Innovation		
R&D expenditure	RMB 10,000	101,281.40
R&D intensity (R&D/revenue)	%	3.18
Involvement in developing and distributing advanced materials	RMB 10,000	2,436.00
Involvement in development and distribution of reused products or products using recycled waste	RMB 10,000	6,086.73
Certified high-tech enterprises	Number	3
National-level innovation platforms	Number	4
R&D personnel headcount	Person	2,762
R&D personnel ratio	%	13.10
Total valid patents	Number	2,008
Invention patents	Number	177
Utility model patents	Number	1,086
Design patents	Number	745
Valid software copyrights	Number	116
New patent applications	Number	577
New invention patent applications	Number	99
New utility model patent applications	Number	253
New design patent applications	Number	225
New software copyright applications	Number	3
New authorized patents	Number	315
New authorized invention patents	Number	43

Indicator	Unit	2024
New authorized utility model patents	Number	156
New authorized design patents	Number	116
New authorized software copyrights	Number	3
Valid trademarks	Number	1,126
New trademark applications	Number	93
New authorized trademarks	Number	116
Infringement cases initiated	Number	0
Infringement cases received	Number	0
Responsible Supply Chain Management		
Total suppliers	Number	810
Domestic suppliers	Number	705
Overseas suppliers	Number	105
Percentage of domestic suppliers	%	87.04
Percentage of overseas suppliers	%	12.96
Percentage of suppliers with signed code of conduct	%	68.89
Percentage of suppliers with contracts containing environmental, labor, and human rights clauses	%	68.89
Percentage of target suppliers that have been assessed by CSR (e.g. questionnaires)	%	15.93
Procurement of Personnel Training		
Percentage of procurement personnel participating in sustainable procurement-related training	%	100
Supplier Certification		
Percentage of suppliers certified to ISO 9001	%	53.46
Percentage of suppliers certified to ISO 14001	%	35.68
Percentage of suppliers certified to ISO 45001	%	29.88
Percentage of suppliers certified to IATF 16949	%	14.94
Rural Revitalization & Social Contribution		
Total investment in rural revitalization and social donations	RMB 10,000	434.06

Appendix II SSE Guidelines Content Index

Dimension	序号	Topic	Location
Environment	1	Climate response	Governance Strategy Risk and Opportunity Management Metrics and Targets
	2	Pollutant discharge	Compliant Emissions
	3	Waste disposal	Compliant Emissions
	4	Ecosystem and biodiversity protection	Biodiversity Conservation
	5	Environmental compliance management	Management System
	6	Energy utilization	Strategy
	7	Water resources utilization	Resource Conservation
	8	Circular economy	Strategy
Society	9	Rural revitalization	Working Together for the Common Good
	10	Social contributions	Working Together for the Common Good
	11	Innovation	Enhancing R&D Capabilities Leading Through Innovation Protecting Intellectual Property
	12	Ethics of science and technology	Enhancing R&D Capabilities
	13	Supply chain security	Sustainable Procurement
	14	Equal treatment of small and medium-sized enterprises	Sustainable Procurement
	15	Product and service safety and quality	Product Quality and Safety Reliable Customer Service Enhanced Distributor Management
	16	Data security and customer privacy protection	Information Security
Society	17	Employees	Inclusive Workplace Talent Development Employee Care Occupational Health and Safety
Sustainability-related governance	18	Due diligence	Business Ethics Sustainable Procurement
	19	Stakeholder engagement	Stakeholder Communication
	20	Anti-commercial bribery and anti-corruption	Business Ethics
	21	Anti-unfair competition	Business Ethics

Appendix III Contributing to UN SDGs

UN SDGs	Specific contributions	Location
	Adhering to a people-oriented management approach, we have formulated and implemented the Labor Policy, Employee Handbook, and Welfare Management Regulations, aimed at providing employees with fair employment opportunities, competitive salary, and welfare benefits to enhance their living standards. We also actively engage in charitable activities such as selling agricultural products and making educational donations, which help impoverished areas increase income and improve access to educational resources. During the reporting period, we contributed RMB 4.34 million to rural revitalization initiatives and various social donations.	Inclusive Workplace Talent Development Employee Care Harmonious Coexistence
	We offer a wide range of health benefits, promote work-life balance, and foster the physical and mental well-being of our employees. We have implemented a work safety responsibility system for all employees, ensuring that occupational health and safety risks are manageable by regularly monitoring occupational hazards, conducting assessments of the current state of occupational diseases, strengthening major hazard source controls, and providing occupational health examinations for all employees.	Employee Care Occupational Health and Safety
	By building a comprehensive training system and offering diversified career development opportunities, we empower employees to grow. In 2024, we provided training programs for new employees, professionals, and managers, enhancing the mentorship system to develop their skills and management capabilities. This ensures strong talent support for the enterprise's high-quality development. During the reporting period, employees received an average of 42.95 hours of training, with 100% training coverage.	Talent Development
	We have established systems such as the Employee Handbook to ensure equal treatment of employees in recruitment, compensation, training, and promotion. By the end of the reporting period, 100% of the seven operational factories had obtained SA 8000 certification, demonstrating our commitment to protecting employees' rights. In 2024, 43% of board members were women.	Inclusive Workplace
	We have formulated a Water Resource Management Policy, implemented water resource recycling, improved circulating water quality projects, and conducted water conservation training and awareness activities, significantly enhancing the efficiency of water usage.	Green Operations
	In response to China's "dual carbon" policy, we have replaced coal-fired energy with biomass energy, introduced new photovoltaic power systems, and advanced clean energy applications, steadily increasing the proportion of clean energy in our overall energy consumption.	Climate Response
	In accordance with local regulations, market standards, and the Group's operational status, we have developed the Salary Management Regulations and Performance Bonus Assessment Management Regulations. These systems provide employees with fixed salaries, performance bonuses, sales commissions, and other variable compensations, along with equity incentives for key positions.	Talent Development

UN SDGs	Specific contributions	Location
	We continuously enhance innovation and R&D by formulating the Regulations on R&D Quality Management, conducting over 20 R&D-related training sessions, and launching a series of high-performance products. We have extensively incorporated renewable materials into our manufacturing processes, and reached 31.8% sustainable material content in our tires. Through formula optimization, we have mastered the ability to incorporate over 75% sustainable materials in passenger car tires (PCR) and over 80% sustainable materials in truck and bus tires (TBR). Moreover, we have expanded the application of EcoPoint[3] materials, launching multiple innovative products across our three core segments: passenger car radial (PCR) tires, truck, and bus radial (TBR) tires, and off-the-road (OTR) tires.	R&D and Innovation Climate Response
	In the Employee Handbook, we integrate the principles of diversity, equality, and inclusiveness into the recruitment and employment process, ensuring no discrimination based on race, gender, region, religion, or other factors. We are also committed to promoting an open and inclusive workplace. We have published the Sustainable Procurement Policy and the Sustainable Natural Rubber Purchasing Policy, requiring all natural rubber suppliers to comply with human rights protection principles, ensuring equal opportunities in the supply chain, and safeguarding the rights of SME suppliers.	Supply Chain Management Inclusive Workplace
	Sailun Group actively builds a greener and more resilient supply chain system by developing high-performance and low-carbon tire products, applying sustainable materials, optimizing supply chain management, and promoting the circular economy. These efforts help reduce environmental impact, promote sustainable consumption, and contribute to the construction of sustainable cities and communities.	R&D and Innovation Climate Response
	We strictly ensure that 100% of wastewater and exhaust gases in the production process meet discharge standards, while minimizing hazardous waste generation. At the same time, we enhance resource utilization rates by recycling waste tire materials and adopting renewable energy, actively reducing both our operational and product carbon footprints. We have issued the Sustainable Natural Rubber Purchasing Policy to regulate responsible sourcing and ensure the sustainable use of natural resources. Furthermore, we implement an ESG management system for the supply chain in accordance with the Sustainable Procurement Policy, promoting the construction of a sustainable supply chain.	Supply Chain Management Environmental Management Climate Response
	We have established a preliminary process for managing climate risks and opportunities, gradually incorporating climate risks into our overall risk management framework. Simultaneously, we have formulated and implemented climate risk response plans and emergency protocols, focusing on three areas: operations, products, and supply chain, while continuously improving our resilience to climate change risks.	Climate Response
	We adhere to ecological protection red lines and implement environmental impact assessments and restoration measures to minimize the project's impact on the ecological environment. In the future, we will develop biodiversity conservation commitments and conduct biodiversity risk assessments.	Green Operations
	We have established and improved our corporate governance structure and risk control system. We strictly follow business ethics codes, strengthen anti-corruption and anti-unfair competition measures, and implement a whistleblower protection mechanism to protect the legitimate rights and interests of employees and partners.	Corporate Governance
	We maintain open and diversified communication channels, engaging in regular and effective communication with suppliers, government agencies, and other relevant parties, thereby establishing solid partnerships. Additionally, we actively cooperate with industrial partners, such as Xiaomi Corporation and XCMG, to promote innovation and progress within the industry.	Sustainable Development Governance Harmonious Coexistence

Appendix IV GRI Content Index

Statement of Use	Sailun Group has reported with reference to the GRI Standards from January 1, 2024, to December 31, 2024.
GRI 1 Applied	GRI1: Foundation 2021

GRI Standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-1 Organizational details	About Us
	2-2 Entities included in the organization's sustainability reporting	About the Report About Us
	2-3 Reporting period, frequency and contact point	About the Report
	2-4 Restatements of information	About the Report
	2-5 External assurance	Appendix VI Independent Assurance Statement
	2-6 Activities, value chain and other business relationships	About Us
	2-7 Employees	Appendix I Quantitative Performance Table
	2-8 Workers who are not employees	Appendix I Quantitative Performance Table
	2-9 Governance structure and composition	Board Governance
	2-10 Nomination and selection of the highest governance body	Board Governance
	2-11 Chair of the highest governance body	Board Governance
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainable Development Governance Structure
	2-13 Delegation of responsibility for managing impacts	Sustainable Development Governance Structure
	2-14 Role of the highest governance body in sustainability reporting	Sustainable Development Governance Structure
	2-15 Conflicts of interest	Business Ethics
	2-16 Communication of critical concerns	Stakeholder Communication
	2-17 Collective knowledge of the highest governance body	Sustainable Development Governance Structure
	2-18 Evaluation of the performance of the highest governance body	Sustainable Development Governance Structure
	2-19 Remuneration policies	Sustainable Development Governance Structure
	2-20 Process to determine remuneration	Sustainable Development Governance Structure
	2-21 Annual total compensation ratio	No relevant internal information is provided for the time being
	2-22 Statement on sustainable development strategy	Sustainable Development Strategy
	2-23 Policy commitments	Business Ethics
	2-24 Embedding policy commitments	Business Ethics
	2-25 Processes to remediate negative impacts	Business Ethics
	2-26 Mechanisms for seeking advice and raising concerns	Business Ethics
	2-27 Compliance with laws and regulations	Business Ethics Management System
	2-28 Membership associations	Win-win Cooperation
	2-29 Approach to stakeholder engagement	Stakeholder Communication
	2-30 Collective bargaining agreements	Democratic Communication
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Double Materiality Analysis
	3-2 List of material topics	Double Materiality Analysis
	3-3 Management of material topics	Please refer to the contents in each topic chapter
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Appendix I Quantitative Performance Table
	201-2 Financial implications and other risks and opportunities due to climate change	Strategy
	201-3 Defined benefit plan obligations and other retirement plans	Employee Benefits
	201-4 Financial assistance received from government	Not disclosed due to confidentiality requirements

GRI Standard	Disclosure	Location
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Not disclosed due to confidentiality requirements
	202-2 Proportion of senior management hired from the local community	Appendix I Quantitative Performance Table
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Working Together for the Common Good
	203-2 Significant indirect economic impacts	Working Together for the Common Good
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Not disclosed due to confidentiality requirements
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Not collected
	205-2 Communication and training about anti-corruption policies and procedures	Business Ethics
	205-3 Confirmed incidents of corruption and actions taken	Business Ethics
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Business Ethics
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Resource Conservation
	301-2 Recycled input materials used	Resource Conservation
	301-3 Reclaimed products and their packaging materials	Resource Conservation
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Appendix I Quantitative Performance Table
	302-2 Energy consumption outside of the organization	Appendix I Quantitative Performance Table
	302-3 Energy intensity	Appendix I Quantitative Performance Table
	302-4 Reduction of energy consumption	Strategy
	302-5 Reductions in energy requirements of products and services	Strategy
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Compliant Emissions Resource Conservation
	303-2 Management of water discharge-related impacts	Compliant Emissions
	303-3 Water withdrawal	Resource Conservation
	303-4 Water discharge	Compliant Emissions
	303-5 Water consumption	Resource Conservation

GRI Standard	Disclosure	Location
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Metrics and Targets
	305-2 Energy indirect (Scope 2) GHG emissions	Metrics and Targets
	305-3 Other indirect (Scope 3) GHG emissions	Not collected
	305-4 GHG emissions intensity	Metrics and Targets
	305-5 Reduction of GHG emissions	Strategy
	305-6 Emissions of ozone-depleting substances (ODS)	Not collected
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Compliant Emissions
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Compliant Emissions
	306-2 Management of significant waste-related impacts	Management System Compliant Emissions
	306-3 Waste generated	Compliant Emissions
	306-4 Waste diverted from disposal	Compliant Emissions
	306-5 Waste directed to disposal	Compliant Emissions
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Sustainable Procurement
	308-2 Negative environmental impacts in the supply chain and actions taken	Sustainable Procurement
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Appendix I Quantitative Performance Table
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Benefits
	401-3 Parental leave	Employee Benefits
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Work Safety
	403-2 Hazard identification, risk assessment, and incident investigation	Work Safety
	403-3 Occupational health services	Occupational Health
	403-4 Worker participation, consultation, and communication on occupational health and safety	Democratic Communication Occupational Health
	403-5 Worker training on occupational health and safety	Occupational Health

GRI Standard	Disclosure	Location
GRI 403: Occupational Health and Safety 2018	403-6 Promotion of worker health	Work Safety Occupational Health
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Work Safety Occupational Health
	403-8 Workers covered by an occupational health and safety management system	Work Safety Occupational Health
	403-9 Work-related injuries	Appendix I Quantitative Performance Table
	403-10 Work-related ill health	Occupational Health
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Appendix I Quantitative Performance Table
	404-2 Programs for upgrading employee skills and transition assistance programs	Employee Training
	404-3 Percentage of employees receiving regular performance and career development reviews	Not collected
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Appendix I Quantitative Performance Table
	405-2 Ratio of basic salary and remuneration of women to men	Not disclosed due to confidentiality requirements
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Labor Rights
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Democratic Communication
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Sustainable Procurement Labor Rights
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Sustainable Procurement Labor Rights
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Not disclosed because it is not applicable and has little relevance to the Group
	413-2 Operations with significant actual and potential negative impacts on local communities	Not disclosed because it is not applicable and has little relevance to the Group

GRI Standard	Disclosure	Location
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Sustainable Procurement
	414-2 Negative social impacts in the supply chain and actions taken	Sustainable Procurement
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Appendix I Quantitative Performance Table
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Appendix I Quantitative Performance Table
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Reliable Customer Service Responsible Marketing
	417-2 Incidents of non-compliance concerning product and service information and labeling	Responsible Marketing
	417-3 Incidents of non-compliance concerning marketing communications	Responsible Marketing
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Appendix I Quantitative Performance Table

Appendix V Main Subsidiaries and Abbreviations

The names of subsidiaries and their abbreviations appearing in this report are compared as follows:

Name of Subsidiary	Abbreviation
Sailun Group Co., Ltd. [27]	Qingdao Factory
Sailun (Dongying) Tire Co., Ltd.	Dongying Factory
Sailun (Shenyang) Tire Co., Ltd.	Shenyang Factory
Zhucheng Yongan Rubber Technology Co., Ltd.	Weifang Factory
Sailun (Vietnam) Co., Ltd.	Vietnam Factory
ACTR CO., LTD.	ACTR Factory
CART TIRE CO., LTD.	Cambodia Factory
Shenyang Heng Tong Energy Co., Ltd.	Heng Tong Energy
East China (Dongying) Intelligent Connected Vehicle Proving Ground Co., Ltd.	East China Intelligent Connected Vehicle Test Site

[27] As used in this report, the terms "Sailun Group," "the Group," and "we" all refer to Sailun Group Co., Ltd. at the group level. When the "Qingdao Factory" is mentioned separately in this report, it specifically refers to the factory of Sailun Group Co., Ltd. located in the Qingdao region.

Appendix VI Independent Assurance Statement

Independent Verification Statement

Verification Statement：EIV2 004960 0009 Rev. 00

To the management and stakeholders of SAILUN GROUP,

TÜV SÜD Certification and Testing (China) Co., Ltd. (hereinafter referred to as "TÜV SÜD") has been engaged by SAILUN GROUP CO., LTD. (hereinafter referred to as "SAILUN GROUP" or "the Company") to perform an independent third-party verification on *SAILUN GROUP CO., LTD. 2024 Sustainability Report* (hereinafter referred to as "the Report"). During this verification, TÜV SÜD's verification team strictly abided by the contract signed with SAILUN GROUP and provided verification regarding the Report in accordance with the provisions agreed by both parties and within the authorized scope stipulated in the contract.

This Independent Verification Statement is based on the data and information collected by SAILUN GROUP and provided to TÜV SÜD. The scope of verification is limited to the given information. SAILUN GROUP shall be held accountable for authenticity and completeness of the provided data and information (contains assumptions, projections, and/or historical facts).

Scope of Verification

Time frame of this verification:

- The Report contains the data disclosed by SAILUN GROUP during the reporting period from January 1st, 2024 to December 31st, 2024, including governance, environmental and social information and data, methods for management of material issues, actions/measures and the Company's sustainability performance during the reporting period.

Physical boundary of this verification:

- The on-site verification sampling took place at below listed location:
  No. 43 Zhengzhou Road, Shibei District, Qingdao, Shandong Province

Scope of data and information for the verification:

- The scope of verification is limited to the data and information of SAILUN GROUP and all companies under its operational control covered by the Report.

The following information and data are beyond the scope of this verification:

- Any information and contents beyond the reporting period of this Report; and
- The data and information of SAILUN GROUP's suppliers, partners and other third parties; and
- The financial data and information disclosed in this Report that have been audited by an independent third party are not verified again herein.

Limitations

- The verification process is conducted in the above scope and places. Sampling and verification are adopted for the data and information in the Report by TÜV SÜD, and only the stakeholders within the Company are interviewed; and
- The Company's standpoint, opinions, forward-looking statements and predictive information as well as the historical data and information before January 1st, 2024 are beyond the scope of this verification.
- TÜV SÜD's verification conclusions are based on the analysis of the data and information collected by TÜV SÜD and may not identify all problems and conditions, nor constitute a guarantee of the credibility or status of the subject of verification.

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Independent Verification Statement

Verification Statement：EIV2 004960 0009 Rev. 00

Basis for the Verification

This verification process was conducted by TÜV SÜD's expert team with extensive experience in the economic, environmental, social and other relevant areas and drew the conclusions thereof. The verification conforms to the following standards:

- *International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, Limited Assurance*
- *Sustainability report verification programme operation rule (CCB_EIV_GR_002E Rev02)*

In order to perform adequate verification in accordance with the contract and provide reasonable verification for the conclusions, the verification team conducted the following activities:

- Preliminary investigation of the relevant information before the verification;
- Confirmation of the presence of the topics with high level of materiality and performance in the Report;
- On-site review of all supporting documents, data and other information provided by SAILUN GROUP, tracing and verification of key performance information;
- Special interview with the representative of SAILUN GROUP's management; interviews with the employees related to collection, compilation and reporting of the disclosed information; and
- Other procedures deemed necessary by the verification team.

Verification Conclusions

According to the verification, we believe that the data and information presented in SAILUN GROUP's report are objective, factual and reliable, without systematic problems, and can be used by stakeholders.

The verification team has drawn the following conclusions on this Report:

Inclusivity	SAILUN GROUP has fully identified both internal and external stakeholders, including suppliers, customers, shareholders and investors, government entities, industry associations, regulators, employees, and the broader society and public. The Company has established stakeholder communication mechanisms to systematically collect their genuine concerns on a regular basis.
Materiality	SAILUN GROUP has established the prioritization process of material topics determination, identified and assessed the priority of the sustainability topics which are highly related to the industry, the Company disclosed the strategy, management approach as well as sustainability performance in corporate operation, therefore the Report's adherence to materiality principle is guaranteed.
Responsiveness	SAILUN GROUP has transparently disclosed its management approaches and performance in high-materiality topics such as climate change adaptation, product quality and safety, occupational health and safety, and R&D innovation. The Company has also established structured communication mechanisms to fully address stakeholders' concerns and expectations.
Impact	SAILUN GROUP has established Strategy and Sustainable Development Committee to enhance the Company's efforts in the areas of environmental, social responsibility and corporate governance. By leading the development of the Company's ESG strategic planning,

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Independent Verification Statement

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	policies and work plans, reviewing and approving the ESG annual report, and regularly evaluating the implementation of the Company's ESG work, the Company will continue to promote the process of corporate sustainable development work.

Recommendations on Continuous Improvement

- The management improvement recommendations have been communicated to SAILUN GROUP's management for reference during the verification process.

Statement on Independence and Verification Capability

TÜV SÜD is a trusted partner of choice for safety, security and sustainability solutions. It specializes in testing, certification, auditing and advisory services. Since 1866, the company has remained committed to its purpose of enabling progress by protecting people, the environment and assets from technology-related risks. Today, TÜV SÜD is present in over 1,000 locations worldwide with its headquarters in Munich, Germany. Through expert teams represented by more than 26,000 employees, it adds value to customers and partners by enabling market access and managing risks. By anticipating technological developments and facilitating change, TÜV SÜD inspires trust in a physical and digital world to create a safer and more sustainable future.

TÜV SÜD Certification and Testing (China) Co., Ltd. is one of TÜV SÜD's global branches and has an expert team whose members have professional background and rich industrial experiences.
TÜV SÜD and SAILUN GROUP are two entities independent of each other and both TÜV SÜD and SAILUN GROUP and their branches or stakeholders have no conflict of interest. No member of the verification team has business relationship with the Company. The verification is completely neutral. All the data and information in the Report are provided by SAILUN GROUP. TÜV SÜD has not been involved in preparation and drafting of the Report, except for the verification itself and issuance of the verification statement.

Signature:

On Behalf of TÜV SÜD Certification and Testing (China) Co., Ltd.

Zhu Wenjun
TÜV SÜD Sustainability Authorized Signatory Officer
Apr 11th, 2025
Shanghai, China

Note: In case of any inconsistency or discrepancy, the simplified Chinese version "Independent Verification Statement CN" of this verification statement shall prevail, while the English translation is used for reference only.

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Appendix VII Feedback Form

Dear readers,

Thank you very much for your attention and support to the sustainable development of Sailun Group. In order to provide you with more professional and valuable information on the environment, society, and corporate governance, and further enhance the quality of the sustainability report of Sailun Group, we welcome you to answer the relevant questions in the reader feedback form.

Which stakeholder group do you belong to?

○ Government and regulatory authorities ○ Customers ○ Employees
○ Suppliers ○ Research institutions ○ Other

Your evaluation of the report:

1、What is your overall evaluation of this report?

○ Very good ○ Good ○ Average ○ Poor ○ Very poor

2、Do you think the information, data, and indicators disclosed in this report are clear, accurate, and complete?

○ Very good ○ Good ○ Average ○ Poor ○ Very poor

3、What do you think about the report's layout design and presentation style?

○ Very good ○ Good ○ Average ○ Poor ○ Very poor

4、In which of the following aspects do you think this report can be improved?

○ Report theme ○ Design layout ○ Content logic ○ Language expression

5、Do you have any further suggestions for our future social responsibility work and report preparation?

_____

_____

_____

_____

_____

Our contact information:

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