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2025 YINGDE GASES

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

2025 YINGDE GASES
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

盈德气体
YINGDE GASES

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Report Preparation Notes: Disclosure Standards and Transparency

Report Overview

Yingde Gases, adhering to the principles of objectivity, fairness, transparency, and comprehensiveness, discloses to its shareholders and other stakeholders the company's sustainable development practices and performance across various types of issues, across the three dimensions of Environment, Social, and Corporate Governance, for the period from January 1, 2025, to December 31,2025. To enhance the completeness of this report and illustrate evolving trends, this document also includes relevant data from previous years whenever possible for the reference of all parties.

Report Standard

This report complies with the preparation guidelines set forth in the International Sustainability Disclosure Standards issued by the International Sustainability Standards Board (ISSB).

- Prepared in accordance with IFRS Sustainability Disclosure Standard No.1 – General Requirements for the Disclosure of Sustainability-Related Financial Information (IFRS S1) and IFRS Sustainability Disclosure Standard No.2 – Climate-Related Disclosures (IFRS S2);
- Refer to China' s sustainability-disclosure requirements including Enterprise Sustainability Disclosure Standards — Basic Standard (Trial) issued by nine authorities including the Ministry of Finance of the People' s Republic of China.
- In line with the Ten Principles of the United Nations Global Compact and the United Nations 2030 Sustainable Development Goals (SDGs);
- Refer to certain material issues outlined in the SASB Standards issued by the Sustainable Development Accounting Standards Board.

Data Sources

The non-financial information contained in this report is provided by all the functional departments and branch offices of Yingde Gases.

Report Scope

The environmental, social, and governance (ESG) data presented in this report cover Yingde Gases' business operations both within China and overseas, and also includes the addition of Jialida Environmental Protection's business activities.

Title Explanation

For the convenience of readers, in this report, unless otherwise indicated by the context, "Yingde Gases" shall be referred to as "we".

Report Access

This report is available in both a printed version (in both Chinese and English) and an online electronic version; the electronic version can be viewed or downloaded from our company's website at "www.yingde.com". In the event of any discrepancy between the two versions, the Chinese version shall prevail. Should you have any questions or suggestions regarding Yingde Gases' sustainable development initiatives or this report, please call +86-21-3899-8888 and ask to be connected to the Carbon Asset Management Department of Yingde Gases.

Mission, Vision, Values

Philosophy

Discover the potential of gases.

Mission

Empowering society with innovative and sustainable gas solutions.

Vision

We take full social responsibility, continually explore the value of gas applications, and strive to be a leading partner of professional gas and industrial service solutions.

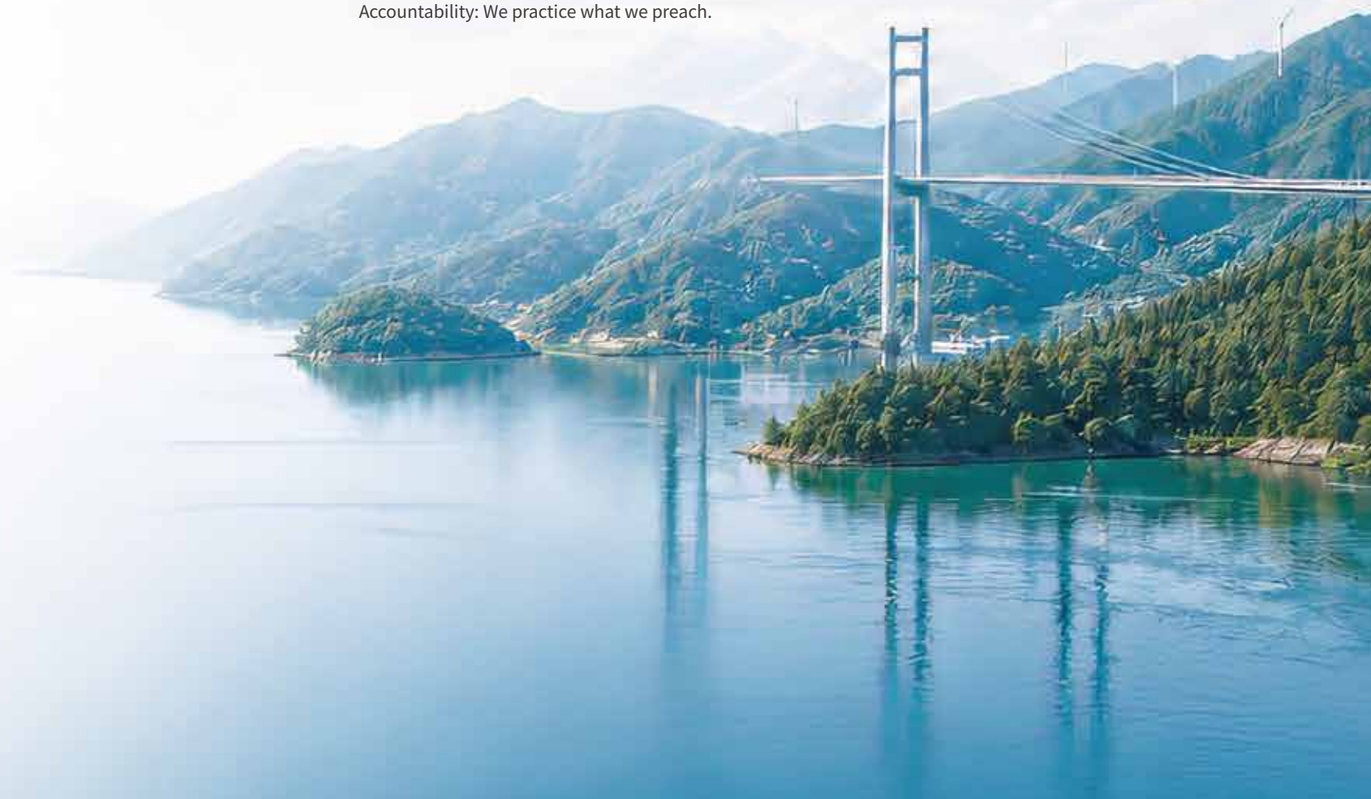
Core Values

Openness: We embrace diversity.

Progress: We are proactively learners.

Respect: We treat people equally.

Accountability: We practice what we preach.



CEO MESSAGE



Fang Jingsong **CEO of Yingde Gases**

Currently, China's industrial sector is entering a new phase of profound transformation.

Domestically, the dual-carbon strategy has entered the decisive phase of achieving carbon peaking under the 15th Five-Year Plan; the green and low-carbon transition is no longer merely an option driven by policy guidance, but has become a core operational capability that enterprises must internalize. Externally, the global industrial landscape is undergoing rapid transformation, compelling domestic manufacturing sectors to enhance their quality and efficiency. Meanwhile, artificial intelligence and digital technologies are deeply integrating across the entire industrial value chain, fundamentally reshaping the operational logic and competitive dynamics of traditional manufacturing.

Only through continuous iteration and proactive innovation can enterprises navigate economic cycles and sustain steady growth.

The year 2025 marks a pivotal moment for Yingde Gases as it builds upon its legacy while embracing new opportunities and driving transformative growth. Drawing on our 25 years of expertise in the industries, we remain committed to our founding mission, pursuing a path of steady operations, continuous innovation, and value co-creation to achieve a win-win outcome for our customers, employees, and shareholders.

Strengthening the core business foundation — Empowering green and low-carbon development through lean operations and technological innovation

The company continues to deepen its focus on the core industrial gases sector, systematically unlocking energy-saving and carbon reduction potential through process upgrades, equipment optimization, and comprehensive energy efficiency management. By 2025, the company's carbon emission intensity per RMB 10,000 of output value has been 19% lower than its 2020 baseline level. While effectively reducing its own operational carbon footprint, the company remains committed to supporting its customers in their low-carbon transition.

Breaking down industrial boundaries — Achieving breakthroughs in integrated park services through strategic synergy

Yingde Gases has provided gas supply to industrial parks for many years, offering gas products through its "gas hub" model and continuously enabling low-carbon operations in these parks through energy-efficiency optimization, thereby accumulating extensive operational experience. Following the acquisition of Jialida, the company further integrated its "gas + energy + environmental protection" service capabilities, achieving a transformation from a traditional gas supplier into a specialized partner providing gas and industrial service solutions. In addition, Yingde Gases is actively exploring businesses such as carbon sequestration and solid waste treatment, driving the extension of the industrial chain and the expansion of industrial boundaries, while continuously refining its comprehensive service portfolio.

Embracing innovation proactively — Leveraging diverse technological capabilities to fuel long-term growth momentum

Leveraging its innovation-driven R&D capabilities, the company is conducting pilot projects in areas such as energy conservation and carbon reduction, hydrogen energy, and energy storage, while actively exploring emerging application scenarios, including advanced low-carbon supporting solutions for agriculture. The continuous refinement of its low-carbon technology portfolio is steadily driving Yingde Gases' transformation toward low-carbon service enablement, thereby building ample innovative momentum for the company's long-term development.

Adhering to a steady and methodical approach when facing risks, and striving forward with determination when encountering opportunities — unity and steady progress toward long-term success remain our unwavering core principle for development.

Standing at this new starting point, we will continue to focus on enhancing the quality of our core business, driving technological innovation and service upgrades to deepen our engagement within the industry, fueling growth through green innovation, and delivering value through comprehensive digital and intelligent transformation alongside robust governance. By balancing operational efficiency, sustainable development, and social responsibility, we aim to achieve shared success alongside our customers, employees, and shareholders, steadily advancing forward on the new journey of industrial green transformation.



MANAGEMENT MESSAGE

As a key component of Yingde Gases' green industrial development strategy, Jialida has deeply embedded itself in the Datang Industrial Park, driving the low-carbon transformation of traditional industrial parks through centralized treatment, resource recycling, and value regeneration. We have established Guangdong Province's largest centralized sludge disposal center, the province's only self-built direct natural gas supply pipeline for enterprises, and Foshan City's first natural gas power generation project. Our water reclamation rate reaches 88.75%, placing us among the leading players both domestically and internationally. By converting ecological governance challenges into value within a circular economy framework, we have developed a mature model that integrates pollution reduction, carbon mitigation, and closed-loop resource utilization, setting a benchmark for similar industrial parks.

Building on its accumulated expertise in environmental governance, resource recycling, and low-carbon services, Jialida has continuously expanded its green business scenarios across Yingde Gases, extending the Group's capabilities—from industrial gases and clean energy to comprehensive environmental governance and full-chain resource recycling. This initiative was honored with the "Global Water Award" (the Oscars of the water utilities industry) and was shortlisted for the "China Brand Innovation Project," thereby strengthening the Group's green ecosystem and ESG framework, enhancing its resilience against climate risks and industrial cycle fluctuations, and broadening its potential for creating sustainable value.

Sustainable development is integral to Jialida's strategy and operations. The company participates in public welfare initiatives—such as regional water environment management, ecological restoration, and pipeline network upgrades—to improve the ecological environment and enhance community well-being; it has established a robust occupational health and safety management system, refined its talent development, career advancement, and employee care mechanisms, and fostered a diverse, equitable, and inclusive workplace, thereby transforming its human capital advantage into momentum for technological innovation and operational excellence; through the adoption of digital and precision-operational approaches, the company enhances decision-making transparency and risk resilience, while continuously advancing modern governance, compliant operations, and risk management to solidify its foundation for long-term value creation. These efforts have garnered significant social attention and recognition; this year, I was interviewed by CCTV host Zhu Xun for an exclusive feature titled "The Climbers," in which I shared Jialida's innovative practices and green, low-carbon initiatives—this is both an honor and a responsibility that inspires us to keep moving forward.

Looking ahead, Jialida will remain closely aligned with Yingde Gases' green development plan, enhance its green operations, technological innovation, and system service capabilities, and refine comprehensive solutions covering industrial park environmental governance, resource recycling, and low-carbon transformation. By contributing professional value to helping Yingde Gases expand its green footprint and strengthen its development resilience, Jialida will build upon its green foundation and innovation-driven approach, advancing alongside China's modernization and ecological civilization construction, and working with all stakeholders to create a more resilient and sustainable future.



Zeng Li

General Manager of Foshan Jialida Environmental Protection Technology Co., Ltd.



ABOUT YINGDE GASES

Company Overview

Established in October 2001, Yingde Gases is a large-scale professional gas company which is committed to the development of industrial sectors. We have built 150+ production facilities with nearly 4,000 employees domestically and abroad.

Yingde Gases, a leading independent manufacturer of industrial gases, will continue to expand its global footprint. Its overseas brand, NovaAir, has already operated air separation plants in Southeast Asia. Yingde Gases focuses on on-site gas supply, bulk liquid, MiniBulk, packaged gases, rare and specialty gases, and Yingde Engineering (design and manufacturing of cryogenic equipment including air separation unit). We supply on-site pipeline gases, liquid gases in tanks and cylinder gases including oxygen, nitrogen, argon, and other high-quality industrial gas products, as well as innovative gas solutions to support the development of industries such as the metallurgy, chemical, electronics, semiconductor, photovoltaic, food product, medical care, new materials, energy and environmental protection. We continue to create value in numerous fields closely related to the national economy and strive towards fulfilling our goal of “empowering society through innovative and sustainable gas solutions”. In addition, Yingde Gases continuously enhances its service capabilities to industrial parks. In 2024, it acquired Foshan Jialida Environmental Protection Technology Co., Ltd., aiming to provide green solutions such as thermoelectric energy supply, sewage disposal, zero-approaching emission, etc., thereby empowering sustainable development of industrial parks.

Business Model

Yingde Gases is customer-centric, offering comprehensive, customized professional gas and industrial service solutions. Our business model encompasses on-site gas production, liquid gas retail, rare and special gases, Yingde Engineering, as well as environmental and energy solutions.

On-Site Gas Supply

High-quality oxygen, nitrogen, argon and other gas products are provided to customers with pipeline supply through the establishment of air separation units.

Liquid Gas Supply

The gas products are provided in bulk liquid, MiniBulk or bottled gas to more than 10,000 clients, covering more than 300 cities in over 30 provinces. Customers are widely distributed in 12 major industries, including semiconductor, food and beverage, healthcare, new energy, etc., which are closely connected with national economy development.

Rare and Specialty Gases

As a leading domestic supplier with top-tier design capacity for rare gases (xenon, krypton, neon), Yingde Gases possesses an annual production capacity of 2,500 Nm^3 for xenon and 25,000 Nm^3 for krypton. With ultra-high purity and high stability, these products meet stringent require ments in high-end manufacturing fields and are widely applied in chip manufacturing, laser technology, and advanced scientific research to empower "Smart Manufacturing in China".

Yingde Engineering

Yingde Gases possesses the independent design and engineering capability to provide design, manufacture, installation, commissioning, project management and consulting services for our own gas supply projects and third-party customers in various industries for air separation, cryogenic, green hydrogen and coal gasification plants.

Environmental Protection Solutions

As a wholly-owned subsidiary of Yingde Gases, Jialida possesses a wastewater treatment capacity of 160,000 tons per day and a reclaimed water reuse capacity of 142,000 tons per day; its sludge disposal capacity stands at 1,500 tons per day (with an moisture content of 80%); it produces nearly 100,000 tons of high-purity industrial salt annually; and it has established China's first "zero-discharge" industrial park for textile printing and dyeing, providing robust support for enhancing resource utilization efficiency and advancing the green, low-carbon transformation of the Datang Industrial Park and its affiliated enterprises.

Energy Solutions

Jialida operates on a "heat-driven power generation" model, featuring a boiler steam supply capacity of 505 tons per hour, delivering approximately 7 million tons of steam annually; its natural gas-based distributed energy station boasts a steam supply capacity of 420 tons per hour and a power generation capacity of 50 MW. Additionally, by deploying distributed photovoltaic systems, waste heat recovery solutions, and a 10,000-ton-scale flue gas carbon dioxide capture and utilization (CCUS) demonstration project, Jialida provides its industrial park clients with low-carbon, high-efficiency energy solutions, facilitating their green transformation.

RECOGNITION & AWARDS

CORPORATE AWARDS

- 2026 Vice Chairman of the China Industrial Gas Industry Association;
- Vice President of the Shanghai Gas Industry Association;
- 2024 Yangtze River Delta Green Certification Alliance – Enterprise Dual Carbon Management Information Disclosure AAAA Certification;
- Steering Committee Member of AIGA (Asian Industrial Gas Association);
- 2023 Listed on "China Enterprise Carbon Neutrality Performance Ranking List";
- 2023 Dingge Award – Digital Transformation Pioneer List – Annual Comprehensive Data-Driven Smart Enterprise Award;
- 2021–2022 Greater China Region Outstanding Employer;

AWARDS TO SUBSIDIARIES

- Xianning Yingde was honored as a 2025 Hubei Province "Green Factory";
- Jiangsu Yingde has been successfully included in the 2025 "Jiangsu Province Advanced Intelligent Factory" list;
- Changzhou Yingde has been successfully included in the 2025 list of "Jiangsu Province Advanced Smart Factories";
- Ningxia Ninggang Yingde Process Team Class A was awarded the title of "Safety Team" by the Ningxia Autonomous Region;
- Lanzhou Yingde was honored as an enterprise selected for participation in the "Gansu Province Intelligent Manufacturing Outstanding Application Scenario" System Construction Program;
- Yingde Engineering's Southwest Copper Project was honored as a "China Nonferrous Metals Industry High-Quality Engineering Project";
- Shaanxi Yingbao was awarded the title of "AAA-Level Enterprise in the 2025 Road Dangerous Goods Transport Enterprise Quality and Credit Rating";

SELECTED HONORS OF JIALIDA

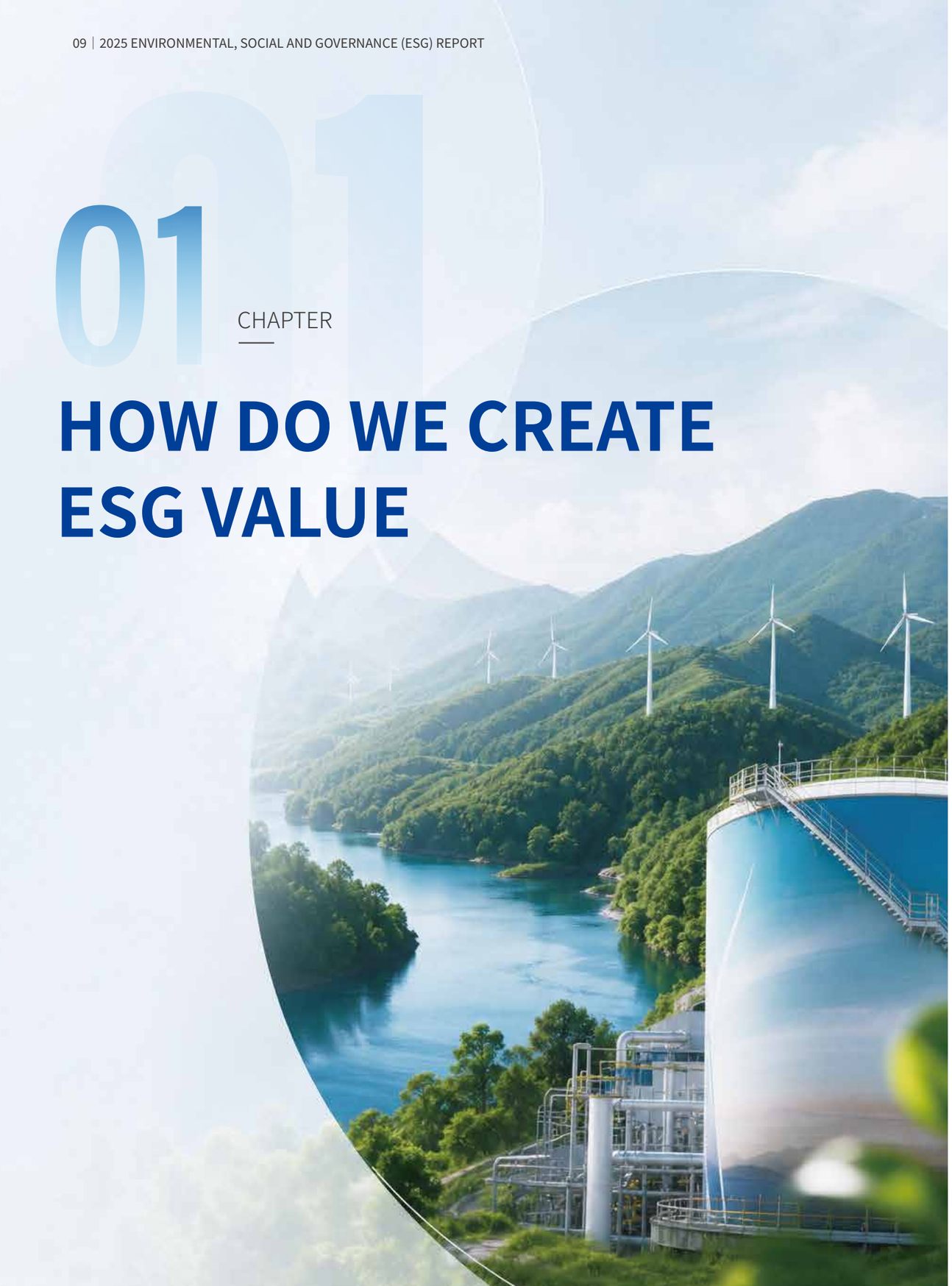
- In May 2025, it was awarded the "Global Water Award" – often referred to as the "Oscar of the water utilities industry" – for the Best Industrial Project of the Year;
- In May 2025, the adsorbent developed as part of the CCUS project was awarded the Gold Medal for Invention at the Geneva International Invention Exhibition;
- 2024 China Circular Economy Association Science and Technology Award (First Prize);
- In 2024, it was recognized as a typical case for the "Zero-Waste City" initiative by the China Environmental Protection Federation;
- In 2024, the company was honored as an "Enterprise with Special Contribution to Promoting High-Quality Development in Small and Medium-Sized Cities";
- In 2022, the company was awarded the title of "Enterprise with Outstanding Contribution to Pollution and Carbon Reduction" by the Guangdong Provincial Department of Ecology and Environment;
- Recognized as a "Guangdong Provincial High-Tech Enterprise";
- Designated as a Guangdong Provincial Engineering Technology R&D Center and a Guangdong Provincial Circular Economy Pilot Unit;



01

CHAPTER

HOW DO WE CREATE ESG VALUE



Philosophy

Discover the Potential of Gases

Strategic Objective

Transform from a traditional gas supplier to a professional gas and industrial service solution partner.

Sustainable Development Initiatives

- Energy Efficiency Technology Enhancement
- Clean Business Development
- Resource Recycling & Utilization
- Pollution & Carbon Emission Reduction Coordination
- Low-Carbon Energy Utilization
- Digital & Intelligent Management Capability
- Green Empowerment for Society
- Sludge Treatment & Quality Improvement

Core Areas

Green Actions

Deep Decarbonization, Green Development

With environmental responsibility as our cornerstone, we rely on mature energy management and sustainable R&D to increase the proportion of renewable energy, advance deep decarbonization, and integrate pollution and carbon emission reduction coordination throughout the entire production process. In gas operations, we focus on temperature-controlled storage and transportation and renewable energy, promote zero-carbon initiatives, and advance water–gas collaborative governance and CO_2 resource utilization, creating value for the future. Through dual-pronged assistance, we help reduce pollution and carbon emissions.

Social Empowerment

People-Oriented, Empowering Employees & Society

Based on a comprehensive safety system, sufficient group benefits, and active social investment, we fulfill social responsibilities, conduct public welfare and charitable activities, and engage in school-enterprise cooperation and diversified bundled management. We foster a high-efficiency learning organization centered on rapid development, agile collaboration, and customer focus; rebuild work behaviors with the customer at the center; strengthen collaboration; and embrace management philosophies of simplicity, pursuit of excellence, and continuous learning.

Corporate Governance

Uphold Business Ethics and Improve Corporate Governance

We adhere to business ethics, continuously improve sustainable governance and risk management systems, strengthen digital and intelligent management capabilities and information disclosure communication mechanisms, enhance operational transparency and risk control levels, and empower the company's sustainable development.

Key Topics & Commitments

- Greenhouse Gas Emissions
- Renewable Energy Utilization
- Sustainable R&D
- Sustainable Products
- Energy Management
- Water Resource Management
- Toxic and Waste Management
- Safety & Health
- Diversity & Inclusion
- Talent Recruitment / Employee Hiring
- Employee Engagement / Participation
- Employee Benefits / Welfare
- Community Relations
- Sustainable Governance & Risk Management
- Digital & Intelligent Empowered Corporate Governance
- Business Ethics
- Investor Relations & Information Disclosure

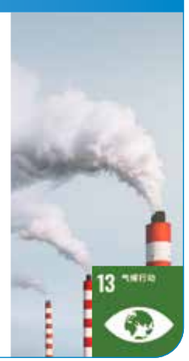
YINGDE GASES' GREEN ACTIONS

Greenhouse Gas Emissions (GHG Emissions)

Emission reduction target:
By 2030, the company's carbon emission intensity per unit of revenue shall be reduced by 30% compared to the 2020 baseline.

Targeted Measures:
- Improve the energy efficiency of air separation units.
- Advance high-efficiency air separation system replacement projects.
- Develop an oxygen recovery business.
- Develop low-carbon hydrogen energy business.
- Increase the utilization of renewable energy sources.

Topic Achievement:
- In 2025, the carbon emission intensity per unit of revenue was 8.42 tons of CO_2 per RMB 10,000, representing a reduction of approximately 19% compared to the 2020 baseline.
- In 2025, Xianning Yingde was recognized as a "Green Factory" by Hubei Province.
- In 2025, Jialida completed China's first 10,000-ton-scale flue gas CO_2 capture and carbon sequestration demonstration project in the textile dyeing and printing industry, achieving a capture rate of>90%, CO_2 purity of ⩾99.5%, and the utilization of carbon resources.



Renewable Energy Uptake

Green Electricity Target:
By 2025, the annual total utilization volume of green electricity and green certificates shall reach 500 million kWh.

Targeted Measures:
- Advance the company's green power strategy.
- Increase the procurement of renewable energy.
- Explore direct green electricity connectivity services.
- Expand the green power air separation business.

Topic Achievement:
- In 2025, Yingde Gases purchased 400,000 green certificates, equivalent to a total utilization volume of 400 million kWh of green electricity and green certificates.
- In 2025, Jialida utilized rooftops and other available surfaces to complete a 1.92 MWp photovoltaic project, with annual electricity generation reaching 1.92 million kWh.



Sustainable R&D

R&D Objective:
Drive the transformation and sustainable development of the clean energy business through sustainable R&D across various technological application scenarios, thereby empowering our customers.

Targeted Measures:
- Annual R&D investment of no less than RMB 200 million.
- Develop and explore hydrogen energy technologies.
- Utilize low-carbon technologies such as CCUS.
- Develop sustainable, multi-domain gas application technologies.

Topic Achievement:
- Investment funding for energy-saving technology R&D in 2025: RMB 200 million.
- The Yingde Gases Innovation Research Institute has expanded the green applications of industrial gases to the aquaculture, food, steel, and welding sectors, providing reusable, high-efficiency solutions to support the low-carbon transition across various industries.



Sustainable Product

Product Objective:
By 2030, the revenue generated from sustainable products shall account for 2% of the company's total revenue.

Targeted Measures:
- Drive the growth of the sustainable products business.
- Develop businesses such as low-carbon hydrogen and oxygen recovery.

Topic Achievement:
- By 2025, the output value of Yingde Gases' sustainable products has accounted for 6.78% of the Group's total output value.
- By 2025, oxygen and hydrogen recovery sales will reach 13.856 million standard cubic meters; reclaimed water reuse will reach 38.11 million tonnes; and the total recovery of industrial salt, ammonium bicarbonate, and dry ice through resource utilization will exceed 32,000 tonnes.



Energy Management

Energy Efficiency Goal:
Through continuous efficiency improvements, elevate the company's energy efficiency to an industry-leading level.

Targeted Measures:
- Continuous performance improvement process diagnosis.
- Technical retrofitting and optimization of inefficient equipment.

Topic Achievement:
- By 2025, the company's energy consumption intensity per unit of output value will be 5.8% lower than that in 2023.
- In 2025, Hanzhong Yingde completed the replacement of inefficient motors and transformers in two air separation units, resulting in an annual electricity savings of approximately 370,000 kWh – equivalent to 45.5 tons of standard coal.
- In 2025, Jialida implemented energy-saving technical upgrades to its water treatment system; the integration of PX energy recovery and magnetic levitation fan upgrades achieved overall energy savings of approximately 50.43% and 20%, respectively.



Water Resource Management

Water conservation goal:
Continuously reduce dependence on natural water resources; achieve industry-leading levels in water resource recovery and utilization; and maintain the circulating water utilization rate for air separation units at over 98.80%.

Targeted Measures:
- Continue to advance condensate recovery efforts.
- Increase the amount of reclaimed water reused across all processes.
- Continuously support the development of the Textile Printing and Dyeing "Zero Emissions" Industrial Park.

Topic Achievement:
- In 2025, the condensate recovery volume at the Air Separation Plant reached 877,600 tons.
- Jialida has completed the construction of the largest 142,000 tonnes/day "single-stage dual-membrane process" reclaimed water reuse system in China's textile printing and dyeing industry; and implemented a membrane concentration and evaporation-crystallization near-zero-emission system to achieve near-zero wastewater discharge.



Toxic & Waste Management

Waste management objectives:
Continuously reduce the generation and landfilling of hazardous waste; consistently promote source reduction and high-value resource recovery of solid waste derived from sludge and wastewater treatment; and ensure 100% compliant disposal of hazardous waste.

Targeted Measures:
- All business units are continuously advancing the implementation of the "Zero Landfill Waste Facility" certification program.
- Ensure compliant management of hazardous waste to guarantee proper disposal.
- Ensure that 100% of the actual sludge generation is treated.

Topic Achievement:
- Achieve 100% compliant treatment of hazardous waste by 2025.
- As of 2025,12 business units have been certified as "Zero Landfill Waste Factories."
- By 2025, Jialida's sludge treatment facility has achieved 100% comprehensive treatment of printing and dyeing sludge and domestic sludge within its service area.



YINGDE GASES' SOCIAL EMPOWERMENT

Safety & Health

Safety Objective:
We are committed to continuously enhancing our safety and health performance, taking responsibility for the safety of our employees, customers, contractors, and the community, and striving to achieve zero accidents and zero injuries.

Targeted Measures:

- Continuously ensure the effective implementation of all safety measures, keeping the accident rate below the industry average for the same period.
- Through initiatives such as G7 Intelligent Driving Monitoring and the deployment of smart construction sites, we continuously explore and apply digital and intelligent technologies to expand the coverage of information systems.

Topic Achievement:

- In 2025, the product vehicle accident rate has been lower than the level of the AIGA (ASIA INDUSTRIAL GASES ASSOCIATION) within the same industry.
- In 2025, Lanzhou Yingde was recognized as an enterprise excelling in the development of an outstanding application-scenario system for intelligent manufacturing in Gansu Province.
- In 2025, Baojin New City Jiangdu Gas Co., Ltd. was honored as an advanced unit in fire safety management throughout the region.
- In 2025, Shaanxi Yingbao Gas Co., Ltd. was rated as a AAA-level enterprise in the quality and reputation assessment for road hazardous goods transport enterprises.



Employee Recruitment

Management Objective:
Treat recruitment as part of the company's talent development strategy, thereby building a talent pipeline and providing intellectual support for the growth of both the company and society.

Targeted Measures:

- All vacant positions at the company are open to both internal employees and the general public.
- Eliminate all discriminatory or biased language, behavior, or decision-making during the recruitment process.

Topic Achievement:

- Yingde Gases has established a tiered and categorized multi-channel recruitment system covering frontline, specialized technical, and scarce general positions.
- By 2025, Yingde Gases has recruited an additional 280 employees through proactive recruitment.



Diversity & Inclusion

Diversified objectives:
To foster a diverse and inclusive international workplace culture where individuals and groups from various countries and backgrounds are warmly welcomed, fully respected, receive comprehensive support and high recognition, and are empowered with adequate authority.

Targeted Measures:

- Establish diverse and inclusive corporate values.
- Provide inclusive and equitable development and promotion opportunities for employees from diverse ethnic backgrounds, ages, genders, and cultural backgrounds.

Topic Achievement:

- As of 2025, the proportion of female mid-and senior-level employees within the company reached 31.1%, an increase of 11.1 percentage points compared to 2020; the gender composition of the management team continues to be optimized.
- By 2025, all company employees have undergone regular performance appraisals and career development assessments, ensuring full coverage of the talent management system across the entire workforce.
- By 2025, the proportion of locally employed staff in overseas operations has reached 82.8%.



Employee Engagement

Participation Objective:
By fostering a diverse and equitable workplace environment, we aim to identify and remove barriers to full employee participation.

Targeted Measures:

- The company conducts no fewer than 12 public training sessions annually, with an overall course satisfaction rating of at least 4.7/5;
- Encourage factories to conduct professional training initiatives independently and explore diverse ways to engage their employees.

Topic Achievement:

- In 2025, Yingde Gases leveraged its "Yingzhangyuan" training platform, the "Huo Shui Platform" internal priority promotion mechanism, and the "Qifu" internal publication to establish a systematic talent development framework, ensure transparent internal promotion processes, and deepen the integration of its corporate culture.
- In 2025, Jialida established a comprehensive employee training system covering pre-employment training, monthly safety briefings, and expert chronic disease management, thereby continuously enhancing employees' safety awareness and health management capabilities.



Employee Welfare

Well-being Objective:
To establish a welfare system driven by both a "people-centric" approach and "employee care" philosophy, delivering exceptional lifestyle and workplace experiences to every employee.

Targeted Measures:

- We offer a competitively priced, comprehensive wellbeing package that provides employees with thoughtful support across health, finance, and lifestyle aspects.
- Offering benefits such as team-building activities, birthday celebrations, and long-term service awards not only enhances the functional aspects of these initiatives but also fosters cultural belonging and respect among employees, helping them build meaningful social connections.

Topic Achievement:

- Yingde Gases has established an employee welfare fund to provide support for employees in alleviating financial pressure.
- In 2025, the company awarded "Long-Term Service Awards" and prizes to a total of 402 employees who had completed 5, 10,15, or 20 years of service.
- Yingde Gases has offered benefits such as health check-ups and health interpretation, shoulder and neck physiotherapy, and health education, thereby safeguarding employees' health.



Community Relations

Corporate Responsibility Objective:
To fulfill corporate social responsibility, engage with communities and support education, and continuously contribute value to society.

Targeted Measures:

- Actively engage in community and charitable initiatives, showing care for vulnerable members of society.
- Support local employment and economic growth.
- Focus on education, collaborate with universities, and jointly drive innovation across industry, academia, and research.

Topic Achievement:

- By 2025, Yingde Engineering and Jialida has collaborated with the School of Energy and Power Engineering at Zhejiang University, the Guangzhou Institute of Energy Conversion of the Chinese Academy of Sciences, South China University of Technology, the Shenzhen Graduate School of Tsinghua University, Guangdong University of Technology, and other universities and research institutions to promote university–industry cooperation, industry–academia–research collaboration, and joint development of graduate internships; together, they have deepened integration of industry and education and the joint cultivation of future engineering talent.
- Jialida has used self-raised funds to complete a 10-kilometer wastewater interception and treatment project along the Datang Inner River and the Qingyuan Cross-Country River, with a treatment capacity exceeding 30,000 tonnes per day, thereby achieving regional water environment remediation and ecological improvement.



YINGDE GASES' CORPORATE GOVERNANCE

Sustainable Governance

Governance Objective:
Continuously enhance the company's sustainable governance and risk management framework to empower its sustainable development.

Targeted Measures:

- Establish a sustainable development governance framework.
- Continuously refine the risk control system.
- Regularly convene ESG Committee meetings to oversee and make decisions regarding the company's ESG matters.

Topic Achievement:

- Establish various ESG objectives.
- Establish a management system comprising the Shareholders' Meeting, the Board of Directors, and the Management Team.
- The 2024 ESG Report has been officially published on the company's official website.



Business Ethic

Ethical Objective:
Adhere to business ethics and compliance standards; establish a clean, transparent, and fair business ethics framework.

Targeted Measures:

- Continuously update anti-corruption systems.
- Enhance the quality and duration of employee business ethics training programs.

Topic Achievement:

- Ten policies were issued, including the Anti-Fraud Management System and the Anti-Corruption Compliance Policy.
- The average annual business ethics training coverage rate among employees is 100%.



Digital and Intelligent Transformation Empowering Corporate Governance

Digital and Intelligent Transformation Objective:
Leverage digital technologies to accelerate the deep integration of digitalization with business operations, enhance global operational and management compliance capabilities, and support the company in achieving its overall business development strategy and objectives.

Targeted Measures:

- Strengthen system integration to seamlessly connect core business processes.
- Promote technological innovation, empower data-driven approaches, and optimize infrastructure deployment.
- Enhance digital organizational capabilities.

Topic Achievement:

- In 2025, the SAP system of Shanghai Nanhua Company, a subsidiary of Yingde Gases, officially launched and completed its first monthly financial closing (with simultaneous deployment of the CRM, TMS, MDM, and financial shared services systems); as the first independently implemented SAP project by the Digital Management Team, it achieved a breakthrough in the digital transformation of the packaged gas business.
- In 2025, the pipeline gas automated settlement system, independently developed by Yingde Gases' Digital Management Department, was officially put into operation at Shaoxing Yingde and achieved seamless integration with the Smart Park Platform of the Hangzhou Bay Shangyu Economic and Technological Development Zone, realizing full-process automation from metering and reconciliation to settlement.
- In 2025, Yingde Gases' AI-powered intelligent contract pre-review system was officially launched, enabling a digital and intelligent upgrade to legal compliance and risk control management.
- In 2025, Jialida built a digital intelligence platform and deployed intelligent equipment to achieve integrated energy consumption and risk management, thereby improving operational efficiency and empowering high-quality development.



Investor Relations & Information Disclosure

Management Objective:
To establish a clear, transparent, and organic information communication mechanism between the company and its investors.

Targeted Measures:

- Disclose the company's achievements and strategic information to stakeholders through regular communication meetings and diversified media channels.

Topic Achievement:

- Establish a monthly and quarterly information disclosure mechanism for shareholders.
- The company has established a diversified range of information disclosure channels, including its official website and WeChat public account.



STAKEHOLDERS AND SUBSTANTIVE ISSUES

Stakeholder Engagement

Yingde Gases' sustainable development strategy is a collaborative initiative developed in partnership with all of the company's key stakeholders. These stakeholders include customers, suppliers, employees, shareholders, governments and regulatory authorities, universities and research institutions, industry associations, as well as communities and the general public. The company has always placed great importance on understanding the concerns and expectations of its stakeholders. To this end, we have established robust communication mechanisms with all relevant parties, utilizing various channels to identify their needs and take timely action, thereby continuously enhancing and refining our approach to sustainable development.

Stakeholders	Key Issues	Action Participation
Client	Energy management, Product safety, Circular economy	Face-to-face communication; Daily communication meeting
Supplier	Product design aimed at enhancing efficiency during the product usability phase	Meeting
Staff	Health and safety, Diversity, Employee welfare	Annual employee survey, Team-building activities, Internal training sessions, Reading forum
Shareholder	Circular economy, greenhouse gas emissions, Health and safety	Shareholder communication meeting; Quarterly review meeting
Government and regulatory authorities	Greenhouse gas emissions, Air pollution control, Water resource management, Toxic substances and waste management	Annual supervision and inspection; Sustainable Development Report; Policy Coordination Meeting
Higher education institutions and research organizations	Clean technology opportunities; Utilization of renewable energy	University–industry communication meeting; Technical assessment meeting;
Industry association	Greenhouse gas emissions, Renewable energy utilization, Clean technology opportunities, Health and safety, Energy management	China Industrial Gases Industry Association & Asian Industrial Gas Association annual sharing conference
Community and Public	Community relations, Toxic substances and waste management	Company open day event; Community donation drive.

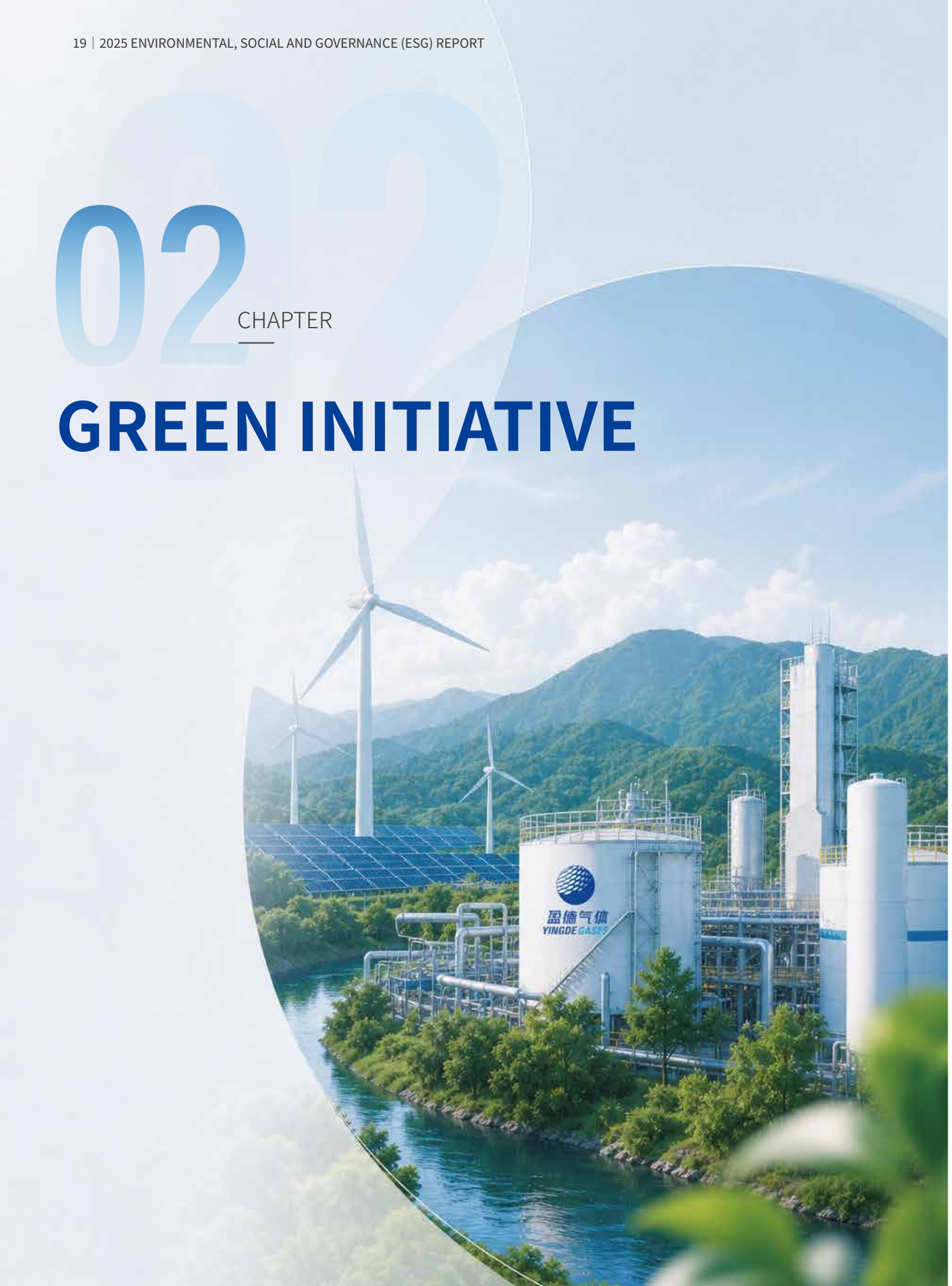
Substantive Issue Assessment

Yingde Gases conducted a substantive assessment of all material issues outlined in the SASB Standards pertaining to the chemical industry. By focusing on various segments of the industrial chain, the concerns and key priorities of relevant stakeholders, and following a methodology encompassing issue identification, stakeholder engagement, issue importance assessment, and issue prioritization – while integrating Yingde Gases' sustainable development philosophy and management practices – the company established an ESG policy framework addressing the year's key ESG issues, providing a clear action guide for all ESG initiatives. Through communication with relevant stakeholders and an internal company-wide assessment, we have identified the following 17 material issues:

E:Environment	S:Social	G:Governance
Climate Response	**Employee Health**	**Corporate Governance**
• Green house gas emission	• Safety and Health	• Sustainable Governance
• Renewable energy utilization	**Talent Development**	• Business ethics
• Sustainable R&D	• Staff recruitment	• Digital and Intelligent Transformation
• Sustainable products	• Diversity and Inclusion	• Investor Relations and Information Disclosure
• Energy management	• Employee involvement	
Environmental protection	• Employee welfare	
• Water resources management	**Social responsibility**	
• Toxic and Waste Management	• Community Relations	

02 CHAPTER

GREEN INITIATIVE



Yingde Gases' Climate Perspective

To address global climate challenges, China announced its strategic goal of "reaching peak carbon emissions by 2030 and achieving carbon neutrality by 2060" in 2020. As a responsible gas company, Yingde Gases actively responded to this initiative by clearly committing to emission reduction measures in 2021: using 2020 as the baseline, the company aims to reduce its carbon intensity per unit of revenue by approximately 30% by 2030. In pursuit of this goal, we are systematically advancing the upgrade of energy efficiency technologies, the substitution with renewable energy, the transformation of our clean energy business operations, and the development of zero-carbon industrial parks. Through flagship projects such as the Jialida project, we empower our customers with green solutions to achieve proactive carbon reduction.

"Gases are the lifeblood of industry" – we continuously supply bulk gases such as oxygen, nitrogen, and argon to key sectors of the national economy, including steel, chemicals, petrochemicals, and electronics. Yingde Gases is committed to transforming the achievements of its emission reduction efforts and low-carbon transition into cleaner, lower-carbon gas products. By leveraging its supply chain network to extend this green value across the entire downstream industrial chain, we effectively empower our partners. We firmly believe that low-carbon development is not only a demonstration of responsibility in addressing climate-related risks but also a strategic choice for embracing the opportunities presented by sustainable development. Yingde Gases will continue to fulfill its commitments through concrete actions, contributing its professional expertise to support the green transformation of society as a whole.

Green House Gas Emission

Yingde Gases' emission reduction target: The company commits to reducing its carbon emission intensity per unit of revenue by 30% by 2030 compared to its 2020 baseline.

In 2025, Yingde Gases (including Jialida) is projected to have a total carbon emissions of 15.74 million tons; among these, the carbon emissions from Yingde Gases' own business segments will decrease by 4% year-on-year, and its carbon emission intensity per 10,000 yuan of output value will be 8.42 tons CO_2e/10,000 yuan. The company's carbon emission intensity has declined by approximately 19.0% compared to the 2020 baseline, continuing its progress toward achieving its 2030 carbon reduction target.

Metric	2020	2023	2024	2025
Absolute CO_2 emissions (tons)	20,263,348	19,203,066	14,616,104	15,737,514
Scope 1 emissions (tons)	4,242,220	4,358,641	19,208	1,799,610*
Scope 2 emissions (tons)	16,021,128	14,844,426	14,596,896	13,937,903
CO_2-equivalent emissions per RMB 10,000 of output value (tons/RMB 10,000)	10.41	8.31	8.30	8.42

*The scope 1 emmissions increased due to the integration of Jialida.

In the field of carbon emission reduction and risk management, the company faces dual pressures. On one hand, its gas production processes are characterized by high energy consumption intensity; during the operation of air separation units—which use electricity or steam to separate and produce products such as oxygen, nitrogen, and argon—the carbon footprint per unit of product remains exceptionally high, posing a major obstacle to advancing the decarbonization of its products. On the other hand, the company's energy supply structure is significantly constrained, as more than 80% of its energy supply depends on energy supplied by its customers; this makes it difficult to implement energy decarbonization initiatives or transition to low-carbon, sustainable energy sources in a standalone manner, thereby increasing the complexity of achieving its carbon neutrality goals on the energy front. To address these challenges, we have developed a greenhouse gas reduction strategy for Yingde Gases:

Building upon our company's emission reduction targets, we are driving the achievement of these targets through the following emission reduction strategies:

1. Enhancing the energy efficiency of equipment and facilities

2. Optimizing our business portfolio

3. Expanding our hydrogen business

4. Increasing the utilization of renewable energy

5. Implementing resource recycling

6. Utilizing CO_2 recovery

At the level of specific emission reduction measures, the Company's Efficiency and Empowerment Center has established a Carbon Asset Management Department, which works in collaboration with the Joint Procurement Department, Regional Business Department, and other units to develop emission reduction projects from multiple dimensions under the overall guidance of senior management. In the energy procurement phase, the company directly increases its green electricity utilization rate through large-scale procurement of green certificates and green electricity; on the energy supply side, it invests in and builds distributed renewable energy power projects to strengthen its self-sufficiency in clean energy; simultaneously, it actively participates in regional green grid power supply projects—such as "Source–Grid–Load–Storage" initiatives—to optimize its energy allocation structure. Additionally, for high-energy-consuming air separation units, the company is vigorously advancing the transition from steam-based to electricity-based operations, developing high-efficiency air separation equipment, and innovatively deploying various oxygen recovery systems, thereby systematically reducing carbon emissions throughout its production processes and comprehensively supporting the company as well as its customers in achieving their carbon reduction strategic objectives.

Xianning Yingde Was Honored as a 2025 Hubei Province "Green Factory"

In July 2025, Xianning Yingde was successfully included in Hubei Province's 2025 Green Manufacturing List due to its outstanding performance in green manufacturing and low-carbon operations, and was awarded the provincial "Green Factory" title. Xianning Yingde implements green management practices; through energy-saving technological upgrades and the modernization of intelligent air separation process control systems, the company has achieved continuous optimization of its carbon emissions. By innovatively adopting an air separation technology combining internal low-pressure oxygen compression with external medium-pressure oxygen compression, the company has established a low-energy-consumption, high-efficiency production system, driving the industrial gas production sector toward greener and more intelligent development.

The First 10,000-ton-scale Flue Gas CO_2 Capture and Carbon Sequestration Demonstration Project in the Printing And Dyeing Industry

Jialida has launched China's first "10,000 tons/year Flue Gas CO_2 Capture and Carbon Sequestration (CCUS) Demonstration Project" in the textile dyeing and printing industry. Utilizing internationally advanced, multi-amino-based high-efficiency, low-energy-absorbing agents, the project achieves a capture rate exceeding 90% and a regeneration heat consumption of less than 2.7 gigajoules per ton of CO_2, representing overall performance at an internationally leading level. The CO_2 recovered through desorption has a purity of over 99.5% (approximately half of this CO_2 is further liquefied and purified to 99.9% purity); all captured CO_2 is converted into ammonium bicarbonate and dry ice, enabling high-value-added circular utilization of carbon resources and providing a replicable technological pathway for the industry's low-carbon transition.





Renewable Energy Utilization

Yingde Gases' renewable energy utilization target: By 2025, the annual total utilization volume of green electricity and green certificates shall reach 500 million kWh.

As an enterprise specializing in gas supply and industrial solutions, Yingde Gases actively responds to carbon reduction requirements through forward-looking strategic initiatives, continuous technological innovation, energy management, and procurement practices to further optimize its energy mix. The utilization of renewable energy is a key measure in the green transformation of the company's major air separation plants. By 2025, the company's total consumption of green electricity and green certificates will reach 400 million kWh.

Metric	2020	2023	2024	2025
Total company electricity consumption (MWh)	14,928,410	14,112,990	14,372,923	14,417,047
Total renewable energy consumption (MWh)	0	114,977	177,000	401,000
Proportion of renewable energy use in total energy consumption (%)	0	0.79	1.23	2.78
Year-on-year change in the share of renewable energy usage (%)	0	20.05	51.16	126.01

During the management process, energy procurement is implemented in line with the headquarters' strategic planning, while the company also closely monitors market dynamics in the green electricity and green certificate trading markets – aiming to secure green benefits while reducing costs – thereby establishing a solid economic and resource foundation for the enterprise to continuously deepen its green transformation and achieve its long-term carbon reduction objectives.

Green Electricity and Green Certificate Procurement

- In 2025, Huaibei Yingde consumed 320 million kWh of electricity and 19,500 tons of steam; the company purchased a total of 351,000 green certificates. By utilizing these green certificates for offsetting, the company achieved operational-level emission reductions and provided valuable experience for the green certificate trading sector.
- Jialida purchased 49,770 green certificates, strengthening its carbon reduction efforts at the production side by combining its self-built photovoltaic facilities with green certificate procurement.

Self-built the Distributed PV Application

Leveraging the unused tops of wastewater storage tanks and plant rooftops, the Guangdong project is vigorously developing distributed photovoltaic systems. To date, the project has established a photovoltaic power generation area of 9,987 square meters, with a total installed capacity of 1.92 MW and an integration voltage level of 0.4 kV. The project generates approximately 1.92 million kWh of electricity annually, providing a robust clean energy supply foundation for the company's green and low-carbon operations.



Sustainable R&D

Yingde Gases' sustainable R&D commitment: allocate no less than RMB 200 million annually for continuous investment in and research and development of energy-saving technologies, actively driving the company-wide transition toward low-carbon, clean business operations.

In 2025, Yingde Gases achieved significant milestones in variable pressure sorption (VPSA) technology, sustainable application technologies, and excimer laser gas technologies. To advance the company's sustainable R&D efforts, Yingde Gases established an Innovation Research Institute to centrally coordinate its technological research and development activities across various fields—including gas application technology development, low-carbon technology deployment, and non-low-temperature gas separation—thereby addressing the future low-carbon development trends in the gas industry and strengthening its technical capabilities for achieving carbon neutrality.

Metric	2020	2023	2024	2025
Energy-saving technology capital investment (¥10,000)	-	20,578.24	22,259.79	20,401.87
Proportion of energy-saving technology investment relative to total technology investment (%)	-	46	54	45
Low-carbon product R&D investment (RMB 10,000)	-	140.91	441.20	405.00

Patent Portfolio Strategy and Innovative Practices in Air Separation Business

Yingde Gases has filed over 280 patent and software copyright applications, including more than 120 invention patents (with over 40 already granted). Its patent portfolio covers core technological fields such as air separation and distillation control, cryogenic gas recovery, water electrolysis for hydrogen production, and VPSA (Variable Pressure Swing Adsorption) technology. These technological achievements have been successfully scaled up and implemented in industrial projects; for example, the Qingshan project features a VPSA unit with a capacity of 1,500 standard cubic meters per hour, which supplies the client with 12 million standard cubic meters of oxygen annually – reducing energy consumption by 20% compared to traditional air separation methods and saving 1.44 million kWh of electricity per year, equivalent to a carbon reduction of approximately 773 tons – fully demonstrating the practical benefits of its proprietary patented technologies when transitioning from laboratory research to industrial application. The company continues to drive the development of gas separation and green, low-carbon technologies through innovation, contributing to industrial energy conservation and carbon reduction efforts.

Strengthen Environmental Protection Capabilities Through Technological R&d and Standards

Jialida focuses on innovative technologies for green, low-carbon practices, resource recycling, and near-zero emissions; it holds over 50 patents and has contributed to the development of six national and industry standards. The company has established long-term strategic partnerships with leading global enterprises, including Toray Industries (Japan) and DuPont (USA). In the field of water resource recycling, Jialida has launched China's first "near-zero emissions" industrial park dedicated to textile printing and dyeing, developing a comprehensive system solution for water resource recycling and waste resource recovery – a achievement that earned it the "Global Water Award – Best Industrial Project" in 2025. In the realm of carbon capture, utilization, and storage (CCUS), Jialida has implemented the first 10,000-ton-scale flue gas CCUS demonstration project in China's textile printing and dyeing industry. This project utilizes internationally advanced, multi-amino-based high-efficiency, low-energy-absorbing agents to convert all captured CO_2 into ammonium bicarbonate and dry ice, enabling high-value circular utilization of carbon resources; the associated adsorbent technology was awarded the Gold Medal at the 2025 Geneva International Exhibition of Inventions. Through collaborative industry-academia-research innovation, Jialida drives the development and industrial application of green technologies, setting a benchmark for the green and low-carbon transformation of the textile printing and dyeing sector.

Expansion of Application Development Technologies

Yingde Gases Innovation Research Institute continues to expand its green industrial gas application portfolio, covering sectors such as aquaculture, food processing, steel manufacturing, and welding applications. In the aquaculture sector, Yudebao® precision oxygenation increases production capacity per unit of water by 40%, achieves a water resource recycling rate of 92%, reduces the feed carbon footprint by 15% after optimizing the feed-to-meat ratio, and enables a single medium-sized farm to reduce annual CO_2 emissions by approximately 700 tons. In the food processing sector, following iterative improvements to the Xiandebao® liquid nitrogen rapid freezing technology, energy consumption per unit product is reduced by 45% compared to mechanical rapid freezing methods, and CO_2 emissions per 10,000 tons of processed ingredients are cut by approximately 680 tons of CO_2 equivalent. In the steel manufacturing sector, high-efficiency oxygen-enriched combustion technology, compatible with a variety of kiln types, increases combustion efficiency by over 15%, helping a single kiln achieve an annual carbon reduction of more than 1,000 tons. In the welding manufacturing sector, the use of argon-oxygen mixed gases to replace carbon dioxide-containing protective gases enables an annual carbon reduction of nearly 2 tons per production line. Driven by application innovation, Yingde Gases is providing robust momentum for the green and low-carbon transformation across multiple industries.

Sustainable Products

Yingde Gases' Sustainable Product Goal: By 2030, revenue from sustainable products shall account for 2% of the company's total revenue.

Yingde Gases' sustainable product portfolio is reflected both in its technical services designed to empower customers with their green transformation initiatives and in the extensive recycling and utilization of by-products by its Jialida Environmental Protection business unit. In terms of customer empowerment, leveraging its mature capabilities in production and storage/transportation optimization, Yingde has supported clients – such as in the Jining Yingbao Coking Gas-to-Hydrogen project and the Lanxin COG (Coking Gas) Recovery project – in efficiently converting by-product gas into high-value-added products—including hydrogen, synthetic ammonia, and LNG—thereby realizing the value potential of waste resources. Meanwhile, Jialida has deepened its expertise in resource circularity, establishing a diversified product portfolio covering reclaimed water, industrial salt (including sodium sulfate), ammonium bicarbonate, and dry ice. Through advanced purification and conversion processes, it transforms wastewater, waste salt, and exhaust gases into reusable industrial resources, reducing environmental emissions while continuously generating green economic value. These two approaches complement each other, forming a complete closed-loop system that evolves from "assisting customers in recycling" to "implementing deep-household recycling practices." By 2025, Yingde Gases' range of sustainable products will continue to expand, with these products accounting for 6.78% of the Group's total output value – a more than fivefold increase over the previous year – demonstrating Yingde's commitment and leadership in green development.

Metric	2020	2023	2024	2025
Proportion of sustainable product output value (%)	-	0.71	1.05	6.78

Yingde Gases' Sustainable Product Practices

Yingde Gases has continuously strengthened its recycling and reuse system capabilities, establishing a dual-directional strategy for oxygen and hydrogen recovery within its air separation business. Oxygen recovery technology has been implemented at multiple air separation bases in Yunfu, Ningde, Ninggang, Zhuhai, Xianning, and Huaibei, with the cumulative recovery capacity steadily increasing; the Changzhou BaoQing plant produces high-purity hydrogen from industrial waste gas and supplies it to the market through both pipe bundles and steel cylinders, driving the transformation of industrial waste gas from "end-of-pipe emissions" to "high-value utilization." In its environmental protection business, Jialida has continued to expand its sustainable product portfolio, establishing a diversified product system that includes reclaimed water, industrial salt (including washing soda), ammonium bicarbonate, and dry ice; sales of reclaimed water have grown significantly compared to 2020, while sales of products such as industrial salt have increased steadily. Air separation gas recovery and environmental recovery products together constitute Yingde Gases' resource recycling practices, empowering industrial customers to reduce their carbon emission intensity and promoting the synergistic advancement of resource recycling and low-carbon transformation.

Energy Management

Yingde Gases 'energy management objectives: to continuously reduce the company's carbon emission intensity and enhance its energy efficiency levels.

Energy management and the enhancement of energy efficiency levels are central to an enterprise's long-term sustainable development, its efforts to reduce carbon emissions, and its pursuit of improved corporate profitability. The Company's Operations Support Center implements a top-down approach to energy management on an ongoing basis. While the investment in technological upgrade funds does not directly translate into immediate financial gains for the factory, it yields significant benefits in terms of improved energy utilization efficiency and reduced carbon emissions. Through the use of PID diagnostics, KPI analysis, problem identification, and targeted technological upgrade initiatives, the Company has established a mature energy efficiency improvement process. From a bottom-up perspective, the Company has implemented a company-wide CI (Corporate Identity) Energy Efficiency Improvement System; all employees can submit a range of suggestions—covering energy management, efficiency enhancement, and technological innovation—to the company headquarters via this system, thereby achieving truly comprehensive, company-wide energy efficiency management.

Metric	2020	2023	2024	2025
Total company energy consumption (GJ)	167,241,079	157,699,208	112,485,600	128,545,014
Grid power supply percentage (%)	100	100	100	98
Total carbon emission reduction due to energy efficiency improvements (tons)	-	128,474	138,000	82,800
Technical upgrade funding investment (RMB 10,000)	3,106	8,800	4,919	4,073

Equipment Upgrades For Air Separation Units Promote Energy Conservation and Consumption Reduction

Yingde Gases places strong emphasis on energy conservation, consumption reduction, equipment modernization, and the efficient utilization of energy; it has actively responded to the calls of national and local development and reform authorities, advancing the "dual control" of energy consumption and promoting the scientific and rational use of energy in its projects. Following an assessment of the energy efficiency of its two existing air separation units, Yingde Hanzhong addressed the issue that certain low-voltage motors, pre-cooling water pumps, and 10 kV transformers had energy efficiency below the national Grade III standard. Consequently, in 2025, five low-voltage motors and four 10 kV transformers will be replaced with high-efficiency equipment rated at Grade II or above, thereby improving energy utilization efficiency at the source and reducing energy waste. Combined with the completed retrofits, the overall project will be fully implemented, with preliminary estimates indicating annual electricity savings of approximately 370,000 kWh, equivalent to 45.5 tons of standard coal (equivalent value).

Technical Upgrading of Water Treatment Systems Promotes Energy Conservation and Consumption Reduction

Jialida has actively responded to national initiatives aimed at energy conservation, reduced energy consumption, and equipment upgrades by implementing technical upgrades targeting key energy-intensive processes within its water treatment systems: a PX energy recovery device was installed in the high-pressure nanofiltration and seawater desalination systems; these five systems collectively achieve an average daily electricity savings of 12,400 kWh, representing a comprehensive energy efficiency rate of approximately 50.43%; the oxidation ditch aeration system was upgraded using magnetic levitation fans, reducing the unit treatment energy consumption from 0.44 kWh/ton to 0.35 kWh/ton, achieving an energy savings rate of approximately 20%; three sewage-source heat pump systems were deployed to recover and utilize the low-grade thermal energy from wastewater, resulting in annual savings of approximately 14,000 tons of standard coal equivalent and significantly enhancing energy utilization efficiency as well as the company's green, low-carbon operational practices.

Water Resources Management

Water conservation goal: Continuously reduce dependence on natural water resources; achieve industry-leading levels in water resource recovery and utilization; and maintain the circulating water utilization rate for air separation units at over 98.80%.

The company adheres to the national policy of resource conservation and has integrated water-saving management into its core operational agenda. The Operations Support Center uses condensate recovery, water reclamation, and the increase of circulating water rate as strategic leverage points to continuously advance water conservation, emission reduction, and sustainable resource utilization.

Jialida has completed an extensive upgrade of the Datang Wastewater Treatment Plant, increasing its treatment capacity from 106,000 tons per day to 160,000 tons per day. By simultaneously implementing an advanced treatment process combining "coagulation-sedimentation – oxidation ditch – ozone oxidation," the quality of the treated effluent has been significantly enhanced. Building on this foundation, the company has established China's largest reclaimed water reuse system for the textile printing and dyeing industry—operating at a capacity of 142,000 tons per day using the "single-stage dual-membrane technology." All treated water is reused by the enterprises within the Datang Industrial Park, effectively replacing the need for fresh water intake and elevating the park's closed-loop water resource utilization practices to a new level.

Metric	2020	2023	2024	2025
Air separation service				
Total water consumption for air separation (10,000 tons)	-	2,543.08	2,455.49	2,605.94
Air separation reclaimed water consumption (10,000 tons)	-	1,596.42	1,569	1,774.87
Air separation condensate recovery volume (10,000 tons)	-	87.01	87.21	87.76
Air separation circulating water rate (%)	-	98.93	98.95	98.94
Environmental Protection Services				
Total water supply (10,000 tons)	5,135.79	6,296.11	6,430.19	6,708.37
Reused water proportion (%)	41.5%	54.5%	57.5%	56.8%
Water supply share (%)	58.5%	45.5%	42.5%	43.2%
Wastewater treatment volume (10,000 tons)	4,279.97	4,669.17	4,789.78	5,050.43





Toxic and Waste Management

Yingde Gases' waste management objectives: continuously reduce the generation and landfilling of hazardous waste; consistently promote source reduction and high-value resource recovery of solid waste derived from sludge and wastewater treatment; and ensure 100% compliant disposal of all hazardous waste.

The primary waste streams from Yingde Gases' affiliated facilities include metal-containing waste, printing and dyeing sludge, domestic sewage sludge, as well as high-salinity wastewater and derived solid waste generated during advanced wastewater treatment and near-zero discharge processes. Adhering to the principles of "green and low-carbon development, energy conservation, and reduced consumption," Yingde Gases implements clean production practices and strictly enforces environmental protection measures.

For printing and dyeing wastewater as well as domestic sludge, Jialida utilizes centralized drying to convert the sludge into high-calorific-value fuel, which is then used as a co-fuel alternative to coal, thereby achieving both sludge reduction and energy recovery; for high-salinity wastewater, the company employs advanced polymer membrane separation and evaporative crystallization technologies to convert it into high-purity sodium sulfate and sodium chloride industrial salts, all of which are fully recycled by the enterprises within the industrial park, minimizing landfilling and external discharge.

In 2025, Yingde Gases (including Jialida) added eight new factories that obtained Zero Landfill Waste Certification; by the end of the year, the total number of such certified factories reached 12. The company continues to advance source reduction of solid waste and closed-loop resource utilization, thereby minimizing its environmental impact.

Metric	2020	2023	2024	2025
Air separation service				
Hazardous waste (tons)	-	690.99	481.74	86.43
Nitrogen oxide emission intensity (tons per US$1 million)	-	0.023	0	0
Sulfur oxide emission intensity (tons per million USD)	-	0.008	0	0
Volatile Organic Compounds (VOC) emission intensity (tons per million USD)	-	0.01	0	0
Particulate matter emission intensity (non-HAP (hazardous air pollutants) emission intensity) (tons per US$ million)	-	0.005	0	0
Hazardous waste compliant disposal rate (%)	-	100	100	100
Environmental protection services				
Sludge treatment and disposal volume (10,000 tons)	22.83	32.08	32.77	37.19

03 CHAPTER

SOCIAL EMPOWERMENT



Yingde Gases' Social Responsibility Perspective

Employees are a company's most vital asset; indeed, a company's profitability and operations are fundamentally aimed at empowering both its internal workforce and the broader society. We believe that a diverse and open corporate environment will undoubtedly spark greater creativity. Talent serves as the driving force behind a company's ability to innovate and create. Diversity is the cornerstone of innovation—only within a multicultural context can a company foster a continuous stream of innovative momentum. To fully realize the potential of its people, companies should uphold rigorous standards regarding employee health and safety, cultivate a healthy, inclusive, comfortable, and sustainable work environment, offer comprehensive employee benefits, and actively engage in social initiatives to live up to their corporate values. By doing so, companies can develop a more global perspective, enabling them to navigate rapidly evolving market dynamics and embrace new opportunities. In this way, companies can generate economic value while simultaneously contributing significant social value.

Safety and Health

Yingde Gases' safety goal: To continuously enhance our safety and health performance, take responsibility for the safety of our employees, customers, contractors, and the community, and strive to achieve zero accidents and zero injuries.

Based on its own safety management capabilities and current operational phase, the company has launched various initiatives to foster an open safety culture, driven by visible leadership exemplars and involving all employees. As of 2025, the company has maintained zero fatalities, zero Level 1/Level 2 process safety incidents, zero serious product or vehicle-related accidents, and zero environmental pollution incidents. By 2025, the employee lost-work-day accident rate within its gas business segment had fallen to 0.25 incidents per million man-hours, and the product/vehicle accident rate stood at 0.2 incidents per million kilometers – demonstrating the ongoing safety management practices.

Metric	2020	2023	2024	2025
Workday Loss Rate (accidents per million working hours)	0.68	0.29	0.19	0.31
Product vehicle accident rate (accidents per million kilometers)	0.17	0.05	0.1	0.2

The Ningxia Ninggang Yingde Craftsmanship Team Was Honored as an Autonomous Region-Level "Safety Team"

Ningxia Ninggang Yingde consistently adheres to the principle of "Safety First, Prevention Foremost, and Comprehensive Management." By reinforcing safety awareness, clarifying responsibilities, strengthening on-site supervision, and conducting thorough hazard identification, the company continuously enhances its intrinsic safety standards. Additionally, the company places great emphasis on team building, fosters a spirit of perseverance and hard work, strengthens training on regulatory frameworks and systems, and boosts team cohesion as well as safety consciousness. Through the collective efforts of all employees, the company achieved an 8.19% increase in annual production efficiency. The Process Team – Team A was recognized as a "Safe Team" in the selection campaign organized by the Ningxia Hui Autonomous Region Federation of Trade Unions. This honor is a testament to the team's long-term commitment to cultivating a safety culture and innovating its safety management practices, as well as its outstanding record of maintaining "zero accidents" for three consecutive years, coupled with its solid safety management foundation and rigorous work ethic.



Lanzhou Yingde Has Been Recognized as an Enterprise Participating in the Establishment of the "Gansu Province Intelligent Manufacturing Excellent Application Scenario" System

Lanzhou Yingde places great emphasis on digital transformation; leveraging its corporate digital platform, the company has continuously increased its investment in areas such as automated inspection systems, online operational monitoring, and asset management systems, enabling real-time monitoring and precise management of its production processes. This has effectively enhanced production efficiency and product quality, while significantly reducing operating costs and safety risks. The Gansu Provincial Industry and Information Technology Bureau spoke highly of Lanzhou Yingde, noting that its automated inspection, online operational monitoring, and asset management systems demonstrate high levels of advancement, practicality, and scalability.



Baojin New Town Jiangdu Gas Co., Ltd. Has Been Recognized as an Advanced Unit for Fire Safety Management

Baojin Xincheng Company has been honored as the "Advanced Unit for Fire Safety Management in the Entire Region for the Year 2025" in recognition of its outstanding achievements in rigorously fulfilling its primary responsibility for fire safety, continuously improving its fire prevention and control mechanisms, and routinely conducting hazard identification and remediation efforts.



Shaanxi Yingbao Gas Co., Ltd. Has Been Awarded the "AAA-Level Enterprise for Quality and Credit Evaluation of Road Dangerous Goods Transport Enterprises – 2025" Title

The Baoji Site of the Logistics Scheduling Center, owing to its outstanding performance in areas such as management standards, workplace safety, business operations, service quality, and social responsibility, helped Shaanxi Yingbao Gas Co., Ltd. successfully be awarded the AAA-level enterprise honor in the 2025 Road Dangerous Goods Transport Enterprise Quality and Credit Rating Assessment organized by the Shaanxi Provincial Department of Transportation.

Staff Recruitment

Yingde Gases' recruitment strategy: Treat recruitment as part of the company's talent development initiative, building a talent pipeline and providing intellectual support for the growth of both the company and society.

In our talent recruitment practices, we adhere to the principles of fairness, transparency, equal competition, and selecting the most qualified candidates. Each year, we welcome talented individuals from a diverse range of industries, business types, age groups, and educational backgrounds to join our company. Whether conducting external recruitment or managing internal promotions, we consistently uphold fairness and equity as our fundamental principles, using expertise, competence, achievements, and character as the basis for evaluation. Throughout the selection process, we ensure that all candidates, regardless of gender, have equal opportunities to be hired. Moving forward, we will continuously refine our talent quality assessment system to mitigate the inaccuracies that can arise from the excessive influence of recruiters' personal biases in traditional talent competency assessments, thereby further enhancing the fairness and equity of our recruitment processes.

Metric	2020	2023	2024	2025
Full-time employee changes resulting from mergers and acquisitions	0	76	0	717
Newly recruited employees (Person)	0	22	217	280
Total number of employees (Person)	3,656	4,959	3,663	3,991
Labor Contract Employee (Person)	3,557	4,854	3,627	3,958
Labor Dispatch (Person)	75	64	18	18
Retired employee recruitment–Full–Time position (Person)	24	41	17	33

Fair and Transparent Talent Recruitment

We have established multiple recruitment channels to attract talent; whenever a position becomes available, we post the information on both our internal and external websites. For recruiting external candidates, the entire recruitment process – from job posting and resume submission to screening, interviews, and final hiring – has been streamlined into a paperless online system, ensuring that the entire recruitment process is open and transparent.

Talent Recruitment – Matching Candidates to Specific Positions

We leverage a variety of recruitment channels to engage with a diverse pool of talent. For front-line positions with high demand, we combine online recruitment platforms with on-site recruitment events at regional locations; for specialized technical roles, in addition to online channels, we organize campus recruitment events to attract outstanding students with relevant technical expertise; for generalist positions that the company requires long-term, or for positions within the air separation industry that demand highly specialized skills and are scarce in the market, we have established a dedicated resume database. Furthermore, the company encourages its employees to refer qualified candidates.

Diversity and Inclusion

Yingde Gases' diversification goal: To foster a diverse and inclusive international workplace culture where individuals and groups from various countries and backgrounds are warmly welcomed, fully respected, receive comprehensive support and high-level attention, and are empowered with adequate authority.

Yingde Gases operates within the chemical industry, yet its workforce comes from a diverse range of sectors—including machinery manufacturing and the new energy sector. We fully recognize the importance of diversity. This diversity is reflected not only in objective factors such as employees 'age distribution, gender composition, educational background, and workplace locations, but also in individual factors such as work methodologies, personal capabilities, and ways of thinking. At the same time, we are proactively addressing challenges such as the fact that "the proportion of female employees in the traditional chemical industry is lower than in other industries" and "how to better promote diversity in our employees' age and educational backgrounds to more effectively build a robust talent pipeline."

Metric	2020	2023	2024	2025
Total number of Board members	5	5	7	7
Total number of female board members	0	0	0	0
Total number of mid-to-senior level employees	95	138	70	103
Total number of mid-level and senior female employees	19	33	18	32
Proportion of mid-and senior-level female employees (%)	20	23.9	25.7	31.1
Male employee proportion (%)	79	82	82	83.9
Female employee proportion (%)	21	18	18	16.1
Proportion of employees under the age of 30 (%)	24.3	19.7	13.9	15.7
Proportion of employees aged 30–50 (%)	69.1	69.9	75.6	68.7
Proportion of employees aged 50 and above (%)	6.6	10.3	10.4	15.6
Proportion of employees with a master's degree or above (%)	3.3	4	4.8	3.7
Undergraduate employee percentage (%)	34.1	33.3	43.6	33.9
Employee voluntary turnover rate (%)	4.77	5.49	4.39	5.6
Percentage of employees receiving regular performance reviews and career development support (%)	100	100	100	100
Local staff ratio of overseas projects (%)	-	86.67	81.63	82.80

Communication and Learning

"Ying+Zhangyuan" – Multi-dimensional Empowerment

Yingde Gases' internal online training platform, "Ying+Zhangyuan" covers the entire employee career development journey, providing a systematic growth and development platform and platform for all staff from the moment they join the company. The platform integrates a diverse range of learning and assessment resources—including onboarding programs for new employees, tiered specialized talent development initiatives, and general or professional open courses—creating an integrated empowerment ecosystem tailored to employees across various roles and career stages, thereby precisely addressing the professional growth and development needs of employees at all levels.

Diverse career advancement pathways

When the company has vacant positions, we post them on the "Huoshui Platform" website for internal recruitment, ensuring all employees are aware of these opportunities. If an internal candidate applies, we place greater emphasis on their personal career development aspirations compared to external candidates and give priority to internal candidates who are a good fit.

Promotion and Integration

"Qifu" Publication

"Qifu" Magazine, an internal company publication released every six months, covers the company's developments over the past six months across various areas—including business progress, sustainable development, management improvement, safety and environmental protection, talent development, corporate culture, and employee profiles—thereby helping employees better understand the company and integrate into its culture.





Employee Involvement

Yingde Gases' Employee Engagement Initiative: By fostering a diverse and equitable workplace environment, we strive to identify and eliminate barriers to full employee engagement.

Employee active participation in both corporate and local initiatives plays a vital role in strengthening team cohesion. The company places a high priority on employee development: on one hand, it is committed to creating an excellent work environment that provides a solid foundation for employees to work with peace of mind; on the other hand, it has carefully designed and launched a range of professional training programs covering a broad spectrum of areas—including specialized knowledge, work methodologies, workplace skills, and life skills—thereby supporting employees in achieving comprehensive skill development and career growth. Additionally, employee feedback serves as a core metric for evaluating the company's operational effectiveness. The company has established a robust, objective, and fair employee engagement mechanism that encourages employees to actively voice their ideas and share their genuine perspectives. Through in-depth research conducted across various scenarios, the company precisely identifies the key concerns employees have regarding its management systems and develops targeted improvement initiatives based on these insights. This approach effectively addresses misunderstandings employees may have about company policies, continuously enhances process efficiency, and strengthens internal communication and collaboration.

Metric	2020	2023	2024	2025
Number of public training sessions	-	37	42	21
Total training duration(hours)	-	151,418	159,556	124,024
Average employee training duration(hours)	-	30.96	47.59	35.19

Yingde Gases Internal Trainer

In February 2025, the Human Resources Center launched the Internal Trainer Development Program (TTT), aimed at systematically cultivating high-quality in-house trainers, standardizing course delivery, and building a robust pool of internal trainer resources. Following a structured training program and rigorous assessment process, by the end of the year, 13 internal trainers had successfully obtained certification and began delivering training sessions to employees across all levels. This initiative has effectively facilitated the efficient transfer of internal knowledge and expertise, comprehensively enhanced the overall competence of the trainers, established a sustainable talent development framework, and fostered a company-wide culture of continuous learning. It represents a concrete step by the company to prioritize employee growth and empower talent development, as well as an important practice in engaging employees and creating value within the ESG social dimension.

Training Empowerment and Collaborative Safety Governance

Jialida continues to refine its employee training and safety engagement mechanisms: through systematic pre-employment training, it helps new employees acquire job-specific skills, understand professional standards, and quickly integrate into the company; meanwhile, it regularly organizes fire drills and other activities—such as emergency evacuation exercises and hands-on equipment operation—to enhance employees 'safety awareness and emergency response capabilities, encourage their active participation in the company's talent development and safety governance, and establish a dual-track approach that synergistically advances talent development and safety governance.







Employee Welfare

Yingde Gases' employee welfare objectives: To establish a welfare system driven by a dual approach of "people-oriented" philosophy and "employee care," thereby delivering exceptional quality of life and workplace experiences to every employee.



The company aims to genuinely deliver an exceptional lifestyle and workplace experience to every Yingde employee through continuous optimization and enhancement of its benefits management practices. The company consistently focuses on topics such as "how to help employees better understand the company's benefits policies" and "how to provide the benefits programs that employees need," having established three major categories of employee benefits – "Legal Benefits," "Corporate Benefits," and "Employee Care" – to offer comprehensive support and protection for both employees and their families.

Benefit Type	Content
Legal benefits	Social insurance and the Housing Provident Fund include: pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, and the Housing Provident Fund; Public holiday:New Year's Day, Spring Festival, Qingming Festival, Labor Day, Dragon Boat Festival, Mid-Autumn Festival, National Day; Statutory paid leave: annual leave, marriage leave, bereavement leave, prenatal check-up leave, maternity leave, paternity leave, etc.;
Corporate benefits	Supplementary commercial insurance (supplementary medical insurance, term life insurance, critical illness insurance, and accident insurance); annual health check-ups; health management benefit redemption; high-temperature allowance and heatstroke prevention supplies; heating allowance; shuttle bus or transportation allowance; communication expenses; meal subsidy or cafeteria allowance; holiday welfare allowance, etc.
Employee care	Annual festive celebrations, birthday parties, condolence visits, employee welfare funds, etc.

Employee Protection Fund

To promptly alleviate the financial pressure faced by employees when they encounter sudden, significant hardships, the company has established an Employee Support Fund. This fund covers all current employees, as well as their spouses and children, providing them with financial assistance and strengthening their sense of security and belonging. Each year, numerous employees – including those affected by serious illnesses or accidental injuries – along with their family members, receive additional support funds beyond the coverage provided by statutory medical insurance and supplementary commercial insurance.

Prioritize Employee Health

The company places strong emphasis on the regular dissemination of health knowledge and regularly publishes "Wellness Tips," conveying practical health information to employees on topics such as high-incidence diseases and mental health, thereby enhancing the health literacy of all staff. Each year, the company arranges health check-ups for employees; following the examinations, employees are invited to receive detailed interpretations of their annual health reports from physicians at public hospitals, and professional physiotherapists are brought in to provide shoulder and neck massage services to address issues such as shoulder and neck fatigue caused by prolonged sitting at work. In addition, the company distributes a health management service package to all employees, who may freely exchange it for a variety of health services—including dental cleaning and home self-testing kits—allowing them to meet their diverse health needs in a flexible and self-directed manner. These initiatives continuously improve employees' health and well-being and strive to create a health-conscious workplace with a human touch.







Long-Term Service Award

Talents represent Yingde Gases' most valuable asset and serve as the driving force behind the company's continuous growth. At Yingde Gases, over 35% of our employees have been with the company for 10 years or more. In 2025, the company awarded the "Long-Term Service Award" trophies or certificates, along with additional prizes, to employees who had served the company for 5, 10,15, or 20 years (a total of 402 employees), as a heartfelt tribute and encouragement to those who have contributed over the long term.









Balancing Employee Development with Care

Jialida emphasizes the organic integration of employee development with corporate growth. Through initiatives such as the cultivation of leadership pipelines, the selection of outstanding employees, and support for the education of employees 'children, the company strengthens employees' motivation for career advancement, effectively reduces the burden on their families, and enhances their sense of fulfillment and belonging. At the same time, the company consistently integrates employee care into daily operations and attention to detail. Through measures such as providing cooling beverages during the summer via the labor union, offering gifts for the Spring Festival and Mid-Autumn Festival, providing retirement gifts, and implementing special care initiatives for International Women's Day, the company delivers thoughtful care and holiday greetings to its employees, continuously fostering a warm and compassionate corporate environment.





Community Relations

Yingde Gases' community engagement objectives: To fulfill its corporate social responsibility, focus on the local community and education, and continuously contribute value to society.

Society serves as the fertile ground for the sustainable and healthy development of enterprises; Yingde Gases proactively integrates social responsibility into its corporate mission, committing itself to empowering society through innovative and sustainable gas solutions. The majority of our manufacturing facilities are located in third-and fourth-tier cities and regions across China, where we provide customers with products and services while creating diverse employment opportunities that contribute to local economic growth. The company actively embraces its community responsibilities by supporting community-based charitable initiatives, while also actively engaging in university partnerships and focusing on long-term collaboration in areas such as technological R&D and talent development.

Talent Development and University-Enterprise Cooperation

Yingde Gases places great emphasis on talent development and university–enterprise cooperation, continuously leveraging its leading role. In July 2025, the company hosted more than 40 faculty members and students from the School of Energy and Environmental Engineering at Zhejiang University for a production internship at its air separator equipment manufacturing facility. Technical experts provided explanations regarding the design process for air separator pipelines and the manufacturing processes for container equipment, demonstrating the company's technical capabilities and innovative achievements; this laid the foundation for deepening collaborative talent development between the university and the enterprise and expanding cooperation in technological R&D. Building on this foundation, Jialida, as a complement to its environmental protection business operations, has simultaneously advanced "industry–academia–research" cooperation by jointly establishing postgraduate internship bases and environmental protection research institutes with universities and research institutions. These initiatives focus on technological research in areas such as green and low-carbon development, comprehensive resource utilization, and the circular economy, thereby jointly strengthening the foundation for the Group's talent development and technical cooperation.



Jialida Ecological Governance

Jialida actively fulfills its social responsibilities by raising its own funds to implement a sewage interception and treatment project covering approximately 10 kilometers of inland waterways and cross-border waterways in Datang Town, providing the local area with a daily wastewater treatment capacity of over 30,000 tons for both inland waterways and domestic sewage. Since its completion and commissioning in 2018, the project has been operating steadily and reliably. Following the project's implementation, the water quality of the inland waterways in Datang has met the Class IV surface water quality standards, leading to a significant improvement in the regional water environment quality; this initiative has played a positive role in advancing water ecosystem restoration, enhancing the living environment, and promoting local green development.





04 CHAPTER

CORPORATE GOVERNANCE



Yingde Gases' Governance Management Approach

Yingde Gases is committed to delivering efficient corporate governance and integrates ESG principles into its overall business development strategy. We strive to collaborate with both internal and external stakeholders to jointly build a harmonious, green, and sustainable governance framework. To this end, we have established an ESG Committee to optimize our company's top-level governance structure. Meanwhile, we remain steadfast in upholding business ethics by strengthening employee ethics training and institutional frameworks, embracing integrity as our core principle, and deepening trust across all parties. Through our digital and intelligent transformation strategy, we support business integration and innovative transformation – enhancing customer experience externally while gaining valuable data insights internally – thereby driving the company's overall business growth.

Sustainable Governance

Yingde Gases' sustainable governance objective: Continuously enhance the company's sustainable governance and risk management systems to empower its sustainable development.

Company Sustainable Governance

We have engaged a diverse group of shareholders and, guided by an open and transparent governance philosophy, aim to create sustainable value. The new Board of Directors comprises seven members (including independent directors), who oversee the company's values and strategy, provide annual advice on the company's prospects and business plan, and offer recommendations to management on strategic matters. The Board has established a Nomination and Remuneration Committee.

In terms of ESG governance, under the leadership of the CEO, the company has established an ESG Committee as the central governing body responsible for coordinating the company's environmental, social, and corporate governance initiatives. This committee is tasked with developing ESG strategic plans and objectives, overseeing and guiding the implementation of ESG management practices, and facilitating communication and coordination with both internal and external stakeholders.

An ESG Working Group shall be established under the guidance of the ESG Committee to specifically implement ESG management practices, enhance the company's ESG performance levels, and prepare and publish an annual ESG report.



Company Risk Management

To further strengthen its corporate risk management framework, Yingde Gases has established a comprehensive risk management structure – one that employs a three-step strategic approach encompassing information transparency, anomaly monitoring, and reporting and handling.

Cultivate a Culture of Risk

Supervisor	Board of Directors	The highest decision-making body for comprehensive risk management bears ultimate responsibility for the integrity and effectiveness of the comprehensive risk management system.
The Third Line of Defense	Internal Audit	Exercise independent oversight over the Company's management systems and processes, as well as the control procedures and activities for various risks.
The Second Line of Defense	Finance, Legal, and Compliance Departments	Judging ani checking the authenticity, completeness, and accuracy ofs from a control perspective, further assessing compliance andtransactionreasonableness, and providing guidance for the design,establish-ment,implementation, and monitoring of intemal institutional controls.
The First Line of Defense	Functional Departments and Business Units	Identify, assess, respond to, monitor, and report risks. As the most fundamental and critical line of defense in the comprehensive risk management system, it bears primary responsibility for risk management.

Risk Management Structure

The company regularly assesses all identified risks – including environmental, social and governance-related risks and opportunities – and develops recommendations for mitigating these risks, ensures their implementation, and guarantees that all risks associated with the company's business operations and sustainable development are manageable and preventable.

Business Ethics

Yingde Gases' business ethics goal: To adhere to business ethics and compliance standards, and to establish a clean, transparent, and fair business ethics framework.

Macro-level business ethics involves creating and realizing commercial value on the basis of reasonableness and legality. Meso-level business ethics stems from a company's internal management practices. Micro-level business ethics arises from the values that an enterprise instills in its employees.

At the level of comprehensive compliance operations, the Board of Directors and senior management are the primary entities responsible for establishing business ethics frameworks and ensuring the effective implementation of relevant regulations.

In terms of employee business ethics training, we have ensured that 100% of new hires receive training on the Employee Handbook, including its business ethics principles. Additionally, 100% of department managers and above have completed the Conflict of Interest Management Training and the associated exam.

Metric	2020	2023	2024	2025
Percentage of department managers and above who have received business ethics training (%)	100	100	100	100
Interest conflict training examination – Number of participants (people)	496	573	N/A	246
Number of corporate business ethics policy frameworks (number)	8	10	10	10

Digital and Intelligent Transformation Empowering Corporate Governance

Yingde Gases' digital and intelligent transformation goal: Leveraging digital technologies to accelerate the deep integration of digitalization with business operations, enhance global operational and management compliance capabilities, and support the company in achieving its overall business development strategy and objectives.

Yingde Gases' digital and intelligent transformation is a key component of the company's "Leap Forward" strategy. The company has established a unified digital infrastructure centered on big data, enabling the creation of a comprehensive, end-to-end closed-loop system covering ten major core business areas—including planning and budgeting, business execution, performance management, and feedback mechanisms. To address challenges such as "how to reduce the digital system adoption cost for employees across all levels of the organization," "how to enhance the customer experience," and "how to gain deeper data insights," the company has implemented a three-phase digital transformation strategy: "Build the Foundation First, Then Integrate and Consolidate"; "Achieve Comprehensive Coverage While Focusing on Key Breakthroughs"; and "Be Data-Driven and Lead Innovation."

Yingde Gases' Vision
Committed to Becoming a Leading Industrial Gas and Service Provider

IT Strategic Objective: Seize technology development trends and leverage leading digital solutions to support business integration and transformation innovation, enhance customer experience, gain data insights, and help the Group achieve its overall business development strategy and goals.

1.Consolidate System Integration
Continuously strengthen the Group' s financial management, personnel management, asset management, and risk management support system development, building a solid foundational system platform.

2.Connect Core Value Chains
Accelerate platform development for core business domains, integrate the integrated chain of production, supply, sales, transportation, and service, and comprehensively improve business operation efficiency.

3.Drive Technology Innovation
Plan and build a future-oriented digital R&D platform to lay a solid foundation for Yingde' s innovative technology application and development.

4.Empower Data-Driven Decision-Making
Steadily build the Group' s business intelligence platform, expand functional coverage and end-user applications, and establish channels for rapid intelligent decision support.

5.Plan Infrastructure Layout

6.Enhance Digital Organization Capabilities

The Shanghai Nanhua SAP System Has Been Successfully Launched, Marking a New Milestone in the Digital Transformation of Yingde Gases' Cylinder Gas Business.

Shanghai Nanhua Industrial Gas Co., Ltd. (hereinafter referred to as "Shanghai Nanhua"), a subsidiary of Yingde Gases, has officially launched its SAP system and successfully completed its first monthly financial closing on May 8. The simultaneous deployment also includes the CRM (Customer Relationship Management), TMS (Transportation Management), MDM (Master Data Management), and Financial Shared Services System. As the first SAP project independently implemented by Yingde Gases' digital management team, the successful launch marks a breakthrough in the packaging gas business's digital transformation journey and provides robust support for establishing an intelligent management system.



The Shaoxing Yingde Pipeline Gas Automatic Settlement System Has Been Launched, Empowering the Company's First Intelligent Industrial Park Business Initiative

Yingde Gases' Digital Management Department has independently developed an automated pipeline gas settlement system, which has been officially launched at Shaoxing Yingde. This system integrates seamlessly with the Smart Industrial Park Platform of the Shangyu Economic and Technological Development Zone in Hangzhou Bay, marking a landmark achievement in the digital transformation of Yingde Gases' industrial park pipeline gas operations. The newly deployed automated settlement system utilizes IoT technology to collect gas consumption data in real time, combined with blockchain-based evidence storage and digital certificate signing technologies, to achieve full-process automation spanning from metering and reconciliation to final settlement.



The AI Contract Intelligent Pre-Review System Has Been Officially Launched, Marking the Beginning of a New Chapter in the Digital Risk Management of Legal Affairs

To thoroughly implement the digital transformation strategy and foster the deep integration of legal compliance management with cutting-edge technologies, the Digital Management Department and the Legal Compliance Department of Yingde Gases collaborated closely to successfully design and deploy a comprehensive solution for the AI-powered intelligent contract pre-review function. The system was officially launched in August, marking a significant milestone for the company in the field of legal compliance digitalization and injecting intelligent new momentum into its risk management practices.

Jialida's Digital and Intelligent Transformation Empowers Corporate Governance While Enhancing Operational Management and Risk Prevention and Control Capabilities.

To continuously advance its digital transformation strategy and foster the deep integration of digital technologies into the company's business operations and management, Jialida has proactively implemented digital and intelligent empowerment initiatives for corporate governance, steadily enhancing its capabilities in comprehensive monitoring, analytical assessment, and business decision-making. The company has established a digital management platform centered on big data, implementing a core data management model that encompasses point-to-point and end-to-end processes—including basic data collection, real-time analysis, early warning alerts, and performance management—while also developing a digital, intelligent central control management platform featuring functions such as energy consumption analysis, production capacity analysis, demand analysis, and risk early warning. Additionally, by deploying equipment such as unmanned forklifts, intelligent robotic arms, and smart robots, the company is steadily advancing the development of intelligent workshops and smart warehouses, continuously improving operational efficiency, management standards, and risk prevention and control capabilities, thereby injecting new digital and intelligent momentum into the company's high-quality development.





Investor Relations and Information Disclosure

Investor relations objective: To establish a clear, transparent, and organic information-sharing mechanism for interaction between the company and its investors.

In 2025, Yingde Gases remains committed to the principles of clarity, transparency, and engagement in continuously optimizing its investor relations management practices. Through regular reports, announcements, and diversified communication channels, the company ensures the timeliness and accuracy of information dissemination, maintains proactive dialogue with its shareholders, and steadily enhances corporate governance transparency. Additionally, the company is steadily advancing its green business initiatives, actively expanding into emerging sectors such as combined heat and power generation and wastewater treatment, with the aim of creating long-term, sustainable value for its shareholders.

SUMMARY AND OUTLOOK



Shen Wei Yingde Gases
General Manager of Efficiency and Empowerment Center

The Yingde Gases "2025 ESG Report" has been prepared in accordance with the compilation guidelines issued by the International Sustainability Standards Board (ISSB) under the "International Sustainability Disclosure Standards" (IFRS Sustainability Disclosure Standards), and with reference to the "International Financial Reporting Standards – Sustainability Disclosure No.1: General Requirements for Sustainability-Related Financial Information Disclosure" (IFRS S1) and the "International Financial Reporting Standards – Sustainability Disclosure No.2: Climate-Related Disclosures" (IFRS S2), and referred to China' s sustainability-disclosure requirements including "Enterprise Sustainability Disclosure Standards — Basic Standard (Trial) ". This report has been subject to third-party verification by the China Quality Certification Center to ensure that its citation rules, definitions, calculation methods, and presentation comply with the requirements for preparing ESG reports as set forth by China and relevant international organizations.

In light of Yingde Gases' actual business operations for the year 2025, this report now includes two new sections—Environmental Protection Solutions and Energy Solutions—where relevant ESG information is consolidated and disclosed externally. To ensure the continuity and accuracy of this information, the report integrates relevant data and metrics across different business segments and conducts analyses and comparisons based on consistent measurement frameworks. For detailed data, please refer to the "ESG Key Indicator Index Catalogue" section of this report.

Globally, the impact of extreme weather is intensifying, and addressing climate change remains a consensus in multilateral policies. However, external carbon constraint policies and green low-carbon markets are still evolving dynamically, with compliance requirements generally becoming stricter.

Meanwhile, China remains committed to building a community with a shared future for humanity. Leveraging its industrial foundation and accumulated renewable energy technology, it has emerged as a key global leader in climate response. Domestic "dual carbon" policies are steadily advancing, and the policy environment for green and low-carbon development continues to improve—this presents both pressure and a driving force for transformation for Yingde Gases.

Looking ahead to 2026, which marks Yingde Gases' 25th anniversary, ESG management will continue to focus on practical actions to achieve the goals of risk prevention and transformation promotion. To meet climate and environmental targets, the company will further enhance its data infrastructure for carbon emissions and water resource management, advancing the standardization and systematization of product carbon footprints. Simultaneously, it will leverage smart platforms to build a digital foundation for park management, establish a smart operation platform for gas and water services, and achieve AI-enabled ESG management.

Yingde Gases is transitioning into a specialized partner for gas and industrial service solutions, continuously expanding its business scope. We will persist in refining our ESG governance framework to create value for shareholders; remain true to our commitment to customer service, actively empowering low-carbon development; and work with all employees to foster values of openness, progress, respect, and responsibility, breaking down industrial boundaries through open collaboration and connecting resources and creating value across broader fields.



ESG REPORTING DISCLOSURE GUIDELINES INDEX

In this report, Yingde Gases has disclosed information in accordance with the frameworks set out in IFRS S1, the International Financial Reporting Standard for Sustainable Disclosure, and IFRS S2, the International Financial Reporting Standard for Climate-Related Disclosures; has also taken into account the relevant requirements of the Ministry of Finance's "Corporate Sustainable Disclosure Standards—Basic Standards (Trial Implementation)"; and has integrated the company's actual business operations with its ESG management practices to continuously enhance the standardization, completeness, and comparability of its sustainable information disclosure.

Dimension/Topic	Issue	Page Index
Environmental	Green House Gas Emission	P20-21
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ESG KEY INDICATOR INDEX CATALOGUE

Metric	2020	2023	2024	2025
Absolute CO_2 emissions (tons)	20,263,348	19,203,066	14,616,104	15,737,514
Scope 1 emissions (tons)	4,242,220	4,358,641	19,208	1,799,610
Scope 2 emissions (tons)	16,021,128	14,844,426	14,596,896	13,937,903
CO_2-eq emissions per RMB 10,000 of output value (tons/RMB 10,000)	10.41	8.31	8.3	8.42
Total company electricity consumption (MW·h)	14,928,410	14,112,990	14,372,923	14,417,047
Total renewable energy consumption (MW·h)	0	114,977	177,000	401,000
Proportion of renewable energy use in total energy consumption (%)	0	0.79	1.23	2.78
Year-on-year change in the share of renewable energy usage (%)	0	20.05	51.16	126.01
Energy-saving technology capital investment (¥10,000)	-	20,578	22,260	20,402
Proportion of energy-saving technology investment relative to total technology investment (%)	-	46	54	45
Low-carbon product R&D investment (RMB 10,000)	-	140.91	441.2	405
Sustainable product sales volume (10,000 Nm^3)	-	4,457	6,228	1,255
Proportion of sustainable product output value (%)	-	0.71	1.05	6.78
Total company energy consumption (GJ)	167,241,079	157,699,208	112,485,600	128,545,014

Metric	2020	2023	2024	2025
Grid power supply percentage (%)	100	100	100	98
Total carbon emission reduction due to energy efficiency improvements (tons)	-	128,474	138,000	82,800
Technical upgrade funding investment (RMB 10,000)	3,106	8,800	4,919	4,073
Total water consumption for air separation (10,000 tons)	-	2,543.08	2,455.49	2,605.94
Air separation reclaimed water consumption (10,000 tons)	-	1,596.42	1,569	1,774.87
Air separation condensate recovery volume (10,000 tons)	-	87.01	87.21	87.76
Air separation circulating water rate (%)	-	98.93	98.95	98.94
Hazardous waste (tons)	-	690.99	481.74	86.43
Nitrogen oxide emission intensity (tons per US$1 million)	-	0.023	0	0
Sulfur oxide emission intensity (tons per million USD)	-	0.008	0	0
Volatile Organic Compounds (VOC) emission intensity (tons per million USD)	-	0.01	0	0
Particulate matter emission intensity (non-HAP (hazardous air pollutants) emission intensity) (tons per US$ million)	-	0.005	0	0
Hazardous waste compliant disposal Rate (%)	-	100	100	100
Accident rate per lost workday (accidents per million working hours)	0.68	0.29	0.19	0.25

Metric	2020	2023	2024	2025
Product vehicle accident rate (accidents per million kilometers)	0.17	0.05	0.1	0.2
Full-time employee changes resulting from mergers and acquisitions	0	76	0	717
Newly recruited employees (Person)	0	22	217	280
Total number of employees (Person)	3,656	4,959	3,663	3,991
Labor contract employee (Person)	3,557	4,854	3,627	3,958
Third-party (Person)	75	64	18	18
Retired employee recruitment – Full-Time position (Person)	24	41	17	33
Total number of board members	5	5	7	7
Total number of female board members	0	0	0	0
Total number of mid-to-senior level employees	95	138	70	103
Total number of mid-level and senior female employees	19	33	18	32
Proportion of mid-and senior-level female employees (%)	20.0	23.9	25.7	31.1
Male employee proportion (%)	79	82	82	83.9
Female employee proportion (%)	21	18	18	16.1

Metric	2020	2023	2024	2025
Proportion of employees under the age of 30 (%)	24.3	19.7	13.9	15.7
Proportion of employees aged 30–50 (%)	69.1	69.9	75.6	68.7
Proportion of employees aged 50 and above (%)	6.6	10.3	10.4	15.6
Proportion of employees with a master's degree or above (%)	3.3	4.0	4.8	3.7
Undergraduate employee percentage (%)	34.1	33.3	43.6	33.9
Employee voluntary turnover rate (%)	4.77	5.49	4.39	5.6
Percentage of employees receiving regular performance reviews and career development support (%)	100	100	100	100
Overseas employees localization Rate (%)	-	86.67	81.63	82.8
Number of training courses	-	37	42	21
Total training duration	-	151,418	159,556	124,024
Average employee training duration	-	30.96	47.59	35.19
Percentage of department managers and above who have received business ethics training (%).	100	100	100	100
Interest conflict training examination – number of participants (people)	496	573	-	246
Number of corporate business ethics policy frameworks (number)	8	10	10	10