



2024 Boai NKY Medical Holdings Ltd. Environmental, Social, and Governance Report



Boai NKY Medical Holdings Ltd.
ENVIRONMENTAL, SOCIAL AND GOVERNANCE(ESG) REPORT

Telephone number:0391-8696320

Website:www.boai-nky.com

Contact Address: 1888 Culture Road, Boai County, Jiaozuo City, Henan Province.

2024 Boai NKY Medical Holdings Ltd.
Environmental, Social, and Governance Report

contents

Introduction

ABOUT THIS REPORT	01
CHAIRMAN'S ADDRESS	03
ABOUT NKY	04

Report Appendix

KEY PERFORMANCE TABLE	57
REPORT INDEX TABLE	66
READER FEEDBACK FORM	69



01 Excellent Governance

Solidifying the Foundation for Development

Efficient Governance	11
ESG Empowerment	13
Integrity and Compliance	15
Information Security	17



02 Lean Manufacturing

Developing New Quality Productivity

Quality First	21
Customer-Centric	24
Technological Empowerment	26
Green Procurement	29



03 Green Development

Empowering a Low-Carbon Future

Green Operations	33
Low-Carbon Transformation	40



04 Striving for Win-Win

Creating a Better Future Together

Protecting Rights	45
Empowering Growth	49
Health First	51
Caring for Society	55



About This Report

+ Overview

This report is the Environmental, Social, and Governance (ESG) report released by the Boai NKY Medical Holdings Ltd. (hereinafter referred to as "NKY," "the Company," or "we"). The report, based on the principles of objectivity, standardization, transparency, and comprehensiveness, provides a detailed disclosure of the company's practices and performance in ESG for the fiscal year 2024.

+ Scope of the Report

Unless otherwise specified, this report focuses on "Boai NKY Medical Holdings Ltd." as the main entity. The data scope includes Boai NKY Medical Holdings Ltd., Tianjin Boai NKY International Trade Co., Ltd., NKY (Jiaozuo) Polymer Materials Co., Ltd., Boai NKY Chemical Co., Ltd., NKY Biotechnology Co., Ltd., Wuhan Heer Medical Technology Development Co., Ltd., Genergy Bio-Technology (Shanghai) Co., Ltd., Eastwin Scientific Instruments Co., Ltd., Sanji Bio-technology Co., Ltd., NKY Precision Medicine Co., Ltd., and NKY(Shanghai) Medical Technology Co., Ltd.

+ Time Range

The Company's sustainability report is an annual report covering the period from January 1, 2024, to December 31, 2024 (referred to as the "reporting period"). To enhance comparability and forward-looking aspects, certain content appropriately references previous years. The report is published annually, aligning with the financial year.

+ Compilation Basis

This report is prepared in accordance with the Shenzhen Stock Exchange Listed Company Self-Regulation Guidelines No. 2 - Standardized Operation of GEM Listed Companies (Revised in December 2023) and Shenzhen Stock Exchange Listed Company Self-Regulation Guidelines No. 17 - Sustainable Development Report (Trial), while also referencing the United Nations Sustainable Development Goals (UN SDGs), Global Reporting Initiative (GRI) Sustainability Reporting Standards, and proactively drawing insights from the International Financial Reporting Sustainability Disclosure Standard No. 2 - Climate-related Disclosures (IFRS S2) and the Ministry of Finance's Enterprise Sustainability Disclosure Guidelines - Basic Principles and other relevant requirements.

+ Data Interpretation

The information and data disclosed in this report are sourced from the Company's internal official documents, statistical reports, annual reports, and daily curated ESG practice cases. During the reporting period, due to adjustments in statistical methods for some data, leading to restatements and inconsistencies with previous years' report data, please refer to this report for accuracy. The financial data in this report is denominated in Chinese Renminbi. In case of discrepancies with the financial report, the financial report shall prevail.

+ Approval Confirmation

This report has been reviewed and approved by the Board of Directors and is being released concurrently with the annual report. The Board of Directors commits to supervising the content of the report, ensuring the absence of any false or misleading statements, and taking responsibility for its truthfulness, accuracy, and completeness.

+ Explanation of Terms

Subject	Content
NKY, the Company, we	Boai NKY Medical Holdings Ltd.
NKY Pharmaceuticals	Boai NKY Pharmaceuticals Ltd.
Tianjin NKY	Tianjin Boai NKY International Trading Ltd.
German NKY	Boai NKY Chemical GmbH (Germany)
NKY Biotechnology	Boai NKY Biotechnology Co., Ltd.
Heer Medical	Wuhan Heer Medical Technology Development Co., Ltd.
Sanji Bio-technology	Changsha Sanji Bio-technology Co., Ltd.
Genergy Bio-Technology	Genergy Bio-Technology (Shanghai) Co., Ltd.
NKY (Jiaozuo) Polymer Materials	NKY (Jiaozuo) Polymer Materials Co., Ltd.
NKY(Shanghai)	NKY(Shanghai) Medical Technology Co., Ltd.
NKY Precision	Shanghai NKY Precision Medical (Shanghai) Co., Ltd.
Eastwin	Eastwin Scientific Equipments Inc.

+ Access

This report is published in electronic format. You can download the electronic version of this report from the Shenzhen Stock Exchange website (www.szse.cn) or the Company's official website (www.boai-nky.com) to access more company information. For any questions or suggestions regarding the report, please email board.sec@nkygroup.cn or call 0391-8696320.

In case of any discrepancies in the interpretation between the Chinese and English texts, the Chinese text shall prevail.

+ Feedback

Should you have any opinions or suggestions regarding the sustainable development of the Company, please feel free to provide feedback through the contact information below. Your input will assist us in continuously improving our reports.

Telephone number: 0391-8696320.
Fax number: 0391-8692950.
Website: www.boai-nky.com.
E-mail: board.sec@nkygroup.cn.
Contact Address: 1888 East Culture Road, Boai County, Jiaozuo City, Henan Province.



Chairman's Address

The Wind Is Right to Set Sail, Embark on a New Chapter.

In 2024, NKY, guided by the corporate spirit of “Dedication and Innovation” and rooted in sustainable development, continues to deepen its environmental, social, and governance (ESG) practices. With a firm commitment to high-quality growth, the Company is taking more determined steps forward, injecting new momentum into the realization of its vision: “World-class Products, Centuries of Excellence.”

Enhancing Governance to Build a Solid Foundation for Growth.

We continue to strengthen our corporate governance capabilities, advancing compliance management and risk control systems. By fostering open and transparent communication, we aim to enhance investor trust. Through the integration of Party-building leadership and business ethics, we promote scientific decision-making and standardized operations. These efforts lay a solid foundation for long-term development and create sustainable value for shareholders, employees, and society.

Fulfilling Our Green Commitment to Safeguard the Ecosystem.

Green and low-carbon development remains our guiding principle. In 2024, we further optimized our environmental management system, reinforced energy conservation and emissions reduction throughout the production process, and actively advanced the adoption of renewable energy. We improved the efficiency of clean energy use, deepened water resource recycling and comprehensive waste management, and built a green manufacturing system. By driving low-carbon transformation through technological innovation, we contribute to the protection of natural ecosystems.

Strengthening Responsible Collaboration for a Shared, Sustainable Future.

In our supply chain, we are enhancing green supplier evaluation mechanisms, promoting end-to-end digital transformation, and improving sustainability capabilities. We strictly enforce quality and safety standards and use intelligent management to reinforce workplace safety. At the same time, we continuously improve the quality of our products and services through precise customer insights and optimized service processes, achieving win-win cooperation with partners and clients.

As the tide surges, countless sails compete. Now is the time to forge ahead.

NKY will continue to steer with responsibility and sail with innovation, pressing forward on the course of sustainable development. Through practical action and unwavering commitment, we are writing a new chapter in high-quality growth.

Driving Development Through Innovation and Leading Industry Transformation.

Innovation is the core driver of our progress. In 2024, we are increasing investment in research and development, focusing on technological breakthroughs in polymer new materials and precision medicine. We are accelerating the transformation and industrial application of scientific and technological achievements, strengthening our intellectual property protection system, and fostering cross-disciplinary innovation teams. By exploring emerging markets such as new energy and biopharmaceuticals, we aim to empower high-quality development across the industry through technological advancement.

Empowering Employee Growth and Fostering a Culture of Care.

Employees are the Company’s most valuable asset. In the year ahead, we will continue to improve our talent development system, build diversified career development pathways, and support employees in enhancing their skills and realizing their value. We are optimizing our occupational health management mechanisms, caring for both the physical and mental well-being of our staff, and creating an inclusive and equitable work environment where every employee grows in step with the Company.

Giving Back to Society and Demonstrating Corporate Responsibility.

Staying true to our original aspiration of “Creating Value for Society,” we are deepening our public welfare efforts in 2024. We are focusing on education, medical assistance, and community development, delivering warmth through targeted support initiatives. By leveraging our expertise in precision medicine, we are helping to improve primary healthcare services, taking concrete actions to fulfill our social responsibilities and contribute to a better society.

Chairman and General Manager:
Zhang Junzheng

About NKY

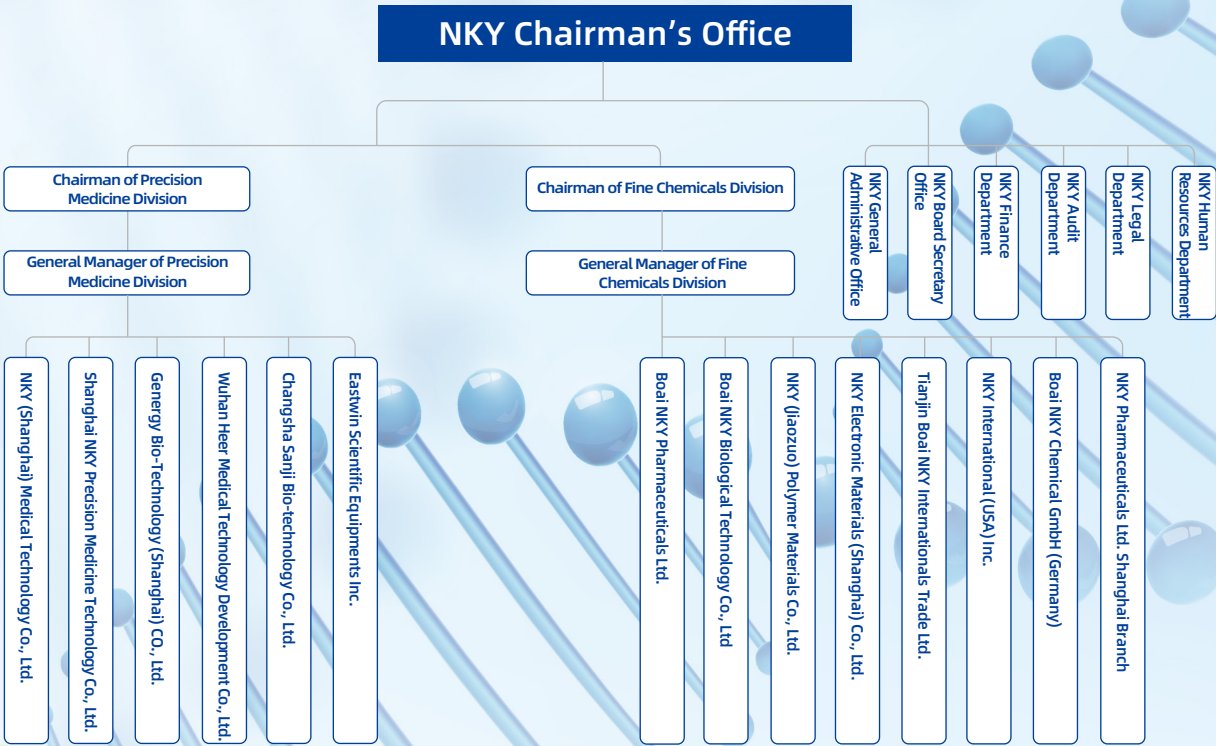
Company Profile

Boai NKY Medical Holdings Ltd. (NKY Group) was established in 2003 and is a Chinese Growth Enterprise Market (GEM) listed company with stock code 300109. The company currently operates in two main business segments: Fine Chemicals and Precision Medicine. The Fine Chemicals segment primarily involves the production and sales of two major product series, Polyvinylpyrrolidone (PVP) and Eudragit® (PVM/MA). The Precision Medicine segment mainly includes the production and sales of in vitro diagnostic products, as well as investments in innovative oncology drugs.

Adhering to the corporate spirit of "Diligence Innovation" and the corporate values of "Serving Customers, Achieving Employees, Rewarding Shareholders and Benefiting Society," NKY Group upholds a long-term perspective. It has evolved from a regional small chemical plant into a globally influential and sustainable holding company.

NKY owns a functional polymer material production base in Jiaozuo, Henan, with a total land area of over 500 mu. In Shanghai's Songjiang district, it has a 56-mu research and production industrial park. As of December 31, 2024, the Group had a total of 1,163 employees and total assets of RMB 4.374 billion.

Total employees
1,163
Total assets
4.374
billion RMB



Historical Evolution



2003

The Kyoyuan Fine Chemicals Plant, a subsidiary of the Bo'ai County Fertilizer Factory, was among the first in China to produce pharmaceutical excipient polyvinylpyrrolidone (PVP) in the 1980s. In March 2003, under the guidance of the Party and the government, the founding team completed the privatization and restructuring of Kyoyuan Pharmaceuticals into a private enterprise, laying the foundation for NKY's continued growth and expansion.

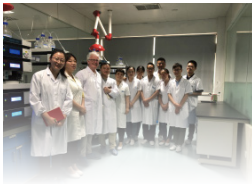


2015

NKY became the first pharmaceutical excipient manufacturer in China to receive EXCiPACT GMP certification.

2006

NKY established its international marketing team and appointed Mr. Herbert Wilhelm Ulmer as Chief Scientist. Under his leadership, the R&D department has significantly advanced the Company's production processes and product quality, while continuously expanding its product portfolio.



2018

The Company completed the construction of a new R&D center in Jiaozuo, with a total investment of RMB 100 million and a floor area of 6,200 square meters. That year, NKY's manufacturing facility also passed its second third-party audit by the U.S. FDA.



2008

In March 2008, NKY launched the development of its Orris® product line. Over a decade of R&D and process refinement led to the creation of the world's only benzene-free PVM/MA series of products.



2009

In April 2009, NKY was restructured into a joint-stock company and began preparations for its initial public offering (IPO).



2020

NKY began construction of its new campus in Songjiang District, Shanghai, covering an area of 56 mu (approximately 9.2 acres).

2021

NKY divested its U.S.-based subsidiary, BioVision Inc., and clarified its long-term development strategy.



2010

On August 25, 2010, NKY was officially listed on the Shenzhen Stock Exchange (Stock Code: 300109), issuing 9 million shares and raising RMB 270 million to expand production capacity.



2011

Construction of NKY's new manufacturing facility in Bo'ai commenced.



2013

NKY relocated to its new manufacturing site and celebrated the 10th anniversary of its corporate restructuring.



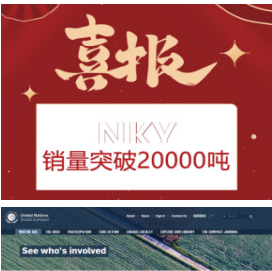
2022

Construction began on NKY's new manufacturing facility in Zhongzhan District, Jiaozuo.



2023

NKY Zhongzhan Plant Phase I Project Completed and Put into Operation (Annual production capacity: 20,000 tons of NVP monomer and 5,000 tons of vinyl ether production line). NKY Group Celebrates 20th Anniversary.



Our Participants

Participant	Role	Company	Address	Contact
Arthur Patten	Chairman	NKY Group	Shanghai	13917111111
Wang Yanyan	Chairman	NKY Group	Shanghai	13917111111
Wang Yanyan	Chairman	NKY Group	Shanghai	13917111111
Wang Yanyan	Chairman	NKY Group	Shanghai	13917111111
Wang Yanyan	Chairman	NKY Group	Shanghai	13917111111
Wang Yanyan	Chairman	NKY Group	Shanghai	13917111111
Wang Yanyan	Chairman	NKY Group	Shanghai	13917111111
Wang Yanyan	Chairman	NKY Group	Shanghai	13917111111
Wang Yanyan	Chairman	NKY Group	Shanghai	13917111111
Wang Yanyan	Chairman	NKY Group	Shanghai	13917111111

2024

NKY Group Joins UN Global Compact, Committing to Support the Ten Principles on Human Rights, Labor, Environment, and Anti-Corruption. NVP Sales in Chemical Sector Exceed 20,000 Tons for the First Time.



Culture

MISSION

Serving Customers,
Achieving Employees,
Rewarding Shareholders
and Benefiting Society

VISION

Produce world-class products,
Be excellent for a century

ENTERPRISE SPIRIT

Dedication & Innovation

ENTERPRISE VALUES

Responsible Care,
Team first,
Pursuit of excellence,
Customer oriented

EMPLOYEE VALUES

Loyalty,
Dedication,
Steadfast
Grateful

Innovation, Dedication to Tasks, Broad Origins and Enduring Flow.

NKY, with the long accumulation of history, always maintains the dynamic spirit of innovation, adheres to the belief of dedication to tasks, and seeks a sustainable future

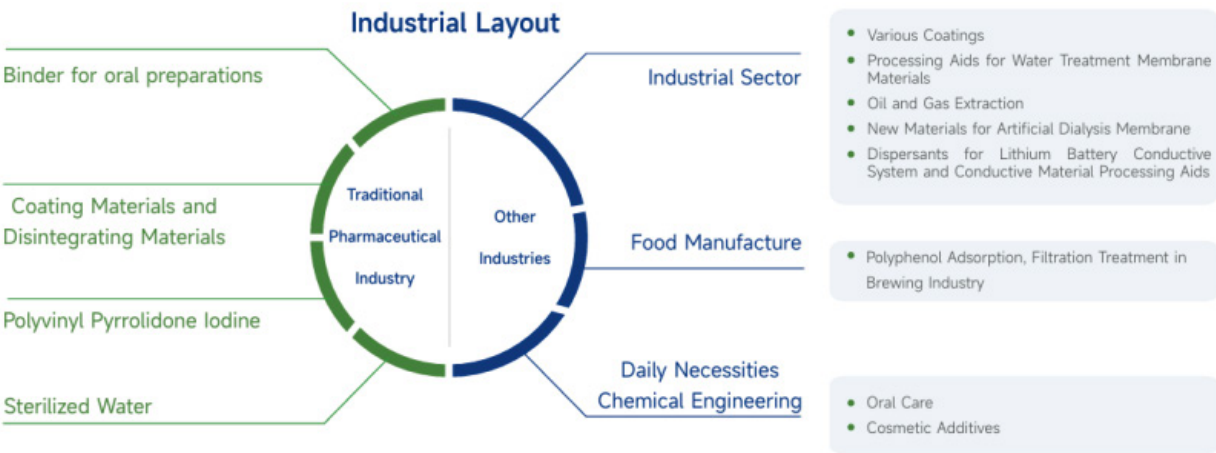
Industrial Layout

Currently, NKY's main business is divided into two segments: fine chemicals and precision healthcare, synergistically supporting the Company's growth through different development models.

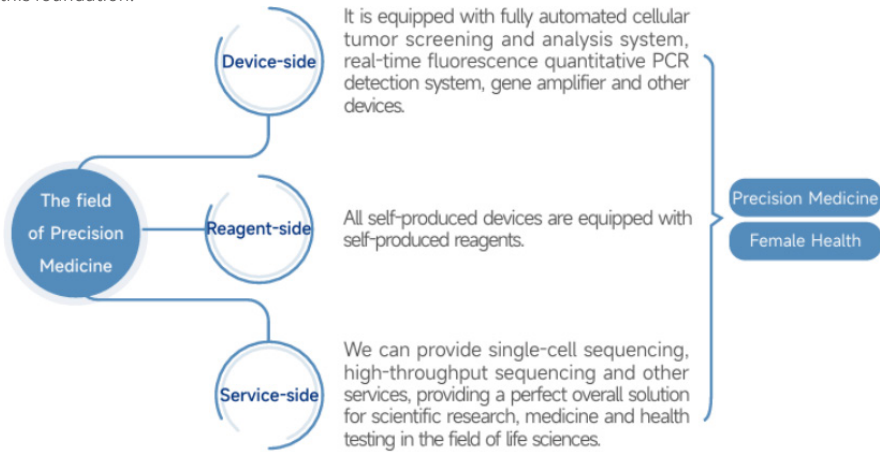
In the field of fine chemicals, the Company is the first domestic high-tech enterprise specializing in the production, research and development, and sales of polyvinylpyrrolidone (PVP) series products, ethylene glycol methyl ether and maleic anhydride copolymer (PVME/MA) series products. It is also capable of large-scale production of PVP K12 (powder and liquid), PVP K90, PVP K60 powder, and K120 powder domestically. The Company's products are widely used in various modern industrial sectors such as daily chemicals, pharmaceuticals, brewing and beverage industry, pigments and coatings industry, textile industry, paper industry, oil recovery, photosensitive materials, and electronics industry.

Main Products in the Fine Chemicals Field

GBL	PVPP (Cross-linked Polyvinylpyrrolidone)
2-Pyrrolidone	PVP-I and related pharmaceutical intermediates
NVP Monomer	PVP K12 (Powder and Liquid)
PVPK Series (Polyvinylpyrrolidone)	PVP K90 and PVP K60 Powder
Copolyvinylpyrrolidone and other VP/VA Copolymer Series Products	PVP K120 Powder



In the field of precision healthcare, the Company focuses on medical services such as early tumor diagnosis, molecular diagnostics, and genetic testing. It has established a medical service platform with two main features, "precision healthcare" and "women's health," based on three key technologies: "device end," "reagent end," and "service end." The Company continues to explore the potential of precision healthcare business on this foundation.



Patterns of Development in the Field of Precision Medicine

Since 2018, NKY Group has successively invested in five cell and gene therapy innovative drug projects, namely Immunotech Biopharm, Huadao Biopharma, ViroTech, Liangyuan Bioscience, and NeoAntigen, with a total investment of approximately 330 million RMB. Additionally, NKY Group has established a 56-acre precision medical base in Songjiang, Shanghai, aiming to create an industry innovation hub with a focus on cell therapy.

Total investment
330
million RMB



ESG Key Performance Indicators

Economic Performance

Total operating revenue was	Total assets amounted to	representing an increase of	Total government subsidies amounted
1,606.32	4,372.05	8.77	7.02
million RMB	million RMB	%	million RMB

Governance

- ✦ The local recruitment ratio of senior executives in the company is 50%.
- ✦ The board of directors consists of 9 members, including 6 non-independent directors and 3 independent directors, with 2 female members in the gender composition of the board.
- ✦ The Company issued its "Code of Business Conduct," which was presented by the ESG Director through on-site and online formats.
- ✦ In June 2024, the Company officially joined the United Nations Global Compact (UNGC), with the Chairman signing the NKY Commitment to the United Nations Global Compact's Ten Principles on Human Rights, Labor, Environment, and Anti-Corruption.

Environmental

- ✦ The Bo'ai Plant used over 50% green electricity throughout the year.
- ✦ The combined annual water consumption of the Bo'ai and Zhongzhan plants decreased by 9% compared to 2023, while PVP annual production increased by 24.16% during the same period.
- ✦ The Bo'ai Plant obtained ISO 14064 organizational-level carbon verification certification.
- ✦ By obtaining ISO 14001 Environmental Management System certification, a systematic and standardized environmental management system is established to ensure the effective operation of pollution prevention measures.
- ✦ Establish an environmental risk prevention and emergency response mechanism, conduct environmental risk assessments for all operational sites, and regularly carry out environmental emergency drills.
- ✦ Utilizing advanced exhaust gas treatment technologies such as thermal incineration, activated carbon adsorption, and baghouse dust removal to ensure compliant emissions of VOCs, sulfur dioxide, nitrogen oxides, etc.; implementing efficient wastewater treatment processes including aeration regulation, hydrolysis acidification, anaerobic, anoxic, aerobic stages to control pollutants such as COD, ammonia nitrogen, total phosphorus within regulatory limits; promoting solid waste classification management, recycling hazardous waste for resource utilization, and repurposing general industrial solid waste like calcium carbide slag for cement production to enhance resource utilization efficiency.
- ✦ Conduct climate risk scenario analysis to develop strategies for addressing climate risks such as extreme weather events and rising carbon prices, ensuring the Company's sustainable development.

Social

- ✦ The Company has established a comprehensive quality management system in accordance with ISO 9001:2015 and ISO 13485:2016 standards.
- ✦ The Company has been recognized as a national high-tech enterprise, awarded the high-tech enterprise certification, and has collaborated with multiple research institutions.
- ✦ The Company has successfully developed a range of innovative products, including a fully automated liquid-based thin-layer cell preparation staining integrated machine, P16Ki67 scanning analysis software, and an artificial intelligence AI cancer screening and diagnostic system.
- ✦ Establishing a labor union to promote collective bargaining on wages, safeguarding employees' rights to participate in corporate governance. Regularly convening workers' representative assemblies to ensure effective communication of employee opinions, reaching consensus on issues such as salary adjustments, working conditions, to maintain harmonious labor relations.
- ✦ By obtaining the ISO 45001 Occupational Health and Safety Management System certification, the Company conducts regular assessments of occupational disease hazards, provides tailored occupational health examinations, and reduces the risk of occupational diseases.
- ✦ Establish a digital security management platform utilizing intelligent monitoring and QR code-based hazard inspections to achieve online-offline integration, enhancing safety management efficiency.
- ✦ Continuously supporting various social welfare projects such as education, environmental protection, healthcare, firefighting, and community activities to enhance community vitality. Facilitating rural revitalization by integrating industrial collaboration, technological assistance to agriculture, and promoting green development to advance rural economy, ecology, and livelihood improvements.

2024
Annual Key Honors



Boai NKY Pharmaceuticals Co., Ltd.

2024 Henan Province Leading
Enterprise in Manufacturing

NKY(Shanghai) Medical Technology Co., Ltd.

National-level Songjiang Economic and
Technological Development Zone
2024 Annual Investment Excellence Award



Excellent Governance

Solidifying the Foundation for Development

NKY adheres to excellent governance, ensuring the company's stable operation and sustainable development through an efficient "three meetings and one layer" governance structure and a sound internal control system. The Company actively practices ESG principles, promoting green development and social responsibility, optimizing stakeholder communication, and enhancing governance standards. Simultaneously, it strictly enforces integrity, compliance, and information security management to prevent various risks, laying a solid foundation for the enterprise's long-term stability and growth.

Efficient Governance Strengthening The Management Foundation	11
ESG Empowerment Enhancing Robust Governance	13
Integrity and Compliance Building a Trustworthy Defense	15
Information Security Comprehensive Risk Prevention	17



CORPORATE GOVERNANCE ·
INTERNAL CONTROL AND RISK MANAGEMENT ·
BUSINESS ETHICS ·
ANTI-CORRUPTION ·



Aligning the United Nations Sustainable Development Goals

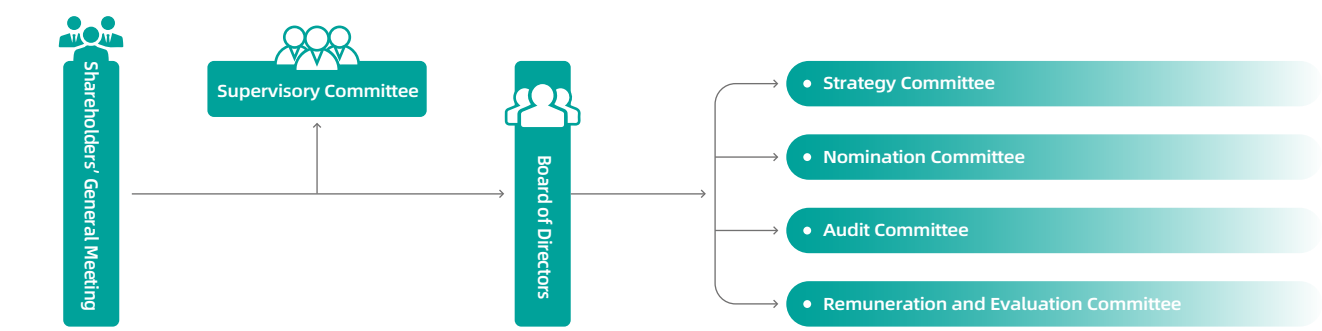
Efficient Governance: Strengthening the Management Foundation

NKY Group has consistently adhered to strict compliance with relevant laws and regulations such as the Company Law, Securities Law, Listing Company Governance Guidelines, and Shenzhen Stock Exchange GEM Listed Company Standard Operation Guidelines. By establishing a comprehensive governance structure through the formulation of the Company Charter, the Company has implemented a governance model known as the "three meetings and one layer," consisting of the shareholders' meeting, the board of directors, the supervisory board, and senior management. This governance model has laid a solid foundation for the Company's stable operation and sustainable development.

The Operation and Governance of the Tripartite Meeting

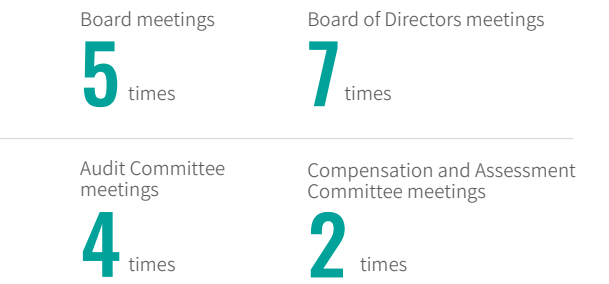
The Company places a high emphasis on the diversity of the Board of Directors, clearly defining the responsibilities of each party, fully respecting the independence of independent directors, and ensuring the company's compliance and stable operation. As the core of corporate governance, the Board of Directors plays a crucial role in decision-making and guiding the company's development. Board members possess rich experience from various fields such as fine chemicals, precision medicine, financial and tax management, and capital operations, enabling them to provide comprehensive professional guidance to the company. The Board of Directors consists of 9 members, including 6 non-independent directors and 3 independent directors. The gender composition of the Board includes 2 female members, and the educational backgrounds range from doctoral, master's, to bachelor's degrees among its members.

The Board of Directors establishes four specialized committees: the Strategic Committee, Nomination Committee, Audit Committee, and Compensation and Assessment Committee, each consisting of five members, to ensure the efficient operation of the corporate governance structure. The Company specifies the convening and procedures for the Shareholders' Meeting, Board Meeting, and Supervisory Board Meeting in accordance with the Shareholders' Meeting Rules, Board Meeting Rules, and Supervisory Board Meeting Rules, respectively, to safeguard shareholders' rights to information, participation, and voting at the Shareholders' Meeting.



To further strengthen its governance structure, the Company has formulated the Implementation Rules of the Board Compensation and Assessment Committee to ensure transparency in compensation management. The Compensation and Assessment Committee is responsible for overseeing the compensation incentive mechanisms for directors and senior executives. During the reporting period, the Company continuously improved the performance evaluation system for directors and senior executives, linking performance evaluations with compensation to effectively incentivize management to enhance corporate performance.

During the reporting period, the Company convened the Supervisory Board meetings 5 times, the Board of Directors meetings 7 times, the Audit Committee meetings 4 times, and the Compensation and Assessment Committee meetings 2 times as planned, ensuring the efficient operation of the governance structure. The Company continuously optimizes its corporate governance structure, enhances internal management and control systems, further improves governance standards, and promotes the steady development of the company.



Investor Relations Management

The Company places great emphasis on investor relations management, strictly adhering to the requirements of the "Regulations on the Disclosure of Information by Listed Companies." It has established relevant systems such as the "Major Information Internal Reporting System" and the "Investor Relations Management System" to ensure the timeliness, accuracy, completeness, and fairness of information disclosure. The Board of Directors oversees the information disclosure work, with the Board Secretary specifically responsible for coordinating and organizing information disclosure affairs to ensure that all information is disclosed truthfully, completely, accurately, and promptly.

During the reporting period, the Company achieved a disclosure level of B, releasing 4 regular reports and 119 interim reports externally. Additionally, it held 2 performance briefings and actively responded to 195 investor inquiries through an investor interaction platform. Furthermore, the Company diligently collected and organized information from relevant stakeholders to ensure effective communication, disclosing information truthfully and comprehensively through emails and regular reports.

The Company designates Securities Times, Shanghai Securities News, China Securities Journal, and Shenzhen Stock Exchange as official channels for information disclosure, maintaining good interaction with investors through diverse communication methods. During the reporting period, the Company hosted 50 investor visits, providing comprehensive investment information, legally safeguarding investors' legitimate rights, and facilitating the discovery and recognition of the Company's investment value in the capital market.



ESG Empowerment: Enhancing Robust Governance

NKY actively implements a sustainable development strategy, dedicated to integrating environmental, social, and governance (ESG) principles into corporate operations and management to enhance governance comprehensively.

ESG strategy

In June 2024, the Company officially joined the United Nations Global Compact (UNGC), with the Chairman signing the commitment to the UNGC's Ten Principles on human rights, labor, environment, and anti-corruption. This action signifies the Company's commitment to sustainable development. The Company communicated this commitment to employees and stakeholders through its official website and WeChat public account, ensuring the widespread adoption of ESG principles and facilitating the effective implementation of corporate responsibilities.

Stakeholder Engagement

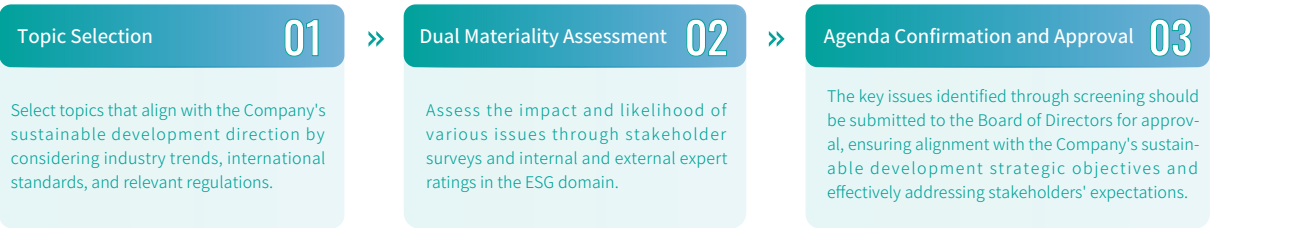
The Company adheres to the green and sustainable development concept, considering environmental protection as a crucial component of corporate social responsibility. Continuously enhancing resource efficiency, it drives synergistic development between the enterprise and the environment. Simultaneously, the Company highly values the needs of stakeholders such as investors, customers, employees, and partners, actively listening to and addressing ESG issues of concern. Through various channels including regular communication meetings, surveys, and online platforms, the Company maintains close connections with stakeholders to ensure transparent information flow and smooth interaction. Based on stakeholder feedback, it optimizes ESG management strategies to establish long-term and robust cooperative relationships.

Stakeholders	Expectations and Demands	Provide a response
Government	<ul style="list-style-type: none">Compliance operationsLawful tax paymentEnvironmental protection	<ul style="list-style-type: none">Compliance with laws and regulationsProactive tax paymentLow-carbon developmentPromotion of green manufacturing
Investors	<ul style="list-style-type: none">Enhancing Corporate GovernanceTimely Disclosure of InformationDividend Returns	<ul style="list-style-type: none">Enhancing internal control capabilitiesRegular information disclosureSafeguarding shareholder rightsStrengthening ESG management
Client	<ul style="list-style-type: none">Privacy protectionAfter-sales serviceProduct quality and safety	<ul style="list-style-type: none">Protecting customer privacy and securityConducting customer satisfaction surveysImplementing stringent quality managementOptimizing after-sales services
Supplier	<ul style="list-style-type: none">Supply chain managementMutual benefitCommon development	<ul style="list-style-type: none">Building a responsible supply chainAdhering to business ethicsFostering collaborationCommunication to enhance supply chain sustainability
Employee	<ul style="list-style-type: none">Establishing career development pathwaysOffering competitive compensation and benefitsEnsuring occupational healthSafeguarding employees' rights.	<ul style="list-style-type: none">Enhancing internal management systemsEnsuring employee work-life protectionStrengthening occupational health initiativesEstablishing employee communication feedback mechanismsOffering professional training and development opportunities
Community	<ul style="list-style-type: none">Social welfare	<ul style="list-style-type: none">Philanthropic DonationPromoting Community Health and Sustainable Development
Environment	<ul style="list-style-type: none">Energy conservation, emission reductionEcological protection.	<ul style="list-style-type: none">Energy conservationGreen office practicesCarbon footprint reductionAdvancement of green manufacturing processes.

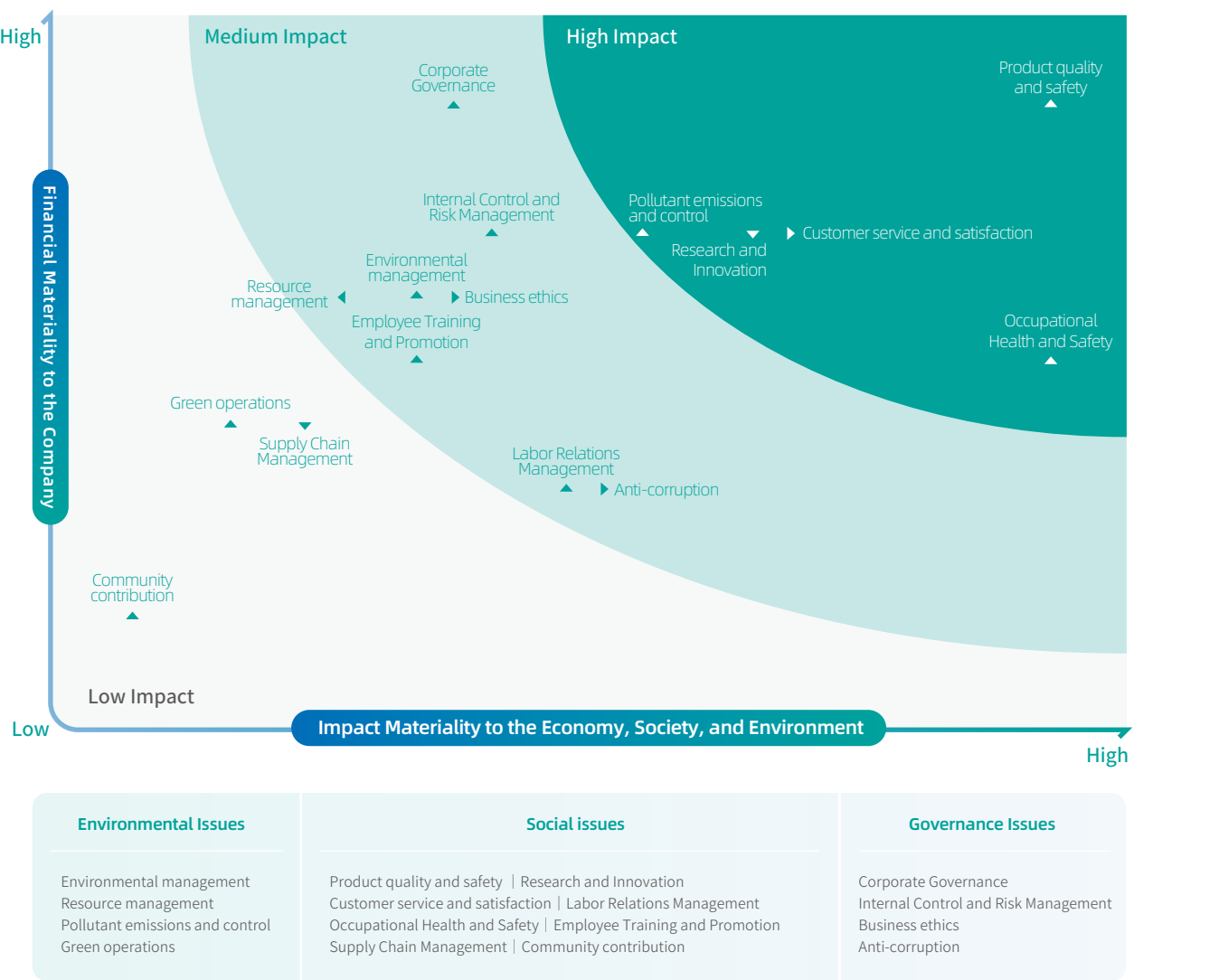
Materiality Issues Assessment

The Company has established a scientific and substantive issue identification mechanism based on ESG international standards and industry best practices, in conjunction with its own development strategy and industry characteristics. Through extensive research on internal and external stakeholders, the Company updates and optimizes its ESG issue repository annually to ensure the forward-looking and effectiveness of the identified issues. In the fiscal year 2024, the Company identified a total of 16 key issues covering environmental, social, and governance aspects. A dual importance assessment method was employed for systematic analysis to ensure that the issues meet both financial significance requirements and the importance of sustainable development impact.

Dual Materiality Assessment Steps



NKY's Dual Materiality Issues Matrix



Integrity and Compliance: Building a Trustworthy Defense

NKY has consistently adhered to the principle of operating with integrity, strictly complying with the Basic Norms for Enterprise Internal Control and its supporting guidelines, as well as relevant laws and regulations. The Company continuously enhances its clean and compliant system to ensure the legality and transparency of its operations. During the reporting period, there were no incidents of corruption, bribery, fraud, or unfair competition within the Company.

Internal control system

The Company has established a comprehensive internal control system, formulated and implemented management systems such as Internal Control System, "、Internal Audit Management System, and Internal Control Process Compilation. By combining daily supervision and special supervision methods, the Company continuously optimizes management processes and internal control mechanisms to enhance risk prevention capabilities. In 2024, the Company conducted a total of 22 internal audits, identified 54 issues, formulated corrective measures, completed the rectification, further solidifying the foundation of corporate governance.

To strengthen the compliance culture, the Company has issued the Code of Business Conduct, which was disseminated to all employees in October 2024. The ESG Director conducted on-site and online presentations. The aim was to ensure that every employee comprehends and adheres to the relevant requirements. Additionally, during the third-quarter working meeting of the medical sector, the Company provided a briefing on the code to the group's decision-makers and senior management in the medical sector. This initiative aimed to enhance the awareness and enforcement of compliance management among senior executives.



Conduct a dissemination of the Code of Business Conduct and the Confidentiality Policy

Anti-unfair Competition and Monopolies

The Company adheres to the principle of fair competition, strictly prohibits any unfair competition and monopolistic behaviors, and complies rigorously with applicable laws and regulations. The Company explicitly prohibits the disclosure of pricing, business partner dealings, operational arrangements, and other information to competitors, aiming to prevent the acquisition of competitors' business information through improper means, firmly opposing malicious defamation of competitors or dissemination of false information. Furthermore, the Company prohibits participation in industry monopoly agreements or abuse of market dominance to ensure the fairness of market competition. Additionally, the Company clearly defines unfair competition practices, including but not limited to counterfeiting or imitating others' goods, exaggerating or distorting product attributes, infringing on trade secrets, damaging competitors' reputations, and other illegal or unethical business behaviors, ensuring the compliance and fairness of business activities.

Anti-commercial Bribery and Conflict of Interest Management

The Company consistently upholds integrity in its operations, strictly prohibiting commercial bribery and conflicts of interest, requiring employees to secure business opportunities through high-quality products, outstanding services, and good social responsibility. Additionally, the Company advocates for a cautious approach in commercial dealings to ensure fair and transparent transactions. Employees are expected to promptly report any violations of the anti-bribery regulations to the Company's management.

Anti-money laundering

NKY strictly adheres to domestic and international anti-money laundering laws and regulations to ensure that its operations are not used for money laundering purposes. The Company prohibits any form of money laundering, including direct or indirect involvement in money laundering activities, assisting business partners in money laundering, and concealing or failing to report suspicious transactions. Additionally, the Company encourages employees to actively study relevant laws and regulations, enhance their awareness of anti-money laundering, and promptly report any abnormal transactions or suspected money laundering activities to the Company to safeguard the legality and compliance of its operations.

Compliance Requirements for Business Partners.

NKY places great emphasis on the compliance management of business partners. The Company rigorously selects suppliers, agents, and other partners with a solid foundation in compliance management and a good compliance track record to ensure alignment with the Company's values and compliance principles during collaboration. The Company prohibits any collusion with partners in illegal or unethical activities and requires employees to actively promote the Company's compliance principles when establishing business relationships, ensuring partners meet the Company's compliance standards. Throughout the collaboration, the Company continuously monitors partners' business ethics and promptly reports any illegal or inappropriate behavior to management to uphold a fair and just business environment.

Non-compliance Reporting and Anti-retaliation Mechanisms

To enhance the Company's compliance management system, NKY has established a diversified reporting channel for violations. Employees can report misconduct through email or phone and receive strict information protection. The Company encourages employees to report non-compliant behavior in good faith and strictly prohibits any form of retaliation. For substantiated violations reported, the Company will handle them in accordance with laws, regulations, and internal rules. At the same time, appropriate sanctions will be imposed for malicious or false reports to ensure the fairness and effectiveness of the reporting mechanism.

Reporting Channels

- Immediate supervisor
- Department head
- Group Audit Department (jiao.bj@nkygroup.cn)
- Group Legal Department (lu.l@nkygroup.cn)



Information Security: Comprehensive Risk Prevention

NKY strictly adheres to national and regional laws and regulations such as the Personal Information Protection Law and the General Data Protection Regulation, as well as compliance requirements from regulatory authorities, ensuring the standardization and systematization of information security management. During the reporting period, the Company did not receive any complaints regarding the infringement of customer privacy, nor did it experience any incidents of customer privacy violations or data security breaches, thereby providing trustworthy information security assurance to customers and partners.

Information Security Strategy and Compliance Management

The Company has established a comprehensive information security management system and formulated regulations such as the Information Security Management System, General Guidelines for Information Security Work, Equipment Management Regulations, Data Center Management Regulations, and Information Security Emergency Plan to enhance information security protection at the regulatory level, ensuring the security and confidentiality of customer and business data.

In the process of information security planning and development, the Company strictly adheres to the "three synchronous" principle, which involves synchronously planning, constructing, and investing in information security alongside business development to ensure the foresight and effectiveness of security measures. Additionally, the Company establishes a security management system based on the information security protection system to enhance information security risk prevention capabilities, providing robust safeguards for stable business operations.

Information Security Management System

The Company adheres to the information security policy of "safety first, prevention-oriented, equal emphasis on management and technology, and comprehensive prevention." It has established a security protection strategy of "partitioning, grading, and zoning," and constructed a "dual-machine dual-network" architecture to achieve controllable, manageable, and controlled information security. The Company employs a multi-layered defense strategy to effectively address security threats such as hacker attacks, virus intrusions, malicious code, and prevent data leakage, information loss, and system failures, ensuring the stable operation of business systems.

The Company strictly adheres to applicable privacy, data protection, and information security laws and regulations, collecting and utilizing only necessary employee and customer data for legitimate purposes, implementing stringent measures to safeguard personal privacy. Unauthorized disclosure, sale, or transfer of employee and customer privacy data is explicitly prohibited, with all employees required to ensure information security to prevent data breaches. Additionally, the Company enhances protection of customer and order information through the SAP Customer Master Data Management system, utilizing data encryption systems, vulnerability scanning systems, and external Security Operations Centers (SOC) to enhance data security.



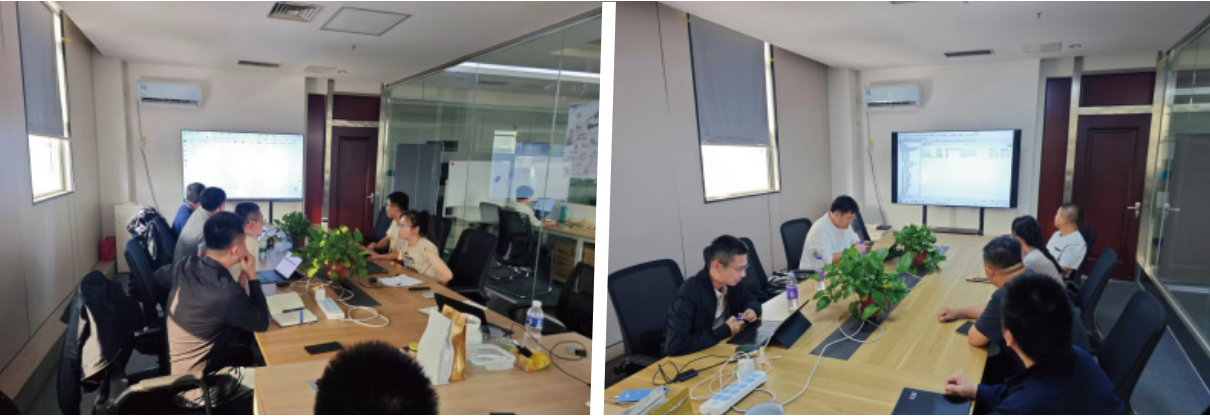
The Company has established a comprehensive information security infrastructure, employing multiple technological measures to enhance system security, including but not limited to:

- Firewall System** Block high-risk ports to prevent external network attacks.
- Behavioral Audit Mechanism** Restricting access to illegal websites to prevent malicious attacks.
- Network access control** Ensure unauthorized devices cannot access the Company's internal network, strengthening security boundaries.
- Hierarchical network management** Based on security requirements, the Company's network is divided into four levels - open, internal, important, and core. The infrastructure team is responsible for access management to ensure that IT devices for different purposes are connected to the corresponding network based on security levels, thus reducing security risks.

Information Security Emergency Management and Training

In the era of informatization, information security has become an indispensable aspect of corporate development. The Company has formulated multiple contingency plans to address potential security incidents, including but not limited to network attacks, virus infections, data breaches, system failures, and other situations. The establishment and implementation of contingency plans not only enhance the company's information security protection capabilities but also improve employees' safety awareness and ability to respond to emergencies, ensuring business continuity and stability.

Furthermore, the Company places a high emphasis on employee information security training, employing various methods to ensure employees have a comprehensive understanding of information security knowledge and skills. Through regular training and practical exercises, the Company enhances employees' ability to respond to information security incidents, reinforces a collective awareness of information security responsibilities, and provides robust protection for the Company's business operations.



Data Encryption Training



Lean Manufacturing

Developing New Quality Productivity

NKY has established a comprehensive ESG management system covering quality management, customer service, technological innovation, and green supply chain. The Company has set up a quality assurance network covering the entire product lifecycle, enabling efficient response to customer demands and precise risk tracing through intelligent management systems. By driving industrial upgrades through cutting-edge technology research and development, NKY has formed an innovative ecosystem with industry benchmark significance. Simultaneously, it practices the concept of green supply chain, collaboratively promoting environmentally friendly production with upstream and downstream partners, achieving the organic integration of commercial value and social benefits in the path of sustainable development.

Quality First Creating Excellent Products	21
Customer-Centric Optimizing Service Experience	24
Technological Empowerment Stimulating Innovation	26
Green Procurement Building a Sustainable Supply Chain	29

- PRODUCT QUALITY AND SAFETY ·
- RESEARCH AND INNOVATION ·
- CUSTOMER SERVICE AND SATISFACTION ·
- SUPPLY CHAIN MANAGEMENT ·

9

INDUSTRY, INNOVATION
AND INFRASTRUCTURE

11

SUSTAINABLE CITIES
AND COMMUNITIES

12

RESPONSIBLE
CONSUMPTION
AND PRODUCTION

17

PARTNERSHIPS
FOR THE GOALS

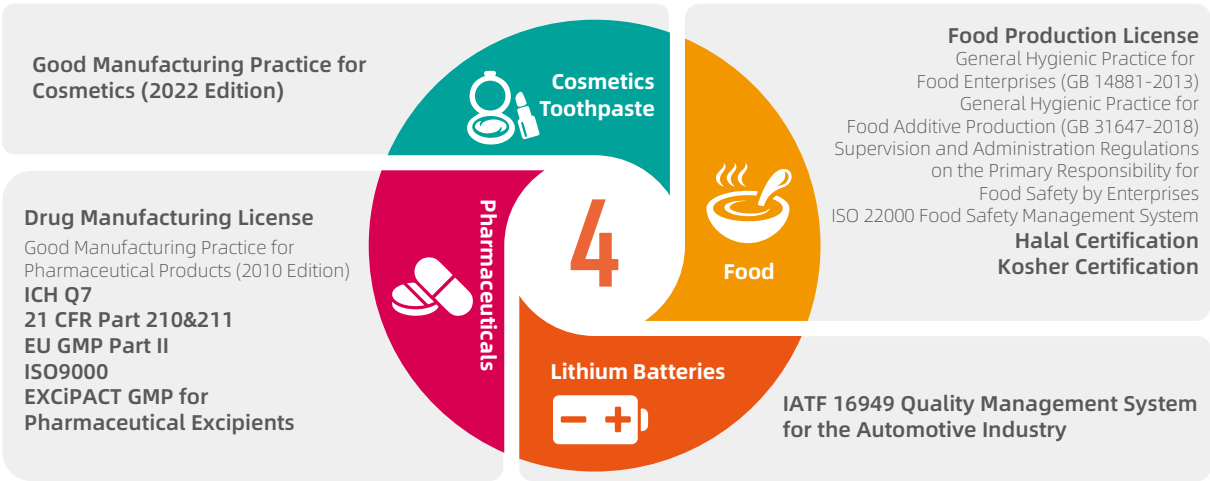
Aligning the United Nations Sustainable Development Goals

Quality First:
Creating Excellent Products

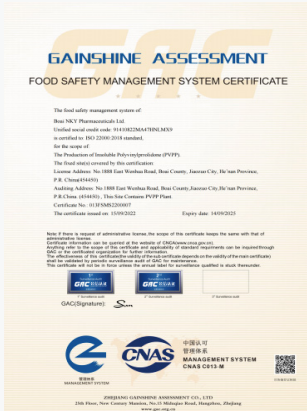
NKY has consistently adhered to the principle of quality first, strictly following national laws such as the Quality Law and international quality management system requirements like ISO 9001. The company uses the Quality Manual as the basic standard for quality management to comprehensively enhance its quality management capabilities. The Company has established complete ISO 9001:2015 and ISO 13485:2016 quality management systems and actively implements quality improvement and risk control measures to ensure the stability and safety of product and service quality. In 2024, the Company did not experience any significant quality liability incidents, did not violate any health and safety regulations or voluntary codes related to products and services, fully demonstrating the Company's rigorous quality management system and compliance commitment.

Quality Management System Development

The Company has established a comprehensive quality management system that ensures product quality from strategic commitment, standardized processes, continuous improvement to system effectiveness validation. The company's management team bears direct responsibility for formulating quality development strategies and resource allocation, convening regular quality review meetings to ensure the achievement of quality objectives. The Company has set up a Regulatory Affairs Department to dynamically track industry regulatory updates, ensuring that the quality management system complies with international standards such as Good Manufacturing Practice (GMP), ICH Q7, U.S. CFR Part 210&211, EU GMP Part II, EXCiPACT, and actively participates in industry associations to promote the establishment and optimization of industry quality standards.



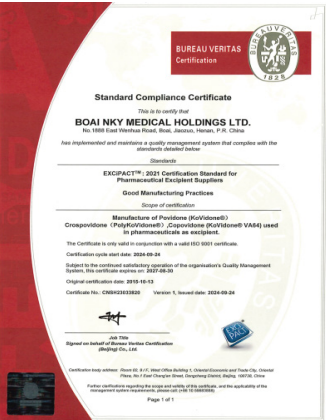
NKY ISO9001 Quality Management System Certification



NKY ISO22000 Food Safety Management System Certification



NKY has obtained Halal certification



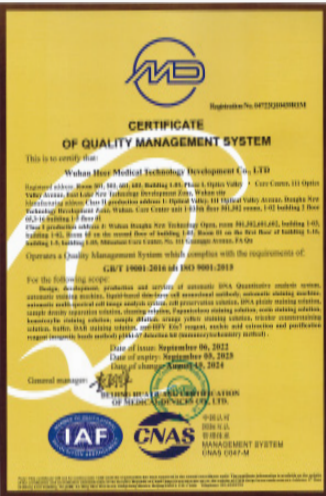
NKY obtains EXCiPACT GMP certification for pharmaceutical excipients



NKY Pharmaceuticals IATF 16949: 2016 certification for automotive industry quality management system



Heer Medical ISO 13485: 2016 Medical Device Quality Management System Certification



Heer Medical ISO 9001:2015 Quality Management System Certification



Eastwin ISO 9001:2015 Quality Management System Certification



Eastwin ISO 13485:2016 Medical Device Quality Management System Certification

Product Lifecycle Management

The Company ensures product quality stability and safety through a rigorous quality control process, achieving end-to-end traceability management from raw materials to finished products.

Product Quality Testing Throughout the Lifecycle

- **Supplier Management** The Company establishes a strict supplier admission and evaluation mechanism to ensure the reliability of raw materials and components.
- **Incoming Quality Control** All raw materials and packaging materials must undergo detailed testing to ensure compliance with quality standards.
- **Production Process Control** Key quality control points are set up at each stage of production, utilizing advanced testing equipment for real-time monitoring to ensure product quality stability.
- **Finished Product Inspection** All products must undergo comprehensive functional and performance testing before leaving the factory to ensure compliance with international standards, customer requirements, and relevant regulations.
- **External Testing and Certification** The Company regularly commissions independent testing by third-party organizations such as SGS, BV, etc., to ensure products meet global market access standards.
- **Quality Traceability** The Company establishes a sound quality traceability system to achieve full-process tracking of products from raw materials to finished products, enhancing problem analysis and accountability tracing capabilities.

The Company integrates safety principles throughout the entire product lifecycle by implementing measures such as risk prevention design, rigorous testing, and user education to ensure the health and safety of products.

Product Safety Assurance Mechanism

- **Risk Assessment and Prevention** During the product development and production process design phases, the Company utilizes DFMEA/PFMEA (Failure Mode and Effects Analysis) methods to identify potential quality risks and formulate risk mitigation measures. Simultaneously, the Company conducts foreign object contamination risk assessments on production lines, establishes foreign object prevention and control plans to ensure product safety and controllability.
- **Safety Testing and Compliance Assurance** The Company conducts comprehensive safety testing, including electrical safety, mechanical safety, and environmental safety, before launching products into the market to ensure compliance with global market requirements.
- **User Education and Emergency Response** The Company provides users with detailed product usage guides and safety warnings to ensure correct product usage. Additionally, an effective emergency response mechanism is established to swiftly address quality issues and safety incidents, minimizing their impact.

The Company has formulated an annual quality training plan and actively carried out quality training activities to enhance employees' overall quality awareness and culture through concentrated learning, thereby strengthening the foundation of quality management.

Customer-Centric:
Optimizing Service Experience

The Company is committed to optimizing its customer service system, enhancing customer experience, ensuring stable product quality, and continuously improving customer satisfaction. By establishing efficient and transparent customer complaint handling mechanisms and rigorous product recall procedures, the Company ensures timely responses to customer feedback and safeguards product safety and compliance through a well-developed quality management system.

Customer Service and Complaint Management

The Chemical Division has established a comprehensive customer complaint management process, designating the QA Manager as the Complaints Supervisor responsible for coordinating and addressing all complaint matters, and regularly submitting an annual complaint report to the management. The Company adheres to efficient, transparent, and objective complaint handling principles to ensure that customer needs are fully addressed.

Complaint Handling and Recording

All complaints are immediately reported to the QA department by the first contact personnel, who then complete the "Customer Complaint Information Form" to meticulously document the complainant's information, product details, complaint content, and relevant evidence materials.

Complaint Categorization and Investigation

The QA department classifies complaints into major defects (Level 1), significant defects (Level 2), and minor defects (Level 3), with different investigation timeframes set for each level. In the case of major defects, the Company may initiate a product recall process.

Complaint Handling and Feedback

The Company ensures that complaints are acknowledged and responded to within 1-5 business days, with investigations and resolution completed within 30 business days. All investigation findings are documented in the "Customer Complaint List" and included in the annual quality audit to continuously optimize management processes.

Product recall management

The Company strictly complies with relevant laws and regulations, establishes a sound product recall management system, and regularly conducts simulated recall drills to ensure the effectiveness of the recall process. In 2024, the Company did not experience any product recall incidents due to health and safety issues.

+ Conditions triggering

Recall include abnormal product stability analysis, non-compliance with regulatory inspections, and failure to meet GMP requirements in the production process.

+ Recall Classification and Timelines

Recall levels are categorized into Level 1 recall (to be completed within 1 day), Level 2 recall (to be completed within 3 days), and Level 3 recall (to be completed within 7 days) based on risk assessment.

+ Recall Execution and Tracking

During the recall period, the Company establishes a dedicated team led by the general manager, with various relevant departments collaborating to ensure the timeliness and effectiveness of the recall.

Product Information Compliance Management

The Chemical Division strictly adheres to the Identification and Traceability Management Procedure to ensure the integrity and traceability of product information. Key measures include:

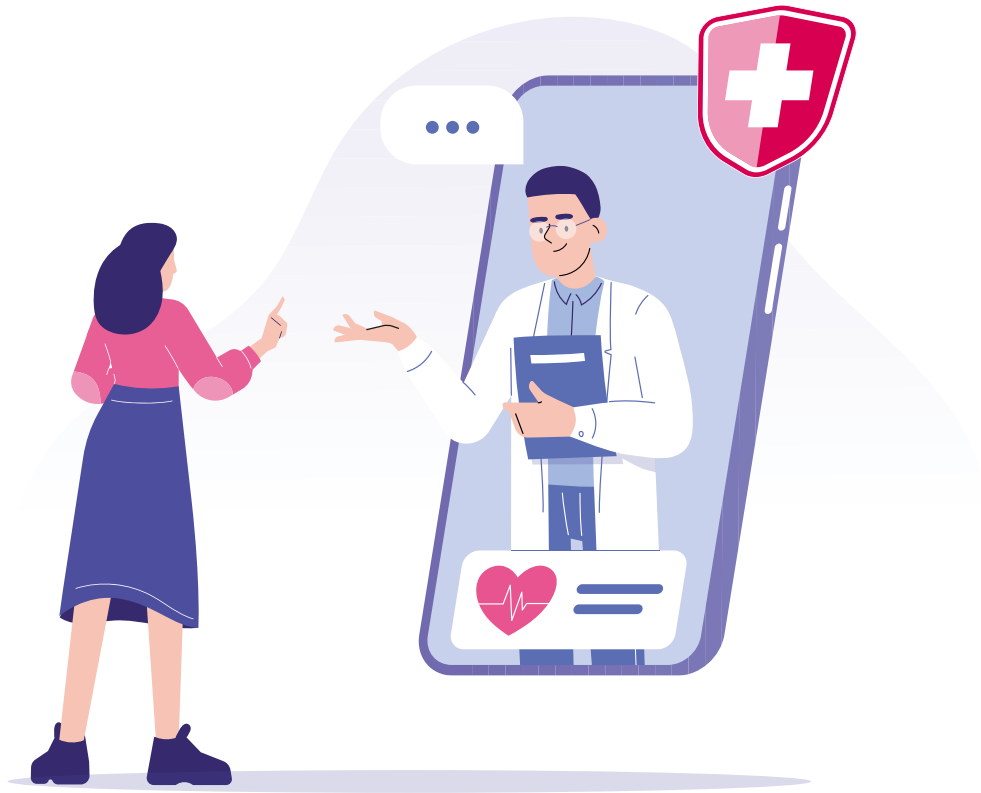
- Product Identification Management

The style of product labels is determined by design documents, including key information such as product name, model, batch number, production date, manufacturer information, etc., to ensure product traceability.
- Electronic Traceability System

he ERP management system provides electronic product identification, covering inventory, status, shipping, returns, and other information, ensuring the full lifecycle traceability of products.
- Compliance Assessment


Compliance Assessment: The Chemical Division's products have obtained EU REACH registration (number 01-2119498301-39-0002) and comply with WEEE labeling and EPD environmental product declaration requirements.

During the reporting period, the Company did not experience any product and service information or labeling violations, nor did it receive any penalties or warnings for marketing communication violations. In the future, the Company will continue to enhance its customer service system, strengthen product quality management, and improve customer experience through high-standard compliant operations.



Technological Empowerment:
Stimulating Innovation

The Company consistently adheres to technology-driven development, enhancing technological capabilities through optimizing product structures, recruiting high-end talent, and strengthening R&D management to advance towards high-end markets. Simultaneously, the Company has established a comprehensive technology innovation management system covering project initiation, fund management, talent development, intellectual property management, ensuring efficient R&D operations. Leveraging qualified platforms like engineering laboratories, NKY Pharmaceuticals is designated as a national high-tech enterprise, continuously bolstering its core competitiveness.



High-tech Enterprise Certificate

Research and Development Innovation Management System

The Company has established a comprehensive research and development innovation management system, covering the entire process from demand analysis to product release, ensuring the efficient and orderly progress of all R&D activities. The organizational structure of the R&D team is clear, with well-defined responsibilities. Through close collaboration with departments such as marketing and production, the smooth progress of R&D projects is ensured. The Company has a dedicated R&D center equipped with advanced laboratories and equipment to ensure the smooth implementation of product development and technological innovation.

Research and Development Innovation Management System

The Company enforces strict systems in research and development management, including project approval, financial management, and talent development, ensuring optimal resource allocation to maximize technological innovation. In terms of intellectual property, the Company has established a dedicated management entity to ensure effective protection of research and development outcomes. Moreover, the Company has been certified as a high-tech enterprise, collaborating with multiple research institutions to further advance technological innovation.

The Company promotes efficient advancement in technological innovation through the following measures:

- Strategic Planning

Define R&D objectives encompassing product innovation, process optimization, and market expansion.
- Incentive Mechanism

Establishing a fair and competitive compensation and reward system to stimulate the motivation of the R&D team.
- Intellectual Property Protection

Establish a dedicated intellectual property management entity to safeguard the security of patent achievements.
- Resource management

Allocate R&D funds, talent, and equipment rationally to enhance research and development efficiency.
- Quality and Risk Control

Implementing a rigorous quality control system to comprehensively manage research and development risks.

ESG Key Performance Indicators

Patent Performance	Total Number of Invention Patents	Total Number of Utility Model Patents	Total Number of Design Patents
	45 Items	145 Items	13 Items
	Total Number of Invention Patents	New Utility Model Patents	New Design Patents
	3 Items	26 Items	0 Items

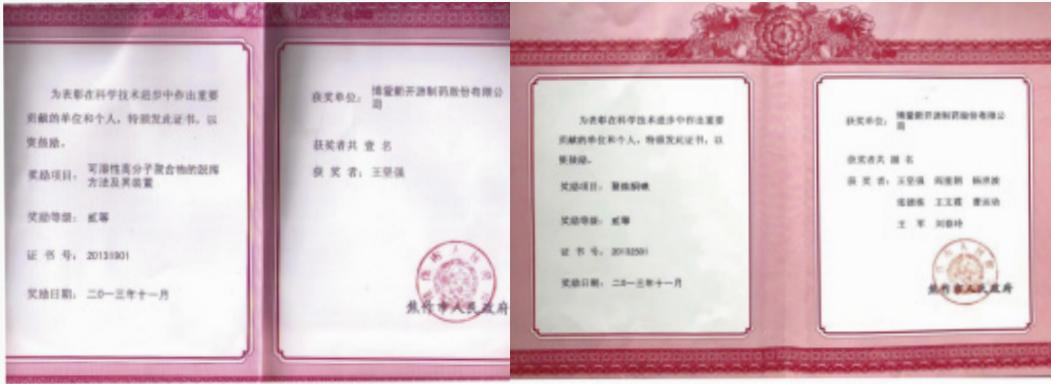
The Economic and Social Benefits of Technological Innovation

The Company actively establishes deep cooperative relationships with universities and research institutions, Eastwin particularly collaborating with Zhejiang University in jointly training postgraduates and conducting product research and development. To further promote technological innovation, the Company has established a specialized Research and Development Center spanning 1,200 square meters, encompassing multiple laboratory spaces such as metrology laboratories, instrument laboratories, PCR reagent validation laboratories, and equipped with advanced instruments to provide solid support for research activities.

In the research and development domain, the Medical Division has achieved significant breakthroughs by successfully developing a fully automatic liquid-based thin-layer cell preparation staining integrated machine, P16Ki67 scanning analysis software, and an artificial intelligence AI cancer screening and diagnostic system, among other innovative products. The Company has obtained multiple patents and professional qualifications, including Class II and Class III medical device registration certificates and production licenses, further solidifying its leading technological position in the industry.

On a societal level, technological innovation has driven the creation of approximately 200 job positions, facilitated the collaborative development of the upstream and downstream industrial chains, and promoted regional economic prosperity. Simultaneously, innovative products developed by the Company such as the P16Ki67 scanning analysis software and the artificial intelligence AI cancer screening and diagnostic system have not only enhanced medical diagnostic efficiency but also improved the accuracy of disease screening, making significant contributions to public health.

The Company has made significant progress in various fields through continuous research and development investment, successfully launching several competitive products, advancing industry technological standards, particularly in the innovation and development of the medical and health sector. Additionally, the Company has been awarded provincial and municipal-level scientific and technological advancement awards, and has obtained multiple Class III medical device registration certificates to ensure compliance with market access standards.



Scientific Progress Award

Class III Medical Device Registration Certificate



Ethics and Compliance Management in Technology

The Company places a high emphasis on scientific ethics, consistently adhering to rigorous scientific ethical standards, respecting user privacy, safeguarding data security, and ensuring all research activities are conducted in a legal and compliant manner. The Company provides scientific ethics training to research and development personnel to ensure that patient rights and health are always prioritized during the research and development process, thus mitigating the risk of technology misuse.

In the course of scientific research, the Company strictly adheres to the following ethical principles:

- **Respect user privacy** Ensure anonymization of research and development samples to prevent data leakage.
- **Data security management** All sample data is stored centrally by the Company, and external disclosure is strictly prohibited.
- **Clinical Research Compliance** All clinical trials must undergo ethical review by an Institutional Review Board (IRB) and obtain approval.
- **Equity and Accessibility** Enhancing the accessibility of medical resources to benefit more patients from technological advancements.

During the reporting period, the Company strictly adhered to technological ethics standards, with no violations occurring. Regular ethics training sessions were organized to enhance employee compliance awareness, ensuring that research and development activities meet ethical standards.

Green Procurement: Building a Sustainable Supply Chain

The Company consistently upholds the green supply chain concept, strictly adhering to sustainable development principles in supplier management to promote green procurement and environmentally friendly production. Our supply chain management system encompasses supplier admission processes, environmental and social responsibility assessments, as well as continuous improvement throughout the product life cycle to ensure products and services meet environmental standards and drive sustainable development of the supply chain.

Supplier Qualification Process

Supply chain management is a crucial aspect in ensuring the stable operation of an enterprise. The Company enhances product safety and quality, as well as the stability and sustainability of the supply chain, by establishing a robust procurement and supply chain management system and by strengthening the evaluation and assessment of suppliers. The Company has formulated the "Supplier Management System," which outlines requirements such as information acquisition, qualification review, selection, retention, risk assessment, and scoring criteria for suppliers. Annually, the Company evaluates suppliers and assigns ratings based on the "Supplier Risk Assessment Form," categorizing them according to the evaluation results. During procurement, the Company strictly limits the use of high-energy-consuming products. In equipment and spare parts procurement, the Company prohibits the use of nationally banned high-energy-consuming pumps and motors, ensuring that purchased equipment contributes to reducing energy consumption.

The supplier selection process involves several key steps to ensure that new suppliers meet the Company's quality, environmental, and social responsibility requirements. Firstly, suppliers are required to submit relevant qualification documents, such as business licenses and quality system certificates. Subsequently, suppliers provide samples for testing to ensure product compliance with quality standards. Next, their production capacity and compliance are evaluated through small-scale trials and on-site audits. Upon successful audit, suppliers enter into a quality assurance agreement with the Company and are officially included in the list of approved suppliers.

NKY Suppliers Code of Conduct

To further strengthen suppliers' social responsibility, the Company has formulated the Supplier Code of Conduct, covering five key areas: labor standards, health and safety, environmental protection, business ethics, and management systems. These guidelines are based on the ISO 26000 Social Responsibility Guidelines and the SA8000 Social Responsibility International Standard, aiming to ensure that suppliers comply with laws and regulations, implement environmental protection measures, safeguard employee rights, and adhere to principles of fair trade in their operational processes.

During the supplier site audit phase, the Company places particular emphasis on assessing Environmental, Social, and Governance (ESG) factors. Suppliers must align with the Sustainable Development Goals (SDGs) and implement necessary environmental protection measures in their production processes, such as reducing emissions and promoting energy efficiency. Encouragement is given for suppliers to adhere to internationally recognized industry standards, with preference given to those demonstrating strong Corporate Social Responsibility (CSR) performance when meeting the requirements.



Synergistic Promotion of Environmental and Social Responsibility

The Company strictly requires suppliers to implement effective environmental protection measures during the production process. This is achieved through establishing a Supplier Risk and Opportunity Identification Evaluation Form to analyze potential risks in the supply chain and propose corresponding mitigation measures. Suppliers are mandated to comply with environmental regulations, implement energy-saving and emission reduction measures, reduce greenhouse gas emissions, and prevent environmental pollution.

Through these green procurement measures and strict requirements for suppliers, the Company is committed to collaboratively building a sustainable industrial chain with both upstream and downstream partners in the supply chain, promoting dual benefits for society and the environment. During the reporting period, the Company's procurement expenditure from local suppliers accounted for 26.86%, demonstrating the Company's support for the local economy and sustainable development.

By establishing a comprehensive supplier evaluation system and risk management mechanism, the Company ensures that every link in the supply chain fulfills corporate social responsibility and contributes to achieving green development goals.





Green Development

Empowering a Low-Carbon Future

NKY consistently integrates sustainable development as a crucial component of its long-term corporate strategy, advancing core initiatives such as environmental management, efficient resource utilization, pollution prevention, and low-carbon transformation. The Company continuously enhances its environmental management system, strengthens energy and resource efficiency, rigorously adheres to emission standards, and accelerates green and low-carbon transformation to mitigate ecological impacts. In addition, the Company proactively aligns with the national carbon peaking and carbon neutrality goals, enhancing its green development capabilities through energy conservation, emission reduction, clean production, and circular economy measures.

Green Operations 33
Protecting Clear Water and Green Mountains

Low-Carbon Transformation 40
Supporting Climate Neutrality

ENVIRONMENTAL MANAGEMENT ·
RESOURCE MANAGEMENT ·
POLLUTANT EMISSIONS AND CONTROL ·
GREEN OPERATIONS ·



Aligning the United Nations Sustainable Development Goals

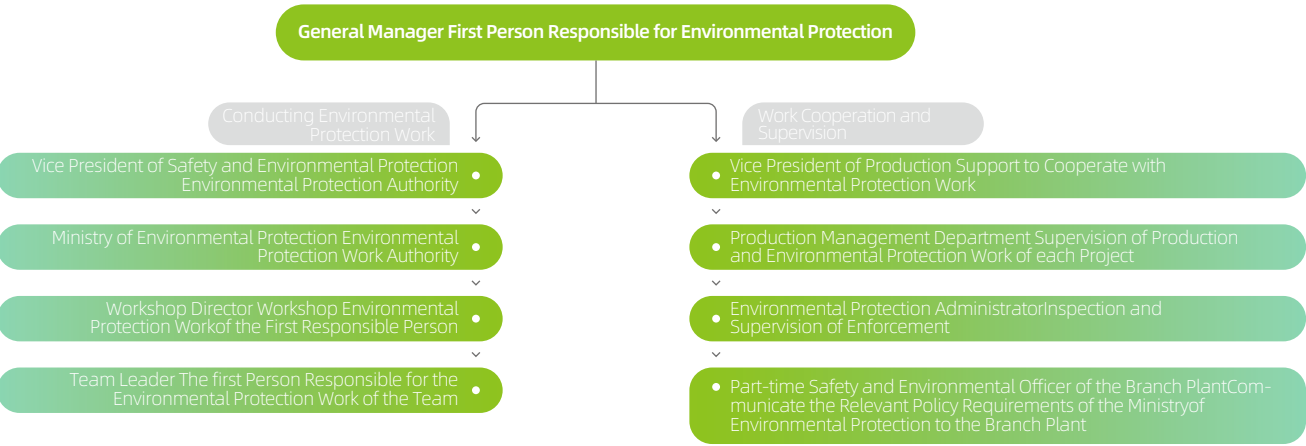
Green Operations:
Protecting Clear Water and Green Mountains

Environmental Management System

The Company prioritizes environmental management as a core issue for sustainable development, establishing a systematic and standardized environmental management system to ensure the rooted implementation of environmental responsibilities. NKY Pharmaceuticals have obtained ISO 14001 certification for our environmental management system and developed a set of management systems covering responsibility allocation, facility management, risk alert, emergency response, and other dimensions to ensure the effective operation of pollution prevention measures, reduce environmental risks, and enhance overall environmental performance. We adhere to transparently disclosing environmental information in accordance with the law, actively accepting social supervision, and are committed to building a transparent and sustainable environmental management system.

To strengthen environmental management, the Company has established a clear organizational structure to ensure that personnel at all levels have well-defined responsibilities and collaborate to advance environmental protection efforts. The General Manager, as the primary person responsible for environmental work, is in charge of decision-making and resource allocation. The Environmental Protection Department coordinates the formulation of management policies and supervises their implementation, while various functional departments and production workshops implement specific measures. The "Environmental Protection Job Responsibility System" further elaborates on the division of responsibilities, ensuring that from management to ordinary employees, all have clearly defined environmental obligations, ensuring that environmental responsibilities are integrated throughout the various aspects of the Company's operations.

Organizational Structure of Environmental Management



In the face of potential environmental risks, the Chemical Division adheres to a dual emphasis on risk prevention and emergency response, having formulated a detailed Emergency Response Plan for Sudden Environmental Incidents, which has been filed with the local ecological environment bureau. The plan covers key aspects such as environmental risk identification, early warning mechanisms, emergency organizational structure, response procedures, ensuring the enterprise's ability to promptly address sudden environmental incidents and minimize environmental impacts. During the reporting period, 100% of the operating sites within the Chemical Division underwent environmental risk assessments. Additionally, the Company conducts regular environmental emergency drills annually to test the effectiveness of response mechanisms through simulated exercises, subsequently optimizing emergency plans based on drill evaluations. The Company is equipped with ample emergency supplies and maintains close communication with external rescue units to ensure efficient coordination of resources and proper handling of emergency situations.



Environmental Management
System Certification

Factory Emergency Response Procedure



Case Environmental Safety Hazard Investigation and Rectification

The Company continues to enhance its environmental risk management by conducting regular inspections and identifying and rectifying environmental safety issues promptly to ensure the stable operation and compliant management of production facilities. In 2024, the Company identified and rectified the following issues during quarterly environmental risk assessments:

March 6, 2024

The identification label on the boiler exhaust pipe discharge outlet was found to be missing. A new label was promptly replaced to ensure the environmental protection facility's signage is clear and visible.

May 24, 2024

Before

After

A leak was discovered at the flange of the heat tracing water pipeline in the GBL tank area. Immediate repair was organized to prevent environmental pollution and safety hazards.

September 9, 2024,

Before

After

During an inspection, corrosion was detected in the nitrogen pipeline. Immediate corrosion prevention treatment was carried out to extend the pipeline's lifespan and reduce the risk of leaks.

December 3, 2024

Before

After

Discovery of damaged glass in the fire box of Workshop 103, prompt replacement with new glass to ensure the fire equipment is in good working condition.

By continuously conducting environmental safety hazard investigations and rectifications, the Company has effectively reduced environmental risks, enhanced environmental management standards, and laid a solid foundation for green and safe production.

The Chemical Division strictly adheres to the Environmental Protection Facility Operation Management System to ensure synchronized operation of pollution control facilities and production equipment, achieving stable and compliant emissions of pollutants. The maintenance of environmental protection facilities adopts a combined model of self-management and entrusted operation. Operating units are required to establish complete operating procedures and operation records, enhance daily inspections, maintenance, and personnel training to ensure the long-term stable and efficient operation of the facilities. Additionally, the management of online monitoring equipment is integrated into the system to ensure the accuracy and real-time nature of monitoring data, providing strong support for environmental management.

To enhance employees' awareness and practical skills in environmental protection, the Chemical Division continuously deepens its environmental training system by regularly conducting training courses covering environmental regulations, pollution prevention and control technologies, and environmental incident response. Through case studies, simulations, and other methods, employees' understanding of environmental management requirements is improved, enabling them to strictly adhere to environmental norms in their actual work. This equips them to promptly take correct measures in emergency situations, thereby reducing environmental impacts.

Case Environmental Compliance Awareness Training

To enhance the Company's environmental management level and strengthen employees' awareness of legal compliance, the Environmental Protection Department organized an environmental laws and regulations training on March 22, 2024, in accordance with the 2024 Environmental Protection Department training plan requirements. This training covered four core topics: an overview of environmental laws and regulations, the environmental legal framework, the Environmental Protection Law of the People's Republic of China, and the Regulations on the Management of Pollutant Discharge Permits. Due to the dispersed work locations of the participants, the training was conducted through self-study PowerPoint presentations followed by related exams. Through this training, employees further grasped the requirements of environmental laws and regulations, enhanced their compliance awareness, and laid a solid foundation for the standardization of the Company's environmental management practices.



Resource efficiency

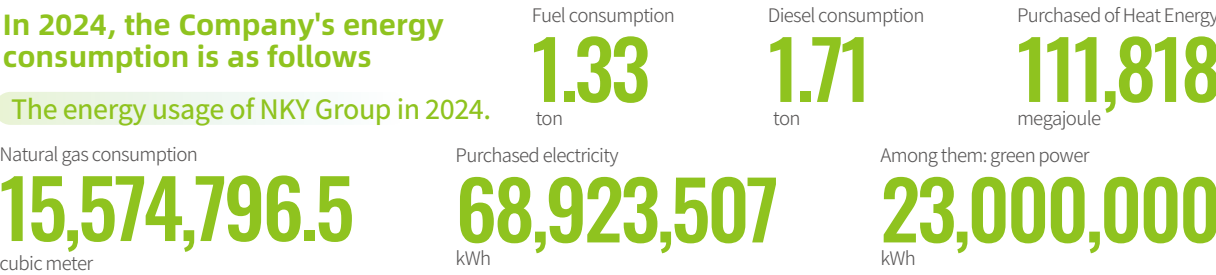
The Chemical Division consistently adheres to the concept of efficient resource utilization, establishing a comprehensive energy and resource management system to drive production operations towards a green, low-carbon, and efficient direction. By optimizing production processes, enhancing resource recycling rates, and promoting the use of renewable materials, we continuously improve resource productivity, reduce environmental impact, and achieve sustainable development.

In the domain of energy and resource management, the Company has established a systematic management mechanism, strictly implementing energy conservation and emission reduction policies, and continuously optimizing the efficiency of energy and resource utilization. The Chemical Division has established an energy management system and formulated regulations such as the Energy Management System and Energy Metering Management System. Additionally, a energy-saving leadership group has been established to drive the Company's energy-saving efforts. This leadership group has an office located within the production management department, responsible for daily energy-saving management tasks. The Company has set up an energy consumption monitoring and assessment system covering the entire industry chain, integrating energy management into the performance evaluation mechanism of each business unit. Through energy assessments, reward mechanisms, and accountability systems, the effective implementation of energy-saving measures at the subsidiary level is ensured.

Energy consumption index statistics, monitoring, and assessment system

- Establish a sound foundation for energy management, standardize energy metering, quota management, and statistical systems, rely on a well-developed energy consumption statistical ledger, strictly adhere to national statistical standards, ensuring the systematic and scientific collection, aggregation, and analysis of data.
- Enhance energy consumption monitoring in the production process, optimize data management using information technology, establish a dynamically updated energy consumption statistical system to improve the accuracy and real-time nature of energy management.
- To ensure the integrity and accuracy of energy statistical data, evaluate energy-saving effectiveness through internal checks, third-party testing, audits, and other means. Refine assessment indicators, implement them at the grassroots level, strengthen energy-saving accountability, and ensure the effective achievement of energy-saving goals.

In 2024, the Company's energy consumption is as follows



The energy usage of NKY Group in 2024.

In water resource management, the Chemical Division has established the Water Conservation Management Regulations and the Water Conservation Reward and Penalty System. NKY adopts a dual guarantee model of groundwater and municipal water supply to ensure stable water resource availability. Additionally, it enhances water usage management through measures such as total water consumption control, process optimization, and increased wastewater recycling efficiency to reduce the water consumption per unit of product. Furthermore, the Company actively engages in local government water resource management, collaborates with relevant departments to optimize water resource allocation, and addresses water scarcity challenges in a more efficient manner.

In the fiscal year 2023, the Company disclosed a total water consumption of 334,795 tons, limited to the Boai plant. In 2024, a comprehensive review and statistical analysis of water consumption across all domestic wholly-owned subsidiaries was conducted. The total water consumption of the Boai and Zhongzhan plants amounted to 300,727 tons, representing a decrease of 34,068 tons compared to 2023. Despite a 24.16% year-on-year increase in PVP production volume, the Company achieved a significant reduction in total water consumption. This reduction was attributed to the improved reaction efficiency at the Zhongzhan plant and the effective decrease in water consumption per unit of product, showcasing the Company's continuous enhancement in water resource management and green operational practices.

ESG Key Performance

The water usage status of NKY Group in 2024.



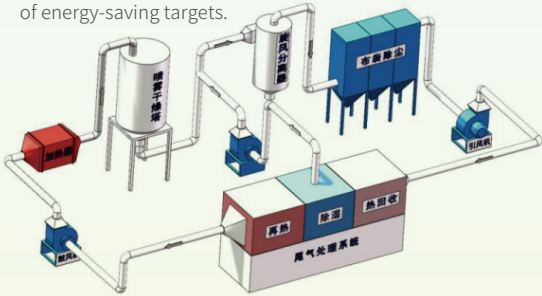
In the production process, each subsidiary adopts different resource optimization measures based on its own business characteristics. Genergy Bio-Technology implements a green design concept, promoting product design schemes that are easy to disassemble, classify, and recycle to increase the use of recycled materials and reduce reliance on virgin resources. Simultaneously, there is an emphasis on increasing the recycling of packaging materials such as cardboard boxes and foam boxes for internal circulation use to reduce waste generation. Heer Medical optimizes inventory management during production to reduce waste of stagnant materials, improve the utilization rate of consumables in the production process, gradually increase the application proportion of renewable materials in packaging and turnover tools, and promote sustainable supply chain development. Eastwin improves adhesive coating processes to achieve controlled glue consumption, reduce resource consumption, and implements the reuse of packaging materials in the after-sales process to further reduce raw material consumption and waste emissions.

The Company continuously deepens its practices in the circular economy, comprehensively advancing waste recycling and utilization. Heer Medical has established a system for the recycling and remanufacturing of components generated during the production process, disassembling and conducting quality assessments on withdrawn equipment components, achieving over 50% reutilization. For reagents, the Company has implemented an internal recycling mechanism, utilizing leftover reagents for testing and validation to further reduce waste. Additionally, Genergy Bio-Technology collaborates with specialized waste management entities to recycle a portion of waste, transforming it into new raw materials, thereby achieving closed-loop resource utilization. During the reporting period, Heer Medical's utilization of recycled materials reached 78%.

The Company accelerates its green and low-carbon transformation in energy conservation and emission reduction by utilizing efficient energy-saving equipment to enhance energy utilization efficiency. Heer Medical conducts resource audits to identify and optimize energy consumption links in production, reducing energy waste from the source. Simultaneously, Eastwin reduces material scrap rates through quality control measures and establishes a rational procurement plan for production auxiliary materials to minimize resource consumption. The Company's subsidiaries actively promote clean production in daily operations to reduce waste generation, strictly enforce waste classification management, and ensure efficient resource recycling and reuse.

Case Energy-saving Transformation of Spray Drying System

In the fourth quarter of 2024, NKY initiated a pilot project in workshop 203 to retrofit the "Spray Drying System Closed-loop Circulation Transformation Project". By installing a tail gas treatment system for the spray dryer, heat recovery was achieved. This system utilizes refrigerant phase change and heat exchangers to recover waste heat from moisture discharge, increasing the air medium temperature in the drying chamber and reducing the energy consumption of the spray dryer. The total investment for the project is 1.95 million RMB. Upon achieving the design objectives, it is estimated that each workshop can save 394,200 kWh of electricity and approximately 400,000 tons of water annually. In the future, the Company plans to extend this technological upgrade to all workshops involving the spray drying process to enhance the overall energy efficiency and facilitate the achievement of energy-saving targets.



系统布局图 ▲

The spray drying line's exhaust gas modification utilizes a fully enclosed structure to recover heat from the humid exhaust air through a closed-loop circulation system. The recovered heat is then used to warm the dehumidified air. The entire process does not actively release any gases to the external environment, achieving near-zero-emission energy-efficient drying.

Case Photovoltaic Power Generation Facilitating Green Transformation

In 2024, NKY Group actively responded to the carbon peaking and carbon neutrality goal by utilizing the roof space of NKY (Jiaozuo) Polymer Materials Co., Ltd. (the new plant in Zhongzhan) to install 13,000 square meters of solar photovoltaic panels. The annual designed power generation capacity exceeds 1 million kilowatt-hours, equivalent to reducing hundreds of tons of carbon emissions, thus supporting the green transformation of the production process with clean energy.



Pollution control and emission reduction

The Company adheres to the green development concept, strictly complies with pollution prevention and control requirements, and the Chemical Division has established a systematic wastes governance system covering aspects such as wastewater, waste gas, solid waste, noise, and more. By optimizing pollution control facilities, improving monitoring systems, and implementing clean production measures, we continuously reduce emission levels to ensure that the environmental impact of production operations is minimized. Each business segment, in line with industry characteristics, adopts targeted pollution control measures to promote compliance with emission standards, actively explores avenues for resource utilization, and achieves a win-win situation for both environmental and economic benefits.

Strict enforcement of national and local standards for pollutant emissions management is adhered to. The Company regularly commissions third-party organizations to conduct soil and groundwater testing, develops detailed monitoring plans, constructs and maintains monitoring facilities to ensure compliance with environmental regulations for various pollutants, and lawfully submits monitoring data to the ecological environment authorities. None of the operational sites under the Group are located within ecologically sensitive areas, and no ecological sensitive zones have been identified in the vicinity. Long-term monitoring results indicate that the Company's production activities have not had any adverse effects on the surrounding environment.

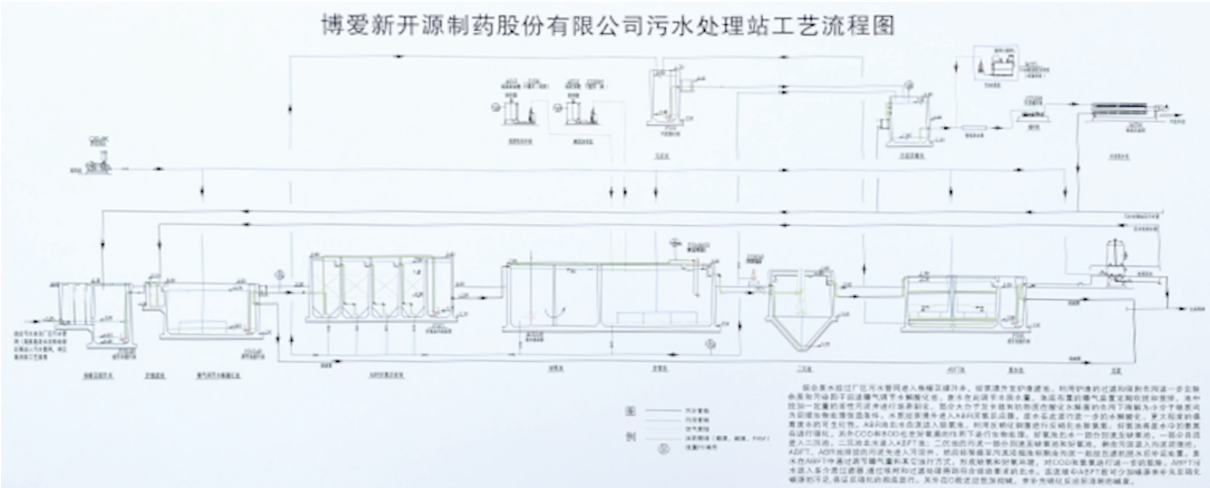
In terms of waste gas management, the Chemical Division adheres to the Wastes Management System and the Plant VOCs Unorganized Emission Management System, employing a strategy that combines source control, process management, and end-of-pipe treatment to ensure emissions of waste gas meet standards. The fine chemicals and pharmaceutical sectors mainly involve the generation of particulate matter, volatile organic compounds (VOCs), sulfur dioxide, nitrogen oxides, and other pollutants from processes such as gas boilers, spray drying, crushing, packaging, and incinerators. The Company utilizes various waste gas collection and treatment facilities, including:

- Waste Gas Collection System** Covers key emission sources such as sewage treatment plants, spray drying towers, and incinerators to reduce unorganized emission risks.
- Advanced Governance Technologies** Utilizing processes such as thermal incineration, activated carbon adsorption, baghouse dust removal, low-temperature plasma, etc., effectively eliminate specific pollutants.
- Continuous monitoring** Regularly inspect the emission outlets and plant area for unorganized emissions of VOCs to ensure that the concentrations of various pollutants are within permitted limits.

The Company adheres to strict control of total amount and concentration in wastewater management to ensure compliance with environmental requirements for water pollutant discharge. The Company has established a comprehensive wastewater treatment system, where treated wastewater is directed to industrial wastewater centralized treatment plants or municipal sewage networks, in accordance with national comprehensive wastewater discharge standards. Specific measures include:

- Rainwater and sewage diversion** optimizing the factory's drainage system to prevent clean rainwater from entering the sewage pipe network, thus reducing the burden on sewage treatment.
- Sewage Treatment Plant Management** In accordance with the Regulations on the Management System of Sewage Treatment Plants, operators strictly adhere to procedures, conduct equipment inspections on schedule, monitor water quality, and adjust operational parameters based on monitoring results.
- Efficient treatment process** integrating a multi-stage treatment process including aeration regulation, hydrolysis acidification, anaerobic, anoxic, and aerobic processes to enhance pollutant removal efficiency, ensuring compliance with emission standards for key indicators such as Chemical Oxygen Demand (COD), Ammonia Nitrogen (NH₃-N), total phosphorus, etc.

Wastewater Treatment Process at a Sewage Station



Solid waste management follows the principles of "waste reduction, resource utilization, and harmlessness," with specific collection, storage, disposal, and utilization plans tailored to different waste categories. The Company strictly adheres to the Solid Waste Treatment Technologies and Methods and pollution discharge permit requirements to achieve safe management and efficient utilization of solid waste:

- Hazardous waste**

Such as distillation residues, spent catalysts, and waste mineral oils are managed through a combination of self-handling and outsourcing to professional organizations. Some hazardous waste is recycled for resources or utilized for energy, reducing environmental impact.

- General industrial solid waste**

Such as bio-sludge and calcium carbide residue are comprehensively utilized, for instance, bio-sludge is sent to solid waste landfills, and calcium carbide residue is supplied to cement plants as production materials, achieving resource utilization.

- Household waste**

Collected and processed by the sanitation department, with waste sorting implemented in the factory area to enhance recycling rates.

In noise management, the Company strictly adheres to the EPM-22 Noise Management System and Noise Management System, aiming to reduce noise pollution from its origins through measures such as equipment optimization, operational protection, etc., thereby minimizing the impact on employee health and the surrounding environment. Measures include:

Engineering controls

optimize equipment layout, utilize soundproofing materials, install silencers, and regularly maintain noise reduction equipment.

Personal Protection

Providing employees with earplugs, protective earmuffs, and other protective equipment, and organizing relevant safety training to ensure the implementation of personal health protection measures.

Monitoring and Evaluation

The environmental department regularly conducts noise monitoring and carries out specialized assessments during equipment upgrades and new equipment commissioning to ensure compliance with national occupational noise exposure limits.

Installation of silencer on aerator pump (left) and installation of silencer on the outlet of the spray drying process fan (right).

Low-Carbon Transformation: Supporting Climate Neutralit

Governance

The Company is well aware of the profound impact of climate change on the global economy, environment, and society, and acknowledges its responsibility in promoting sustainable development and low-carbon transformation. To effectively manage climate-related risks and opportunities, we plan to gradually establish a comprehensive climate governance framework to ensure that climate issues are integrated into the company's strategic and operational management systems.

The Company plans to establish a Sustainable Development or ESG Committee at the board level to oversee climate-related risk management, carbon reduction strategies, and the implementation of sustainable development goals. Additionally, designated individuals within the management team will be assigned to form a cross-departmental climate management group responsible for executing specific climate action plans and reporting progress to the board. This governance framework will facilitate the integration of climate considerations into business decision-making processes and drive climate actions across the entire group.

Strategy

As a corporate group spanning various industries such as fine chemicals and precision healthcare, our business operations involve multiple regions and subsidiaries, encountering diverse climate challenges and opportunities. We intend to progressively implement measures such as carbon emission management, energy optimization, and low-carbon product development to proactively address climate change.

We have proposed the following key strategic directions:

- Energy structure optimization**

Enhancing energy efficiency in production processes, exploring the use of renewable energy to reduce Scope 2 carbon

- Green Supply Chain Management**

Promoting suppliers to adopt low-carbon production methods, optimizing logistics and transportation processes to reduce Scope 3 carbon footprint.

- Development of environmentally friendly products**

Promote green innovation by developing eco-friendly chemical materials and low-carbon medical technologies to meet market demand.

- Production facility low-carbon transformation**

Investing in energy-saving and consumption-reducing technologies, optimizing equipment efficiency, and reducing carbon emissions in the production process.

To better assess the potential impact of climate change on business operations, we plan to utilize climate scenario analysis tools to analyze the risks and opportunities the Company may face in the future from various perspectives.

- High physical risk scenario**

Global temperatures continue to rise, exacerbating extreme weather events such as typhoons, floods, droughts, etc., impacting production bases in coastal and inland areas. Factory facilities may be damaged due to extreme rainfall, transportation disruptions leading to supply chain interruptions, and increased insurance and maintenance costs.

- High transition risk scenario**

Global strict implementation of carbon emission policies leading to a significant increase in carbon prices, resulting in higher carbon compliance costs for companies. Demand for high-carbon products decreases, while the market experiences a surge in demand for low-carbon products and renewable energy solutions.

Climate scenario analysis enables the development of corresponding adaptation and mitigation strategies to enhance a company's climate resilience.

Risk management

The Company incorporates climate-related risks into its overall enterprise risk management system and conducts regular assessments of the impact of climate risks on its operations. The Company identifies and evaluates key climate risks, including physical risks (extreme weather events) and transition risks (policy regulations, market changes, technological innovations, etc.).

Identification and Management of Climate-Related Risks

Risk Types	Specific risks	Risk Description	Primary potential financial impacts.	Primary drivers of risk	Impact level and duration	Response Measures
Physical risks	Extreme rainfall	Extreme rainfall may lead to flooding, impacting production bases and supply chain transportation.	Equipment damage, production interruption, limited supply of raw materials	Changes in precipitation patterns have led to inadequate urban drainage capacity.	Medium term, short to medium term.	<div><div>+</div> Enhance the standard of the factory's drainage system.</div> <div><div>+</div> Select two to three qualified suppliers from different regions to ensure supply chain stability.</div>
	Typhoon	Typhoons may damage factories, equipment, and logistics systems, affecting the transportation of raw materials and products.	Production facilities damaged, increased transportation costs, operational disruptions.	Intensification of tropical cyclone activity	High level, short to medium term.	<div><div>+</div> Strengthening building structures to enhance wind resistance;</div> <div><div>+</div> Evaluating site selection for critical production facilities to optimize logistics networks.</div>
	Coastal flooding.	Coastal flooding may potentially impact the operational and production facilities of enterprises located in coastal areas.	Asset damage, business interruption, increased insurance costs.	Rising sea levels and extreme rainfall.	Moderate, medium to long term.	<div><div>+</div> Plan for long-term relocation or enhance coastal infrastructure's flood resilience.</div> <div><div>+</div> Procure waterproof equipment and develop emergency response plans.</div>
	Rising sea levels	Potential factors such as disruptions in sales and logistics in overseas markets may lead to an increase in operational costs.	The supply chain instability has led to an increase in transportation costs.	Global warming leads to glacier melting.	Low intensity, long term.	<div><div>+</div> Diversifying market presence to reduce reliance on affected regions.</div>
	Extreme high temperature	High temperatures may lead to power system failures, impacting the stable operation of production equipment; high temperatures affect employee health and work efficiency.	Decreased production efficiency, increased equipment maintenance costs, and rising employee health costs.	Heatwaves are increasing, leading to power grid overloads	Moderate, short to medium term.	<div><div>+</div> The factory adopts a dual power supply system to ensure energy supply reliability.</div> <div><div>+</div> Additional cooling systems are installed to optimize indoor ventilation.</div>
	Cryogenic temperature	Extreme low temperatures may lead to equipment freezing, affecting raw material storage.	Production losses, additional energy consumption.	The cold wave event has intensified	Low intensity, short term.	<div><div>+</div> Enhance the thermal insulation capacity of plant and warehouse facilities.</div> <div><div>+</div> Pre-stock critical raw materials in advance.</div>
	Extreme snowfall	Snowfall may impact logistics and supply chain transportation.	Supply chain delays leading to delivery default.	An increase in extreme snowfall events.	Low intensity, short-term.	<div><div>+</div> Adjust inventory planning in advance and flexibly arrange transportation.</div> <div><div>+</div> Utilize remote work or production scheduling.</div>

Risk Types	Specific risks	Risk Description	Primary potential financial impacts.	Primary drivers of risk	Impact level and duration	Response Measures
Transition risk	Policy and legal risks	The government may introduce stricter environmental regulations, requiring emission reduction.	Increased compliance costs due to carbon emissions may lead to potential fines.	Global carbon neutrality goal	High level, medium to long term.	<div><div>+</div> Proactively strategizing in environmental technology to ensure compliance;</div> <div><div>+</div> Engaging in carbon trading markets to optimize carbon asset management.</div>
	Technological risk	The development of low-carbon manufacturing technologies may render current production processes obsolete.	Increased equipment investment requirements have led to rising costs for technology conversion.	Low-carbon technological advancement	Moderate, medium-term.	<div><div>+</div> Continual investment in research and development to upgrade low-carbon manufacturing processes</div>
	Market risk	The market is witnessing an increasing demand for green products, leading to a decline in the competitiveness of traditional products.	A decrease in business revenue has led to a decline in market share.	The trend of green consumption is strengthening.	Moderate, medium-term	<div><div>+</div> Expand the environmental product line and adjust product strategy.</div>
	Reputational risk	There is an increasing public and investor interest in the performance of Environmental, Social, and Governance (ESG) factors.	Loss of investor trust can damage brand image.	Enhancement of Consumer Environmental Awareness	High degree, short to long term.	<div><div>+</div> Enhancing ESG disclosure to improve environmental image.</div>

The Company has also encountered new market opportunities in the context of climate change, such as energy conservation, carbon reduction, green supply chain management, and the development of low-carbon products. We actively identify the following opportunities to optimize our business layout:

Identification and Response to Climate-Related Opportunities

Specific Opportunities	Potential Financial Impact	Response Measures
Improving Energy Efficiency	Reducing energy costs and enhancing production efficiency.	Investing in efficient equipment to optimize production processes.
Renewable Energy Utilization	Reducing carbon emissions to benefit from policy incentives.	Introducing clean energy sources such as solar and wind power.
Development of environmentally friendly products	Expand into new markets to enhance profitability.	Enhancing green product research and development to meet market demand.
Green Supply Chain Optimization	Enhancing corporate brand value to attract ESG investors.	Establishing a low-carbon supply chain management system.

Indicators and Targets

To assess and track the effectiveness of the Company's climate actions, a carbon emissions and energy efficiency management system will be gradually established to promote the quantified management of greenhouse gas emissions. In the fiscal year 2024, the Bo'ai Plant obtained ISO 14064 certification (based on 2023 emission data), further enhancing the greenhouse gas accounting and verification system. Additionally, in 2024, the Bo'ai Plant acquired 23,000 green certificates (equivalent to 23 million kWh), representing over 50% of the total electricity purchased by the Bo'ai Plant in 2024, laying the foundation for the decarbonization of the energy structure and the increase in the proportion of renewable energy use.



Greenhouse Gas Verification Report Green Power Certificate Details and Credentials

Striving for Win-Win

Creating a Better Future Together

NKY consistently adheres to a people-oriented approach, striving to establish a fair, transparent, and inclusive workplace environment, providing employees with comprehensive rights protection and career development support. The Company strictly complies with international human rights standards and national labor regulations, establishing robust systems for employment management, compensation and benefits, democratized governance, and safety in production to ensure employees' growth in a safe, healthy, and sustainable environment. Through a well-developed training system and career advancement mechanism, the Company continuously empowers employees' growth. Simultaneously, it actively promotes collective bargaining mechanisms to safeguard employees' participation and voice, endeavoring to foster harmonious and mutually beneficial labor relations.

Protecting Rights Building a Harmonious Workplace	45
Empowering Growth Supporting Talent Development	49
Health First Safeguarding Occupational Safety	51
Caring for Society Fulfilling Public Welfare Responsibilities	55

CUSTOMER SERVICE AND SATISFACTION ·
LABOR RELATIONS MANAGEMENT ·
OCCUPATIONAL HEALTH AND SAFETY ·
EMPLOYEE TRAINING AND PROMOTION ·
COMMUNITY CONTRIBUTION ·



Aligning the United Nations Sustainable Development Goals

Protecting Rights: Building a Harmonious Workplace

Human Rights Policy and Commitment

The Company regards respecting and safeguarding human rights as the cornerstone of sustainable development, striving to create a fair, just, and inclusive working environment to ensure the effective protection of the fundamental rights of all employees and stakeholders. The Company has established a series of management systems based on internationally recognized human rights standards and relevant national laws and regulations, covering various aspects such as anti-discrimination, anti-harassment, prohibition of forced labor, and protection of external stakeholders' rights, to systematically ensure the implementation of human rights principles.

In safeguarding employee rights, the Company strictly adheres to the Anti-Discrimination, Anti-Harassment, Anti-Abuse Management Regulations, ensuring that recruitment, compensation, promotion, and other aspects are not differentiated based on gender, ethnicity, or religious beliefs. The Company fully implements the principle of "equal pay for equal work" and provides equal development opportunities for female employees, persons with disabilities, and other groups. To address potential workplace misconduct, the Company explicitly prohibits any form of sexual harassment, mental abuse, and physical punishment. It establishes multiple channels for complaints, including hotlines, emails, mailboxes, direct submission of written or oral complaints to the Human Resources Administrative Office or the General Manager, ensuring that all employees' right to complain is effectively protected. For confirmed violations, the Company will impose corresponding disciplinary measures based on the severity of the offense, and individuals involved in serious violations will be held accountable according to the law.

In terms of labor compliance management, the Company has established the Regulations Prohibiting the Use of Child Labor and Forced Labor, strictly implementing an identity verification mechanism by verifying identity documents during the recruitment process to eliminate the employment of child labor. Additionally, each department bears supervisory responsibilities in daily management. Upon discovering falsified age information or suspected cases of forced labor, they must promptly report to the Company and take remedial measures. The Company explicitly stipulates that all production organizations must respect employees' wishes, schedule work hours reasonably, safeguard employees' vacation rights, and strictly prohibit any form of forced labor. In case of violations, the Company will promptly intervene, take action against the responsible parties, and refer severe cases to judicial authorities.

The Company has established a systematic mechanism for safeguarding rights and interests across various dimensions such as customers, suppliers, government agencies, non-governmental organizations, and shareholders, in accordance with the External Stakeholder Human Rights Policy.

• Customers and Consumers	The commitment to providing high-quality, safe products and services, strictly protecting customer privacy, and adhering to the principles of fair trade.
• Suppliers and Partners	Advocate responsible business practices to ensure the respect of labor rights in the supply chain and conduct business cooperation fairly and justly.
• Government agencies and regulatory bodies	actively cooperate with policy oversight, lawfully fulfill environmental, tax, and social responsibility obligations.
• Non-governmental organizations and social groups	actively communicate and collaborate to promote social welfare projects, fulfilling corporate social responsibility.
• Media and the public	Maintain a transparent information disclosure mechanism and establish effective public communication channels.
• Shareholders and investors	The Company strictly adheres to corporate governance standards to protect the legitimate rights and interests of investors, ensuring the authenticity, completeness, and timeliness of information disclosure.

In corporate culture development, the Company advocates for employees to consciously uphold workplace equality and respect. All employees are required to adhere to relevant provisions in the Labor Contract prohibiting discriminatory and harassing behaviors, and undergo regular training to enhance human rights awareness and ethical standards. Simultaneously, the Company provides a safe and healthy work environment, arranges regular health check-ups for employees, optimizes working conditions, continuously improves office and living facilities, and enhances employees' sense of belonging and well-being. Furthermore, the Company focuses on environmental protection and economic development in the local community, actively promotes local employment, and creates more equitable job opportunities for society.

The Company will continue to enhance its human rights management system, strengthen supervision and improvement measures to ensure the basic rights of employees and all stakeholders are fully protected, and promote the mutual progress of the enterprise and society.

Employee recruitment and management

The Company regards talent as the core driving force for sustainable development, strictly adheres to national labor laws and regulations, establishes a standardized and transparent talent management system to ensure fairness and impartiality in the recruitment process, and provides employees with a stable career development path. We continuously optimize the recruitment process, enhance the assessment mechanisms, ensure the rational allocation of human resources to meet business growth demands, and enhance the overall competitiveness of the organization.

The recruitment management system covers the entire process from talent demand analysis to formal employment, ensuring the efficiency and compliance of recruitment work through standardized procedures. Each subsidiary formulates specific implementation rules based on its own business characteristics under the guidance of unified recruitment principles. All recruitment decisions are based on capabilities and job fit, unaffected by factors such as gender, age, ethnicity, or religious beliefs. The Company has established a comprehensive recruitment approval system internally, where departments submit position requests based on business needs, which are then reviewed by the Human Resources Department and finally approved by the management to ensure that recruitment needs align with the company's overall development strategy. Resume screening, interview assessments, background checks, and other processes are strictly conducted following standardized procedures to ensure the match between individuals and positions, thereby enhancing the quality of talent acquisition.

The Company adopts a diversified strategy in recruitment channel management, utilizing various methods such as recruitment websites, social media, campus recruitment, headhunting partnerships, and internal referrals to attract top talents and expand its talent pool. For key positions, the Company establishes specialized selection mechanisms to ensure alignment between the reserve of talents for core positions and business development needs. Simultaneously, compliance, fairness, and transparency in the recruitment process are focal points for the Company. All candidates are provided equal opportunities, with the Company regularly reviewing its recruitment system, optimizing recruitment assessment tools to minimize biases, and enhancing the fairness of recruitment practices. Candidates who are not selected receive feedback to maintain a positive employer brand image.

Our workforce spans multiple industries including fine chemicals, pharmaceuticals, biotechnology, and medical devices, with a diverse talent structure encompassing both technical professionals and operational management talents. To meet the needs of corporate development, the Company adjusts personnel allocation based on market conditions and internal strategies, reasonably arranges annual recruitment plans, and adjusts talent reserve strategies in conjunction with quarterly evaluations. In terms of employee turnover management, the Company enhances employee retention rates and reduces talent attrition risks through standardized probation management, performance appraisal systems, and career development path design.

Compensation and benefits security

The Company adheres to a human-centered management philosophy, establishing a comprehensive compensation and benefits system to ensure the full protection of employees' labor rights while motivating them to grow together with the enterprise. Through a scientifically rational compensation system, comprehensive benefits package, and diverse incentive mechanisms, the Company continuously optimizes its compensation management, enhances employee satisfaction, and strengthens organizational cohesion.

In terms of compensation management, the Company has established a market-oriented and performance-driven compensation system based on the Compensation Management System and Performance Management Guidelines to ensure that the compensation levels are competitive in the industry and effectively motivate employees. The salary structure includes basic salary, performance bonuses, year-end bonuses, and other incentive subsidies, which are dynamically adjusted based on job responsibilities, work performance, market salary levels, and the overall operating conditions of the Company. Some subsidiaries implement a thirteenth-month salary or year-end rewards to recognize employees' annual contributions, while also establishing an assessment and incentive mechanism to closely link the compensation system with individual performance and company performance.

The welfare system covers statutory benefits and corporate-specific benefits, ensuring employees enjoy comprehensive labor protection. The Company strictly adheres to national laws and regulations, providing pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, and housing provident fund. Additional welfare benefits are offered based on employees' length of service and individual circumstances, including:

✦ Holiday and Leave Policies

Employees are entitled to statutory national holidays, annual leave, sick leave, marriage leave, bereavement leave, maternity leave, paternity leave, and other leaves as stipulated by the law. Some subsidiaries provide longer annual leave based on seniority, for example, employees with 10 years of service may be entitled to 10 days of annual leave, while those with 20 years of service may enjoy 15 days of annual leave. Additionally, certain subsidiaries extend marriage leave, bereavement leave, and maternity leave to better meet the needs of their employees.

✦ Overtime and compensatory time off management

The Company strictly adheres to labor laws, providing overtime compensation as mandated by law or offering compensatory time off at a 1:1 ratio to ensure employees receive appropriate compensation and rest time.

✦ Healthcare Benefits

All employees are entitled to annual health check-ups, with some subsidiaries offering additional benefits such as free meals, holiday bonuses, heat subsidies, etc., to enhance employee comfort and quality of life.

✦ Talent development and team building

The Company places emphasis on employee career development by regularly conducting internal training sessions and supporting participation in external learning opportunities to enhance professional skills. Additionally, certain subsidiaries regularly organize team-building activities such as travel, interest groups, sports events, etc., to strengthen employees' sense of belonging and teamwork spirit.

The attendance management system ensures the reasonable arrangement of working hours while accommodating the flexible needs of different positions. Standard working hours are generally applicable to management and research and development positions, with some subsidiaries implementing flexible attendance policies. Research and development personnel can reasonably schedule working hours based on project requirements to ensure a balance between work efficiency and personal needs.

Democratic Management

The Company adheres to the principle of democratic management, respects and safeguards employees' democratic rights, and has established a sound collective bargaining mechanism to provide employees with open communication channels, ensuring a stable and harmonious labor relationship between the enterprise and its employees. In accordance with laws and regulations such as the Trade Union Law and the Labor Contract Law, the Company has set up trade union organizations to promote collective wage bargaining, ensuring effective protection of employees' legitimate rights and interests.

Labor unions play a crucial role in corporate governance, undertaking various responsibilities such as safeguarding employee rights, facilitating communication between the company and its employees, and promoting welfare improvements. The Company encourages employees to autonomously join the union, providing necessary venues and financial support to ensure the union operates efficiently. By regularly convening workers' congresses, the union solicits and provides feedback on employees' opinions, engaging in democratic negotiations regarding aspects such as salary adjustments, working hours, labor protection, and welfare benefits, thereby advancing transparency in corporate management decision-making.

Responsibilities of a labor union

- ✦ Regularly convene staff symposiums to understand the needs and challenges of grassroots employees in their work and daily lives.
- ✦ Establishing an online public chat group where all union members can freely communicate and exchange ideas.
- ✦ Establishing the email address zsbgw8613568@163.com and a hotline number 8613568 will facilitate providing assistance to employees in need.

The Company encourages employees to express their opinions through various channels and actively adopts reasonable suggestions. The Staff Representative Assembly is a crucial platform for employees to voice their concerns, encompassing discussions on topics such as labor conditions improvement, career development, and work environment optimization. Furthermore, the Company has established channels for appeals and feedback to ensure that employees can express their demands smoothly in daily work and receive timely responses. Any decisions involving employee labor discipline, rewards, and penalties require consultation with the labor union. Significant decisions like large-scale job adjustments or layoffs also necessitate the approval of the labor union to fully protect employees' labor rights.

The Company consistently upholds the collective bargaining mechanism to safeguard the equal negotiating rights of labor and management, ensuring that employee income levels rise in sync with the business performance. In 2024, the company's labor union regularly submits wage collective bargaining proposals to the enterprise. Representatives from both sides engage in negotiations on wage standards, distribution forms, adjustment mechanisms, and other aspects on a basis of equality and voluntariness, ultimately culminating in a legally binding Enterprise Wage Collective Contract.

Case Collective Bargaining Meeting

In April 2024, Boai NKY Co., Ltd. convened a workers' congress to discuss the draft annual wage collective bargaining agreement. Upon unanimous agreement by the worker representatives, formal negotiations on the collective wage agreement with the enterprise were initiated. The meeting reached consensus on key issues such as the enterprise's wage distribution system, minimum wage standards, and overtime wage payment methods, ultimately resulting in the new version of the Enterprise Wage Collective Contract. Following scrutiny and approval through the enterprise and union processes, the contract was officially signed and implemented. The successful conduct of this collective bargaining meeting not only effectively safeguarded the rights of employees but also promoted mutual trust and cooperation between the enterprise and its employees, advancing the establishment of harmonious and stable labor relations.

Empowering Growth: Supporting Talent Development

Comprehensive Training System

The Company regards employee development as a crucial support for sustainable business growth. A systematic, hierarchical, and diversified training system has been established to enhance employees' professional skills, management abilities, and overall qualities. In accordance with regulations such as the Training Management Regulations and Training Plan Proposals, the Company standardizes the organization and implementation processes of training to ensure alignment between training content and business development. This approach aims to cultivate a high-caliber workforce, fostering mutual progress for both the enterprise and its employees.

The training system covers job skills, compliance management, professional ethics, and other aspects to meet the developmental needs of different employees. Newly hired employees are required to undergo pre-job training, which includes corporate culture, administrative personnel systems, safety production norms, etc., to help them quickly adapt to the work environment. Professional skills training tailors exclusive courses for different positions, including strengthening basic skills, interpreting industry regulations, and advancing technical training, ensuring employees continuously improve in their professional fields. Management training focuses on middle and senior management personnel, revolving around themes such as leadership development and interdepartmental collaboration to enhance management efficiency. The Company also actively conducts cross-disciplinary integration training to encourage employees to expand their knowledge boundaries and enhance innovation capabilities.

Diversified training methods, combining internal training, external training, and practical guidance, enhance learning effectiveness. Internal training, led by senior employees or managers, employs classroom lectures, case studies, hands-on exercises, etc., to reinforce knowledge application. Some subsidiaries implement a "mentorship system" for employees within their first year of employment and high-potential talents, assigning experienced mentors to provide business guidance, facilitating rapid employee development. External training includes industry forums, professional certification courses, external expert lectures, etc., providing employees with broader learning resources. Additionally, the Company encourages self-directed learning among employees, offering a platform for knowledge sharing to foster a conducive learning environment.

Training system and management structure

A comprehensive training system covering all employees including onboarding training, job skills training, management capability enhancement, cross-departmental collaboration learning, external professional training, etc., to meet the development needs of employees at different levels and in different positions.	The Human Resources Department oversees the management of training systems, integration of training resources, tracking and evaluation of training effectiveness, and the development of annual training plans.	The implementation is led by the business departments each department formulates targeted training plans based on actual needs, organizes internal instructors to teach, and participates in training effectiveness evaluation.
---	---	---

Training Methods

Onboarding Training Encompassing corporate culture, regulations, professional ethics, job responsibilities, etc., to assist new employees in quickly adapting to the corporate environment.	Mentorship Program Some subsidiaries adopt a mentorship system, assigning experienced employees to provide one-on-one guidance to new employees or high-potential talents, facilitating personalized growth.	Professional skills training Technical positions focus on deepening professional knowledge, while management positions emphasize the development of leadership and cross-departmental collaboration abilities.	Internal training instructor system Experienced employees serve as instructors, organizing internal seminars within the company to provide professional training on compliance and safety, technical advancement, and practical business operations.	External Learning Support Encouraging employees to participate in industry seminars, academic exchanges, and external training provided by institutions to broaden industry perspectives and enhance innovation capabilities.
---	--	--	--	---

Training management implements a systematic assessment mechanism to ensure the effectiveness of training. Each business unit formulates training plans based on annual development plans and adjusts them dynamically to adapt to changes in the company and the market. Training assessments cover theoretical tests, practical exercises, post-training feedback, and other methods to ensure that employees can effectively absorb training content and apply it in their actual work. The management of training records is strictly regulated, covering course records, assessment results, student feedback, and other contents, providing data support for employees' career development.

Case Online Training Empowers Employee Development

In 2024, to enhance employees' overall competencies, NKY Group's medical sector launched the "NKY Grand Lecture Hall" online training program. This program offers a weekly half-hour online training session on Wednesday evenings, conducted by in-house instructors or external experts, covering various topics such as new product technology introductions, business etiquette, and sales skills. A total of 32 sessions are scheduled throughout the year, and employees can voluntarily participate in their spare time. After recording, the courses are uploaded to the company's DingTalk course library for all employees to access at any time. This training model provides employees with flexible and efficient learning opportunities, supporting individual skill enhancement and career development.

Case Strategic Training Facilitating Organizational Goal Achievement

From December 1st to 3rd, 2024, NKY held the "2025 Company Strategic Breakdown and Co-creation Conference" at the Tianjie International Hotel in Yuntai Mountain. This training was aimed at senior management personnel at the level of departmental vice presidents and above within the Company. External expert, Professor Gao Jing, was invited to lecture on methodologies such as "Strategic House" and "Strategic Review." Participants collaborated to develop action plans to support the Company's strategic objectives based on the specific circumstances of their respective departments. This training not only enhanced the strategic thinking capabilities of the management team but also laid a solid foundation for the Company's future development planning.



Career Development and Promotion

The Company places a high emphasis on employees' professional growth by establishing a systematic promotion management system to drive career development in a fair, transparent, and sustainable manner. The Company adheres to regulations such as the Employee Promotion Management Guidelines, Skill Level Assessment Management Measures, and Compensation Management Guidelines to clearly define promotion pathways, assessment criteria, evaluation processes, and corresponding salary adjustment mechanisms. This ensures that all employees have the opportunity for promotion under qualifying conditions, enabling them to achieve their career objectives.

The promotion management system has established a "dual-track + multi-sequence" framework to meet the development needs of employees in different positions. The Employee Promotion Management Guidelines divide into management sequence, technical sequence, production operation sequence, functional sequence, and sales sequence, each with 12-15 job grades, accompanied by corresponding job salary ranges and skill-based salary adjustment mechanisms. The management track is applicable to team managers and department heads, while the technical track targets core technical and business backbone roles in research and development, marketing, and supply chain, with the support track covering administrative, financial, human resources, and IT support positions.

The promotion review process follows annual and quarterly assessment mechanisms to ensure the fairness of promotion decisions. The Company organizes centralized reviews in March and September each year. The Skill Level Assessment Management Measures stipulate that skill assessments include annual regular assessments and irregular assessments for new employees, covering theoretical knowledge, practical abilities, and overall qualities. Employees go through the promotion application process, including declaration, qualification verification, examination assessment, review announcement, and reexamination approval. Qualified individuals are promoted in terms of job level and salary. For employees with exceptional contributions, the Company has a mechanism for out-of-turn promotions to encourage innovation and outstanding performance.

The internal talent mobility mechanism provides employees with more development opportunities. The Employee Internal Transfer Process stipulates that employees can achieve career expansion through inter-departmental transfers, short-term rotations, and internal job competitions. The internal job competition mechanism, based on the Internal Job Competition Talent Recommendation Management Measures, establishes competition criteria for managerial and technical positions and selects candidates through processes such as notification, promotion, registration, review, evaluation, public announcement, and appointment. The Company also has a talent referral system that encourages employees to recommend suitable candidates for positions, offering corresponding rewards to optimize talent allocation.

The Company focuses on the diversity and sustainability of employee career development by formulating the "Skill Level Assessment Management Measures" to promote the professional growth of technical personnel and production staff. The Review Committee is responsible for establishing assessment criteria and enhancing employees' skill levels through assessment evaluations, training support, job rotation, and other methods. For employees unable to perform their original duties due to physical reasons, the Company conducts reasonable job transfers in accordance with the "Employee Promotion Management Guidelines" to ensure their continued career development in suitable positions. Employees who remain capable of working upon reaching retirement age may have their labor contracts converted to service contracts for continued employment, thereby preserving their experiential value.

Health First: Safeguarding Occupational Safety

Safety Management System

The Company adheres to the safety management philosophy of "people-oriented, life-first", establishing a sound safety production management system to ensure the implementation of various safety measures. The Company strictly complies with national safety production laws and regulations by developing standardized management systems, strengthening risk warning mechanisms, optimizing emergency response systems, implementing a full-staff safety responsibility system, continuously enhancing safety management standards, and safeguarding employees' occupational safety and health.

The safety management system is coordinated by the company-level safety committee, with specific implementation carried out by department-level safety subcommittees, ensuring the implementation of a hierarchical safety production responsibility system. At the beginning of the year, the Company signed 98 safety target responsibility agreements with safety management personnel at all levels, incorporating safety production goals into the performance evaluation system. The Company strictly adhered to the Safety Production Responsibility System, Safety Production Responsibility Assessment System, and Safety Production Reward and Punishment System, ensuring precise and effective implementation of responsibilities and assessments. In 2024, the Company continued to optimize in equipment management, hazard identification, and occupational health protection. Throughout the year, there were no severe or above responsibility accidents, equipment-related incidents, or fire-related incidents, and zero new cases of occupational diseases, demonstrating significant achievements in safety production work.

The Company has established a smooth channel for reporting safety issues, including internal safety report forms, emails, anonymous reporting hotlines, etc., to encourage employees to proactively report safety hazards. The safety management department completes a preliminary assessment within 24 hours, immediately initiating emergency response for urgent situations, and arranging on-site investigations within 3 working days for non-urgent cases. After the completion of handling, the Company provides feedback to the reporter within 5 working days and regularly informs about rectification progress to ensure closure of the issue. Additionally, the Company pledges to reward employees who truthfully report safety issues and explicitly prohibits any form of retaliation. Any violations found will be handled in accordance with the law and regulations.

Identification and Prevention of Safety Risks

The Company has established a systematic safety management system to ensure comprehensive identification, scientific assessment, rational classification, and effective control of safety risks. A dedicated safety management department has been established to develop safety production regulations, organize risk assessments, supervise implementation, and coordinate various departments to jointly promote safety management work. Each business unit and subsidiary, within the framework of the group's safety management system, tailored detailed safety management measures according to their business characteristics to ensure that safety management covers all work areas, production processes, and relevant parties.

Risk identification and assessment

The Company establishes a specialized risk assessment team to systematically identify various safety risks using multidimensional information such as historical incident data, equipment maintenance records, and operational environment monitoring results. The risk assessment follows a combined approach of conventional and unconventional processes:

⊕ Regular risk assessment

The Company conducts comprehensive quarterly inspections covering all work areas, production equipment, and operational processes to ensure early detection and rectification of potential hazards.

⊕ Unconventional Risk Assessment

Initiate specialized assessments promptly in the event of safety incidents, introduction of new business lines, commencement of new equipment operations, or regulatory updates to ensure swift analysis and targeted responses to potential risks.

Risk Classification and Management

The risk assessment team utilizes the risk matrix method to quantitatively evaluate risks based on the likelihood of occurrence and impact severity, categorizing them into high, medium, and low risk levels for graded management.

⊕ High risk	Areas and operations involving significant hazards require the Company to develop specialized safety control plans and implement strict engineering protection and management control measures to ensure manageable risks.
⊕ Medium risk	Optimize operational processes for work environments requiring additional monitoring or control, enhance safety training, and improve employees' risk awareness and response capabilities.
⊕ Low risk	Maintain the ongoing implementation of existing risk control measures while incorporating safety data analysis to assess the need for further optimization.

Risk management and prevention measures

The Company has established a comprehensive information management system and emergency decision-making mechanism for abnormal working conditions to ensure closed-loop management of safety risk identification, reporting, and handling. The safety management department collects safety production information through various channels, including updates on regulations and policies, results of accident and hazard inspections, equipment maintenance records, etc., and processes them by timeliness to ensure accurate and efficient information dissemination. In anticipation of potential abnormal working conditions such as ammonia leakage, equipment malfunctions, etc., the Company has formulated the Emergency Decision Management System for Abnormal Working Conditions, specifying the authorization scope of leaders at all levels to ensure rapid execution of key decisions and reduce the probability of accidents.

The risk prevention and control mechanisms for safety risks encompass multidimensional management approaches to ensure the effectiveness of risk control:

⊕ Engineering control measures	optimize production equipment protective devices, install safety interlock systems, improve ventilation facilities to reduce harmful gas concentrations, enhance emergency lighting and escape route signage, to enhance personnel safety in emergency situations.
⊕ Management measures	The Company establishes and strictly enforces safety operating procedures, implements a work permit system, and conducts approval and monitoring for high-risk operations. It strengthens daily safety inspections, including comprehensive, specific, and seasonal inspections, to ensure timely detection and rectification of safety hazards.

Emergency response and incident management

The Company has established a comprehensive emergency response system to ensure rapid and effective control of situations in the event of accidents, minimizing losses to the greatest extent. The emergency system consists of a comprehensive plan, special plans, and on-site disposal plans:

⊕ Comprehensive Plan	Analyze primary hazards, clarify organizational responsibilities, early warning mechanisms, and emergency response procedures.
⊕ Special Plan	Specific emergency response measures shall be established for high-risk incidents such as fires, explosions, poisoning, leaks, etc.
⊕ On-site Emergency Response Plan	Encompassing common work accidents such as electric shock and asphyxiation, ensuring frontline employees can promptly take correct measures to mitigate the impact of accidents.

Furthermore, the Company regularly conducts emergency drills to familiarize employees with evacuation routes and emergency procedures, enhancing their ability to respond effectively in emergency situations.

Continuous improvement and monitoring and evaluation.

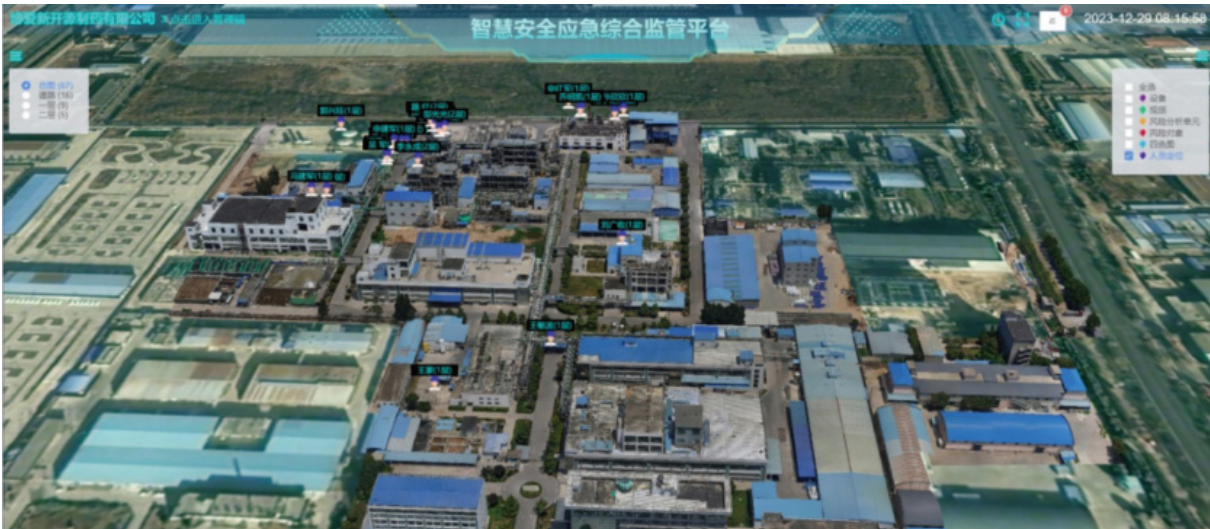
The Company will continuously enhance safety management as a critical component by conducting regular internal audits and management reviews to assess the effectiveness of existing safety measures. By integrating the results of risk assessments, the safety management system will be optimized. Improvement objectives will be set for weak links in the management system, processes will be optimized, and ensuring that safety responsibilities are effectively implemented.

The Company has established a comprehensive supervision and assessment mechanism, providing rewards to departments and employees with outstanding safety management performance, while issuing notifications for rectification in cases where safety measures are not implemented, thereby enhancing the execution of safety management and fostering a safety culture of "full participation and collective maintenance."

Digital Security Platform

The Company actively promotes the digital transformation of safety management, leveraging the Smart Safety Emergency Comprehensive Supervision Platform to enhance the precision and efficiency of safety management. The Company divides production units and storage facilities involving hazardous chemicals into three safety risk analysis units, covering 56 sets of equipment and 5 operational sites. By posting QR codes for hazard investigation in key areas, employees can conduct on-site hazard inspections by scanning the codes, achieving seamless integration between offline risk control and online digital systems. This platform supports hazard recording, corrective action tracking, and real-time monitoring, ensuring the visualization, digitization, and intelligence of safety management, providing robust technological support for the enterprise's safety production.

Intelligent Safety Emergency Comprehensive Supervision Platform



Employee occupational health and safety

The Company places a high priority on the occupational health and safety of employees, establishing a comprehensive management system to ensure all employees work in a safe and healthy environment. The Chemical Division strictly complies with laws such as the Occupational Disease Prevention and Control Law and is certified with the ISO 45001 Occupational Health and Safety Management System, continuously optimizing the occupational health management mechanisms. In addition to the Chemical Division, safety management also covers major subsidiaries in the medical sector such as Heer Medical and Eastwin in Suzhou, with the occupational health and safety management system being piloted in other subsidiaries, with plans to gradually expand it to all employees and all production and office locations.

In terms of management structure, the Chemical Division has established an Occupational Health and Safety Management Leadership Team responsible for overall planning, supervising implementation, and evaluating improvements to the occupational health management system. Each subsidiary appoints dedicated (or part-time) occupational health and safety management personnel responsible for daily management, risk monitoring, and safety training to ensure effective implementation of the system at all levels. Additionally, the Company establishes a safety production responsibility system to clarify the responsibilities of management personnel at all levels, creating a pattern of health and safety management involving all staff members.

The Chemical Division formulates and strictly enforces documents such as the Occupational Disease Prevention and Control Responsibility System, Occupational Health Management System, and Occupational Hazard Factor Detection and Management System to ensure the efficient implementation of occupational disease prevention and control work by assigning safety responsibilities at all levels. The Occupational Disease Prevention and Control Leadership Group coordinates management to ensure that core indicators such as hazard notification rate and personal protective equipment management reach 100%. Annual occupational hazard factor detection is conducted, and regular occupational health examinations are provided to employees, along with personalized examination plans for different positions to ensure early detection, prevention, and intervention of occupational diseases.

A series of measures have been implemented to ensure the effective implementation of occupational health and safety measures for employees:

Health Monitoring and Occupational Disease Prevention

The Company provides annual occupational health examinations for employees, with specialized tests added for high-risk positions, such as hearing tests for employees in noisy environments and blood tests for those handling chemicals. All workers undergo occupational health and safety training to ensure proper use of personal protective equipment, including dust masks, gas masks, ear defenders, etc.

Work Environment Optimization

Technically transform adverse conditions such as high temperature, dust, noise, etc., by upgrading ventilation systems, installing soundproofing equipment, optimizing work processes to reduce occupational health risks. For positions involving chemical operations, strictly adhere to chemical storage, labeling, and usage management requirements to ensure that operators can correctly identify and handle potential hazards.

Emergency Management and Accident Prevention

Technically transform adverse conditions such as high temperature, dust, noise, etc., by upgrading ventilation systems, installing soundproofing equipment, optimizing work processes to reduce occupational health risks. For positions involving chemical operations, strictly adhere to chemical storage, labeling, and usage management requirements to ensure that operators can correctly identify and handle potential hazards.

Internal Audit and Supervision Inspection

The Company conducts safety inspections quarterly to address occupational health risks identified, assess departmental compliance, and implement necessary corrective actions. Non-compliance with safety standards is required to be rectified within a specified period, incorporated into the performance evaluation system to reinforce safety accountability.

Data Management and Trend Analysis

Evaluate potential health risks and optimize health management measures through occupational health data analysis. The Company establishes an occupational health record management system covering legal documents related to occupational disease prevention and control, testing data, employee health records, etc., to provide scientific decision-making basis for occupational health management.

Employee Training and Health Promotion

The Company regularly organizes safety training covering various areas such as mechanical operations, electrical safety, chemical protection, and conducts first aid skill drills including CPR, fire evacuation, etc. Additionally, non-occupational medical health services are provided, including annual physical examinations, psychological health support, chronic disease management, ensuring comprehensive health protection for employees in both work and personal life.



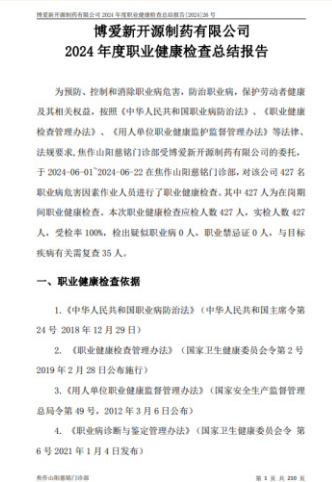
Occupational Health and Safety Management System Certification.

Case Occupational Health and Safety Risk Assessment to Ensure Employee Health

In September 2024, the Company commissioned Henan Ruiante Environmental Technology Co., Ltd. to conduct testing on potential occupational hazards in the workplace. In November 2024, the Company obtained the Testing Report (HNRAT[2024]JC-1039), providing a scientific basis for further optimizing the operational environment.



In June 2024, the Company commissioned the Jiaozuo Shanyang Ciming Outpatient Department to conduct occupational health examinations on 427 occupational disease hazard-exposed personnel, covering all individuals who should undergo examinations during their employment. The actual number of individuals examined was 427, achieving a 100% examination rate. The examination results indicated no suspected cases of occupational diseases or occupational contraindications, culminating in the acquisition of the 2024 Annual Occupational Health Examination Summary Report of Boai NKY Co., Ltd.



Examined individuals
427
Examination rate
100
%

The Company continuously enhances its occupational health management system by conducting regular occupational health risk assessments and health monitoring, aiming to reduce occupational disease risks and provide employees with a safe and healthy work environment.

Caring for Society:
Fulfilling Public Welfare Responsibilities

The Company adheres to corporate social responsibility, demonstrating care for society through tangible actions and actively fulfilling philanthropic duties. We continuously increase investments in philanthropic donations, community development, and rural revitalization, striving to create more sustainable social value and promote the mutual development of the enterprise and society.

Charitable donations

The Company has long been committed to social welfare initiatives, supporting the development of education, environmental protection, public safety, and other areas through financial donations, material assistance, and volunteer actions.

Education Support

The Company focuses on the growth of underprivileged students by providing scholarships to assist them in successfully completing their studies. NKY offers a scholarship of 50,000 RMB to underprivileged students, taking action to promote educational equity.

ESG Contribution

The Company actively engages in environmental protection by donating 2 million RMB to the Environmental Protection Public Welfare Fund to support ecological conservation and sustainable development.

Social Assistance

The Company plays an active role in various social welfare activities, including donating 500,000 RMB to the construction of a beautiful countryside in Bo'ai Tuwang Village, contributing 300,000 RMB to the medical care integration project, and participating in the 99 Charity Day by donating funds, earning the title of "Outstanding Participating Enterprise" on the 99 Charity Day.

Corporate Social Responsibility

The Company focuses on grassroots public service organizations, donating 20,000 RMB to the 81 Fire Brigade and Armed Forces Department, and 50,000 RMB to the Guitun Village public welfare projects, contributing to local community development.



Contribute to community development

The Company actively engages in local economic and social development by creating employment opportunities, promoting talent development, and fostering cultural activities to contribute to community prosperity and sustainable development.

Employment and Economic Contribution

The Company collaborates with local human resources departments to regularly organize social recruitment activities, thereby promoting the development of the job market. During the reporting period, NKY was honored with the title of "Henan Province Manufacturing Industry Champion Enterprise," leveraging its industry strengths to contribute to local government revenue and create numerous job opportunities.

Talent development and university collaboration

The Company has established partnerships with Fudan University, Xi'an Jiaotong University, and local maritime universities to provide students with internship and employment opportunities. Additionally, the Company offers preferential employment policies for special groups such as veterans and people with disabilities, facilitating their integration into society.

The Company actively

engages in local cultural activities, supporting the 13th Henan Province "Three Mountains Climbing Together" mass mountain fitness event, and sponsoring the county's Spring Festival Gala to enrich residents' cultural life and enhance community cohesion.

Educational Knowledge Dissemination

During the reporting period, Genenergy Bio-Technology provided the ESAIS interdisciplinary curriculum program to local high school students for the fourth consecutive year. The curriculum covers various scientific topics, including the principles of gene sequencing, offering a solid platform for scientific enlightenment and hands-on practice.



Empowering rural revitalization

The Company actively responds to the national rural revitalization strategy by leveraging its business strengths to support rural economic prosperity, ecological improvement, and enhancement of people's well-being through measures such as industrial assistance, technological support, and green development.

Industrial synergy and employment promotion

NKY has initiated a new 25,000-ton lithium battery dispersant project, with strong support from the local government and township. This not only promotes rural industrial upgrading but also generates numerous local job opportunities, attracting migrant workers to return to their hometowns and injecting vitality into the rural areas.

Technology assistance in agriculture and talent development

The Company leverages its advantages in mechanical manufacturing and chemical equipment to provide customized agricultural machinery to rural areas, along with conducting technical training to enhance farmers' production capabilities. Additionally, the Company establishes equipment maintenance service points in rural areas to offer long-term employment support.

Environmental Protection and Green Development

The Company advocates for green office practices and clean production to reduce pollution in the production process. It promotes the resource utilization of production waste to contribute to rural environmental improvement. Additionally, the Company prioritizes purchasing agricultural products from impoverished areas as employee benefits, aiming to stimulate rural economies through consumption.

Education philanthropy and infrastructure support

The Company donates educational equipment to rural schools to support rural education development. Through philanthropic donations, it promotes the construction of rural infrastructure, enhancing the quality of life for rural residents.

Key Performance Table

Topic	Indicator	Unit	2024
Economic Performance	Total government subsidies	10,000 RMB	702.07
Market Performance	Local senior management ratio	%	50
Corporate Governance	Total number of board directors	Persons	9
	Number of female directors	Persons	2
	Percentage of female directors	%	22.22
	Number of independent directors	Persons	3
	Average tenure of board members	Years	3.4
	Number of supervisory board members	Persons	3
	Number of senior executives	Persons	10
	CEO-to-employee pay ratio	%	1889.7
	Supervisory board meetings held	Times	5
	Board meetings held	Times	7
	Audit committee meetings held	Times	4
	Remuneration committee meetings held	Times	2
Risk Management	Nomination committee meetings held	Times	0
	Total number of internal audits	Times	22
	Issues identified through internal audits	Cases	90
	Issues rectified after internal audits	Cases	54
	Internal audit issue rectification rate	%	60

Topic	Indicator	Unit	2024
Business Ethics	Senior decision-makers trained on business ethics	Persons	5
	Percentage of senior decision-makers trained	%	55.56
	Executives trained on business ethics	Persons	8
	Percentage of executives trained	%	80
	Employees dismissed or disciplined for ethical violations	Cases	0
	Contracts terminated due to business ethics violations	Cases	0
	Legal cases related to anti-competitive behavior, antitrust, or monopoly laws	Cases	0
	Reports filed through whistleblower mechanisms	Cases	0
Environmental Compliance	Employees trained in environmental affairs	%	80
	Sites with environmental risk assessments	%	100
Energy Management	Gasoline consumption	Tons	1.33
	Diesel consumption	Tons	1.71
	Purchased thermal energy	MJ	111,818
	Natural gas consumption	Cubic meters	15,574,796.50
	Purchased electricity consumption	kWh	68,923,507
	Of which: green electricity	kWh	23,000,000
Water Management	Total water consumption	Tons	302,991.00

Topic	Indicator	Unit	2024
Material Management	Total material consumption	Tons	43.19
	Renewable materials consumption	Tons	19.19
	Percentage of renewable materials used	%	44.43
	Non-renewable materials consumption	Tons	2.67
Pollution Prevention	Total particulate matter (PM) emissions	Tons	4.55
	Total nitrogen oxides (NOx) emissions	Tons	3.67
	Total sulfur oxides (SOx) emissions	Tons	0.43
	Total volatile organic compounds (VOCs) emissions	Tons	0.77
	Total wastewater discharged	Tons	96,823.52
	Industrial wastewater discharge	Tons	96,823.52
	COD discharge in wastewater	Tons	9.31
	Ammonia nitrogen discharge in wastewater	Tons	0.04
	BOD5 discharge in wastewater	Tons	2.15
	Suspended solids (SS) in wastewater	Tons	1.97
	Total solid waste generated	Tons	204
	Total hazardous waste generated	Tons	62.07
	Total non-hazardous waste generated	Tons	2,592.58
Product Safety & Quality	Health and safety incidents related to products/services	Cases	0
	Legal penalties for violations	Cases	0

Topic	Indicator	Unit	2024
Product Safety & Quality	Official warnings for violations	Cases	0
	Violations of voluntary codes	Cases	0
Privacy & Data Security	Verified customer privacy complaints received	Cases	0
	Verified privacy breach incidents	Cases	0
	Total customer privacy breach incidents	Cases	0
Product Innovation	Total number of invention patents	Items	45
	New invention patents	Items	3
	Total utility model patents	Items	145
	New utility model patents	Items	26
	Total design patents	Items	13
	New design patents	Items	0
Responsible Marketing	Violations related to product/service labeling	Cases	0
	Regulatory penalties for labeling violations	Cases	0
	Official warnings for labeling violations	Cases	0
	Voluntary code violations related to labeling	Cases	0
	Violations in marketing communications	Cases	0
	Regulatory penalties for marketing violations	Cases	0
	Official warnings for marketing violations	Cases	0
	Voluntary code violations in marketing	Cases	0

Topic	Indicator	Unit	2024
Employment	Total number of employees	Persons	1,163
	Female employees	Persons	285
	Male employees	Persons	878
	Female employee proportion	%	24.5
	Full-time employees	Persons	1,163
	Middle & junior-level managers	Persons	69
	Frontline employees	Persons	615
	Employees under 30	Persons	391
	Employees aged 30-50	Persons	643
	Employees over 50	Persons	129
	Employees with postgraduate degrees	Persons	85
	Employees with bachelor's degrees	Persons	287
	Employees with associate degrees	Persons	369
	Employees with other qualifications	Persons	422
	Employees with disabilities	Persons	1
	Ethnic minority employees	Persons	6
	Veteran employees	Persons	56
	New hires	Persons	202

Topic	Indicator	Unit	2024
Employment	New male hires	Persons	156
	New female hires	Persons	46
	New hires under 30	Persons	166
	New hires aged 30-50	Persons	37
	New hires over 50	Persons	0
	Employee turnover	Persons	187
	Male turnover	Persons	136
	Female turnover	Persons	51
	Turnover under 30	Persons	108
	Turnover aged 30-50	Persons	61
	Turnover over 50	Persons	10
	Overall turnover rate	%	16.08
Compensation & Benefits	Male employees eligible for parental leave	Persons	785
	Female employees eligible for parental leave	Persons	175
	Male employees who took parental leave	Persons	3
	Female employees who took parental leave	Persons	3
	Males who returned post-parental leave	Persons	3
	Females who returned post-parental leave	Persons	3

Topic	Indicator	Unit	2024
Employee Rights	Employees covered by independent unions or collective bargaining	%	100
	Employees covered by collective agreements	%	100
	Employees represented by elected worker reps	%	100
	Employees trained on diversity, discrimination, or harassment	%	100
Occupational Health & Safety	Total training sessions	Times	496
	Total training hours	Hours	800.16
	Employees trained	Persons	964
	Average training hours per employee	Hours	42.32
	Male employees trained	Persons	787
	Avg. training hours for males	Hours	60.61
	Female employees trained	Persons	177
	Avg. training hours for females	Hours	58.78
	Executives trained	Persons	26
	Avg. training hours for executives	Hours	98.75
	Mid/junior managers trained	Persons	81
	Avg. training hours for mid/junior managers	Hours	118.05
	Frontline employees trained	Persons	561
	Avg. training hours for frontline staff	Hours	62.69

Topic	Indicator	Unit	2024
Occupational Health & Safety	Annual training expenditure	10,000 RMB	28
	Training coverage rate	%	80
	Employees receiving regular performance/ career assessments	%	100
	Workers covered by OH&S management systems	%	35.44
	Work injury insurance expenditure	10,000 RMB	80.64
	Coverage rate of work injury insurance	%	100
	Occupational injury insurance expenditure	10,000 RMB	41.97
	Occupational injury insurance coverage	%	100
	Safety production liability insurance	10,000 RMB	11.07
	Emergency drills conducted	Times	20
	Safety inspections (regular & ad hoc)	Times	124
	Hazards identified	Items	373
	Hazards rectified	Items	371
	Safety training sessions held	Times	46
	Employees trained on safety	Persons	662
	Total safety-related investment	10,000 RMB	1,456.63
	Number of work injuries	Persons	0
	Number of work accidents	Cases	0

Topic	Indicator	Unit	2024
Occupational Health & Safety	Lost work hours due to injury	Hours	0
	Work-related fatalities	Persons	0
	Work-related health incidents	Cases	0
Supply Chain Management	Suppliers evaluated	Entities	218
	Suppliers identified with major negative impacts	Entities	1
Social Impact	Total charitable donations	10,000 RMB	742
	Volunteer headcount (instances)	Instances	156
	Number of public welfare activities	Times	21
	Total hours of public welfare activities	Hours	148
National Strategy Response	Total rural revitalization investment	10,000 RMB	370
	Beneficiaries of rural revitalization programs	Persons	51



Report Index Table

Guidelines No. 14 of the Shanghai Stock Exchange for Listed Companies – Sustainable Development Report (Trial)

Dimension	Number	Topic	Corresponding Article(s)	Report Chapter
Environment	1	Climate Change Response	Articles 21–28	Low-Carbon Transformation: Supporting Climate Neutrality
	2	Pollutant Emissions	Article 30	Green Operations: Protecting Clear Water and Green Mountains
	3	Waste Disposal	Article 31	Green Operations: Protecting Clear Water and Green Mountains
	4	Ecosystem and Biodiversity Protection	Article 32	Green Operations: Protecting Clear Water and Green Mountains
	5	Environmental Compliance Management	Article 33	Green Operations: Protecting Clear Water and Green Mountains
	6	Energy Use	Article 35	Green Operations: Protecting Clear Water and Green Mountains
	7	Water Resource Use	Article 36	Green Operations: Protecting Clear Water and Green Mountains
	8	Circular Economy	Article 37	Green Operations: Protecting Clear Water and Green Mountains
Social	9	Rural Revitalization	Article 39	Caring for Society: Fulfilling Public Welfare Responsibilities
	10	Social Contribution	Article 40	Caring for Society: Fulfilling Public Welfare Responsibilities
	11	Innovation-driven Development	Article 42	Technological Empowerment: Stimulating Innovation
	12	Tech Ethics	Article 43	Not Applicable
	13	Supply Chain Security	Article 45	Green Procurement: Building a Sustainable Supply Chain
	14	Fair Treatment of SMEs	Article 46	Not Applicable
	15	Product and Service Safety and Quality	Article 47	Quality First: Creating Excellent Products
	16	Data Security & Customer Privacy Protection	Article 48	Information Security: Comprehensive Risk Prevention
	17	Employees	Article 50	Protecting Rights: Building a Harmonious Workplace Empowering Growth: Supporting Talent Development Health First: Safeguarding Occupational Safety

Dimension	Number	Topic	Corresponding Article(s)	Report Chapter
Sustainability Governance	18	Due Diligence	Article 52	Green Procurement: Building a Sustainable Supply Chain
	19	Stakeholder Communication	Article 53	ESG Empowerment: Enhancing Robust Governance
	20	Anti-bribery and Anti-corruption	Article 55	Integrity and Compliance: Building a Trustworthy Defense
	21	Anti-unfair Competition	Article 56	Integrity and Compliance: Building a Trustworthy Defense

Global Reporting Initiative (GRI) – Universal Standards (GRI Standards 2021)

Boai NKY Medical Holdings Ltd. reports the following disclosures for the period from January 1, 2024 to December 31, 2024 with reference to the GRI Standards (2021):

GRI Code	Disclosure Title	Corresponding Report Chapter
2	General Disclosures	About This Report About NKY
3	Material Topics	ESG Empowerment: Enhancing Robust Governance
201	Economic Performance	About NKY Key Performance Table
202	Market Presence	Key Performance Table
203	Indirect Economic Impacts	Green Procurement: Building a Sustainable Supply Chain
204	Procurement Practices	Green Procurement: Building a Sustainable Supply Chain
205	Anti-corruption	Integrity and Compliance: Building a Trustworthy Defense
206	Anti-competitive Behavior	Integrity and Compliance: Building a Trustworthy Defense
207	Tax	Refer to the relevant sections in the Annual Report
301	Materials	Green Operations: Protecting Clear Water and Green Mountains
302	Energy	Green Operations: Protecting Clear Water and Green Mountains
303	Water and Effluents	Green Operations: Protecting Clear Water and Green Mountains
304	Biodiversity	Green Operations: Protecting Clear Water and Green Mountains

GRI Code	Disclosure Title	Corresponding Report Chapter
305	Emissions	Green Operations: Protecting Clear Water and Green Mountains
306	Waste	Green Operations: Protecting Clear Water and Green Mountains
308	Supplier Environmental Assessment	Green Procurement: Building a Sustainable Supply Chain
401	Employment	Protecting Rights: Building a Harmonious Workplace
402	Labor/Management Relations	Protecting Rights: Building a Harmonious Workplace
403	Occupational Health and Safety	Health First: Safeguarding Occupational Safety
404	Training and Education	Empowering Growth: Supporting Talent Development
405	Diversity and Equal Opportunity	Protecting Rights: Building a Harmonious Workplace
406	Non-discrimination	Protecting Rights: Building a Harmonious Workplace
407	Freedom of Association and Collective Bargaining	Protecting Rights: Building a Harmonious Workplace
408	Child Labor	Protecting Rights: Building a Harmonious Workplace
409	Forced or Compulsory Labor	Protecting Rights: Building a Harmonious Workplace
410	Security Practices	Not Applicable
411	Rights of Indigenous Peoples	Not Applicable
413	Local Communities	Caring for Society: Fulfilling Public Welfare Responsibilities
414	Supplier Social Assessment	Green Procurement: Building a Sustainable Supply Chain
415	Public Policy	Not Applicable
416	Customer Health and Safety	Quality First: Creating Excellent Products
417	Marketing and Labeling	Customer-Centric: Optimizing Service Experience
418	Customer Privacy	Information Security: Comprehensive Risk Prevention

Reader Feedback Form

Dear Reader,

Greetings! Thank you for reading the 2024 Environmental, Social, and Governance (ESG) Report of Boai NKY Medical Technology Group Co., Ltd.

To continuously improve our ESG practices and enhance our ESG management capabilities, we highly value your opinions and suggestions.

We kindly invite you to complete the following feedback form and return it to us via one of the contact methods listed below:

Telephone: +86 391-869632

Fax: +86 391-8692950

Website: www.boai-nky.com

Email: board.sec@nkygroup.cn

Mailing Address: No. 1888, East Section of Wenhua Road, Boai County, Jiaozuo City, Henan Province, China

Your Information

Name:

Organization:

Contact Number:

Email:

Feedback:

- 1.What is your overall evaluation of the company’ s ESG report?
- ☐ Excellent

☐ Good

☐ Fair
- 2.Do you think this report reflects the significant ESG impacts of the company?
- ☐ Yes

☐ Neutral

☐ Not Sure
- 3.How would you rate the clarity, accuracy, and completeness of the disclosed information and data?
- ☐ Very High

☐ High

☐ Fair

☐ Low

☐ Very Low
- 4.Which part of this report are you most satisfied with?
-
- 5.What additional information would you like to know?
-
- 6.Do you have any suggestions for our future ESG reports?
-