FESC
远东股份
股票代码:600869

Far East Smarter Energy Co., Ltd.

2025 ESG Report

Empowered by Technology & Illuminated by Humanity

——Co-build and Share a Safe Green and Better Life



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About This Report

Report Description

This report is the Environmental, Social and Governance (ESG) report released by Far East Smarter Energy Co., Ltd. to the public. Based on the principles of objectivity, standardization, transparency, and completeness, this report discloses the Company's practices and performance in environmental, social, and governance aspects for 2025.

Reporting Scope

Time Scope: The reporting period covers January 1, 2025 to December 31, 2025 (hereinafter referred to as the "Reporting Period"). To enhance comparability and completeness, certain content may trace back to previous years or include forward-looking statements.

Organizational Scope: This report takes "Far East Smarter Energy Co., Ltd." as the main entity and includes its subsidiaries. Unless otherwise specified, the scope of this report is consistent with that of the Company's annual report. The abbreviations of subsidiaries mentioned in the main text of this report are listed as follows:

Subsidiary Name	Abbreviations in This Report
Far East Smarter Energy Co., Ltd.	FESC
Far East Cable Co., Ltd.	Far East Cable
New Far East Cable Co., Ltd.	New Far East Cable
Far East Composite Technology Co., Ltd.	Far East Composite Technology
Far East New Materials Co., Ltd.	Far East New Materials
Anhui Cable Co., Ltd.	Anhui Cable
Far East Communications Co., Ltd.	Far East Communications
Far East Electric Co., Ltd.	Far East Electric
Yi Bin Far East Cable Co., Ltd. (formerly known as Far East Cable (Yibin) Co., Ltd.)	Yi Bin Far East Cable
Far East Submarine Cable Co., Ltd.	Far East Submarine Cable
Far East Trading Pay Network Co., Ltd.	Trading Pay
Jiangsu Huadong Intelligent Cable Testing Co., Ltd.	Huazhi Testing
Far East Electric (Yibin) Co., Ltd.	Far East Electric (Yibin)
Far East Battery Co., Ltd.	Far East Battery
Jiangsu Far East Battery Co., Ltd. (formerly known as Far East Battery (Jiangsu) Co., Ltd.)	Jiangsu Far East Battery
Jiangxi Far East Battery Co., Ltd.	Jiangxi Far East Battery
Jiangxi Far East Lithium Battery Co., Ltd.	Jiangxi Far East Lithium Battery
Far East Copper Foil Co., Ltd.	Far East Copper Foil



Subsidiary Name	Abbreviations in This Report
Yibin Far East Copper Foil Co., Ltd. (formerly known as Far East Copper Foil (Yibin) Co., Ltd.)	Yibin Far East Copper Foil
Far East Copper Foil (Jiangsu) Co., Ltd.	Far East Copper Foil (Jiangsu)
Beijing Jinghang'an Technology Co., Ltd. (formerly known as Beijing Jinghang'an Airport Engineering Co., Ltd.)	Jinghang'an

Reporting Cycle

This report is published on an annual basis and corresponds with the financial year.

Preparation Basis

Shanghai Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 14 — Sustainability Reports (Trial)
Shanghai Stock Exchange Guidelines No. 4 for Self-Regulation of Listed Companies — Preparation of Sustainability Reports
Guidelines for Sustainability Reporting by Listed Companies issued by the China Association for Public Companies
United Nations 2030 Sustainable Development Goals (SDGs)

Sources of Information

All textual information and quantitative data are derived from the Company's original operational records or financial reports. In case of any discrepancy between relevant financial data and the Company's annual report, the annual report shall prevail. Unless otherwise specified, all monetary amounts in this report are denominated in Renminbi (RMB).

Terminology

For ease of expression and reading, "Far East Smarter Energy Co., Ltd." is referred to in this report as "FESC," the "Company," or "we." For the names of certain subsidiaries and controlled companies of FESC, please refer to the "Organizational Scope" section of this report.

Access to This Report

This report is published in Simplified Chinese. To practice low-carbon and sustainable development principles, you may visit the Shanghai Stock Exchange (www.sse.com.cn) or the Company's official website (www.600869.com) to read or download the electronic version of this report.

Disclaimer

This report strictly adheres to the laws and regulations of the regions in which FESC operates, as well as its development strategy. This report is intended to disclose the Company's performance in environmental, social, and governance aspects during the year, and all information and data contained herein are for reference only. Readers should independently study and evaluate the information provided and consult appropriate professionals before making any decisions. FESC shall not be liable for any direct or indirect losses arising from the use of the information in this report beyond the purposes stated above.

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About FESC

Company Profile

Far East Smarter Energy Co., Ltd. (abbreviated as "FESC," stock code: 600869), founded in 1985, is a global provider of smart energy/digital and intelligent city services. Guided by **the strategy of "ALL IN Electric Power + Computing Power + AI,"** it has developed three major business segments: smart cable network/electric power, smart battery energy storage system/computing power AI, and smart airport.

FESC operates multiple R&D bases, including Postdoctoral Research Workstation, Academician and Expert Workstation, Jiangsu Provincial Enterprise Postgraduate Workstation, National-Level Enterprise Technology Center, Nationally Accredited Laboratory, and Jiangxi Lithium Battery Engineering Research Center. It serves more than 100 Fortune Global 500 customers and over 300 Fortune China 500 customers, with business operations spanning more than 170 countries and regions and a user base exceeding 30 million.

Corporate Culture

Mission

Create value and serve society

Vision

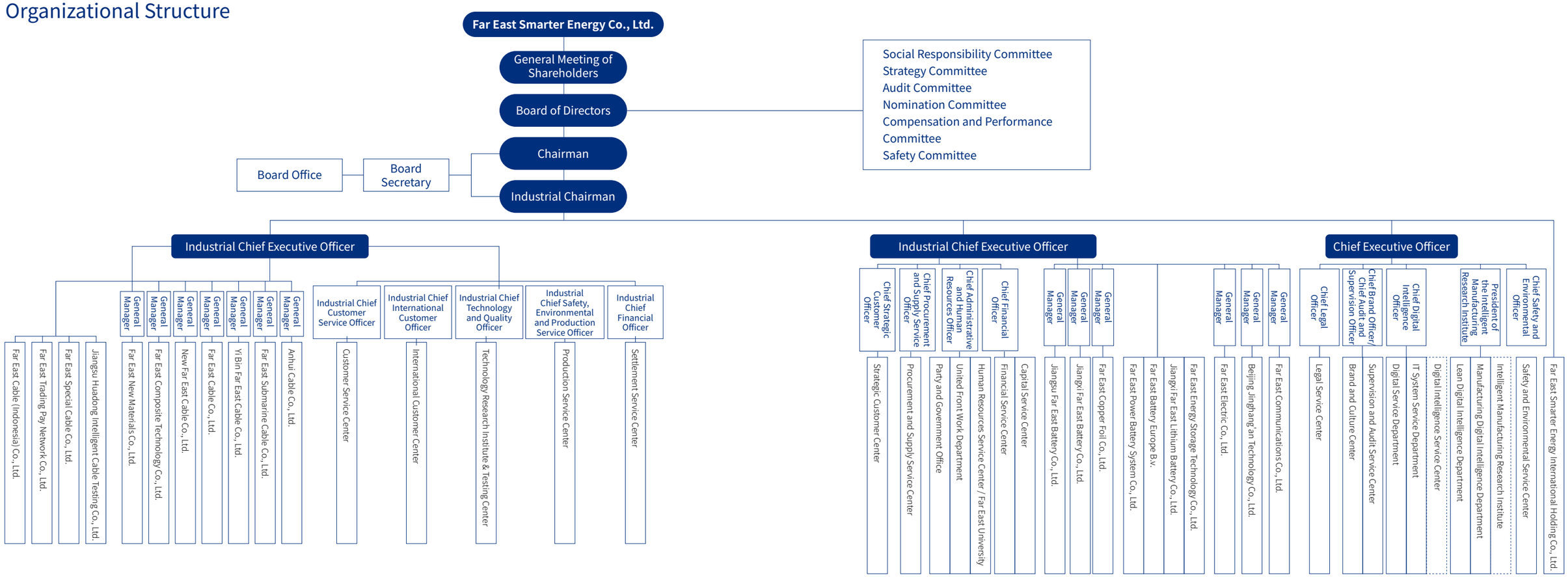
Co-build and share a safe, green, and better life

Core Values

The Company's core values are focusing on customers, putting the struggles and contributors first, being ambitious, passionate, honest, and pragmatic, pursuing innovation and excellence, self-reflection, and harmony and win-win outcomes.



Organizational Structure



Business Philosophy

3 Three Integrations

Adhere to the integration of timely and top-tier products and services, integration of domestic and international markets, and integration of hard and soft capabilities.

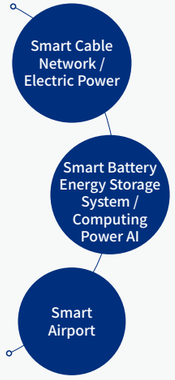
4 Four Comprehensives

Comprehensive digital intelligence, comprehensive internationalization, comprehensive benchmarking, and comprehensive outperformance

5 Five Orientations

Customer-oriented, system-oriented, goal-oriented, problem-oriented, and performance-oriented

Business Layout



R&D, production, sales, and system services of cables applied in new energy (wind power, nuclear power, photovoltaic, and EV charging), smart grids, intelligent transportation, ocean engineering, and intelligent manufacturing.

R&D, production, sales, and services of lithium batteries, energy storage battery systems, new battery systems and materials, AI computing power high-speed interconnection products (including high-speed copper cables, connectors, liquid cooling products, etc.), computing power testing products, and AI all-optical interconnection (special optical preforms, optical fibers, and optical cables).

System integration and engineering construction for civil and military airports, as well as specialized smart airport technology products and integrated system solutions.

2025

Annual Highlights

January
- FEHG was successfully selected as a Digital Leadership Practice Case (Large Enterprises) for its "Big Data Intelligent Application Leadership Practice in the Cable Industry," becoming the first in the cable industry.
- FEHG's "Cable Integrated Control Intelligent Factory" was selected as one of the first batch of the National Excellence-Level Smart Factories by the Ministry of Industry and Information Technology.
- FEHG was awarded as one of the first typical application cases of AI empowering new industrialization by the Ministry of Industry and Information Technology.

February
- The newly developed 21700-6000mAh cylindrical battery pack by Far East Battery was successfully applied in the fourth-generation industrial quadruped robot developed by a leading domestic innovation center, providing strong support for technological breakthroughs in Chinese robotics.
- Far East Battery's self-developed PowerPLANT 230 PLUS energy storage system stood out for its outstanding technical performance and innovative design, winning the "2024 Outstanding New Energy Storage Product Award".

March
- Far East Battery successfully achieved mass production of the world's first 300Wh/kg cylindrical battery cell.
- Jiangsu Far East Battery Co., Ltd. won both the "Pioneer Enterprise Contribution Award for Industrial and Commercial Energy Storage Systems" and the "Pioneer Individual Award for Industrial and Commercial Energy Storage Systems".

April
- Far East Cable contributed to the construction of the Xiong'an New Area, a landmark of the new era, with its self-developed environmentally friendly cables forming the "lifeline" of infrastructure.

May
- The 40th Anniversary Celebration of Far East Holding Group (FEHG) and the Entrepreneur Forum were successfully held.
- Far East Holding Group and its subsidiaries—Far East Cable, New Far East Cable, and Far East Composite Technology—were selected as Advanced-Level Smart Factories in Jiangsu Province due to their outstanding intelligent manufacturing capabilities.

July
- Far East Battery, leveraging its self-developed cylindrical battery cell technology, achieved CCC certification for its full range of high-capacity, high-rate, and medium-rate battery cells.
- Far East Battery ranked among the 2025 GGII Energy Storage TOP10.

August
- New Far East Cable was included in the 5G Factory Directory of the Ministry of Industry and Information Technology.
- FEHG once again ranked among both China's Top 500 Private Enterprises and Top 500 Private Manufacturing Enterprises.

September
- FEHG contributed to the opening of the Changtai Yangtze River Bridge, the world's largest-span cable-stayed bridge.
- FEHG's brand value increased to RMB 116.937 billion.
- FEHG ranked on the "China Top 500 Enterprises" list for the 19th consecutive year, placing 408th, up 35 positions from the previous year.

October
- Far East Cable contributed to the construction of the world's first megawatt-level airborne wind power system, marking another global first.
- FEHG ranked 22nd among the Top 100 Private Enterprises in Jiangsu Province in 2025.

November
- FEHG's "Electric Power + Computing Power + AI" full-scenario solution made a remarkable debut at CREC 2025, promoting the transition from parallel operation to deep synergy between power and computing, achieving dual improvements in energy efficiency and computing performance.
- FEHG's new sensing cable—embedded chip intelligent power cable (hereinafter referred to as "Far East Chip Sensing Cable")—achieved large-scale long-distance application in Jiangsu Province.
- FEHG ranked 33rd among the Top 100 Enterprises in Jiangsu Province and 22nd among the Top 100 Manufacturing Enterprises in Jiangsu Province.
- FEHG won the 2025 World Internet of Things New Technology, New Application, and New Model Industrial Pioneer Award.

December
- Far East Energy Storage signed a strategic cooperation agreement with EVE Energy to jointly expand the North American energy storage market.
- FEHG once again ranked on the "China Machinery Top 500" list, marking its 20th consecutive year on the list.
- FEHG's British-standard cables were supplied to the Hong Kong Metro, marking the first successful production and application of such cables by a Chinese cable enterprise in the project.
- FEHG was listed among the "Top 10 Most Competitive Global Cable Industry Enterprises" in 2025.
- FEHG ranked among the Top 100 of China Energy Enterprises Top 500.

Key ESG Performance for the Year

Governance and Economic Performance

Operating revenue:
RMB 28.108 billion

Net profit attributable to shareholders of listed companies:
RMB 59 million

Total number of R&D personnel:
573

R&D investment:
RMB 559 million



Environmental Performance

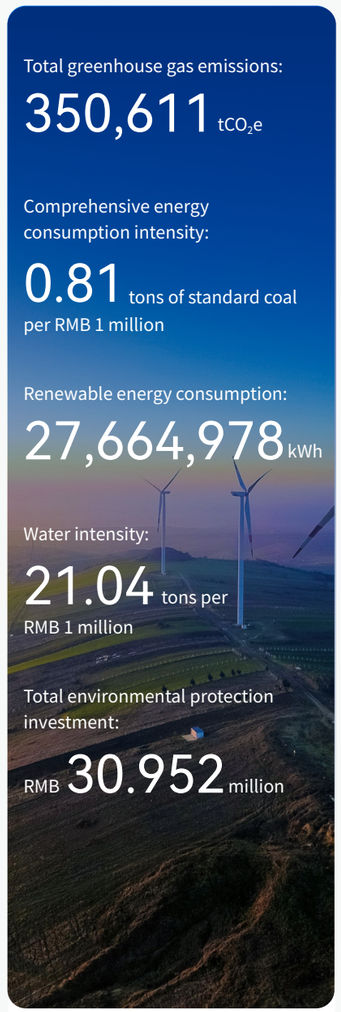
Total greenhouse gas emissions:
350,611 tCO_2e

Comprehensive energy consumption intensity:
0.81 tons of standard coal per RMB 1 million

Renewable energy consumption:
27,664,978 kWh

Water intensity:
21.04 tons per RMB 1 million

Total environmental protection investment:
RMB 30.952 million



Social Performance

Total number of employees:
7,373

Average training hours per employee:
1.5 hours

Employee training coverage rate:
100%

Work safety investment:
RMB 4.5129 million

Number of suppliers:
2,011

Total external donations amounted to
RMB 1.85 million



Sustainable Development Management

Sustainable Development Philosophy

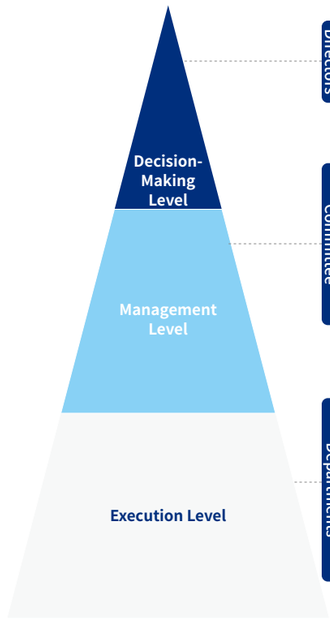
The Company takes its "Harmony" culture as the foundation, continuously maintaining outstanding product quality and steady revenue growth, and providing customers with integrated system services. In the field of green and environmental protection, the Company adheres to the concept of sustainable development, actively responds to national new energy strategies, and seizes opportunities in the new energy market. It has achieved remarkable results in the development of cables for solar power, nuclear power, and wind power, deeply practicing the responsibility of harmonious coexistence between corporate development and environmental protection. In terms of energy conservation and emission reduction, the Company adheres to lean production, aiming at "energy saving, consumption reduction, pollution reduction, and efficiency improvement," by focusing on raw material and energy management, promoting process and equipment improvements, and strengthening process control, waste management, and employee skill enhancement.



ESG Management System Certification of FESC's Subsidiary

Sustainable Development Governance

To comprehensively enhance the ESG governance of FESC and promote the effective implementation of ESG initiatives, the Company has established a three-tier governance structure consisting of the Board of Directors (decision-making level), the Social Responsibility Committee (management level), and various business and functional departments (execution level). Each level has clearly defined responsibilities and roles, forming a coordinated and vertically integrated ESG management mechanism that continuously improves the systematic and effective nature of the Company's ESG management.



Board of Directors

- As the core decision-making body for ESG governance, the Board of Directors oversees and coordinates all ESG-related work of the Company.
- It ensures that the Company's development direction remains aligned with sustainable development principles and objectives.

Social Responsibility Committee

- It comprehensively coordinates the Company's ESG work and holds at least one dedicated meeting annually.
- It organizes the formulation of annual ESG plans and goals, and supervises the implementation of ESG-related policies and systems.
- It reviews the annual ESG report and tracks the progress of major ESG topics and the achievement of goals.
- It promotes the continuous deepening of ESG management.

Business and Functional Departments

- As the directly responsible units for implementing ESG goals, they break down and execute specific ESG action plans and management measures within their respective scopes of responsibility.
- They are responsible for the implementation and data collection of ESG-related matters in daily operations, including environment, safety, employees, supply chain, and compliance.
- They participate in internal ESG capacity building, integrate ESG requirements into business processes, and ensure that sustainable development practices are effectively embedded in daily operations.

ESG Impact, Risk, and Opportunity Management

The Company systematically identifies, evaluates, and conducts in-depth analysis of various internal and external factors, including but not limited to climate change impacts, supply chain stability, product and service quality control, and employee rights protection. It formulates targeted risk response strategies to effectively manage potential risks and opportunities in the process of sustainable development and to promote the Company's overall steady growth.

On this basis, to further enhance the quality and effectiveness of ESG management, the Board of Directors is deeply involved in the supervision and decision-making of ESG risk management, ensuring that risk appetite is aligned with the Company's strategic direction. The Company builds a systematic ESG risk management framework with reference to international standards. The Social Responsibility Committee, together with third-party experts, conducts identification and assessment of relevant impacts, risks, and opportunities based on the Company's ESG topic list through external policy analysis, industry trend evaluation, internal business insights, and due diligence, and establishes corresponding management mechanisms. At the execution level, business and functional departments implement relevant measures based on topic management and operational realities, dynamically monitor management performance, and promptly report management outcomes, forming a closed-loop management process. For detailed management measures, please refer to the respective topic sections.

Integration of ESG into Executive Compensation and Evaluation

The Company closely links ESG performance with executive compensation and long-term incentives, ensuring that management interests are highly aligned with the Company's long-term value creation and social responsibilities. We incorporate ESG factors (such as green operation targets, work safety, corporate governance effectiveness, and talent development) into the annual and tenure-based performance evaluations of executives, regularly assess the achievement of ESG performance targets, and use the evaluation results as one of the core bases for determining executive annual compensation, bonuses, and the implementation of equity incentive plans.

ESG Training and Capacity Building

The Company regards ESG training and capacity building as an important measure to translate sustainable development concepts into organization-wide actions. Led by the Social Responsibility Committee, with coordination from the human resources department and various business units, an annual training plan is jointly developed and implemented each year based on the Company's key ESG risks and position responsibilities. The Company provides differentiated training content for different groups: It provides ESG governance, trends, and strategic integration training for the Board of Directors and executives; specialized training on ESG risk management, compliance practices, and industry solutions for middle management and key positions (such as procurement, investment, production, and sales); and promotes ESG core concepts and codes of conduct among all employees and partners. In 2025, we conducted ESG-related training through both online and offline courses and integrated it into scenarios such as new employee onboarding and promotions, promoting the communication and implementation of ESG concepts across the Company.



Stakeholder Communication

Based on the characteristics of its actual business and management operations, the Company has identified seven key stakeholder groups, including shareholders and investors, government and regulatory authorities, customers, employees, suppliers and partners, and communities. The Company has established diversified stakeholder communication channels and mechanisms. Through regular communication, it understands stakeholders' key concerns, responds promptly to their demands, and further strengthens mutual trust and cooperative relationships through continuous interaction.

Expectations and Responses of Key Stakeholders

Stakeholders	Key Expectations	Communication Channels	Communication Frequency
Government and regulatory authorities	Compliant operations Tax compliance Employment creation	Supervision and inspection Policy recommendations Participation in government-related summit forums	Irregular
Shareholders and investors	Compliant operations Financial stability Investment returns	General Meeting of Shareholders Regular reports and ad hoc announcements Investor hotline Performance briefings Roadshows Conference calls On-site research visits	Regular/Irregular
Employees	Protection of rights and interests Harmonious working environment Career development Health and safety	Employee congress Employee training and education Employee forums and other activities Complaint and reporting channels	Regular/Irregular
Customers	Reliable and efficient products High-quality services Contract compliance Integrity in business environment	Customer technical exchange meetings Industry exhibitions Customer satisfaction survey Customer service hotline	Irregular
Suppliers and partners	Win-win cooperation Contract compliance Green supply chain Integrity in business environment	Supplier code of conduct Transparent procurement Daily communication (phone, email, and meetings)	Regular/Irregular
Industry associations	Fair competition Promotion of industry development Technology and experience sharing	Industry exhibitions Exchange seminars Project cooperation	Regular/Irregular
Communities and non-governmental organizations	Environmental protection Protection of rights and interests Health and safety Support for community development	Community communication and project cooperation Charitable donations Public welfare activities Participation in NGO exchange meetings	Regular/Irregular
Media	Information transparency Smooth communication	News reports Management interviews	Regular/Irregular
Experts, scholars, and professional organizations	Policy trends Industry dynamics	Professional seminars Expert lectures	Regular/Irregular

Materiality Assessment

In 2025, FESC primarily referenced the *Shanghai Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 14 — Sustainability Reports (Trial) and the Shanghai Stock Exchange Guidelines No. 4 for Self-Regulation of Listed Companies — Preparation of Sustainability Reports* to conduct a dual materiality analysis—financial materiality and impact materiality—on the ESG topics identified by the Company. The assessment results serve as an important reference for formulating ESG management goals, identifying key ESG management priorities, and preparing the ESG report, ensuring that the disclosed topics closely align with the Company's business and financial substance and effectively respond to external stakeholders' concerns.

Process for Identifying and Assessing Material Topics

Establishing the Topic List

- Based on industry characteristics, business operations, regulatory policies in operating regions, feedback and demand analysis from domestic and international customers, combined with disclosure standards and requirements such as those of the Shanghai Stock Exchange and GRI, as well as peer benchmarking, a preliminary ESG topic list relevant to the Company was formed, with a total of 18 topics being identified.

Materiality Survey and Assessment

Assessment is conducted from two dimensions: impact materiality and financial materiality.

- Impact Materiality Assessment: Through communication with and feedback collection from stakeholders such as investors, customers, and suppliers, the Company identifies the impacts of its activities, products, and services on the economy, society, and environment, including the scope, magnitude, and likelihood of such impacts. The assessment results are discussed and determined by experts, relevant department heads, and management.
- Financial Materiality Assessment: Using a financial materiality analysis framework, the Company evaluates the likelihood and extent to which ESG topics may have significant impacts in the short, medium, and long term on its business model, operations, development strategy, financial position, operating results, and cash flows. It also clarifies the mechanisms through which financial impacts are transmitted. The assessment results are systematically analyzed by the Board of Directors, the Social Responsibility Committee, relevant departments, and consulting firms.

Determining Topic Priorities

- The assessment results from the two dimensions are quantitatively integrated to develop a dual materiality matrix, visually presenting the priority of each topic.

Review and Confirmation of topics

- The process and results of the materiality analysis are submitted to the Board of Directors and senior management for review to ensure alignment with the Company's strategy, and are ultimately approved by the Board of Directors, forming the final list of material topics for disclosure.

Materiality Matrix

In strict adherence to the principle of dual materiality, through systematic identification, prioritization, and validation processes, the Company identified eight environmental topics, seven social topics, and three corporate governance topics. Among them, six topics—climate change response, safety and quality of products and services, innovation-driven development, employees, energy utilization, and anti-bribery and anti-corruption—are of both financial and impact materiality.

The Company's List of ESG Topics for 2025

Environmental Topics

- Energy Utilization
- Environmental Compliance Management
- Water resource utilization
- Pollutant emissions
- Circular Economy
- Waste treatment
- Climate Change Response
- Ecosystem and Biodiversity Protection

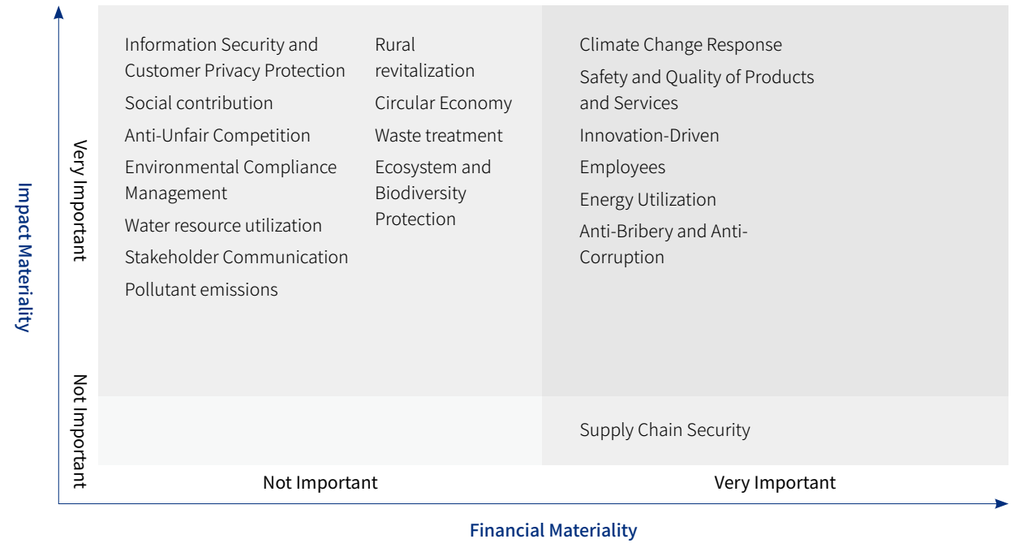
Social Topics

- Safety and Quality of Products and Services
- Employees
- Innovation-Driven
- Information Security and Customer Privacy Protection
- Social contribution
- Rural revitalization
- Supply Chain Security

Corporate Governance Topics

- Anti-Bribery and Anti-Corruption
- Anti-Unfair Competition
- Stakeholder Communication

Results of FESC's 2025 Materiality Topic Analysis[1]



[1] The Company is not engaged in scientific research or technological development in ethically sensitive fields such as life sciences and artificial intelligence, and therefore does not disclose technology ethics topics; during the reporting period, the Company did not have accounts payable (including notes payable) exceeding RMB 30 billion or accounting for more than 50% of total assets, and therefore does not disclose topics related to fair treatment of small and medium-sized enterprises; the Company did not conduct sustainable development due diligence during the reporting period, and therefore does not disclose due diligence topics.

01
Environmental Section

A Pioneer in Green and Low-Carbon Development

Contributing to a Beautiful China

Climate Change Response	17
Energy Utilization	21
Environmental Compliance Management	29
Pollutants and Waste Management	32
Water Resources Management	35
Circular Economy	36
Ecosystem and Biodiversity Protection	39

Contribution to the United Nations Sustainable Development Goals (SDGs)



Climate Change Response

FESC actively responds to the national "Carbon Peaking and Carbon Neutrality" strategy by advancing climate-related risk and opportunity management across four dimensions: governance, strategy, risk and opportunity management, and metrics and targets. It continuously reduces its carbon footprint, enhances climate resilience, and strengthens its long-term sustainable competitiveness.

Governance

The Group has established a specialized climate governance system with subsidiaries as the primary units. To ensure the effective implementation of climate change topics, Far East Cable Co., Ltd., as the core operating entity of the Group, has taken the lead in establishing a dedicated "climate governance and management structure" and has formulated relevant management systems. This structure clearly defines responsibilities from the management level to the execution level, ensuring efficient and professional advancement of climate-related work. Far East Cable has established a Carbon Emissions Management Leading Group, led by Chief Executive Officer, as the highest body for climate management. Chief Technology and Quality Officer serves as the executive leader and regularly reports progress and results to Chief Executive Officer. Members consist of relevant functional and business departments, responsible for coordinating, promoting, and implementing all climate-related work.

Climate Governance Structure



Group Leader	Chief Executive Officer	Supervise the implementation of climate change management systems.
Executive Leader	Chief Technology and Quality Officer	Guide climate change management-related affairs and regularly report to the Group Leader.
Deputy Leaders	Leaders in charge of respective areas	Coordinate carbon emissions management under climate-related topics and regularly report to the Executive Leader.
Members	Relevant functional and business departments	Execute carbon emissions management and related work, and regularly report progress and results to responsible leaders.

Strategy[1]

With reference to the recommendations of the *Task Force on Climate-related Financial Disclosures* (TCFD), the Company proactively identifies and manages climate-related risks and opportunities, integrates climate factors into investment decision-making and emergency management systems, effectively prevents physical risks such as extreme weather, and actively responds to transition risks arising from policy and market changes.

Identification of Major Climate Risks of FESC

Risk Type	Impact Pathways and Affected Business	Impact Period	Response Measures
Physical Risks			
Acute physical risks such as typhoons, heavy rainfall, and heatwaves	– Heavy rainfall and flooding may cause equipment damage due to water ingress, raw material deterioration, and production interruptions; – Severe weather may suspend cable laying and delay project schedules; – Extreme weather threatens employee commuting, transportation, and outdoor operational safety.	Short term Medium term Long term	– Strengthen early warning for typhoons and heavy rainfall, and establish a graded early warning and response mechanism for extreme weather events; – Enhance the wind and moisture resistance of projects under construction and improve product weather resistance; – Strengthen disaster prevention training for employees and regularly organize emergency drills.
Chronic physical risks such as prolonged high temperatures	– Extreme heat may lead to regional power shortages, resulting in factory shutdowns; – Extreme heat threatens the health and safety of outdoor workers; – Rising temperatures increase fire risks within plant areas.	Short term Medium term Long term	– Equip facilities with uninterruptible power supplies and promptly carry out repairs to restore power supply in disaster-affected areas; – Implement staggered operations and provide high-temperature rest areas; – Strengthen safety inspections and strictly manage material storage and electricity use to prevent fires.
Transition Risks			
Policy and legal risks	– Affected by the EU Net-Zero Industry Act and the Regulation on Batteries and Waste Batteries, battery product exports face green trade barriers. Compliance requirements compel enterprises to conduct product carbon footprint disclosures, full lifecycle data traceability of supply chains, and third-party certifications, thereby increasing overall compliance costs.	Short term Medium term Long term	– Establish full lifecycle carbon accounting capabilities and proactively plan low-carbon production processes; build a supply chain traceability system to ensure traceable sources of raw materials; conduct third-party carbon footprint certification in advance to ensure products meet EU access standards; and diversify market layout to avoid reliance on a single market's policies.
Market and reputational risks	– Downstream customers incorporate green and low-carbon standards into procurement criteria, and lagging carbon footprint performance may lead to loss of market share; – ESG performance affects corporate financing difficulty, and inadequate carbon management may increase financing costs; – Lack of substantive climate actions may trigger investor concerns and negative public attention.	Short term Medium term	– Develop low-carbon and green products to meet downstream customers' green procurement standards; – Systematically improve ESG management levels in reference to mainstream international rating standards; – Regularly disclose phased results of climate actions, strengthen routine communication with stakeholders, and proactively respond to concerns.

[1] Note: Short term refers to the Company's sustainability reporting period (including 1 year); medium term refers to 1 to 5 years (inclusive) after the end of the reporting period; long term refers to more than 5 years after the end of the reporting period. The same definitions apply hereinafter.

While identifying and preventing climate risks, the Company actively seizes opportunities for green development and explores new growth drivers, achieving steady operations and sustainable high-quality development in a complex and uncertain environment.

Identification of Major Climate Opportunities of FESC

Opportunity Type	Impact Pathways and Affected Business	Impact Period	Response Measures
Growing demand for clean energy and AI computing infrastructure	– The continuous growth of the installed capacity of wind and photovoltaic power is driving a surge in the demand for supporting cables for new energy; – The construction of AI computing data centers is driving demand for high-speed interconnection products.	Short term Medium term	– Continuously develop low-carbon and high-efficiency products to promote the industrialization of high-value-added products; – Continuously promote technological iteration and business upgrading.

Impact, Risk, and Opportunity Management

The Company conducts regular assessments of climate-related risks and opportunities, integrating risk prevention and opportunity transformation measures into the entire development process to enhance its capacity to adapt to and mitigate climate change.

Assessment of Risks and Opportunities

The Company bases its assessment of climate-related risks and opportunities on its risk management framework, evaluating their significance according to the likelihood of occurrence and the magnitude of impact (both financial and non-financial).

Management of Risks and Opportunities

Based on the assessed importance of risks and opportunities, the complexity of response measures, and the resources required, the Company's climate action plan is referenced to formulate corresponding response strategies for risks and opportunities.

Addressing Risks and Seizing Opportunities

A dedicated ESG working group is responsible for the daily management of climate-related work, coordinating with various business departments to promote the implementation of climate actions and reporting on progress.

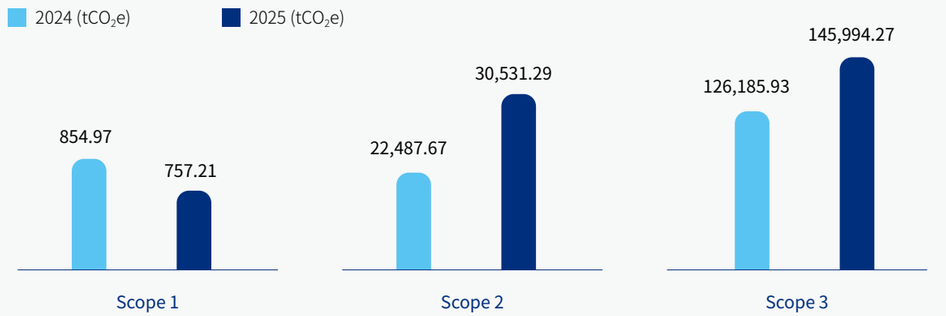


Metrics and Targets[2]

Climate Change Management Targets and Plans

Far East Cable Co., Ltd., a subsidiary of the Group, has established clear carbon reduction targets: Using 2024 as the baseline, Scope 1, Scope 2, and Scope 3 greenhouse gas emissions are targeted to be reduced by 5% by 2030 compared with the baseline year. The Group will continue to supervise the implementation of targets by its subsidiaries and gradually promote the formulation and disclosure of climate targets at the Group level.

Carbon Emissions Changes of Far East Cable[3]



[2] Scope 1 greenhouse gas emissions refer to carbon emissions from direct energy consumption such as natural gas, gasoline, and diesel. Scope 2 greenhouse gas emissions refer to carbon emissions from purchased electricity from the grid. The accounting standard for greenhouse gas emissions is the *Greenhouse Gases—Part 1: Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals* (ISO 14064-1:2018).
[3] The indicators here refer to the carbon emissions data of Far East Cable.



Energy Utilization

FESC adheres to the energy management philosophy of "green, low-carbon, and efficient." With reference to the TCFD framework, it systematically establishes an energy utilization management system around four pillars: governance, strategy, impact, risk and opportunity management, and metrics and targets.

Governance

The Company's energy management system is organized into three tiers: company-wide, department-level, and production plant-level. The Company has established an Energy Conservation Leadership Group, which serves as the leading body for energy management.



Energy Management System Certification of FESC's Subsidiary

Energy Management Structure

Governance Level	Responsible Departments or Personnel	Responsibilities
Governance Level	Group Leader — Chief Safety, Environmental and Production Service Officer	– Supervise the Company's energy management-related work;
Management Level	Deputy Group Leaders — Assistant Director of the Equipment and Energy Department, Production Service Officer of the Production Service Department, Senior Director of the Financial Service Department, Assistant Director of the Procurement and Supply Service Department, Quality Service Officer of the Technology and Quality Service Department	– Assist the group leader in formulating the Company's energy development investment projects and plans; – Organize supervision and inspection of the Company's energy utilization; – Organize energy-related training and periodic summary reporting;
Execution Level	Members — Personnel from various departments	– Responsible for regulating energy use and ensuring safe energy consumption; – Effectively control energy utilization and maintain energy facilities; – Analyze and improve the department's energy consumption.





Strategy

The Company adheres to proactively identifying and systematically managing energy-related risks and opportunities, establishing a dynamic control mechanism covering the entire process of "monitoring–early warning–response–optimization." Through systematic identification of energy efficiency gaps and energy price fluctuations, the Company coordinates energy-saving technological transformation, effectively mitigating risks while continuously exploring the potential for cost reduction and efficiency improvement in energy use.

Identification of Major Impacts, Risks, and Opportunities Related to Employee Topic at FESC

Risk Type	Impact Pathways and Affected Business	Impact Period	Response Measures
Physical Risks			
Market Risks	– Energy prices such as electricity and natural gas are increasingly volatile due to international conditions and supply-demand dynamics, leading to rising uncertainty in production energy costs; – Industry energy efficiency standards continue to improve, and downstream customers incorporate product carbon footprints into procurement evaluation systems. Lagging energy efficiency levels may result in loss of market share.	Short term Medium term Long term	– Construct photovoltaic power stations to increase the proportion of self-generated green electricity; – Explore the application of energy storage systems to reduce electricity costs through peak-valley price differences; – Establish an energy cost early warning mechanism and optimize procurement strategies; – Build product carbon footprint accounting capabilities and set energy efficiency improvement targets benchmarked against industry leaders; – Accelerate the elimination and replacement of high-energy-consuming equipment and develop low-carbon green products.
Transition Risks	– Rapid iteration of new energy technologies may pose risks of technological substitution for existing production processes, equipment, or products.	Short term Medium term Long term	– Increase R&D investment and track cutting-edge technology trends; – Establish a technology pre-research mechanism and proactively plan next-generation processes; – Implement equipment upgrade plans to maintain technological advancement.
Operational Risks	– Incomplete energy data collection, inaccurate monitoring, or fragmented management may lead to inaccurate energy efficiency diagnostics, affecting the effectiveness of energy-saving decisions.	Short term Medium term	– Rely on AI-based energy management systems and power monitoring platforms to achieve full-coverage, real-time data collection; – Establish an energy data governance mechanism to ensure data accuracy and completeness.

Identification of Major Energy Opportunities of FESC

Opportunity Type	Impact Pathways and Affected Business	Impact Period	Response Measures
Physical Opportunities			
Cost Optimization Opportunities	– With the increasing maturity of distributed photovoltaic and energy storage technologies, under the background of electricity market reform, clean energy substitution can effectively reduce energy costs and hedge against energy price volatility risks.	Short term Medium term Long term	– Continuously expand the installed capacity of distributed photovoltaic systems in plant areas; – Explore integrated applications of "photovoltaic + energy storage"; – Participate in direct green electricity procurement transactions to secure lower-cost green energy resources.
Market Expansion Opportunities	– As downstream customers upgrade their green procurement requirements, low-carbon and energy-saving products gain market premiums, creating a growth window for the Company's green product portfolio.	Short term Medium term Long term	– Continue to develop energy-saving and green products; – Establish product carbon footprint certification capabilities; – Actively participate in major national green projects.
Operational Efficiency Improvement Opportunities	– The application of new technologies such as AI energy management systems and digital twins provides support for refined energy management and unlocks potential for energy efficiency improvements.	Short term Medium term	– Continuously upgrade AI energy management systems; – Promote full-process quality traceability and linkage with energy data.

Impact, Risk, and Opportunity Management

The Company conducts regular assessments of energy-related risks and opportunities, continuously advances energy transition and energy-saving transformation, and deepens refined energy management to achieve coordinated progress in risk prevention and value creation.

Assessment of Risks and Opportunities

Energy-related risks and opportunities are assessed based on the Company's risk management framework, with their importance determined by the probability of occurrence and impact pathways.

Management of Risks and Opportunities

Based on the assessed importance of risks and opportunities, the complexity of response measures, and the resources required, the Company's energy action plan is referenced to formulate corresponding response strategies for risks and opportunities.

Addressing Risks and Seizing Opportunities

Energy management representatives coordinate the implementation of various risk and opportunity response strategies, working with business departments to advance energy initiatives and report on progress.

Case | Practicing Green Manufacturing and Building Green Factories

Guided by the concept of green development, the Company has aligned with green factory evaluation standards from the early stages of plant construction, implementing green manufacturing principles throughout the entire process from design planning to equipment installation. It has successively established four national-level "Green Factories," including New Far East Cable, Far East Cable, Far East Composite Technology, and Jiangxi Far East Battery, and has received multiple honors such as "National Green Supply Chain Management Demonstration Enterprise" and "Industrial Product Green Design Demonstration Enterprise."

In terms of energy management, FESC has built photovoltaic power stations to achieve self-sufficiency in plant lighting and residential electricity use, while establishing a full-coverage power monitoring platform, accelerating the phase-out of high energy-consuming equipment, and continuously advancing energy conservation and consumption reduction. Leveraging AI-based energy management systems, the Company has achieved precise energy management and efficient resource utilization, and has gradually increased the proportion of green electricity in its plants through the "photovoltaic + energy storage" model. On this basis, the Company has successfully developed green products such as carbon fiber composite core conductors, energy-saving conductors for ultra-high voltage projects, and liquid-cooled high-power charging cable products, contributing to the achievement of the "carbon neutrality and carbon peaking" goals through green intelligent manufacturing practices.





Case | FESC's Energy Audit Activities

In accordance with the Requirements for Energy Management Systems (GB/T 23331) and other relevant standards, the Equipment and Energy Service Department led the 2025 annual energy audit of FESC, which was also participated in by the Production Service Department, the Finance Department, and the heads of various production plants. The audit scope covered all energy types, including electricity, natural gas, steam, diesel, and gasoline, and spanned the entire process from energy procurement, storage, processing and conversion, transmission and distribution, to usage. Through the audit, the Company accurately identified eight categories of energy-saving opportunities, including low efficiency of DC motors in extrusion machines, high energy consumption of pay-off racks in cabling machines, and waste caused by full-speed operation of cooling water pumps. The energy audit not only clarified the baseline of energy consumption but also established a closed-loop mechanism of "data monitoring–performance evaluation–issue diagnosis–improvement implementation," providing scientific support and management backing for continuously improving the Company's green manufacturing level and supporting the national "carbon neutrality and carbon peaking" strategy.

Far East Energy Consumption Table

Far East Energy Consumption Table[4]

Gasoline	Natural gas	Diesel
105 tons	4.5 million m^3	217 tons

Steam	Electricity
25,820 tons	115.44 million kWh

[4]The scope of energy consumption statistics covers the core entities of FESC, including Far East Cable, New Far East Cable, and Far East Composite Technology.

Case | Energy Conservation and Emission Reduction Measures and Renewable Energy Utilization

During the reporting period, the Company organized and implemented a series of energy-saving retrofit projects, effectively reducing energy consumption and steadily improving energy efficiency.

List of Key Energy-Saving Projects in 2025

No.	Project Category	Project Name	Energy-Saving Effect (tce/year)
1	Energy-Saving Retrofit	Kecheng 80 extrusion machine AC servo motor retrofit	19.91
2	Energy-Saving Retrofit	Replacement of the DC motor with a variable frequency motor for the 90 extrusion machine main unit	23.89
3	Energy-Saving Retrofit	Replacement of the DC motor with a servo motor for the 95 silane machine B-material main unit	23.89
4	Energy-Saving Retrofit	Boiler Room No. 2 boiler	291.43
5	Energy-Saving Retrofit	Reverse tension retrofit of pay-off racks for four 120 sheathing machines and one 150 sheathing machine	16.59
6	Energy-Saving Retrofit	Cooling circulating water pump retrofit to a constant-pressure water supply	36.46
7	Energy-Saving Retrofit	1#2#90 continuous vulcanization machines	20.44
8	Energy-Saving Retrofit	1#150 extrusion machine	77.43
9	Energy-Saving Retrofit	1#150 extrusion machine	61.94
10	Energy-Saving Retrofit	Cooling circulating water pump retrofit to a constant-pressure water supply	15.57
11	Energy-Saving Retrofit	Main motor retrofit for 1~4#90 extrusion machines	136.27
12	Energy-Saving Retrofit	Reverse tension of pay-off racks	15.93
13	Energy-Saving Retrofit	Main motor retrofit for 150 machine	46.46
14	Energy-Saving Retrofit	Main motor retrofit for 1#2#65/120 extrusion machines	93.22

Metrics and Targets

Based on the results of energy audit, the Company has established targets for total comprehensive energy consumption, comprehensive energy consumption per RMB 10,000 of output value, and comprehensive energy consumption per unit of conductor, and continuously tracks progress toward these targets. The completion of targets during the reporting period is as follows:

Energy-Related Targets and Progress of FESC

Target Indicator	Comprehensive energy consumption per RMB 10,000 of output value (tce/RMB 10,000)	Total comprehensive energy consumption (tce)	Comprehensive energy consumption per unit of conductor (kgce/t)
Target and Progress Tracking for January-June 2025			
Baseline (Actual Performance in 2024)	0.0046	26,280	31.2816
Target Value	0.0046	26,017	55.7438
Basis for Target Setting	Reduced by 1% compared with baseline	Reduced by 1% compared with baseline	Reduced by 1% compared with baseline (baseline adjusted upward by 80%)
Actual Performance	0.0031	10,956	54.3736
Whether Target Achieved	Achieved	Achieved	Achieved
Target and Progress Tracking for July-December 2025			
Baseline (Actual Performance in January-June 2025)	0.0031	/	54.3736
Target Value	0.0031	/	53.8289
Basis for Target Setting	Reduced by 1% compared with baseline	/	Reduced by 1% compared with baseline
Actual Performance	0.0030	11,815	55.9235
Whether Target Achieved	Achieved	Achieved	Not achieved; increased use of cooling, heating, and steam in the second half of the year



The Company actively implements a green and low-carbon development strategy. Leveraging idle resources such as factory rooftops, it has built a 7.2 MW distributed photovoltaic power station, adopting a "self-generation for self-use with surplus power fed into the grid" model, continuously improving the share of clean energy in production. During the reporting period, the photovoltaic system operated stably, effectively replacing traditional fossil energy, increasing the proportion of green electricity to approximately 20%, significantly reducing carbon emissions and overall energy consumption in the production process, promoting the green transformation of the energy structure, and fulfilling its "carbon neutrality and carbon peaking" goals and sustainable development responsibilities.

Far East Cable Awarded Green Electricity Certification ▶



Environmental Compliance Management

FESC strictly complies with the *Environmental Protection Law of the People's Republic of China*, the *Environmental Impact Assessment Law of the People's Republic of China*, and other relevant laws and regulations. Benchmarking against internationally advanced environmental management standards, it has established an environmental management system covering the entire process of production and operations. Its subsidiaries, including Far East Electric Co., Ltd., Far East Cable Co., Ltd., New Far East Cable Co., Ltd., and Far East Composite Technology Co., Ltd., have all obtained environmental management system certifications.



Environmental Management System Certification

Systems and Measures

The Company has formulated and issued the *Safety and Environmental Protection System*, establishing a comprehensive management framework covering organizational structure, division of responsibilities, management requirements, inspection mechanisms, and reward and punishment measures. This system strictly implements the principle of "three managements and three responsibilities," decomposing safety and environmental protection responsibilities down to each position and individual, ensuring clear accountability and effective implementation. On this basis, the Company has established a closed-loop mechanism for hazard identification and management of "inspection–rectification–acceptance–assessment." Through a combination of positive incentives and negative assessments, it promotes full participation in safety and environmental management, achieving effective risk control and continuous improvement. Far East Cable has further refined implementation by issuing a series of procedural documents, including the *Waste Management Procedure*, the *Noise Management Control Procedure*, the *Waste Gas Pollutant Control Procedure*, and the *Wastewater Pollutant Control Procedure*. These documents systematically define environmental management requirements and form a complete framework from top-level policies to specific execution.

Emergency Response Plan for Environmental Risk Incidents

The Company adheres to systematic identification and control of safety and environmental risks, preventing accidents and effectively safeguarding the safety of employees' lives and property as well as the ecological environment. Emergency management plans have been formulated, and regular safety and environmental protection training and emergency drills are conducted. New Far East Cable, Far East Composite Technology, and Far East Copper Foil (Jiangsu), in accordance with relevant laws and regulations such as the *Environmental Protection Law of the People's Republic of China,* the *Emergency Response Law of the People's Republic of China,* and the *Work Safety Law of the People's Republic of China*, have respectively prepared the *Emergency Response Plan for Environmental Incidents of New Far East Cable*, the *Emergency Response Plan for Environmental Incidents of Far East Composite Technology*, the *Emergency Response Plan for Environmental Incidents of Far East Copper Foil (Jiangsu)*, and the *Emergency Response Plan for Environmental Incidents of Yibin Far East Copper Foil*, which have been filed with the ecological and environmental authorities under filing numbers: 320282-2025-650-L, 320282-2025-652-L, 321283-2024-1884-M, and 511503-2024-029-M.

Case | The Company's Participation in Government Environmental Protection Training

The Company actively responded to government initiatives by organizing core management personnel and environmental specialists to participate in a special training session on "Performance Grading of Key Industries During Heavy Pollution Weather," hosted by the competent authorities. The training provided an in-depth interpretation of the latest policy directions, differentiated indicators, and application procedures for performance grading, with a focus on analyzing key emission reduction technologies and emergency control measures within the industry. Through case studies by authoritative experts and on-site Q&A sessions, participants gained a precise understanding of rating standards and improvement pathways, further clarifying the Company's standardized response direction under heavy pollution conditions. This training laid a solid foundation for optimizing the Company's environmental management system and enhancing its green competitiveness, demonstrating the Company's firm commitment to fulfilling environmental responsibilities and contributing to regional air quality improvement.



Case | The Company's Training and Drills on Hazardous Chemicals and Hazardous Waste

To strengthen awareness of safety red lines in production, the Company organized specialized training and practical drills on hazardous chemical management and standardized disposal of hazardous waste. The activities covered key topics such as storage and usage specifications for hazardous chemicals, identification and ledger management of hazardous waste, and emergency response to accidental leaks. Through a combination of theoretical instruction and on-site simulation, the initiative effectively enhanced frontline employees' risk identification capabilities and emergency response speed. During the drills, participants promptly activated emergency plans, skillfully operated emergency equipment, and orderly completed processes such as incident reporting, personnel evacuation, and scientific handling of hazards. This training and drill effectively reinforced the Company's environmental safety foundation and further strengthened the safety defense line for hazardous chemicals and hazardous waste management.





Key Performance

Environmental Protection Training	Number of Participants in Environmental Protection Training
60 hours	9,589

Pollutants and Waste Management

FESC adheres to the bottom line of environmental compliance, integrating pollutant control and full lifecycle waste management into the entire production and operation process. Through source reduction, classified recycling, standardized disposal, and resource recycling, the Company continuously reduces environmental impact and fulfills its ecological protection responsibilities through refined management.

Systems and Measures

The Company strictly complies with laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Law on the Prevention and Control of Atmospheric Pollution of the People's Republic of China*, the *Law on the Prevention and Control of Water Pollution of the People's Republic of China*, and the *Law on the Prevention and Control of Noise Pollution of the People's Republic of China* in carrying out pollutant and waste management. The Company has formulated the *Safety and Environmental Protection System*, which clearly specifies management requirements for wastewater, waste gas, hazardous waste, and chemicals, ensuring that all types of waste and pollutants are discharged in compliance with standards and continuously reducing environmental impact.

Waste Management

The Company has formulated the *Waste Management Procedure* to strengthen the management and disposal of waste. Waste can be classified into three categories: General waste (such as domestic waste) is handled by the Property Service Department in coordination with sanitation authorities and transported to designated disposal sites; recyclable waste is handled by the Procurement and Supply Service Department in cooperation with qualified entities, with environmental protection requirements specified in contracts; hazardous waste (such as copper sludge, aluminum sludge, waste oil, and waste emulsions) is handled by the Procurement and Supply Service Department in cooperation with qualified entities, with hazardous waste disposal contracts signed, and the Safety and Environmental Service Department assisting in completing compliant transfer procedures. During the reporting period, all waste generated by the Company was properly disposed of in compliance with regulations.





Waste Gas Emissions Management

The Company has formulated the Waste Gas Pollutant Control Procedure to strengthen effective management of waste gas and reduce environmental pollution. Waste gas mainly includes toxic and harmful gases emitted from plastic extrusion machines, exhaust emissions from transport vehicles, and waste gas emitted from continuous vulcanization equipment.

Waste Gas Emission Control Measures

Source Control

- Equipment Control: Purchase equipment that meets emission standards for waste gas pollutants;
- Raw Material Control: Under the premise of ensuring quality, use raw and auxiliary materials that generate lower waste gas emissions.

Supervision and Management

- Entrust environmental monitoring authorities to conduct waste gas emission monitoring;
- Carry out routine inspections on waste gas pollution prevention and control, and promptly implement corrective/preventive measures when problems are identified.

Process Control

- Strictly follow operating procedures to prevent improper operations that may generate large amounts of harmful gases;
- Equipment connected to environmental protection facilities must ensure synchronous operation of such facilities during operation;
- Install absorption devices where conditions permit to convert fugitive emissions into organized emissions;
- Immediately report and repair any equipment abnormality causing waste gas emissions;
- Strictly operate mixing and batching in accordance with work instructions to reduce dust generation.

Wastewater Discharge Management

The Company has formulated the Wastewater Pollutant Control Procedure to ensure effective control of production and domestic wastewater. During the reporting period, wastewater achieved 100% compliant discharge, and no wastewater-related environmental pollution incidents occurred.

Wastewater Discharge Control Measures

Production Water Control

- Handwashing or cleaning of other items is not allowed in circulating water pools or tanks;
- It is strictly prohibited to pour any oil products, chemicals, or other substances into the cooling circulating water;
- Maintain cleanliness around equipment, channels, and pipelines where cooling circulating water flows to prevent contamination.

Domestic and Other Water Use Control

- It is not allowed to wash oil drums or chemical containers at domestic water taps;
- Any engine oil or fuel oil leaked from automobiles or other transport vehicles must be cleaned up promptly and must not flow into rainwater drains or cable trenches.

Monitoring and Supervision

- Entrust environmental monitoring authorities annually to monitor wastewater pollutant discharge indicators;
- Conduct daily inspections of domestic and production water use within departments, and promptly correct and record any issues identified.

Noise Pollution Control

The Company has formulated the Noise Management Control Procedure to strengthen the control and management of noise sources and reduce environmental noise pollution. During the reporting period, the Company's noise emissions met regulatory standards.

Noise Pollution Control Measures

Types of Noise	Typical Equipment	Control Measures
Aerodynamic noise	Air compressors, transport vehicles	– Strictly follow operating procedures; – Ensure proper equipment maintenance and servicing.
Mechanical noise	Drawing machines, stranding machines	– Maintain smooth flow of oil, water, and gas; ensure equipment operates in good condition.
Electromagnetic noise	Electric motors, transformers	– Ensure proper management, use, maintenance, and repair; – Ensure personnel are trained to operate, maintain, inspect, and troubleshoot.

Water Resources Management

FESC continuously optimizes its water usage structure, actively conducts water resource stress assessments, and promotes the rational development and efficient utilization of regional water resources. Through water-saving technological upgrades, wastewater treatment, and recycling projects, the Company continuously improves water resource utilization efficiency at production bases and effectively ensures water use security. In addition, the Company has set a water consumption intensity reduction target of 1%, corresponding to annual water savings of approximately 6,000 tons, guiding intensive water resource utilization through quantified objectives.

Systems and Measures

We strictly comply with laws and regulations including the *Law on the Prevention and Control of Water Pollution of PRC and the Water Law of the PRC*, and have formulated water resource management systems such as the *Water Conservation Management System* to promote efficient and circular water utilization.

Action Measures

Water Conservation Measures

- We carry out park renovation and upgrading projects, implementing a three-level pipeline network transformation across plant areas, production plants, and process equipment, addressing water resource waste caused by pipeline damage.

Water Resource Utilization and Wastewater Discharge

- We strengthen water resource utilization and sustainable management, establishing a wastewater treatment system including a copper-containing wastewater pretreatment and reuse system, a copper-containing wastewater treatment discharge system, a chromium-containing wastewater pretreatment and reuse system, and a chromium-containing wastewater evaporation zero-discharge system. In strict accordance with Class B standards in Table 1 of the *Water Quality Standards for Sewage Discharge into Urban Sewer Systems* (GB/T 31962-2015) and Class III standards in Table 4 of the *Integrated Wastewater Discharge Standard* (GB 8978-1996), wastewater is discharged into municipal sewage pipelines and then centrally treated by sewage treatment plants in the cities where subsidiaries are located, and wastewater discharge is regularly monitored.

Circular Economy

FESC focuses on full lifecycle management of raw materials, continuously strengthens standardized control of raw materials and packaging materials, strictly implements restrictions on the use of hazardous substances, and actively promotes the application of recycled materials and green substitution solutions. From the source, the Company improves resource utilization efficiency and reduces environmental compliance risks, driving low-carbon and circular development of the industry through a full-chain green management philosophy, and contributing to the construction of a sustainable green supply chain system.

Raw Material and Packaging Material Management

The Company integrates green procurement into its development strategy, formulates a green procurement standard system, and achieves full coverage of green supply chain management for more than 300 major suppliers through the SRM platform, ensuring green compliance from the source of raw material supply.

The Company actively promotes the substitution and upgrading of green raw materials and implements environmental improvements to the core raw materials of cables. Halogen-free flame-retardant filler ropes are used to replace traditional fiberglass ropes, and halogen-free low-smoke materials are used to replace existing PVC insulation materials. The Company has focused on launching low-smoke halogen-free cable products, improving environmental performance from the raw material stage. Following these improvements, nearly 20 environmental protection-related patents have been obtained. At the same time, the Company conducts annual routine improvement proposals for raw materials, systematically reviewing and addressing raw material-related issues in the production process. Through continuous optimization of raw material usage schemes, the Company steadily improves material utilization efficiency and product quality. In addition, in the manufacturing process, the Company consistently prioritizes the use of green raw materials and, combined with process improvements, has launched green energy-saving products such as polypropylene insulated cables and high-flexibility cold-resistant eco-friendly cables for aircraft charging. These material selections are precisely aligned with environmental requirements in areas such as recyclable utilization, clean energy, and green buildings.



Subsidiaries of FESC have obtained Green Packaging Management System Certification, with the green packaging management system complying with GB/T 37422-2019.



Control of Toxic and Hazardous Substances

The Company complies with the regulatory classification requirements for hazardous substances under the *Guidelines for the Use and Control of Key Chemicals in Consumer Products* (GB/T 39498-2020), proactively identifies toxic and hazardous substances throughout the production process, and simultaneously establishes dedicated management systems to ensure standardized collection and compliant disposal of such substances. In addition, the Company promotes source reduction of hazardous waste through targeted measures, sets clear reduction targets, and establishes a regular tracking mechanism to continuously monitor progress toward target implementation.

Measures for Hazardous Waste Reduction and Hazard Mitigation

Design Improvement

Upgrade production equipment such as copper drawing machines and multi-head drawing machines to reduce the generation of copper sludge, waste emulsions, and waste mineral oil; seek higher-quality drawing oils to extend service life; and adopt copper sludge spin dryers to further reduce copper sludge generation.

Adoption of Advanced Processes and Equipment

Replace heating tubes of extrusion machines with infrared heating tubes to substitute cast aluminum heating blocks, improving heat conduction efficiency and reducing electricity consumption; replace imported copper drawing machines and cross-linking machines to reduce hazardous waste generation; adopt variable frequency motors to reduce electricity consumption.

Use of Clean Energy and Raw Materials

Certain cable products use halogen-free particle materials to reduce VOC emissions; environmentally friendly flame-retardant materials are used to replace lead- and arsenic-containing flame retardants.

Improvement of Pollution Prevention and Control

Install online monitoring equipment to continuously monitor waste gas emissions in plant areas; improve environmental protection equipment in workshops and carry out regular dust removal and carbon replacement as required.

Comprehensive Utilization of Hazardous Waste

Fully collect hazardous waste generated within the plant area and entrust qualified companies for disposal.

Management Improvement

The Company advocates paper-saving practices internally; strengthens operational management of employees handling emulsified oil addition to prevent increases in waste emulsions caused by human negligence.

Metrics and Targets

Names of Hazardous Substances	Expected Annual Generation Volume	Expected Reduction Volume	Unit
Waste mineral oil	400	2	Ton
Emulsion	60	1	Ton
Copper-containing waste	20	1	Ton
Waste activated carbon	10,000	500	Kg
Contaminated packaging materials and containers containing or contaminated with toxic or infectious hazardous waste	2	0.5	Ton

Circular Materials

FESC adheres to the circular economy principle of "reduction, reuse, and resource utilization," strengthens classified recycling and compliant disposal of waste, and has established a comprehensive waste classification and recycling network to improve resource utilization efficiency. Through the systematic promotion of circular economy models, the Company continuously reduces resource consumption and environmental impact, contributing to the achievement of the "carbon neutrality and carbon peaking" goals through green circular development.

The Company has formulated a waste product recycling procedure, clearly defining responsibilities and operational procedures of relevant departments, enabling the recycling and reuse of waste cables and cable reels, thereby protecting the environment and promoting circular utilization. The store general manager/customer manager evaluates recycling treatment plans and contacts the Logistics Service Department to arrange transportation companies to return materials to the Company or handle them locally; the Technical Quality Service Department is responsible for incoming inspection of waste cables and cable reels and implements reporting and approval in accordance with return product handling procedures or reel recycling regulations; the Audit and Settlement Service Department is responsible for financial settlement of waste cables and cable reels; the Procurement and Supply Service Department is responsible for processing, repairing, reprocessing, and reutilizing waste cables and cable reels.



Ecosystem and Biodiversity Protection

FESC integrates biodiversity protection into its environmental management system in accordance with its industry characteristics. Through full-chain risk identification, targeted control measures, and long-term planning, the Company systematically fulfills its biodiversity protection responsibilities.

Comprehensive Risk Identification

Based on industry characteristics, the Company identifies potential biodiversity impacts across four dimensions: raw material procurement, production operations, pollutant emissions, and logistics transportation, including supply chain mining activities, land use within plant areas, pollutant leakage, and transportation disturbances. At the same time, the Company conducts a compliance review of plant site selection, identification of surrounding ecological baseline conditions, analysis of ecological impacts during operations, and assessment of supply chain transmission risks, thereby defining key ecological risk points and protection priorities.

Regular Long-Term Planning

In the future, the Company will continue to uphold the concept of green development, incorporate biodiversity management into the ESG system as a routine task, strengthen collaboration with upstream suppliers, advocate responsible raw material procurement, and reduce biodiversity impacts across the value chain. The Company will also organize volunteer activities linked to occasions such as Ecology Day and Environment Day to enhance employee participation and continuously safeguard the ecological environment through practical actions.



Three-Tier Differentiated Control

Based on risk identification results, the Company has formulated and implemented a three-tier response framework of "avoidance and minimization, control and mitigation, and restoration and compensation":

Avoidance and Minimization

- **Optimization of Spatial Layout:** Harden ground surfaces and construct standardized workshops to minimize exposed land and control soil erosion. Production areas, storage areas, and factory boundary green belts form physical separation, reducing ecological disturbance from production activities beyond the factory boundary.
- **Source Substitution:** In response to policy requirements, promote the use of environmentally friendly materials and reduce the use of toxic and hazardous substances. For example, promote the substitution of low-VOC raw and auxiliary materials.

Control and Mitigation

- **Strengthened Pollution Control Facilities:** Install efficient waste gas treatment facilities to ensure stable compliance of pollutant emissions; particulate emissions are controlled at low levels to reduce impacts on photosynthesis of surrounding plant leaves.
- **Stormwater Management:** Construct a rainwater collection system to control initial rainwater carrying surface pollutants from entering natural water bodies. Install shut-off valves at rainwater discharge outlets within the plant area to prevent polluted rainwater from being directly discharged into rivers, thereby protecting aquatic organisms.

Restoration and Compensation

- **Plant Greening Enhancement:** Without affecting fire access routes and work safety, utilize unused corner areas within the plant for multi-layer greening of trees, shrubs, and grass. Select native plant species to build a simple on-site ecosystem, providing small habitats and stopover points for birds and insects during migration.
- **Ecological Awareness Promotion:** Integrate biodiversity protection concepts into daily employee training and encourage employees to save water and electricity and reduce resource waste.

02
Social Section

Fulfill Social Responsibility

Enhance Social Well-being

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Contribution to the United Nations Sustainable Development Goals (SDGs)



Safety and Quality of Products and Services

Governance

FESC has established the Quality Management Committee as the core coordination body for enterprise quality work, responsible for formulating and reviewing the Company's quality policies, strategies, and objectives. Chief Executive Officer serves as Director, and members include chief experts, Chief Customer Service Officer, and heads of various departments and production plants, as well as industry and internal technical experts, forming a three-tier quality management structure of "strategic coordination at the decision-making level, implementation at the execution level, and professional support at the expert level." The Company has established the Technical Quality Service Department as the dedicated management and promotion body for the quality management system, responsible for quality planning, quality control, and quality improvement functions. Heads of production plants and departments serve as representatives of the execution level, ensuring that quality control requirements are effectively implemented across all business processes. Industry and internal experts provide professional and technical support for quality decision-making, ensuring the scientific rigor and feasibility of quality control measures.

To comprehensively standardize product lifecycle quality management processes and requirements, the Company has established a complete product quality management system based on ISO9001, IATF16949, and other international standards, industry characteristics, and its own operational practices. A systematic document framework has been developed, including Level 1, Level 2, and Level 3 control documents such as the *Quality/Environment/Occupational Health and Safety Management System Manual, the Quality/Environment/Occupational Health and Safety Management System Procedures*, and the *Quality System*. A dynamic update mechanism has been established to ensure regular review and revision, keeping the system aligned with actual management needs.

During the reporting period, the Company continuously optimized its quality management documentation system and promoted implementation through all-staff training, on-site communication, and practical assessments. At the same time, it leveraged enterprise information systems to improve document retrieval and communication efficiency, achieving continuous improvement in quality management capabilities.

Strategy

The Company implements a "High-End, High-Quality, and Digitalized" quality strategy. With first-class design, materials, processes, manufacturing, and service, it ensures high product quality, focuses on major national projects and critical infrastructure, and promotes product upgrading toward high-end development. At the same time, with intelligent manufacturing as the entry point, the Company builds a full lifecycle digital product management system to enable digital empowerment. The quality strategy is implemented in three phases, each spanning five years. The Company aims to build a quality intelligence system over three five-year periods and develop a cable industry energy-saving and environmental protection ecosystem.

Far East "3-3 System" Quality Strategy

First Phase 2010-2015

Quality Assurance System Meets Requirements

Through continuous improvement of the comprehensive quality management system, the Company has established a robust internal quality control system covering the entire process from product design to product delivery in terms of product quality.

Second Phase 2015-2020

Quality Improvement System Meets Customer Requirements

By building a robust Six Sigma system and fully implementing R&D process quality management, QC group activities, and full lifecycle quality management, the Company established its distinctive quality improvement system.

Third Phase 2021-2025

Intelligent Digital System Exceeds Expectations

Through big data-based quality early warning, end-to-end intelligent quality traceability, and automated analysis and processing of quality indicators, the Company achieves online product monitoring.

Impact, Risk, and Opportunity Management

Products are the core carrier for an enterprise to establish itself in the market, and FESC has a profound understanding of the importance of product management. To maintain competitive advantages in a complex and changing market environment, the Company follows a management process of identification, assessment, and response to comprehensively manage the risks, opportunities, and impacts associated with its products.

Identification

- Based on market trends, changes in customer demand, updates in industry standards, and competitor dynamics, the Company identifies product-related risks such as quality risks, technological substitution risks, and market competition risks.
- In accordance with the Company's "High-End, High-Quality, and Digitalized" quality strategy and the "Double Zero, Four True, and Five Focus" high-quality development model, as well as relevant policy supports, the Company defines and describes product-related opportunities, including market expansion opportunities, product upgrading opportunities, and brand enhancement opportunities.

Assessment

- For identified risks or opportunities, the Company evaluates key contributing factors such as changes in customer preferences, the speed of emergence of new technologies, and competitor strategy adjustments.
- The Company analyzes their potential main impacts, including sales revenue, profit, market share, customer satisfaction, and the time horizon of impacts, determining whether they are short-term shocks or long-term trends.
- Through its full lifecycle quality risk management system, FESC identifies risks from three sources—quality, safety, and environment—and applies quality tools such as FMEA, MSA, SPC, and DOE to ensure systematic and forward-looking assessment.

Response

- For risks, the Company formulates measures such as product quality control, technological R&D follow-up, and differentiated competition to strengthen its ability to respond to product risks. The Company has built a "Five Focus" quality safety responsibility system (focusing on talent, systems, standards, supervision, and data), implemented a "quality incident recall system," introduced third-party on-site supervision, and established a State Grid monitoring platform to strengthen full-process quality risk control.
- For opportunities, the Company formulates strategies such as product optimization, market promotion, and partnership expansion to capture product opportunities and achieve business growth and brand value enhancement. Relying on its "One Institute and Six Centers" R&D platform, full lifecycle digital quality management systems (MES, ERP, SCANDA, OA), and a tightly integrated industrial chain alliance ecosystem, the Company continuously promotes high-end and digital upgrading of products and enhances core competitiveness.

Metrics and Targets

The Company establishes metrics and targets for product quality management and continuously tracks their achievement, forming a long-term supervision mechanism to ensure effective implementation of quality management.

During the reporting period

Product inspection pass rate:



FESC Product Quality Management Metrics and Targets and Their Progress in 2025

Proportion of production bases that have obtained ISO 9001 and IATF 16949 quality management system certifications:	100%	Target	
	Completed	Progress	
No product recall or withdrawal due to health and safety issues occurred	0	Target	
	Completed	Progress	
Any major safety or quality liability accidents related to products and services	0	Target	
	Zero Occurrences	Progress	

Product Quality and Safety Control Measures

Quality Control Measures		Supporting Documentation
Preliminary management	Quality Management Committee	– Organizational structure chart – Responsibility allocation table
	Standards adopted for product quality control	– List of standards adopted for product quality control
Process management	R&D management	– Design and development control procedures – Technical systems – New product R&D report
	Supplier management	– Procurement control procedures – Procurement system – Qualified supplier list – Monthly assessment records – Annual assessment records – On-site assessment records – Supplier admission evaluation form – Supplier penalty/exit records
	Procurement management	– Procurement control procedures – Procurement system – Raw and auxiliary material procurement specifications – Procurement contracts – Procurement invoices – Warehousing records – Outbound records

Quality Control Measures			Supporting Documentation
Process management	Production process management	Raw materials	– Quality system – Raw and auxiliary material inspection specifications – Supplier quality certification documents – Incoming raw material re-inspection records
		Semi-finished products	– Quality system – Process inspection specifications – Process inspection records
		Finished products	– Quality system – Finished product inspection specifications – Finished product inspection records
	Storage, packaging, and transportation management		– Product handling, storage, packaging, protection and delivery procedures – Packaging and transportation specifications – Regulations on finished cable storage and pre-shipment inspection – Outgoing inspection records
	Nonconforming product control		– Nonconforming product control procedures – Nonconforming product handling records
After-sales management	After-sales service process and management specifications		– After-sales service management manual – Customer complaint handling process – Customer satisfaction monitoring and measurement procedures – External quality issue investigation operation standards – Installation and laying guidance manual for power cables – Quality status investigation report – Customer satisfaction report – Five-star after-sales service certificate
	After-sales response forms		– After-sales service and technical support commitment – After-sales response forms
Improvement and enhancement	Quality improvement management		– Continuous improvement control procedures – Quality system – Quality improvement and closed-loop plans – Quality improvement cases
	Quality training		– Quality service department training and activity plans – Internal quality training records – External quality training records
Traceability	Product quality traceability		– Identification and traceability procedures – Circulation card traceability records – System traceability records
	Application of enterprise information systems		– Enterprise information system operation manual – Enterprise information system screenshots

We are committed to building world-class laboratory testing capabilities and ensuring product quality through scientific and rigorous testing standards. The laboratory has obtained CNAS accreditation, China Metrology System certification, ISO 10012 Measurement Management System certification, and ISO/IEC 17025 China Conformity Assessment accreditation.

During the reporting period, subsidiaries of the Company passed external audits for IATF 16949, ISO 9001, and other international quality management systems and obtained certifications. The certification scope covers core dimensions including system document suitability, process control standardization, product quality assurance capability, customer satisfaction management, and corrective and preventive action implementation, covering 100% of the Company's business areas.



Laboratory Accreditation Certificate



Quality Management System Certification

IATF 16949 Quality Management System Certification

Product Recall Management

The Company has established a full-process traceability management mechanism covering both internal and external operations to ensure compliance and transparency throughout the entire process from raw materials to final products. In terms of product recall management, the Company has established a comprehensive *Product Recall Control Procedure* and an efficient recall mechanism to ensure rapid response and proper handling of product quality risks. When products due to design or manufacturing reasons result in the same batch, model, or category of cables and wires being widely non-compliant with national or industry standards related to personal and property safety, or otherwise posing unreasonable risks to personal and property safety, the Market Service Department is responsible for the entire recall process of defective cable products sold, while relevant departments are responsible for root cause analysis and subsequent handling of defective products. The Company addresses recalled products through replacement, return, supplementation, or correction of instructions for use to eliminate safety risks and bears the relevant costs. After recall completion, defective products are scrapped or downgraded under the supervision of government authorities and filed for record. Throughout the recall process, the Company conducts traceability and control of defective products in accordance with documents such as the *Nonconforming Product Control Procedure*, ensuring an accurate definition of recall scope and traceability of disposal processes.

Enhancing Product Accessibility

Liquid-cooled High-Power EV Charging Cable



The liquid-cooled high-power EV charging cable has obtained multiple internationally authoritative certifications, including CQC (China), TÜV (Germany), and UL (United States). It is widely deployed in fast-charging scenarios for new energy passenger vehicles and heavy-duty trucks across China, Europe, and North America. The product adopts an innovative integrated structure combining power transmission and liquid-cooled synchronous heat dissipation. Compared with traditional cables, its power-carrying capacity is increased by more than three times, with significantly improved current-carrying performance. At the same time, its weight is reduced by over 50%, delivering substantial lightweight advantages.

Leveraging excellent thermal conductivity and electrical conductivity, it enables a charging time of 5 minutes for a 600-kilometer driving range, effectively overcoming fast-charging bottlenecks and addressing a core constraint on the development of the new energy industry—slow charging speed. With outstanding performance, it has gained high recognition and widespread acclaim in global markets.

Home Wiring Cables



The Company has launched a "Worry-Free and Energy-Saving Home Wiring Cable Series," supported by an "Intelligent Electrical Safety Inspection Service." The products use high-quality raw materials, with a strong focus on safety and durability. Under normal conditions, its thermal life can reach up to 162 years, spanning three centuries and delivering a "century-long worry-free" user experience.

Green Products

FESC integrates the concept of low carbon across the full product life cycle, focusing on clean technology innovation and low-carbon product development, and continuously deepens R&D in clean energy technologies and the construction of a low-carbon product system. The Company places strong emphasis on the environmental benefits and ecological value of its products, establishes a full life cycle product management system, and develops environmentally adaptable green products through the integration of technological R&D and intelligent manufacturing, minimizing negative environmental impacts while meeting fundamental requirements such as functionality, quality, and service life.



Green Product Certification

Full Life Cycle Product Management

In the product development stage, the Company incorporates eco-design principles and prioritizes environmentally friendly materials. For example, in high-conductivity aluminum alloy core stranded conductor products, aluminum, silicon, boron, and other alloy materials are used to optimize electrical conductivity and material efficiency. In medium-voltage torsion cables for wind power and intelligent monitoring optical fiber composite fire protection cables, tinned copper conductors and silicone rubber are adopted to ensure high performance while reducing potential environmental and human health impacts. During R&D, emphasis is placed on lightweight design and material substitution to reduce the consumption of non-renewable resources.

The Company has established a comprehensive product recycling system for the recovery and reuse of waste cables. Materials such as aluminum alloy cores, copper conductors, and iron-wood reels are classified and recycled to reduce the environmental burden associated with landfill and incineration. At the same time, the Company explores a closed-loop application of recycled materials in products, promoting resource circularity and supporting a sustainable development pathway of "green design-clean production-circular regeneration."

The Company provides customers with detailed usage guidelines and energy-saving recommendations to help reduce energy consumption and environmental impact during product use. By improving product efficiency and service life, the Company indirectly reduces full life cycle environmental impacts.



The Company strictly screens suppliers and prioritizes partners with environmental qualifications and green manufacturing capabilities. The environmental impact of products primarily originates from the raw material acquisition stage. In procurement, the Company focuses on the source, transportation distance, and environmental impact of raw materials. Key raw materials include aluminum ingots and aluminum alloy ingots, which are prioritized for procurement as low environmental impact products while ensuring quality standards. At the same time, the Company encourages suppliers to adopt cleaner production processes and promotes the development of a green supply chain.

In the production stage, the Company introduces advanced manufacturing equipment and energy-saving technologies, optimizes process flows, and reduces energy consumption and pollutant emissions. Energy consumption in production mainly includes low-voltage electricity, natural gas, and water. The Company continuously reduces the environmental impact of production processes by increasing the use of green electricity, optimizing production scheduling, and minimizing material losses.

In the transportation stage, the Company rationally plans logistics routes and prioritizes low-carbon transportation modes. Through optimized packaging design and the use of recyclable and biodegradable packaging materials (such as iron-wood reels), the Company reduces waste generation and prioritizes low-emission transport tools, thereby lowering the carbon footprint of logistics operations.

Cultivation of Quality Culture

Quality culture is a key pillar supporting the Company's sustainable development. The Company continuously optimizes its quality management training system by conducting pre-shift meetings, quality pledges, March 15 Quality Day activities, Quality Month initiatives, quality improvement projects, and training on new ideas and concepts in quality management. These efforts have fostered a strong internal culture of "everyone values quality, everyone creates quality, and everyone enjoys quality." At the same time, the Company has established a Far East media matrix and produced a series of quality-themed programs, conveying its voice on quality to the industry and society.









In 2025, FESC actively conducted quality training

Employees covered
880

Total duration
94.5 hours

Quality management capabilities of individuals and teams were effectively improved

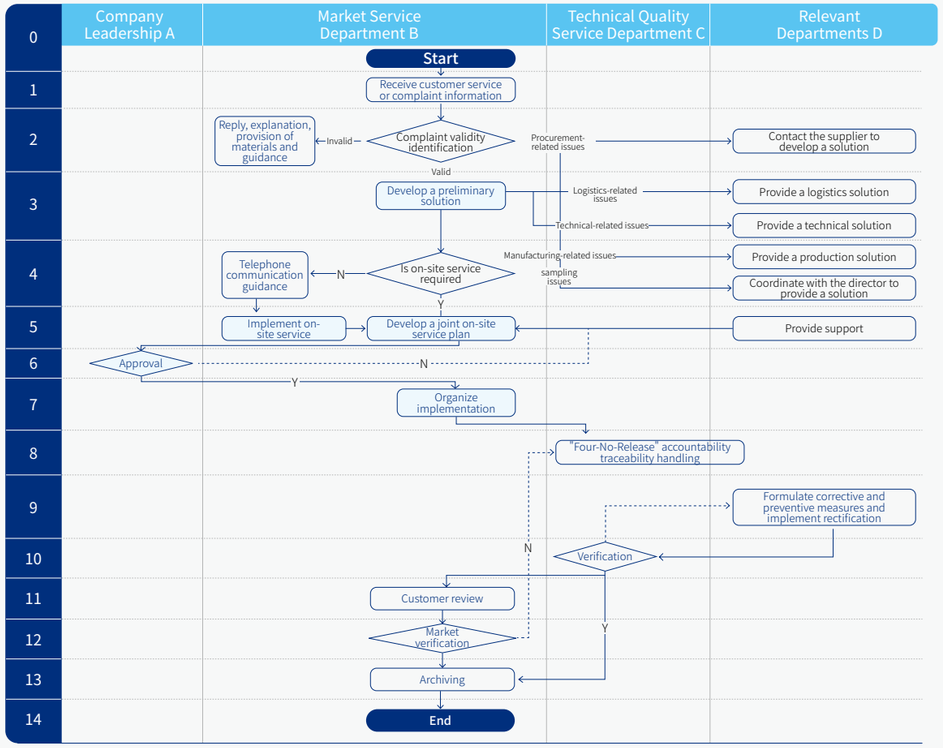
Customer Rights Protection

The Company has always placed customer rights protection as an important pillar of sustainable development, adhering to the service philosophy of "Sincerity and Craftsmanship." Empowered by digitalization, it continuously upgrades services and builds a full-channel, full-scenario customer service system. It upholds the principle that "service does not stop until customers are satisfied," delivering sincerity through smiles, responding to needs with speed, earning trust through integrity, listening with patience, and providing comprehensive technical support with professionalism.

Customer Service Management System

The Board of Directors is responsible for reviewing customer management strategies and supervising customer management risks and key performance indicators. The senior management team is responsible for formulating the overall work plan of the customer service center, organizing its implementation and supervision, and establishing, implementing, and maintaining the after-sales service management system. The execution level includes the Market Service Department, which is responsible for pre-sales, in-sales, and after-sales technical services to ensure customer requirements are resolved efficiently and in a timely manner. It is also responsible for handling customer complaints and grievances, regularly conducting customer satisfaction surveys, and urging relevant responsible departments to implement improvements and enhance customer satisfaction.

Customer Complaint Handling Process



The Company has established a comprehensive set of customer service management systems, including the *After-sales Service Management Manual*, the *Customer Satisfaction Monitoring and Measurement Procedure*, and the *Customer Complaint Handling Process*. A standardized complaint handling mechanism has been established. Through regular customer satisfaction surveys, data analysis, and service reviews, customer feedback is transformed into internal improvement inputs, forming a positive cycle of "monitoring-analysis-improvement-enhancement," thereby continuously improving service quality.

Customer Communication and Service

The Company attaches great importance to long-term and stable communication with customers. It receives service requests and complaint feedback through channels such as telephone and email, and conducts regular communication through customer visits and satisfaction surveys to ensure customer needs are fully understood and addressed in a timely manner. The Market Service Department serves as the centralized management unit for after-sales service and customer complaint handling. It is responsible for planning and implementing customer satisfaction survey programs and organizing technical service engineers to identify, respond to, handle, and track customer complaints, ensuring timely and accurate response to customer demands. We regularly organize cross-departmental coordination meetings, including customer satisfaction meetings and quotation review meetings, to enable information sharing and improve operational efficiency.

In 2025, the Company received a total of 15 customer commendation letters, reflecting high recognition of departments and employees.

Customer Satisfaction Survey

The Company conducts annual customer satisfaction surveys, determining the number of surveyed customers by category, region, product type, and industry to ensure coverage, comprehensiveness, and representativeness. During the reporting period, the Company conducted customer satisfaction surveys. A total of 300 questionnaires were distributed, of which 248 were valid. The survey covered product quality, pricing, services, communication channels, and improvement suggestions. The Market Service Department analyzed and summarized the survey results, combining customer complaints, commendations, sales performance, and market share to identify customer needs and expectations as well as areas for improvement, producing qualitative and quantitative analysis reports. The customer satisfaction analysis report serves as a basis for management review and the formulation of improvement plans.

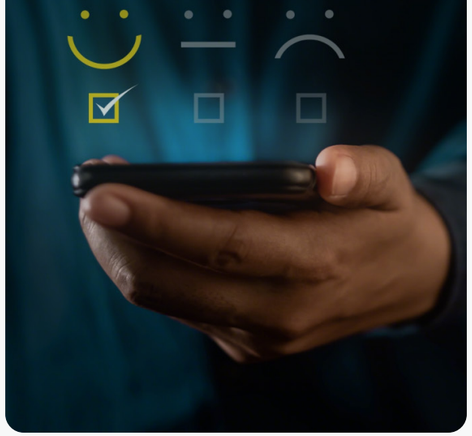
Key Performance

The Company's customer satisfaction survey received a total of

290 questionnaires returned

Customer satisfaction

85.93%



Responsible Marketing

The Company actively complies with the *Advertising Law of the People's Republic of China* and other relevant laws and regulations, and has established and implemented management systems such as the *FESC Marketing System*. It adheres to compliant communications, ensures that all promotional materials are based on reliable data sources, and strictly follows internal product inspection standards when describing product quality specifications, without exaggerated or false content. Sales personnel, during promotion activities, must ensure that the language used is objective and plain, avoiding exaggerated rhetoric or absolute expressions, preventing customer misunderstanding, eliminating the dissemination of false information, and actively practicing responsible marketing.

Product After-sales Management

The Company has established an after-sales service supervision mechanism and formulated the *Technical Service and Complaint Handling Process* and the *Customer Satisfaction Management Process* to effectively monitor and evaluate the operation of the after-sales service system, ensuring compliance with after-sales service work.

Market Service Department

- It is responsible for the comprehensive management and supervision of after-sales services, as well as the evaluation of technical personnel's service capability and effectiveness.
- It is also responsible for handling customer complaints and feedback, and analyzing and reporting complaint causes.

Logistics Service Department

- It is responsible for supervising the distribution and delivery of finished products, as well as the operations related to product returns and exchanges.

Technical Quality Service Department

- It is responsible for assessing the traceability of finished products and complaints, supervising the formulation and implementation of corrective measures, and verifying the feasibility of these measures to ensure closed-loop management.

Regional (Industry) Customer Officer

- It is responsible for supervising store general and customer managers in customer follow-up services and maintaining customer relationships.

Customer Complaint Handling

To ensure that customer complaints are effectively resolved, customer grievances are promptly eliminated and addressed, product quality and service reputation are safeguarded, and customer satisfaction is enhanced. The Company has formulated the *Customer Complaint Handling Process* and established supporting records such as the *Market Service Department Monthly Report* and the *Quality Situation Investigation Report*, forming a closed-loop management mechanism covering complaint acceptance, problem analysis, corrective implementation, and effectiveness verification. At the same time, responsibilities of departments such as the Technical Quality Service Department and the Market Service Department are clearly defined, along with requirements for complaint handling timelines and escalation paths. Through regular statistical analysis of complaint data, systemic quality issues are identified, internal improvements are continuously promoted, and customer feedback is effectively transformed into a driving force for improving product and service quality.

Customer Service-Related Honors

During the reporting period

China Construction Fifth Engineering Bureau Installation Engineering
"2025 Outstanding Sub-supplier"

CSCEC-Taisei Construction Co., Ltd.
"2025 Outstanding Partner"

China Construction Second Engineering Bureau Third Construction Engineering
"2025 Outstanding Sub-supplier"

Jingdong Industrials
"2025 Super Strategic Partner Award"

CSCEC International Construction Co., Ltd.
"2025 High-Quality Sub-supplier"

Guizhou Electric Power Construction Industry Association (awarded to Yibin Base)
"Outstanding Supplier of Guizhou Electric Power Construction Industry Association"



Employees

Governance

The Company aims to "enhance spiritual quality and cultivate outstanding talent," adhering to the core talent philosophy of "respecting people, finding the right people, cultivating people, and enabling people to succeed," and upholding the talent orientation of "putting struggles and contributors first." The Company implements a market-oriented employment mechanism of "ability to rise and fall, ability to enter and exit, and merit-based appointment." It integrates a business partner development model and focuses on selecting and cultivating core talent with performance, integrity, strategic vision, and dedication. Relying on normative documents such as the *Human Resources System and the Employee Handbook*, the Company has established a comprehensive and systematic human resources management framework. Anchored on five core principles—customer orientation, system orientation, goal orientation, problem orientation, and performance orientation—it continuously improves a human resources system aligned with corporate development strategy. Through dual career development channels (management and expert tracks), the Far East University full-cycle training mechanism, and talent echelon development practices, the Company promotes the synchronized growth of employees and the Company. This helps employees realize the deep integration of personal value and corporate vision, ultimately achieving mutual development and shared success.

The Company has built a multi-tier human resources governance system consisting of the Human Resources Service Center, Far East University, various employing departments, and responsible leadership. Across all HR processes—including recruitment, training and development, position promotion, compensation and benefits, rights protection, and democratic management—each party performs its responsibilities and works in coordination. Through standardized and systematic governance, the Company advances full lifecycle employee management and services, safeguarding employees' legitimate rights and interests in all aspects.

In 2025, the Company revised and improved provisions related to promotion, compensation and benefits, and performance optimization, using system improvements to drive dual enhancement of talent development and organizational efficiency.

Strategy

The Company positions human resources as a core operational support function and a key driver in achieving the goal of "being deeply loved by employees." Human resources carries the important responsibility of talent development and is committed to the direction of "steady progress, expansion through advancement, and striving toward the goal of becoming a world-class enterprise." The human resources strategy is centered on the core logic of "strategy-driven, value-oriented, and talent-enabled development," aiming to build a value-creating organization based on the "six capabilities" and establish a positive cycle mechanism around value creation, evaluation, and distribution. This mechanism is deeply integrated into the Company's overall development blueprint. Talent selection is based on the benchmark of "academic capability, experience, network strength, potential, capability, and character." This process selects like-minded strivers and continuously strengthens the foundation of the talent-driven strategy, supporting high-quality enterprise development.



FESC Employee-related Risk Identification

Risk Type	Risk Description	Time Horizon	Potential Financial Impact	Response Strategies
Legal and Regulatory Risks	Updates to laws and regulations related to labor employment, compensation and benefits, and occupational health, or inadequate implementation of corporate policies, may lead to labor disputes and regulatory penalties.	Long term	Penalty expenses, litigation costs, compensation payments, compliance rectification costs	Establish a dynamic regulatory tracking mechanism, conduct regular compliance audits and employee legal education training, improve the full-process human resources system, and strengthen trade union supervision.
Employee Satisfaction Risks	Failure to meet employee expectations regarding compensation, benefits, career development, and the working environment results in declining satisfaction and reduced motivation.	Medium term	Reduced production efficiency, increased operating costs, and talent loss costs	Conduct regular employee satisfaction surveys and optimize management measures accordingly, strengthening employee care.
Career Development Risks	Unclear career paths and opaque promotion mechanisms lead to restricted employee growth and occupational burnout.	Medium term	Talent attrition costs, recruitment replacement costs, and reduced organizational efficiency	Improve standardized position grading and promotion systems, establish multi-track career development channels, and implement position rotation training and mentorship mechanisms.
Compensation and Benefits Risks	There is inadequate compensation and a deficient benefits system that does not align with market standards and employee requirements.	Medium term	Loss of core talent, increased recruitment difficulty, and waste of human resources costs	Conduct industry compensation benchmarking, optimize compensation structure and incentive systems, and improve diversified benefits such as equity-based housing schemes to ensure compensation fairness.
Talent Loss Risks	The loss of core technical and management talent results in technological discontinuity, business disruption, and reduced team stability.	Medium term	Recruitment costs, training costs, business losses, risk of technology leakage	Build a diversified incentive system, improve talent retention mechanisms, strengthen cultural identity and career development empowerment, and establish a talent pipeline.
Training Effectiveness Risks	The presence of an incomplete training system and misalignment between training content and business needs has led to a low training return on investment and suboptimal talent development outcomes.	Medium term	Wasted training resources, insufficient talent capability, and delayed business development	Leverage Far East University to build a tiered and categorized training system, establish training effectiveness evaluation and feedback mechanisms, and link training outcomes with performance management.

Impact, Risk, and Opportunity Management

Workplace Diversity and Inclusion

Employee Recruitment

The Company strictly complies with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and labor laws and regulations in all operating regions. It adheres to the *United Nations Guiding Principles on Business and Human Rights* (UNGPS) and core conventions of the International Labor Organization (ILO), and is committed to safeguarding the fundamental rights and interests of all employees, suppliers, and other business partners. While ensuring compliant recruitment processes, the Company actively creates a fair, safe, and harmonious working environment, ensuring that the legitimate rights and interests of every employee are respected and protected.

Recruitment channels include campus recruitment, market recruitment, outsourced recruitment, media recruitment, employee referral, internal competitive recruitment, and rehiring of retired employees. Among them, during internal competitive recruitment, employees who meet the Company's credit requirements in the past three years may be assessed as having one higher academic level. During the reporting period, the internal recruitment ratio was 47.73%, calculated based on the proportion of internally recruited employees to total recruited employees.

Anti-Discrimination and Diversity

Rooted in the core value of "Harmony and Win-win," the Company has built an integrated anti-discrimination and diversity management system covering philosophy, systems, and practices, embedding inclusion throughout the full talent management lifecycle. Employment support for people with disabilities is a key initiative in the Company's diversity practices.

In recruitment and promotion processes, the "Six-Capability Talent Selection Method" is used as a quantitative standard to eliminate non-ability-based discrimination. Equal priority employment rules are applied to groups such as veterans and women. Campus recruitment breaks geographical and institutional barriers to provide diversified career opportunities, supported by comprehensive employee benefits and multi-channel communication mechanisms, ensuring equal development opportunities for employees of different backgrounds. The Company eliminates discrimination through systems and embraces diversity through culture, effectively implementing workplace equality.

Eight Priority Hiring Categories

- Persons with disabilities
- Veterans
- University graduates
- Individuals committed to having three or more children
- Individuals from zero-employment households
- Local residents of the Company's operating regions
- Children of employees with more than five years of service
- Women

Case | Employment Support for Persons with Disabilities

The Company practices its talent philosophy of "respecting people, cultivating people, and enabling people to succeed" through concrete actions. In 2007, it donated RMB 82.96 million to establish the Far East Charity Foundation, dedicated to assisting impoverished populations and persons with disabilities. It has set up 286 support centers in 7 cities nationwide, providing entrepreneurship support and skills training for persons with disabilities, making it the private enterprise with the largest number of employed persons with disabilities in China. At the institutional level, the *Human Resources System* explicitly stipulates priority hiring of persons with disabilities under equal conditions, exemption from credit requirements in evaluation and appointment, and special support in training and assessment. In addition, the *Contract Service Agreement* provides flexible employment guarantees for employees with disabilities.



Employee Rights and Benefits

Employee Rights

The Company upholds the talent philosophy of "respecting people, finding the right people, cultivating people, and enabling people to succeed," and adheres to market-oriented, differentiated, and strategy-driven principles. It has established a compensation, performance evaluation, and incentive system that is deeply aligned with corporate development strategy, position value, and performance contribution, closely linking employees' personal value creation with the Company's long-term development. Through competitive compensation, scientific performance evaluation, and diversified incentives, the Company builds core competitiveness in attracting, developing, and retaining talent, supporting high-quality corporate growth.

The Company conducts regular compensation fairness reviews, strictly implements the principle of equal pay for equal work, and ensures pay equity among employees of different genders and backgrounds, safeguarding the compliance, transparency, and competitiveness of compensation management.

Employee Rights and Benefits Protection System of FESC

Leave

- Provide marriage leave, maternity leave, nursing leave, parental leave, contraception leave, and other statutory leave. In addition, high-performing employees are entitled to quarterly paid performance leave. Provide statutory-compliant leave durations in accordance with laws and regulations, continuously safeguarding employee rights.

Compensation and Statutory Rights

- The Company has established the *Human Resources System.* Employee compensation consists of fixed components such as position-based salary, annual performance bonus, education/professional title allowance, and subsidies, as well as variable components linked to corporate and individual performance. Salaries are paid to all employees on a monthly basis on time.

Non-statutory Benefits

- Provide all employees with holiday benefits for the Spring Festival and Mid-Autumn Festival, as well as birthday and onboarding anniversary benefits.
- Provide meal subsidies, heat protection and cooling allowances, and labor protection supplies for all employees.
- The Company has formulated a multi-child fertility support policy to encourage childbirth and child-rearing. Employees who commit to having three or more children may enjoy preferential policies including but not limited to priority hiring/promotion under equal conditions, multi-child rewards, maternity subsidies for female employees, parental leave, and extended maternity/nursing leave. The Company is the first enterprise in China to explicitly reward multi-child families through institutional measures.
- Provide trade union welfare benefits to union members.
- Provide employee health check services.

Employee Care

The Company attaches great importance to the physical and mental health of all employees and continuously carries out initiatives to build a healthy and caring working environment. The Company regularly organizes health knowledge lectures and internal recreational activities to balance work and life, safeguard employee well-being, and enhance happiness and satisfaction.

In addition, the Company provides care for employees in difficulty, offering medical assistance to employees with serious illnesses or accidental injuries, and providing educational support for children of disadvantaged families.

2025

The Company's production bases have carried out assistance programs for employees in difficulty, supporting a total of

115 individuals

Employee Activities

Centered on the Company's core values, and through a model of headquarters coordination and subsidiary collaboration, the Company works with strategic partners, government agencies, and universities to carry out full-cycle and diversified employee cultural activities. Throughout the year, the Company has organized employee care activities such as the New Year Goods Festival, Mother's Day, and Women's Day; sports and cultural activities such as glow night runs, ball leagues, and orienteering; innovation competitions and speech contests for capability development; as well as volunteer services, youth networking events, cultural and tourism communities, and branded events such as Far East Day and the Annual Conference, covering employees, families, customers, and partner groups. These activities enrich employees' leisure lives, convey a "family" culture and humanistic care, stimulate innovation and dedication, strengthen team cohesion and sense of belonging, and enhance the employer brand image. This achieves synchronized growth between employee and corporate development.



"Far East Cup" Basketball League



"Far East Cup" Badminton Tournament

Employee Democratic Communication

The Company has strengthened employee democratic management by establishing a standardized, institutionalized, and digital employee communication and participation system. It provides multi-channel pathways for employees to express their demands, fully listens to frontline voices, and effectively safeguards employees' rights to information, participation, expression, and supervision, promoting coordinated development between the Company and employees.

The Company strictly implements the employee congress system, convening employee congress meetings annually in coordination with institutional policy dissemination. Major systems related to human resources, compensation and benefits, and performance evaluation are included in the review scope. Opinions and suggestions from employee representatives are collected and implemented. The Company has established a comprehensive collective consultation system, including salary collective bargaining, special collective contracts on labor safety and health, and special collective contracts on women employees' rights protection, along with supporting supervision and safeguarding mechanisms. At the same time, it has built a digital democratic communication platform centered on an online cloud community, enabling employees to submit suggestions anonymously or under real names on management systems, welfare guarantees, and production and daily life matters. Relevant departments respond promptly, provide timely replies within deadlines, and ensure closed-loop handling. In addition, a multi-level communication matrix via DingTalk groups (department groups, team groups, and all-employee groups) enables direct policy dissemination, real-time responses to questions, and rapid escalation of frontline concerns.

The Company has established a normalized mechanism for multi-channel collection and closed-loop management of employee feedback, covering all positions to ensure broad participation. Reasonable requests and suggestions are handled through a "collection-acceptance-implementation-response-improvement" process, integrating employee voices into corporate management decisions and system optimization throughout the entire process.



2026 System Policy Communication Conference and 2026 Employee Congress

Employee Satisfaction Survey

In 2025, we commissioned a third-party organization to conduct an employee satisfaction survey covering all employees. The survey achieved 100% coverage, with 3,053 questionnaires distributed and 2,605 valid responses collected. Through the questionnaire survey, we gained an in-depth understanding of employees' genuine views of the Company, listened to employee feedback, identified shortcomings in our work, and continuously improved our human resources management. The employee satisfaction rate for this survey was 91.6%, an increase of 1% year-on-year.

The employee satisfaction survey adopts a dual-perspective research methodology, integrating organizational capability diagnostics with employee engagement surveys. It calculates the Employee Satisfaction Index (ESI) and Employee Engagement Index (EEI), and conducts cross-analysis using external industry benchmarks and internal historical data. The process first determines valid response samples (at least 30 valid datasets are required for multi-group comparison and key driver analysis), and then conducts engagement analysis, satisfaction analysis, EEI-ESI cross-analysis, identification of key drivers (high-correlation items with a correlation coefficient ⩾ 0.4), benchmarking of relative strengths and weaknesses, and frequency statistics of open-ended responses. Ultimately, an Organizational Capability Health Index (OCI) and dynamic trend analysis conclusions are formed.

During the reporting period, the Company

held Employee Congress meeting **1** time

Total employee representatives participated **330**

138 employee representatives submitted **218** suggestions on the *Company's Human Resources Management Measures*, and the Human Resources Department provided item-by-item responses to all suggestions.

Employee Training and Development

Employee Training

The Company regards employee training and development as a key component of its core talent strategy. In collaboration with Far East University, the Company has developed a systematic and tiered talent development system guided by the core objective of "enhancing inner quality and cultivating outstanding talent." This system implements a full-cycle talent development plan covering "academic, career, and enterprise development," achieving mutual success between the Company and its employees.

The Company first establishes systems, clearly defining training and development management standards and building supporting mechanisms across the entire talent development process. Relying on Far East University as a professional training platform, the Company has systematically designed four major talent development tracks: Management (M), Professional/Technical (P/T), Sales (S), and Work (W). These tracks offer customized development pathways for employees in different sequences. For core management talent, the Company has launched the "Leadership Program," which includes three specialized sub-programs: the "Leader Program" for senior executives, the "Command Program" for incumbent middle managers, and the "Rising Leader Program" for new and young managers. In addition, various competition programs are integrated to deepen the integration of training and talent selection. In curriculum development, the Company continues to advance in-house course development and continuously enriches its internal training course library, strengthening the relevance and practicality of training content.

During the reporting period, the Company

has organized **39** learning projects

has delivered **97** training courses

has recorded **44,325** participant attendances

The average participant satisfaction reached **99.99%**

Completed **3** competition programs, effectively stimulating employees' learning enthusiasm and competitive awareness

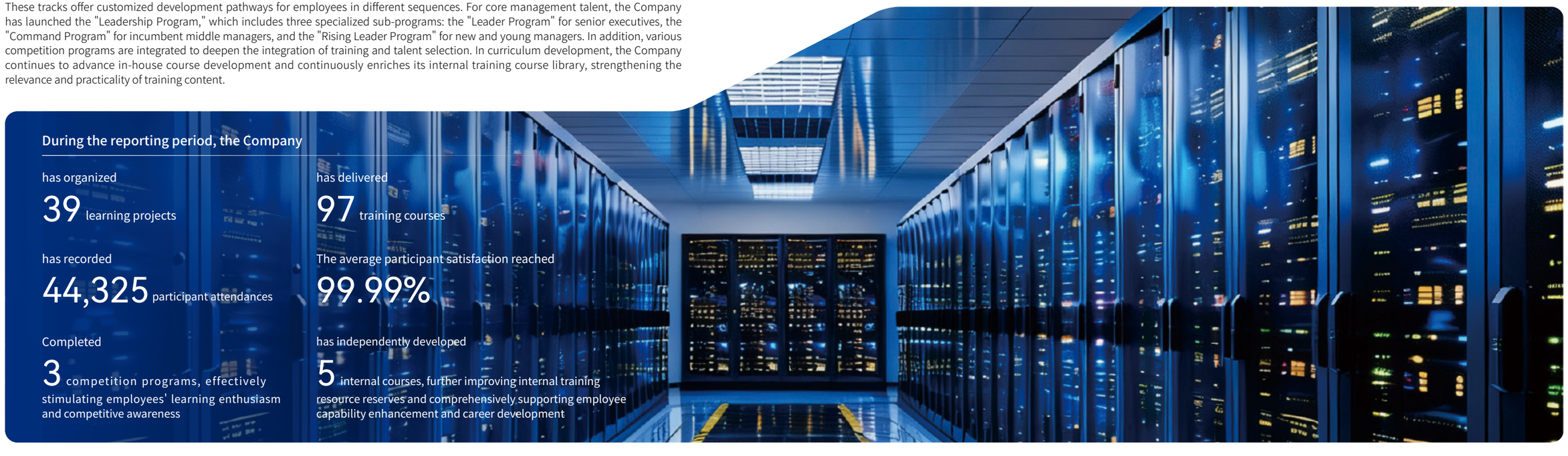
has independently developed **5** internal courses, further improving internal training resource reserves and comprehensively supporting employee capability enhancement and career development

Case | Enterprise Transformation Empowered by Digital Talent Development

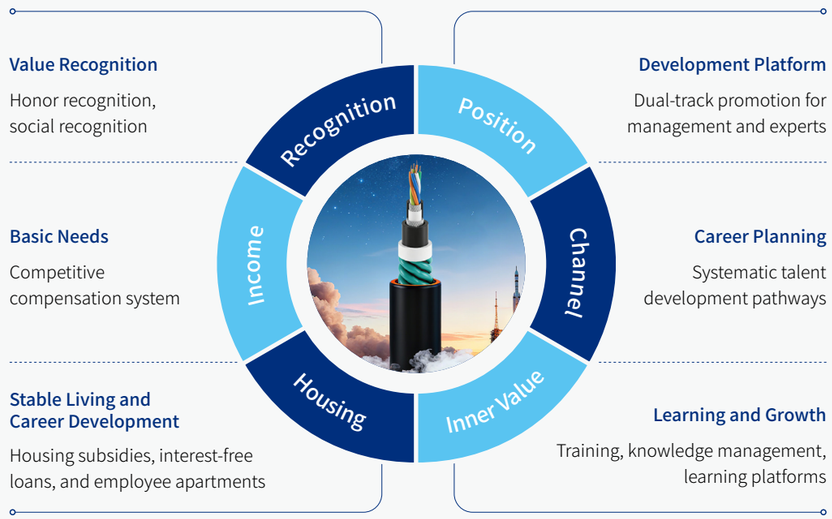
In 2025, FESC was successfully selected as a typical case of "Intelligent Transformation, Digital Transformation, and Networked Integration" in Wuxi City due to its significant achievements in digital talent development. The Company closely aligned talent development with business transformation needs, deeply integrated talent cultivation with business upgrading, and simultaneously developed digital construction and operations composite talent. It has built an industry-leading smart factory, achieving efficient conversion of talent development outcomes into business value. Through digital capability development, the Company achieved a 14.84% increase in production efficiency, a 14.75% reduction in unit output energy consumption, a 44.94% increase in inventory turnover rate, and a 41.67% reduction in product development cycle.

Employee Performance Evaluation and Incentives

The Company has established a multidimensional, full-process performance evaluation system guided by the core talent mechanism of "attract, deploy, develop, retain, and eliminate." The evaluation system incorporates key performance results, key tasks, compliance and risk control, and competency indicators, combining quantitative and qualitative evaluation to objectively and comprehensively assess employee performance. This system rewards excellence and eliminates underperformance, stimulating organizational vitality. Performance results are directly linked to compensation adjustments, position grade promotion, and position changes, fully leveraging the guiding role of performance management and ensuring alignment between employees and corporate strategy. The Company has established a labor rights complaint mechanism centered on the labor union, providing employees with standardized and accessible channels for rights protection. Employees may submit complaints regarding performance evaluation objections, position adjustments, compensation and benefits, and management disputes to the labor union either orally or in writing. The labor union is responsible for unified registration, investigation, and verification, and acts as a neutral third party to coordinate resolution and facilitate problem-solving. For cases involving performance-related appeals, the labor union coordinates with the Human Resources Department and other relevant departments for review. The results of handling are promptly communicated back to employees, forming a closed-loop management process. At the same time, the Company regularly consolidates typical issues and promotes system optimization, reducing disputes at the source and ensuring effective protection of employee rights and interests. The Company relies on long-term incentive policies, such as employee equity-based housing purchase programs, to closely link employee interests with its long-term development. These policies strengthen employees' sense of ownership, continuously enhance team cohesion and stability, and build a virtuous cycle of value co-creation and benefit sharing.



"Six Dimensions of Success" Incentive Philosophy



Employee Promotion

We have established and improved a dual-track promotion and advancement mechanism. Based on position grading, we have set up promotion pathways for management and professional/technical positions. We have also established a young cadre management channel. Evaluations are conducted based on qualifications (education/academic title, age, years of work experience, management experience, and work history), credits, and performance rankings. The Promotion Evaluation Committee conducts comprehensive assessments of employees who meet the basic requirements for promotion across six dimensions: learning ability, experience, network influence, potential, capability, and character.

Indicators and Performance

During the reporting period, the Company

The Company conducted an online employee survey, with an engagement index of

91.6%

increasing year on year by

1 percentage point

Total employee training investment

RMB **3,928,800**

Average employee training hours per capita

1.5 hours

Occupational Health and Safety

The Company places great importance on the occupational health and safety of its employees. To this end, it has established a comprehensive safety and health management system with standardized, structured processes to ensure employee safety. At the system level, the Company strictly follows the Occupational Health and Safety Management Systems (GB/T 45001-2020 / ISO 45001:2018) and has obtained authoritative certification from the China Quality Certification Centre (CQC). The certification scope covers the R&D, manufacturing, and related management activities of overhead conductors, overhead insulated cables, power cables, and other product series, achieving institutionalized and normalized occupational health and safety management.

Systems and Measures

Safety Risk Control

- *Safety and Environmental Protection System*
- *Occupational Health, Safety and Environmental Management System*

Emergency Management

- *Emergency Plan for Environmental Incidents*
- *Emergency Plan for Work Safety Accidents*

FESC adheres to the principle of "prevention first, combining prevention and control" and continuously promotes the development of occupational health programs for employees. We continuously advance the construction of an occupational safety and health management system. During the reporting period, the occupational health and safety management system achieved 100% coverage of all employees. Far East Composite Technology, Far East Electric, Far East Cable, and New Far East Cable have all obtained ISO 45001 occupational health and safety management system certification.

In addition, we have established a full-chain occupational health and safety risk management mechanism covering risk identification, risk assessment, risk control, and risk monitoring, systematically enhancing risk management capabilities and providing a solid safeguard for safe production.



Occupational Health and Safety Risk Management Mechanism

Risk Identification

A 2025 hazard identification list is formulated to actively carry out occupational health and safety risk factor identification. The Company organizes annual occupational health examinations during employment. If suspected occupational contraindications are identified, re-examinations are arranged, and follow-up measures are coordinated based on the results.

Risk Assessment

Hazard identification, evaluation, and control work is organized, forming a full-process hazard identification and evaluation control list to guide occupational health and safety accident prevention.

Risk Control

The Safety and Environmental Service Department conducts annual diagnosis and evaluation of cranes, fire protection systems, logistics, warehouses, forklifts, and other areas. Based on identified risks, improvement plans are formulated with relevant personnel and progress is continuously tracked. Brand-line leadership incorporates the principle of "safety first, prevention orientation, and comprehensive governance" into key communication priorities, integrating safety awareness into corporate culture and promoting the healthy development of safety management.

Risk Monitoring

An occupational health and safety system is established, covering strategic objectives, organizational performance, daily operations, and digital system support.



Occupational Health and Safety Management System Certification

Occupational Health and Work Safety Training

The Company has established a "three-level safety education" training system, covering company-level, department-level, and position-specific safety training. Company-level training includes new employee onboarding safety training and annual safety training for all employees, with a requirement of 100% employee completion. During the reporting period, the Company organized a total of 102 specialized training sessions for employees, with a training assessment pass rate of 100%. The Company conducts occupational health and safety awareness campaigns for all employees through safety weekly meetings, monthly meetings, and regular special training sessions, covering key areas such as environmental protection, occupational health, fire safety, laws and regulations, and safety certification. In addition, the Company regularly organizes Occupational Disease Prevention Law publicity week activities, using thematic posters, health knowledge training, and competitions to enhance employee health awareness. The Company regularly carries out a series of Work Safety Month awareness and education activities to promote and disseminate work safety knowledge among employees.

Indicators and Performance

During the reporting period

Work-related fatal accidents	Process safety training sessions	Safety hazard case study learning sessions	Total number of frontline employees covered
0	798	144	2,168

Identified safety hazards	Annual safety hazard rectification rate	Occupational disease incidence rate
682	100%	0%





Innovation-Driven

Governance

Innovation and R&D Governance Structure

The Company regards innovation as a core driving force and continuously optimizes its innovation and R&D governance structure. The Board of Directors assumes core responsibilities for strategic guidance, resource approval, and risk control in innovation development. It is responsible for reviewing major R&D projects, ensuring rational allocation of R&D investment and innovation resources, continuously improving R&D talent incentive systems, and supervising innovation implementation effectiveness while managing various risks. The Technology Research Institute is responsible for the overall coordination of new technology development and application, new product development, new process development, and new material R&D and application. Under the Technology Research Institute are the Power Cable R&D Service Department, the Environmental Cable R&D Service Department, the Intelligent Cable R&D Service Department, the International Technology R&D Service Department, the Process Technology Service Department, and the Research Service Department, which are responsible for the full lifecycle implementation of new products, technologies, processes, and materials from project research, initiation, approval, to acceptance and promotion.

FESC actively promotes innovation development and continuously improves its R&D innovation management system to fully stimulate employee innovation vitality. To standardize full-process management of R&D projects from strategic initiation to technical and production implementation, clarify responsibilities of relevant personnel, improve project success rates, and ensure efficient and orderly R&D operations, the Company has formulated a series of systems including the *Technical Quality Service System*, the *New Product R&D Process*, and the *Quality Reward and Penalty Rules*. These systems promote cross-departmental identification of opportunities, rigorous feasibility evaluation, effective risk control, and ensure smooth R&D project execution, providing a solid foundation for continuous technological advancement.

Strategy

FESC consistently adheres to the principle of "market demand-driven technological innovation." Through establishing technology and innovation awards, the Company implements tiered incentives for five-star and four-star products as well as cost-reduction and import-substitution projects based on dimensions such as technological advancement and profitability, and provides discretionary expenses such as new product sales commissions, qualification honors, and project funding. The Company has formulated the *Human Resources System* and the *Technical System*, providing rewards to teams or individuals who achieve outstanding results in investment, R&D, and management innovation. At the same time, the implementation progress of R&D projects is included in the performance evaluation of project leaders, assessed based on whether projects are completed on time, ahead of schedule, or delayed, thereby promoting breakthroughs in key core technologies oriented toward customers and markets. The Company actively applies new technologies, new processes, new materials, new equipment, and new information technologies to continuously launch new products and expand application areas.

Impact, Risk, and Opportunity Management

To effectively manage uncertainties in the R&D process, the Company systematically manages impacts, risks, and opportunities related to innovation and R&D through three key stages: identification, evaluation, and response.

Identification

Based on frontier industry technology trends and market demand dynamics, the Company identifies major risks and opportunities in R&D. In terms of technical risks, the Company focuses on the maturity of new materials, new processes, and new products, industry leadership, independent innovation capability, and industrialization feasibility, particularly technical bottlenecks and lack of standards in the development of five-star and four-star products. In terms of market risks, it identifies the impact of changes in customer demand and competitor dynamics on R&D direction. In terms of talent risks, it focuses on the stability of core technical personnel, the effectiveness of incentive mechanisms, and the sustained innovation capability of R&D teams. At the same time, the Company identifies opportunities for product upgrading and new market expansion arising from R&D activities based on its strategic planning and resource reserves, as well as national science and technology innovation policies and industrial development orientation.

Assessment

The Company evaluates the main driving factors of each identified risk or opportunity. Technical risks are assessed in terms of potential impacts such as extended R&D cycles and failure to meet product performance requirements, particularly their effects on product certification, market promotion, and customer trust. Market risks are assessed in terms of impacts on product pricing, gross profit margins, and market share. Talent risks are assessed in terms of impacts on R&D project execution efficiency, technological innovation capability, and team stability, combined with quantitative analysis through mechanisms such as project leader performance evaluation and project member incentives. Opportunity assessment focuses on contributions to brand enhancement, technological leadership, market expansion, and policy support, and clarifies their positive driving force on the Company's net profit, core competitiveness, and industry position.

Response

For the identified and assessed risks, response measures are formulated, including technological R&D cooperation, talent development and incentive mechanisms, as well as market research and marketing strategy adjustments, to enhance the Company's ability to withstand R&D risks; on the opportunity response side, the Company increases R&D resource investment, optimizes resource allocation, promotes major fundamental scientific research projects, standard setting and certification, green manufacturing and smart factory construction, and accelerates achievement transformation and industrialization, continuously enhancing the Company's ability to resist R&D risks and seize innovation opportunities.

Metrics and Targets

The Company has successively received multiple corporate honors, including "National Intellectual Property Demonstration Enterprise," "National Manufacturing Single Champion Enterprise," "National Specialized and Sophisticated 'Little Giant' Enterprise," "National Green Factory," "National Green Design Demonstration Enterprise," "National Green Supply Chain Management Enterprise," and "Jiangsu Quality Award."

In the future, the Company will continue to explore and develop more new technologies and processes, further improve product quality and key production technical indicators, achieve new results in applied innovation, and form more key core technologies.

R&D Innovation Management System

FESC has systematically built a high-level R&D innovation management system integrating platform construction, product development, technological leadership, standard setting, patent portfolio layout, and industry-university-research collaboration. Relying on advanced infrastructure platforms and national-level scientific research carriers, the Company continuously strengthens core technology breakthroughs and innovation mechanism development, promoting the upgrade of wire and cable products toward low-carbon, energy-saving, and intelligent directions. At the same time, it actively leads the formulation of international, national, and industry standards, builds a high-value patent portfolio, and deepens collaboration with renowned universities and research institutions, forming a technology innovation system with enterprises as the main body, market orientation, and deep integration of industry, academia, and research, laying a solid foundation for continuously leading high-quality industry development.

Construction of R&D Innovation Platform

The Company owns an 8,000-square-meter technology building integrating R&D, testing, and office functions. We have built the industry's earliest experiential museum for wires and cables, and invested in establishing a first-class domestic experimental and testing center, certified by Measurement Management System (CMS) and accredited by the China National Accreditation Service for Conformity Assessment (CNAS). In addition, leveraging the resources of the Far East Technology Research Institute, we have successively established R&D platforms such as the Jiangsu Provincial Overhead Conductor and Power Cable Engineering Technology Research Center, the Jiangsu Provincial (Far East) New Special Conductor Engineering Technology Research Center, and the Jiangsu Provincial Intelligent Cable Engineering Technology Research Center.



Measurement Management System Certification

Innovation Team Building

In 2025, we continued to strengthen technological innovation, increased investment in core technology R&D, and further promoted the development of wire and cable products toward low-carbon, energy-saving, environmentally friendly, and intelligent directions, battery product structure upgrades, and airport product intelligence enhancement, with annual R&D investment of RMB 559 million.

In addition, to fully stimulate the creativity and enthusiasm of scientific and technological talent, we have established an innovation incentive mechanism and formulated the *Technical Quality Service System* to standardize relevant management content:

- Link R&D personnel performance to new product sales.
- Conduct biannual evaluations of R&D personnel's technical and academic levels, and provide exceptional promotion opportunities in professional title and position evaluation for outstanding personnel in R&D and patent projects.
- Grant honors such as "Outstanding Scientific and Technological Talent" and "Advanced Producer" to high-performing R&D personnel.
- Annually evaluate innovation activities and provide discretionary expenses or equity incentive rewards.

During the reporting period

Annual R&D investment

RMB 559 million

Number of existing R&D personnel

573

Accounting for total employees

7.77%

Share of personnel with bachelor's degree or above

86.04%

R&D Achievements

Based on consolidating its global technological leadership in wires and cables, the Company continues to develop wire and cable products with higher technical content, better performance, and lower cost, promptly meeting customers' personalized and diversified needs, actively expanding new markets, and ensuring profitability and sustainable growth potential. We convene top experts from wire and cable industry research institutes, universities, the China National Quality, Supervision and Test of Electric Wire and Cable, and major users to evaluate R&D achievements, assess technological levels, and promote industry development directions. To date, 45 products, including "cable for suspended installation in super high-rise buildings and related lifting devices" and "fiber-reinforced resin-based composite core rod materials," have reached internationally leading levels, while 140 products, including "profiled expanded conductor for UHV transmission lines" and "modified ultra-flexible fire-resistant cable," have reached internationally advanced levels.

New Product List (Excerpt)

Project Name for New Product and New Technology	Certificate Number	Appraisal Level
Solid aluminum busbar automotive cable for AC 1000V or DC 1500V and below (EV-NLHB DC1500V 1×150)	S.G.X.J.Z. (2023) No. 1194	International Leading
Smart Monitoring Cables and Systems	Z.D.J.Z. No. [2024] No. 547	International Leading
High-altitude Wind Power Tethered Cable	Z.D.L.J.Z. No. [2026] No. 25	International Leading

Industry Enablement

We have undertaken numerous projects, including the China Torch Program industrialization demonstration projects, provincial science and technology achievement transformation projects, and provincial key core technology breakthrough projects, contributing to solving common industry challenges and fundamental research issues.

List of Undertaken Projects (Excerpt)

Name of Technical Breakthrough Project	Category
Rated Voltage 0.6/1kV Modified Ultra-Flexible Fire-Resistant Cable	China Torch Program Industrialization Demonstration Project
High-Strength Heat-Resistant Aluminum Alloy High-Capacity Conductor	China Torch Program Industrialization Demonstration Project
Smart Grid Ultra-High Voltage Cross-Linked Cable Production Line Technological Transformation Innovation Leading Demonstration Project	Jiangsu Provincial Technical Transformation Project
Special Cables for Marine Engineering and Ships	Jiangsu Provincial Industrial and Information Technology Transformation and Upgrading Project
Key Technology R&D for Large-Section Energy-Saving Conductors for UHV Power Grids	Jiangsu Provincial Key R&D Program

Standard Setting

We actively participate in and lead the formulation of national, industry, association, and alliance standards, significantly enhancing our discourse power in the field of wire and cable technology. As a member of the National Wire and Cable Standardization Technical Committee and the National Bare Wires Standardization Technical Committee, the Company has, to date, led or participated in the formulation of 7 international standards, 50 national standards, 31 industry standards, and 83 association/alliance standards. The Company led the drafting of two association standards—the *Silicone Rubber Insulated Fiber Braided Wind Power Generator Lead Cable with Rated Voltage up to 3kV* (T/CEEIA 609-2022) and the *Cold-Resistant Flame-Retardant Rubber-Sheathed Aluminum Alloy Conductor Cable for Wind Power Towers with Rated Voltage up to 1.8/3kV* (T/CEEIA 408-2019)—which were successfully selected into the Ministry of Industry and Information Technology's 100 Association Standards Application Demonstration Projects.

List of Drafting Standards (Excerpt)

Standard Type	Standard Name	Standard Number
International Standard	Test Method for Energy Consumption of Overhead Conductors	IEEE P2772-2021
National Standard	Green Manufacturing Evaluation Index	GB/T 43914-2024
National Standard	Cables for Electric Vehicle Charging	GB/T 33594-2017
Industry Standard	Technical Specification for Energy-Saving Evaluation of Distribution Network Wires and Cables	DL/T 2128-2020
Association Standard	Technical Specification for Green Design Product Evaluation of Wires and Cables	T/CIET072—2023

Name of Technical Breakthrough Project	Category
Key Components for 8MW Offshore Wind Power Transmission (Medium-Voltage Torsion-Resistant Cable)	Key Core Technology Breakthrough Projects of the Jiangsu Provincial Department of Industry and Information Technology
R&D and Industrialization of Ultra-High Voltage Expanded Composite Core Flexible Aluminum Conductor	Science and Technology Achievement Transformation Projects of the Jiangsu Provincial Department of Science and Technology
R&D and Industrialization of Carbon Fiber Composite Core Energy-Saving Conductor for UHV Transmission Projects in Smart Grids	Science and Technology Achievement Transformation Projects of the Jiangsu Provincial Department of Science and Technology
R&D and Industrialization of 66kV and Above High-Voltage Torsion-Resistant Smart Cables for Offshore High-Power Wind Turbines	Science and Technology Achievement Transformation Projects of the Jiangsu Provincial Department of Science and Technology
Development and Application Demonstration of High-Conductivity Hard Aluminum Conductors	Science and Technology Projects of State Grid Corporation of China

Industry-University-Research Cooperation

We regard technological innovation as the core driving force for development. Leveraging platforms such as the National-Level Enterprise Technology Center, the National Postdoctoral Research Workstation, and the Academician and Expert Workstation, we have established industry-university-research cooperation models with research institutions and universities including the Shanghai Electric Cable Research Institute, the Global Energy Internet Research Institute, Xi'an Jiaotong University, and Shanghai Jiaotong University. We emphasize the central role of enterprises in development, adopt a market-demand orientation, and leverage the advantages of industry, academia, and research in terms of capital, the market, talent, and technology. This promotes a collaborative innovation ecosystem centered on enterprises and with broad participation from research institutions and universities.

We have jointly established the Cable Innovation Research Institute with Xi'an Jiaotong University. Based on the development needs of both parties, we focus on fundamental and forward-looking technological research integrating production, learning, and application, aiming to break through key and core technologies urgently needed by enterprises and to lead high-quality industry development.

Far East Cable has also established the "Advanced Cable Materials Technology Joint Research Center" with the School of Materials Science and Engineering of Shanghai Jiaotong University. Both parties focus on key material and process technology needs in the R&D of high-quality wire and cable products, conducting in-depth industry-university-research cooperation in high-performance aluminum alloy conductors, graphene copper alloys, aluminum-based composite materials, advanced polymer materials, and advanced coating technologies.

Recent Industry-University-Research Cooperation Projects (Excerpt)

Name of Industry-University-Research Project	Year of Cooperation	Cooperating Institutions
R&D and Application Technology Research Institute for New High-Conductivity Semi-Hard Aluminum Conductors	2022	China Electric Power Research Institute Co., Ltd. and others
Research on Key Technologies of New-Generation Vinyl Non-Crosslinked Cables	2023	Xi'an Jiaotong University
Simulation Study of 110kV-Rated Voltage Wind Power Torsion Cable	2023	Xi'an Jiaotong University
R&D of Integrated Ultrasonic Welding Process for High-Reliability Aluminum (Aluminum Alloy) Conductors for New Energy Vehicles	2023	Harbin University of Science and Technology
Application Research of Graphene Copper Conductors in High-Power Charging Cable Systems	2024	Shanghai Jiaotong University
Development of High Thermal Conductivity Copper-Based Carbon Fiber Array and Wetting Indium-Based Alloy Composite Materials	2025	Shanghai Jiaotong University

Intellectual Property Management

FESC places great emphasis on the application and protection of intellectual property rights, and strictly complies with laws and regulations including the *Trademark Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, and the *Patent Law of the People's Republic of China*. The Company ensures proper application, certification, and maintenance of intellectual property rights to protect its proprietary intellectual property from infringement. In addition, the Company fully respects the intellectual property rights of others and uses information, materials, products, and intellectual property of relevant parties (including suppliers, customers, and business partners) in a lawful, reasonable, and appropriate manner.

The Company's management ensures the establishment of organizational structures at all levels and that the responsibilities and authorities of personnel at all levels are defined and communicated. The management representative reviews the Company's intellectual property manual, management review plans and reports, and approves the Company's procedural documents and departmental operational documents. The Research Services Department serves as the Company's intellectual property management organization, staffed with dedicated intellectual property personnel. It is responsible for promoting the identification of intellectual property compliance obligations across all departments and, based on identified compliance obligations, supervising the appropriate allocation of relevant responsibilities within the enterprise.

In addition, the Company has established systems including the *Intellectual Property Compliance Management Manual*, the *Intellectual Property Reward and Penalty System*, and the *Intellectual Property Information Control Procedure* to implement standardized, full-process management of the creation, management, utilization, and protection of intellectual property, including trademarks and copyrights. During the reporting period, the Company further improved the intellectual property management systems of its subsidiaries, clarifying subsidiary intellectual property management principles and intellectual property asset disposal procedures.



New Far East Cable and Far East Composite Technology were awarded the Intellectual Property Compliance Management System Certification

Far East Cable was awarded the Intellectual Property Compliance Management System Certification

Patent Portfolio Development

We protect the Company's independent innovation through patent applications, while also gaining a deeper understanding of the current application of industry patents through the application process. During the technology R&D process, we promptly identify innovative technical highlights and apply for patents, thereby forming a series of patented technologies and achievements with independent intellectual property rights. For core products, relevant patents are filed prior to project initiation to ensure their innovativeness, and continuous development of the patent portfolio is carried out to further improve the protection system. In product structural design, manufacturing processes, and applications, we have defined R&D directions and technical breakthrough objectives, and by building a "high-value patent portfolio," we have established a comprehensive and robust patent protection network. To date, the Company has obtained 989 patents. Among them, "Aluminum Conductors for Overhead Lines" (ZL200810195708.1) and "A High-Conductivity Hard Aluminum Conductor and Its Preparation Process" (ZL201410065843.X), among four patents in total, have been awarded the China Patent Award for Excellence.

In addition, the Company's technological achievements have received numerous honors, including the China Patent Award for Excellence, Jiangsu Provincial Science and Technology Award, National Science and Technology Award, Anhui Provincial Science and Technology Award, Liaoning Provincial Science and Technology First Prize, and Henan Provincial Science and Technology First Prize.

As of the end of the reporting period

the Company has cumulatively owned over **1,000** patents

- It has led or participated in the formulation of
  - **7** international standards,
  - **56** national standards,
  - **33** industry standards, and
  - **126** association standards.
- In 2025, it participated in the formulation of **37** standards

The Company holds more than **300** invention patents

- Far East Composite Technology, Anhui Cable, Far East Communications, Far East Submarine Cable, and Huazhi Testing are high-tech enterprises.
- Far East Composite Technology and Anhui Cable are national-level "Little Giant" specialized and sophisticated enterprises.
- Far East Communications and Far East Copper Foil (Jiangsu) are provincial-level specialized and sophisticated "Little Giant" enterprises.
- Far East New Materials, Far East Electric, and Huazhi Testing are municipal-level specialized and sophisticated "Little Giant" enterprises in Wuxi.
- Far East Cable — National Enterprise Technology Center
- New Far East Cable and Far East Composite Technology — Provincial Enterprise Technology Centers
- Far East New Materials and Far East Communications — Municipal Enterprise Technology Centers
- Far East Composite Technology and Far East Cable — Provincial Engineering Technology Research Centers
- Far East Cable — Provincial Engineering Research Center

Information Security and Customer Privacy Protection

FESC attaches great importance to user data security and privacy protection, and extends its management scope to suppliers and other business partners, continuously improving its end-to-end information security management system and standards. The Company conducts regular data risk assessments and stress tests, and carries out third-party information security audits in accordance with ISO/IEC 27001:2022 standards to ensure the compliance and effectiveness of system operations. The Company strictly follows the supervisory audit mechanism, conducts annual surveillance audits in accordance with certification requirements, and promptly carries out recertification reviews prior to certificate expiration to maintain the validity of certifications. In addition, the Company strengthens the cultivation of a data security culture, extending information security and privacy protection requirements to the supply chain and partners, and comprehensively safeguarding the information, data, and privacy security of customers, suppliers, and other business partners.

FESC actively fosters a corporate information security culture and continuously enhances employees' information security awareness. Through signing confidentiality agreements with employees and project members, conducting regular information security training, and organizing information security emergency drills, the Company deepens employees' understanding of information security regulations, potential risks, and emergency measures, improves overall information security literacy, reduces security risks, and fully safeguards customer privacy. To enhance all employees' information security awareness and protection capabilities, the Company continues to provide dedicated information security training for all staff. In 2025, the Company conducted a total of 2 hours of information security training for employees in the IT System Service Department and other relevant departments. In addition, information security training videos were launched on the Far East University online platform for all employees to access and learn from, and weekly information security tips are regularly distributed to all employees to effectively strengthen the overall information security awareness barrier.

During the reporting period

The Company conducts systematic information security training for all employees every six months. The specific content includes:

- **Information Security Management Training:** Privacy protection requirements, common security vulnerability prevention methods, and emergency response procedures
- **Legal Awareness Enhancement Training:** Training on trade secrets, personal information security and related legal issues, and personal information protection law compliance awareness

Information security emergency drill: 1

- Critical business system emergency drill

Information Security and Customer Privacy Protection Measures

Governance Structure

The Company has established a security management structure covering the governance level, management level, and execution level. The Information Security Management Committee is responsible for risk identification, approval of measures, and evaluation of system operational effectiveness. Relevant departments are responsible for organizing, implementing, and supervising information security work within their respective departments, including the classification of information assets and the improvement of systems, to ensure the effective operation of the information security management system. The IT System Service Department serves as the centralized management department for the Company's computer systems, information systems, network systems, and information security systems. Far East University is responsible for managing information security education and training.

System Development

FESC has formulated and strictly implemented the *Information Security Management System Documents*, which include the *Network Security Management Procedure*, the *Data Security Management Procedure*, the *Related-Party Information Security Management Procedure*, and the *Information Business Continuity Management Procedure*, among others. A range of security measures has been adopted to ensure the confidentiality, integrity, and availability of internal and customer data. In addition, the Company has formulated the *Information System Emergency Plan Management Procedure*, in order to properly, effectively, and rapidly handle unexpected information system incidents, improve the security and stability of network and system operations, enhance the information system emergency response mechanism, and strengthen preventive and emergency capabilities against risks such as data or privacy breaches.

Technical Safeguards

The Company has deployed professional security equipment and systems, including WAAP, server security software, a 360 endpoint security management system, VPN, security situational awareness platform, database auditing system, internet behavior management system, and document encryption tools, establishing a full-chain technical protection system covering network perimeters, endpoint devices, and operation and maintenance management. Through the implementation of access control, encrypted transmission, real-time monitoring, vulnerability remediation, and penetration testing, the Company effectively defends against security threats such as SQL injection and malicious attacks, and ensures the confidentiality, integrity, and availability of core systems, business data, and customer privacy.

Backup of Key Business Systems and Hardware Equipment

Information systems that have a critical impact on business operations have been backed up, primarily including the trading platform, EBS system, and core business operation systems. Automated backups are implemented through a unified NBU backup appliance, while certain e-commerce systems deployed on the Alibaba Cloud SaaS platform are backed up via scripts and stored across multiple data centers. Databases are fully backed up daily and archived every 4 hours or 24 hours. The effectiveness of backups is verified through regular recovery testing, including data restoration and application recovery. In addition, disaster recovery capabilities are enhanced through technologies such as AIR replication and CDP (Continuous Data Protection), supplemented by inspection plans and issue rectification tracking to ensure data recoverability under extreme conditions.

Security Awareness Enhancement

The Company places strong emphasis on cultivating information security awareness among all employees and has established a regular education and communication mechanism. Through weekly distribution of security tips, the Company enhances employees' awareness of privacy protection, phishing prevention, and secure device usage. Internal in-depth training programs are conducted to improve employees' professional information security skills and risk prevention capabilities. In cooperation with professional information security vendors, external experts are invited to provide training and consulting, cultivating a workforce with deep information security awareness.



Information Security Management System Certification

Customer Privacy Protection

FESC places great emphasis on customer privacy protection and strictly complies with the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, and other information security-related laws and regulations. The Company continuously enhances its information security management capabilities and has formulated internal systems such as the *Information Security Management Manual* and the *Data Security Management Procedure* to comprehensively standardize the end-to-end management of customer information collection, administration, use, and deletion. During the reporting period, the Company did not experience any form of customer privacy leakage incident.

The Company has established a comprehensive information security management policy that integrates both technical and managerial aspects to ensure the effectiveness of information security management. On the technical side, the Company implements data encryption and strict access control to ensure the confidentiality, integrity, and availability of data throughout its lifecycle. On the management side, the Company has established the Information Security Management Committee. Through regular internal audits, assessments, and measurements, it responds promptly to information security issues and verifies and improves potential risk areas.

Customer Information Security and Privacy Protection Measures

Information Collection and Classification	Scope of Collection	– The scope of customer information collection clearly includes personal basic information, corporate information, and business information. Information collection shall follow the principles of legality, necessity, and appropriateness.
	Classification Management	– Customer information is classified into public matters, internal information matters, and enterprise confidential matters. The management of sensitive information shall comply with the classification and protection requirements for confidential and controlled information under the Trade Secret Management Procedure.
Principles and Methods for Information Collection	Principle of Legality and Appropriateness	– Prior to collecting information, customers must be informed of the purpose, use, and scope of the data collection, and explicit consent must be obtained. Relevant activities shall comply with the identification and implementation requirements of laws and regulations under the Information Security Compliance Management Procedure.
	Principle of Minimization	– The scope of information collection shall match business objectives and comply with the data minimization requirements under the Data Security Management Procedure.
	Principle of Transparency	– Information collection policies are disclosed through channels such as the official website, contracts, and promotional materials to ensure customer awareness. Information collection strategies shall be aligned with the communication requirements set out in the Information Security Communication Management Procedure.
Information Use and Sharing Restrictions	Internal Usage Standards	– Employees using customer information must follow the "business necessity" principle to avoid leakage or improper use. Employee conduct shall comply with the information security responsibilities and training requirements under the Human Resources Management Procedure.
	Third-Party Sharing Control	– Prior to cooperation with third parties, their information security management capabilities must be assessed, and confidentiality agreements must be signed to ensure the legality and security of information sharing. Third-party management shall comply with the requirements for service providers under the Related-Party Information Security Management Procedure and the Supplier Management Procedure.
Customer Rights Protection Mechanism	Right to Access and Information Awareness	– Customers may inquire at any time about the collection, use, and storage of their information, and the Company shall provide detailed reports. Relevant records shall comply with the preservation and access requirements under the Records Management Procedure.
	Right to Correction and Improvement	– Customers may request correction or supplementation of their information, and the Company shall respond promptly and provide feedback on the modification results. Information change shall be handled based on the change management requirements under the Information System Application Management Procedure.
	Right to Deletion and Right to be Forgotten	– Subject to legal and regulatory requirements, customers may request deletion of their information. The Company shall delete the information and notify relevant departments and third parties to cease usage. Information destruction shall comply with the disposal requirements for sensitive information under the Media Management Procedure and the Trade Secret Management Procedure.
	Complaint and Feedback Channels	– A dedicated complaint hotline or channel has been established to handle customer complaints regarding information protection and to provide timely feedback on handling results. The complaint handling mechanism shall comply with the incident response and feedback requirements under the Information Security Incident Management Procedure.

Rural Revitalization and Social Contribution

Rural Revitalization

FESC firmly implements the requirements of the Chinese government and the Communist Party of China on rural revitalization, actively participates in rural revitalization initiatives, and fulfills its corporate social responsibility. Leveraging its industry-leading advantages, the Company promotes a shift from "blood-transfusion-type assistance" to "hematopoietic revitalization" through industrial chain development, core business empowerment, consumption-based assistance, and public welfare initiatives, thereby promoting industrial prosperity, sufficient employment, and improved livelihoods.

Industrial Clusters and Employment Creation

- Centered on Gaocheng Town, Yixing City, Jiangsu Province, the Company has developed a cable industry characteristic town, driving the coordinated development of 297 surrounding enterprises and creating nearly 25,000 new employment positions in total. This has formed an industrial model of "leading enterprise-driven, cluster-following development," achieving a spillover employment effect of "one person joining Far East, and the whole family becoming Far East employees."

Core-Business-Empowered Rural Infrastructure

- The Company focuses on its three core businesses: smart cable network/electric power, smart battery energy storage system/ computing power AI, and smart airport. It deeply participates in major national projects such as ultra-high-voltage transmission, new energy, and new infrastructure, leveraging advanced manufacturing and technological capabilities to drive upgrades in rural power, communications, and transportation infrastructure. Adhering to technology innovation-driven development, the Company leverages technology to empower the upgrading of rural industrial chains, enhance the core competitiveness of rural industries, and provide strong support for rural modernization.

Consumption-Based Assistance and Supply-Demand Matching

- The Company uses agricultural specialty products as a link to actively build supply-demand matching channels. In employee welfare and business exchanges, priority is given to purchasing local agricultural specialty products such as dried bamboo shoots, black rice, and lilies from Yixing, helping local farmers expand sales channels. At the same time, the Company actively procures agricultural and sideline products from regions such as Yanchang County and Hubei Province to directly address agricultural product unsold inventory issues, driving rural industrial development through consumption-based assistance. In addition, the Company participates in public welfare activities such as the "Warm Home Appliance Packages," donating home appliances to disadvantaged regions such as Feng County in northern Jiangsu, helping improve rural living conditions.

Social Contribution

The Company attaches great importance to community engagement and public welfare initiatives, viewing them as an essential component of its corporate social responsibility. The Company has established the Far East Charity Foundation and formulated the *Public Welfare and Charity System* to standardize donation and sponsorship activities and ensure the effectiveness and sustainability of public welfare initiatives. In addition, the Company continuously improves its institutional framework. In accordance with the development requirements of public welfare undertakings and the operational needs of the foundation, it has revised systems such as the *Foundation Charter*, the *Fund Management Measures,* and the *Project Implementation Rules*, establishing a full-process management mechanism of project initiation, execution, supervision, and review to ensure all activities are governed by clear rules and standardized operations.

Education

- The Company deepens university-enterprise cooperation and has established the "Far East Scholarship" with six key universities, including Xi'an Jiaotong University and Civil Aviation University of China, building a closed loop of "talent cultivation, scientific research innovation, and employment" to empower youth development through educational public welfare.
- The industry's first Far East Education Reward Fund of RMB 130 million has been established, operating for 20 consecutive years with an annual allocation of no less than RMB 6.5 million.
- The Company has also established scholarships for employees' children. Since 2002, more than RMB 20 million has been distributed, benefiting over 1,200 employees in total.

Miscellaneous

- The Company continues to expand its support network. In 2025, it established 406 entrepreneurial and employment assistance points for persons with disabilities across 11 cities nationwide, implementing a "one locality, one policy" targeted assistance model. It successfully held the 7th National "Five Creations" Summit Forum for Persons with Disabilities, building a platform for entrepreneurial exchange and establishing a full-chain support system from skills training to project implementation, helping persons with disabilities achieve their employment and entrepreneurship aspirations.
- The Company carries out regular holiday visits and care activities. In the 2025 "Warm Winter Campaign," it visited nine disadvantaged households, distributing assistance funds to employees in difficulty, families in extreme hardship, and elderly people living alone, safeguarding livelihoods through compassionate support and helping realize employment and entrepreneurship dreams.
- The Company's volunteer team has exceeded 3,000 members, conducting more than 20 volunteer service activities throughout the year, with total service hours exceeding 25,000 hours. More than 2,000 public welfare updates were published through official platforms. The Company received the "2025 Public Welfare Collective Award" and the "2025 Public Welfare Project Award," and its public welfare brand continues to grow in influence.



Visits to Yixing Public Security Officers



Board of Directors of the Far East Charity Foundation

Supply Chain Security

Governance

FESC is committed to building a reliable, sustainable, and competitive supply chain system. The Supply Chain Service Center serves as the guiding, enabling, and supervisory department for procurement work, with responsibilities including: further strengthening procurement supervision and management, standardizing procurement practices, improving procurement management standards, refining and implementing procurement regulatory responsibilities, and promoting standardized and orderly procurement operations. The Company has formulated the *Procurement System* covering all suppliers, establishing a full lifecycle management system for suppliers, including registered, recommended, development-stage, and pre-qualified suppliers. The Procurement Department, the SQE review team, and the R&D Department jointly oversee the onboarding of suppliers and their subsequent performance evaluation and management. The *Qualified Supplier List* is continuously updated and improved based on assessment results.

The Company integrates sustainability principles throughout the procurement process, covering supplier selection, onboarding, demand and cost analysis, daily management, performance evaluation, and elimination. Sustainability is incorporated into the supplier performance evaluation system. Suppliers are required to accept and sign the *Supplier Code of Conduct* and declaration, with specific requirements including: suppliers must obtain, maintain, and update all necessary environmental permits (such as emissions monitoring), approvals, and registrations, and comply with relevant operational and reporting requirements; the use of child labor under the age of 16 is strictly prohibited, and all employees must be employed voluntarily.

The Company has formulated the *Sustainable Procurement Policy*, which includes: environmental management, employee human rights protection, occupational health and safety, training and communication, quality and safety, business continuity planning, legal compliance, business ethics, whistleblowing on violations, and social contribution.

Strategy

FESC consistently regards supply chain management as a critical component of corporate operations and is committed to building an efficient, stable, and sustainable supply chain system. Through refined supply chain management, the Company ensures a stable supply of raw materials and components, continuously providing high-quality products and services to customers.

Impact, Risk, and Opportunity Management

The Company, in accordance with the *Supplier Assessment Control Procedure*, has defined business continuity operating processes to address risks such as procurement disruptions. Monitoring of potential supply chain security risks and implementation of early warning mechanisms as well as necessary preventive measures are part of its function.



Risk Identification and Early Warning

Prior to the mass production of new products, the Procurement Department identifies potential supply chain risk types, including supplier quality, delivery capability, and product energy consumption, and provides advance warnings of potential issues.

Risk Assessment

Identified supply chain risks are subject to reasonableness assessments. Different scenarios, such as supply chain disruptions and logistics delays, are simulated to evaluate supply chain resilience. Risks are classified based on their probability of occurrence and degree of impact.

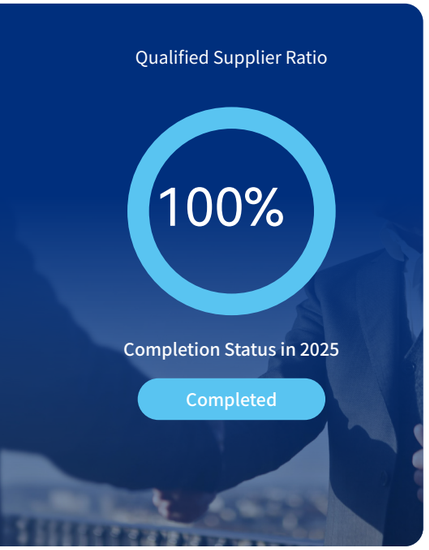
Risk Response

Based on the risk assessment results, detailed emergency response plans and specific supply chain recovery plans are formulated promptly.

Risk Monitoring

An effective monitoring system has been established to continuously monitor and measure supply chain business continuity and management system compliance, and to conduct statistical analysis. The monitoring results of the supply chain management system are incorporated into management review as a decision-making basis for improving the supply chain management system.

Metrics and Targets



During the reporting period, 100% of the Company's suppliers met the following requirements:

They hold *ISO 9001* certification verified through a second-party audit, with certificates bearing the recognized IAF MLA member mark.

All automotive wire suppliers meet *IATF 16949* certification requirements, and the main scope of certification bodies includes *ISO/IEC 17021* management system certification.

Supplier Full Lifecycle Management Process

Supplier Onboarding

- Prospective suppliers must complete registration on the supply-demand collaboration platform. The Procurement Department conducts a preliminary review and classifies suppliers as single-source or general channel suppliers, etc. Based on actual business needs, the Procurement Department organizes qualified supplier evaluations, conducting comprehensive assessments covering material compatibility, quality control level, and completeness of system certifications. An evaluation team led by SQE conducts on-site assessments. After approval by the head of the Procurement Department, agreements including the *Quality Assurance Agreement*, the *Integrity and Confidentiality Commitment*, and the *Supplier Social Responsibility Commitment* are signed. Suppliers are then included in the *Qualified Supplier List*.

Supplier Routine Evaluation and Management

- Qualified suppliers are evaluated monthly in accordance with the *Supplier Monthly/Annual Performance Assessment.* The evaluation system includes four dimensions: monthly assessment, on-site audit, annual assessment, and special quality improvement review. Among these, monthly assessments are conducted before the 10th of each month for raw material suppliers with supply records in the previous month, based on a comprehensive evaluation of product quality, delivery time, service level, and price.

Supplier Elimination

- Suppliers with an annual average monthly score below 60 points, and who are confirmed through assessment to no longer meet the Company's future development requirements, shall be eliminated and removed from the list.
- For suppliers with poor sustainability performance, particularly those violating sustainability red line requirements, the Company requires rectification within a specified period and reduces procurement volume or restricts business cooperation opportunities. If rectification is not completed or is refused, the business relationship will be terminated.

Supplier Communication and Engagement

The Company continuously conducts supply chain sustainability communication and empowerment activities through a combination of regular and ad hoc approaches, systematically enhancing suppliers' sustainability management capabilities.

For suppliers, the Company has established an anti-corruption training and communication mechanism to strengthen suppliers' anti-corruption capabilities. During the reporting period, the Company upgraded the entry training module in the visitor management system and added integrity-focused training content, promoting the early-stage development of integrity awareness for all incoming personnel (including contractors). The Company annually holds one supplier integrity training conference. In addition, based on documents such as the Confidentiality Agreement and the Supplier Security Confidentiality Guidelines, the Company continues to provide information security protection training to suppliers and conducts assessments.

Supply Chain Social Responsibility

The Company has formulated the *Sustainable Procurement Policy* and the *Supplier Code of Conduct*. These policies are not only implemented internally but are also required to be actively adopted by Tier 1 and above suppliers of the Company. Specific requirements include:

- Suppliers are strictly prohibited from using child labor under the age of 16. Once child labor is mistakenly employed, immediate remedial actions must be taken and reported to us.
- Suppliers must ensure that all employees are employed entirely voluntarily. Forced labor or prison labor is strictly prohibited. Suppliers shall not restrict personal freedom or retain identity documents.
- Suppliers shall not discriminate against employees in employment practices, including but not limited to recruitment, compensation, promotion, rewards, training opportunities, and termination, on the basis of race, age, gender, gender identity, disability, or other factors.
- Suppliers must take measures to prevent any form of harassment toward employees, including sexual harassment, defamation, and insults.
- Suppliers shall respect employees' freedom of association and right to grievance.



03
Governance Section

Strengthen Corporate Governance

Advance Steady and Far-reaching Progress

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Contribution to the United Nations Sustainable Development Goals (SDGs)



Corporate Governance

FESC is committed to building a transparent, efficient, standardized, and responsible corporate governance system. The Company continuously optimizes the operation of the Board of Directors, the Board of Supervisors, and the General Meeting of Shareholders, strengthens standardized governance, and ensures that all decisions are scientific, lawful, and transparent, laying a solid foundation for high-quality development.

Governance

We strictly comply with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies*, the *Rules Governing the Listing of Stocks on the Shanghai Stock Exchange*, and other laws, regulations, and regulatory requirements. We have established and improved an internal control system and standardized governance framework, forming a clear organizational structure with well-defined responsibilities. The Company's highest governing body is the General Meeting of Shareholders. Institutional investors actively participate in General Meetings of Shareholders and engage in communication with the management on major matters such as corporate governance and business operations. Controlling shareholders regulate their conduct and exercise shareholder rights in good faith. The Company maintains an independent and complete business system and autonomous operating capability, remaining independent from the controlling shareholders in business, personnel, assets, institutions, and finance. The Board of Directors serves as the core governance body, responsible for coordinating overall operations and formulating strategies. It has six specialized committees that jointly supervise various aspects of corporate governance.

The Company's senior management remains highly stable: CEO has served continuously for over 10 years, CFO for 6 years, and Board Secretary for 3 years. During the reporting period, two new executives were appointed in the 11th Board of Directors re-election: Industrial Executive Officer and President of the Intelligent Manufacturing Research Institute.

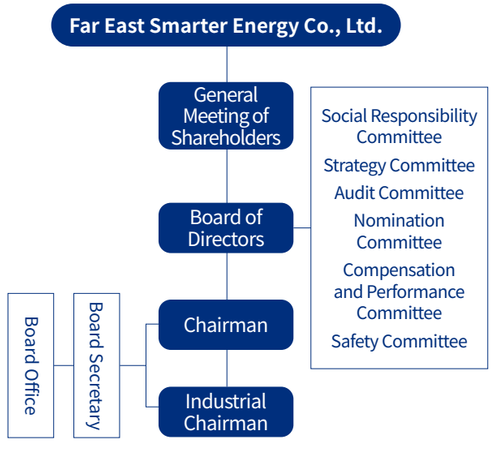
The Board of Directors is renewed every three years. The overall executive structure demonstrates strong continuity and smooth role transition, effectively ensuring the continuous advancement and implementation of the Company's medium- and long-term ESG goals.

Key Governance Initiatives

Independence of the Board of Directors

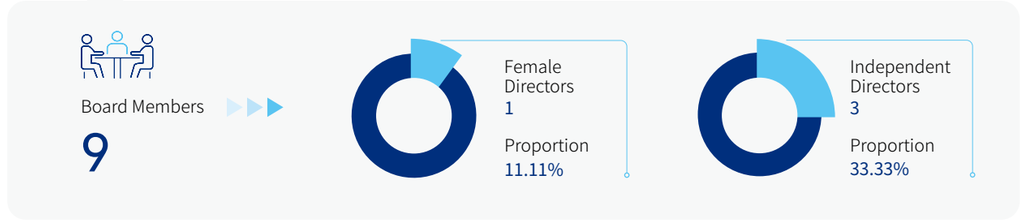
In accordance with the *Articles of Association*, the Company's Board of Directors includes three independent directors, accounting for more than one-third of the total number of directors, ensuring external supervisory strength. The Company has formulated the *Working System for Independent Directors*, requiring independent directors to strictly comply with relevant regulations, actively participate in General Meetings of Shareholders, board meetings, specialized committee meetings, and independent director meetings, carefully review meeting proposals, gain in-depth understanding of proposal details, and provide constructive opinions and suggestions based on their professional expertise, while exercising voting rights and fulfilling their duties effectively.

Independent directors are required to conduct annual self-assessments of independence, and the Board of Directors also conducts annual evaluations and issues and discloses special opinions, thereby safeguarding independence through procedural mechanisms. The Audit Committee, Nomination Committee, and Compensation and Performance Committee are all composed of a majority of independent directors, who also serve as conveners, playing a leading role in key governance areas such as director and executive appointments, audit supervision, and compensation formulation. In addition, independent directors communicate with minority shareholders through General Meetings of Shareholders and performance briefing sessions, paying attention to and listening to their opinions and protecting the rights and interests of minority shareholders.



Diversity of the Board of Directors

We place great emphasis on the diversity of the members of the Board of Directors and consider it essential to the Company's sustainable development. In the nomination process for directors, a strict selection procedure is applied, incorporating diversity considerations such as industry experience, educational and cultural background, capabilities, and gender. In addition, the Company's *Working System for Independent Directors* clearly stipulates that independent directors should include accounting experts, economic management experts, legal experts, and technical experts, ensuring that the Board of Directors possesses diversified professional knowledge and perspectives in core areas such as finance, law, strategy, and business technology, thereby supporting scientific decision-making.



Executive Compensation

The Company has formulated and strictly implemented the *Compensation and Expense System for Executives and Other Personnel*, which defines specific compensation standards for executives. ESG-related indicators, including greenhouse gas reduction ratios, raw material recyclability rates, and talent development, are incorporated into the performance evaluation framework for senior management. This incentivizes executives to pursue economic performance while taking into account long-term social value and risk management, thereby promoting the achievement of the Company's sustainable development goals. In addition, the Company has established a recovery mechanism for performance-based compensation. In the event of financial reporting errors or other circumstances, the Company reserves the right to recover the corresponding performance-based compensation.



Insider Trading Management

The daily work and conduct of directors, supervisors, and senior management personnel must strictly comply with the *Management System for Shares Held and Changes in Shares of the Company by Directors, Supervisors, and Senior Management*, the *Registration and Management System for Persons with Access to Inside Information*, and the *Internal Reporting System for Material Matters*, as well as other internal control systems. During window periods and sensitive periods, trading of Company shares is prohibited—particularly in relation to the China Securities Regulatory Commission and stock exchange regulations on share reductions. When directors, supervisors, and senior management reduce holdings through centralized bidding transactions, they must disclose the plan in advance at least 15 trading days prior to execution.

Effectiveness of the Board of Directors

FESC places great emphasis on the effectiveness of governance and the performance of duties. The Company has formulated systems such as the Rules of Procedure for the Board of Directors, stipulating that the Board of Directors shall convene at least two meetings per year. In 2025, a total of 11 Board meetings were held, reviewing 45 resolutions, and 35 resolutions were submitted to the General Meeting of Shareholders for consideration, covering major matters including strategy, investment, finance, and personnel.

In terms of effectiveness evaluation, the Company regularly assesses the overall operation of the Board of Directors, the performance of committee functions, and the contributions of Board members. Independent directors are required to submit annual performance reports to the annual General Meeting of Shareholders, detailing their attendance, proposals, expression of independent opinions, and communication with minority shareholders, and are subject to shareholder review. Board meeting minutes must fully record the review process, key points of directors' statements, and voting results, forming traceable duty performance records.

Investor Communication

The Company is committed to effectively addressing the concerns of various investors through frequent and high-quality engagement, listening to market feedback while conveying corporate value and strengthening investor trust. The Company has formulated core systems such as the *Investor Relations Management System* and the *Investor Reception Management System*, establishing fundamental principles including compliance, equality, proactivity, and integrity. It emphasizes equal treatment of all investors, particularly providing convenience for medium and small investors, and provides a clear policy basis and behavioral standards for investor communication.

In terms of communication channels, the Company has established a diversified system including announcement disclosures, regular meetings and performance briefings, and in-depth communication sessions with institutional investors. It also actively uses the Shanghai Stock Exchange "SSE E-Interaction" platform to respond to investor inquiries in a timely manner. In addition, the Company has set up an "Investor Relations" section on its official website, publicly disclosing contact information and establishing investor hotlines, fax lines, and dedicated email addresses managed by designated personnel to ensure smooth communication channels. An "Investor Education and Protection" section has also been established, which publishes investment knowledge, risk warnings, and legal and regulatory interpretations in conjunction with themed activities such as "World Investor Week" and the "Month for Preventing Illegal Securities, Futures, and Fund Activities."

In terms of communication frequency, regular communication includes annual and semi-annual performance briefings and periodic reports, while non-regular communication is conducted throughout the year through E-Interaction, telephone calls, and research activities.

Indicators and Performance

During the reporting period, the Company held:

General Meeting of Shareholders 5 meetings	Board of Directors 11 meetings	Strategy Committee 2 meetings	Social Responsibility Committee 1 meeting
Audit Committee 7 meetings	Nomination Committee 3 meetings	Compensation and Performance Committee 2 meetings	

Risk and Compliance Management

FESC continuously improves its risk management mechanisms, strengthens internal risk control and compliance systems, enhances audit and supervision efforts, and improves overall risk governance capabilities to ensure standardized and sustainable operations.

Systems and Measures

We strictly comply with relevant domestic and international laws and regulations and continuously optimize the "three lines of defense" risk management system, clearly defining responsibilities at all levels and departments to ensure stable and compliant operations.

Action Measures

Risk Management

First Line of Defense

Business Departments

As the frontline of risk prevention and control, business departments directly participate in market transactions and business operations and are responsible for identifying, assessing, and controlling risks during business execution. The Company requires business departments to prepare risk lists and position responsibility lists to ensure that each position can accurately identify and effectively manage compliance risks.

Second Line of Defense

Risk Management Department and Compliance Team

The risk management department is responsible for formulating risk management policies and procedures, providing professional risk assessment tools and methods, and supervising the implementation of the first line of defense. The compliance team is responsible for interpreting and training relevant policies to ensure full understanding and effective implementation by team members.

Third Line of Defense

Internal Audit and Supervision

As an independent oversight function, it is responsible for evaluating and supervising the effectiveness of risk management in the first two lines of defense. Through regular audits and special inspections, it ensures the effectiveness of the risk management system and follows up on identified issues to implement corrective actions, forming a closed-loop management process.

The Company has identified 51 potential risks across 19 categories, including business planning, product sales, environmental factor management, and information security. Each risk is assessed based on severity and frequency to determine its risk level, and corresponding control measures are formulated with clearly defined responsible departments to ensure effective risk prevention and implementation of control measures.

Potential Risk Assessment

In accordance with relevant regulations of the Shanghai Stock Exchange, the Company has formulated the *Internal Reporting System for Material Matters* and established a systematic risk reporting process covering key stages such as risk identification, assessment, response strategy formulation, monitoring, and reporting, effectively identifying, evaluating, and addressing various operational risks.

Risk Information Reporting

Compliance Development

We comply with the *Compliance Management Systems— Requirements with Guidance for Use* (ISO 37301:2021), and conduct risk identification and assessment in areas such as labor employment, export control and economic sanctions, intellectual property, antitrust, customs, and taxation. Compliance risk management is integrated into daily operational management. For major risk points, targeted improvement measures are formulated, and regular internal and external audits are conducted to continuously promote the optimization of management by business units and internal control departments.

Internal Audit

The Company has established the *Supervision and Audit System of Far East Smarter Energy Co., Ltd.*, under which the Supervision and Audit Service Department, authorized by the Board of Directors, independently carries out internal audit work. It is responsible for auditing various operational and management activities that may generate significant risks. The Company's audit work is risk-oriented, with an annual plan formulated. The audit scope comprehensively covers all key operational activities, including finance, investment, procurement, sales, production, human resources, and IT systems, in order to identify process deficiencies in a timely manner, strengthen internal control, and effectively prevent risks.

Indicators and Performance

During the reporting period

Number of audit projects

1,020

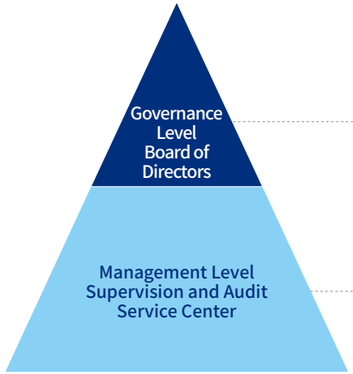
Employee compliance training hours

2.5

Anti-Bribery and Anti-Corruption

Governance

FESC regards anti-bribery and anti-corruption as a cornerstone of corporate governance and sustainable development, and is committed to building a clean, transparent, and integrity-driven business environment. The Company has established a three-tier governance structure with the Board of Directors bearing ultimate responsibility, the Supervision and Audit Service Center exercising daily oversight and audit functions, and each business department responsible for implementation, ensuring that anti-corruption work runs through the entire process of decision-making, execution, and supervision.



It holds ultimate responsibility for anti-bribery and anti-corruption work, approves relevant core policies, and supervises implementation effectiveness.

As the core execution and supervisory department for anti-corruption work, it independently audits and supervises the operational management activities and corruption risks of the Company and its subsidiaries, and reports regularly.

Strategy

The Company adheres to the principles of integrity-based operations, "zero tolerance," and "strict prevention and severe punishment" in anti-bribery and anti-corruption work, following a policy of "prevention first, combined with prevention and punishment." Integrity requirements are integrated into corporate culture and business practices. Through improved internal control systems, strengthened supervision and whistleblowing mechanisms, and enhanced employee anti-corruption awareness training, the Company has built a corporate culture in which corruption is not possible, not permissible, and not desirable.

At the system level, the Company has formulated and issued the *Business Ethics Policy*, which clearly defines principles and requirements in areas such as commercial corruption and bribery, unfair competition, conflicts of interest, business integrity, money laundering, gift management, and information security. It prohibits any form of bribery, corruption, conflicts of interest, and improper payments, and requires all employees, directors, and business partners (including suppliers, agents, and contractors) to comply. The Company has also formulated the *Supervision and Audit System*, which conducts audits and inspections on operational management activities and corruption risks of all wholly-owned subsidiaries and affiliated companies of FESC.



Impact, Risk, and Opportunity Management

Commercial Bribery and Corruption Risk Assessment

The Company integrates anti-bribery and anti-corruption risks into its overall risk management system. The Supervision and Audit Service Center formulates an annual audit plan covering key areas such as procurement, production, and marketing, and sets different audit frequencies based on risk levels.

Corrupt practices may result in direct financial losses, contract invalidation, administrative penalties, litigation costs, and stock price declines. Therefore, based on the *Business Ethics Policy* and business practices, the Company clearly identifies key risk behaviors, including receiving bribes, providing improper gifts and hospitality, conflicts of interest, misappropriation of corporate assets, and collusion or fraud with third parties (such as suppliers). The Company regularly conducts risk assessments covering all affiliated companies and subsidiaries, with a focus on high-risk areas such as procurement and sales. Corresponding preventive and control measures are formulated for identified potential corruption risks to ensure effective risk prevention and mitigation.

Cultivation of Integrity Culture

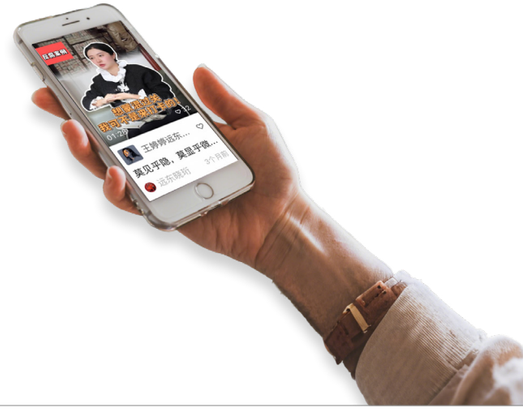
The Company systematically carries out anti-corruption awareness training and includes relevant content in the *Employee Handbook* for dissemination to all employees. Anti-corruption training is conducted annually, covering all directors, management personnel, and general employees. Training content includes laws and regulations, corporate policies, case studies, and professional ethics principles, helping employees develop integrity awareness in their professional conduct. The Company also regularly promotes an integrity culture through various channels such as official WeChat accounts, video platforms, and the internal OA system, strengthening employees' awareness of integrity and self-discipline from multiple perspectives.



FESC Anti-Corruption and Business Ethics Training Materials

Case | Innovative Communication for Special Anti-Corruption Advocacy Campaign

In December 2025, Chief Brand Officer / Chief Audit and Supervision Officer of FESC planned and led a special anti-corruption advocacy campaign. Based on the Company's anti-fraud system construction requirements, and leveraging a personal IP video account matrix, the Company released professional and accessible anti-corruption advocacy videos, sharing in-depth real anti-corruption cases of FESC and conveying the Company's "zero tolerance" attitude toward corruption and its integrity-driven business philosophy. This campaign innovatively adopted a personal IP communication model, breaking through traditional anti-corruption communication barriers. It provided vivid interpretations of the core requirements of the Company's anti-fraud system and used real cases to warn and educate all employees to uphold integrity boundaries and professional ethics, thereby strengthening the foundation of a clean and upright business environment within the Company.



Supplier Anti-Corruption Management

The Company has clearly stipulated business ethics requirements for suppliers and other partners in documents such as the *Sustainable Procurement Policy* and the *Supplier Code of Conduct*, and strictly complies with procurement-related laws and ethical standards. The *Business Ethics Policy* explicitly encourages suppliers and partners to jointly adhere to the Company's anti-corruption principles, strictly prohibiting any form of bribery, improper transfer of benefits, or inappropriate business conduct in commercial dealings, so as to jointly build a fair, transparent, and clean business environment.

In 2025, the Company organized the revision of documents such as the *Procurement System*, requiring qualified suppliers to sign the *Integrity and Confidentiality Commitment*, in which they commit not to give or accept any form of bribes, rebates, gifts, or securities; not to provide high-end banquets or travel arrangements; not to reimburse expenses; and not to engage in bid rigging, commercial defamation, or other improper practices.

Reporting and Complaint Mechanisms

FESC has established diversified reporting and complaint channels, including the internal OA platform, the "integrity" section in the Company's official website, a dedicated integrity hotline, and an email address, providing convenient feedback channels for employees and stakeholders. The Company explicitly encourages all parties to report violations of rules and regulations, damage to corporate interests, or other improper conduct. A reward mechanism is implemented for verified reports, with rewards of up to 6% of the recovered amount, thereby strengthening supervision, accountability, and disciplinary enforcement.

The Company strictly protects the legitimate rights and interests of whistleblowers. The Supervision and Audit Service Center or designated management personnel handle each report with caution, and confidentiality of the process and whistleblower identity is ensured to the fullest extent permitted by law. The Company strictly prohibits any form of retaliation and commits that all investigations shall follow lawful and compliant principles, in order to build a safe and trustworthy supervision environment and safeguard the common interests of the Company and its employees.

Reporting Contact Information

Integrity Hotline:
0510-87249555

Integrity Email:
lianzheng@600869.com

Metrics and Targets

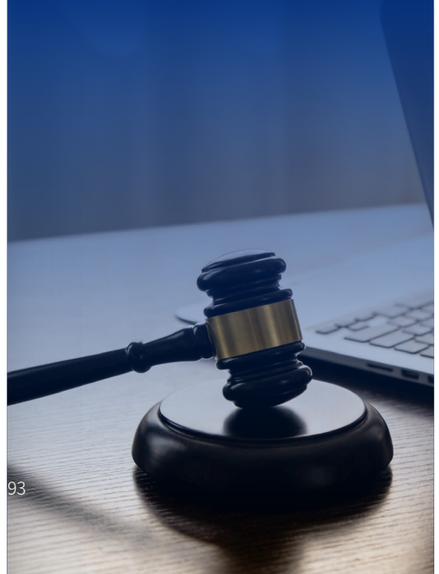
The Company has set the anti-corruption objective of "achieving clean and efficient internal management, optimizing the business environment, enhancing corporate image and social responsibility, and providing a solid foundation for sustainable development," and has established a series of indicators to measure progress toward this objective.

Relevant Indicators of FESC		Annual Progress
Training	Based on 2024 as the baseline, by 2030, anti-corruption, bribery, fraud, money laundering, conflict of interest, and fair competition training shall be provided at least once per year, with 100% employee coverage.	Completed
Risk Assessment	Based on 2024 as the baseline, by 2030, the number of business ethics risk assessments shall be at least once per year, covering 100% of operational sites.	Completed
Internal Review	Based on 2024 as the baseline, by 2030, the annual internal audit frequency of business ethics shall be at least once per year, covering 100% of operational sites.	Completed
Violation Practice	Based on 2024 as the baseline, by 2030, corruption and bribery incidents shall be 0; unfair competition incidents shall be 0; fraud, money laundering, and conflict of interest incidents shall be 0.	Completed
Commitment Letter	Based on 2024 as the baseline, by 2030, the signing rate of the Business Ethics Policy Commitment shall reach 100%.	Completed

Commercial Bribery and Corruption Incidents During the Reporting Period

Cases in which directors, management personnel, or employees were dismissed or disciplined due to bribery or corruption, investigated by competent authorities, or had contracts with business partners terminated or not renewed

No incidents occurred



2025

Number of Board members and executives who received anti-corruption training (persons)

14

Proportion of Board members and executives who received anti-corruption training (%)

100%

Number of employees who received anti-corruption training (persons)

7,373

Proportion of employees who received anti-corruption training (%)

100%

Anti-Unfair Competition

FESC strictly complies with the *Anti-Unfair Competition Law of the People's Republic of China*, the *Anti-Monopoly Law of the People's Republic of China*, and relevant laws and business ethics requirements, and has established a systematic management system to prevent unfair competition. The Company has formulated documents such as the *Business Ethics Policy* and the *Management System for Prohibiting Collusion with Competitors*, clearly defining mandatory principles against unfair competition behaviors such as commercial bribery, false advertising, infringement of trade secrets, and monopolistic agreements, in order to maintain a fair competitive market environment. Through clearly defined organizational responsibilities, specific control measures embedded in business processes, and regular company-wide training, the Company is committed to implementing fair competition principles across the entire business chain, effectively preventing and correcting various unfair competition behaviors, and maintaining a healthy market order.

In terms of risk prevention of unfair competition, the Company has established a regular risk identification and assessment mechanism. It regularly organizes department heads and employee representatives to conduct special risk assessments on unfair competition, covering key positions such as procurement, sales, brand promotion, and R&D. During the reporting period, the Company conducted a special risk assessment on unfair competition, identifying six potential risks, including exclusive agreements, false advertising, commercial defamation, and infringement of trade secrets, and formulated corresponding control measures.

The Company has internalized anti-unfair competition requirements into its compliance obligations and incorporated them into employee conduct standards. A company-wide training and assessment mechanism has been established, and regular specialized training sessions on the *Anti-Unfair Competition Law* and business ethics are organized and led by the Legal Service Department. The training content covers legal interpretation, case analysis, and guidance on compliance operations. During the reporting period, the Company organized one training session on the *Anti-Unfair Competition Law* and administered exams to participating employees to promote compliance awareness.

During the reporting period, the Company did not experience any litigation or major administrative penalties resulting from unfair competition practices.

In July 2025, FESC conducted training on the Anti-Unfair Competition Law.



Appendix

ESG Data Table and Notes[5]

Economic Indicators

Indicators	Unit	2025
Operating revenue	RMB 100 million	281.08
Net profit attributable to the parent company	RMB 100 million	0.59
Total assets at the end of the period	RMB 100 million	210.93

Governance Indicators

Topics	Indicators	Unit	2025
Corporate Governance	Proportion of independent directors	%	33.33
	Proportion of female directors	%	11.11
	Board meeting attendance rate	%	100
	Number of financial statement restatements	Cases	0
	Stock exchange information disclosure rating	—	C
Anti-Bribery and Anti-Corruption	Anti-corruption/anti-money laundering training coverage rate	%	100
	Total number of directors covered by anti-bribery and anti-corruption training	Persons	9
	Percentage of directors covered by anti-bribery and anti-corruption training	%	100
	Total number of management personnel covered by anti-bribery and anti-corruption training	Persons	5
	Percentage of management personnel covered by anti-bribery and anti-corruption training	%	100
Anti-Unfair Competition	Amount of fines for unfair competition	RMB 10,000	0
	Number of lawsuits or major administrative penalties due to unfair competition by the Company	Cases	0

[5] Due to incomplete data aggregation of certain subsidiaries and inconsistencies in historical accounting standards, some indicators only include data from partially consolidated entities and do not yet cover the full scope of FESC. The Company plans to gradually improve and complete the data in subsequent years once conditions are mature.

Environmental Indicators[6]

Topics	Indicators	Unit	2025
Climate Change Response[7]	Total greenhouse gas emissions	tCO_2e	350,611
	Scope 1 greenhouse gas emissions	tCO_2e	11,754
	Scope 1 greenhouse gas emission intensity	tCO_2e / RMB 1 million	0.42
	Scope 2 greenhouse gas emissions	tCO_2e	67,188
	Scope 2 greenhouse gas emission intensity	tCO_2e / RMB 1 million	2.39
	Scope 3 greenhouse gas emissions	tCO_2e	271,669
Energy Utilization	Total energy consumption[8]	tce	22,771
	Comprehensive energy intensity	tce / RMB 1 million	0.81
	Renewable energy consumption	kWh	27,664,978
	Proportion of renewable energy consumption[9]	%	14.93
Environmental Compliance Management	Total environmental protection investment[10]	RMB 10,000	3,095.2
	Environmental protection investment as a proportion of revenue[11]	%	0.11
	Number of environmental administrative penalties	Cases	0
	Environmental administrative penalties	RMB 10,000	0
	Number of green factory ratings	pcs	4
Pollutants[12] and Waste Management	Total non-hazardous waste generated	Ton	7,506.53
	Non-hazardous waste generated per RMB 100 million of revenue	tons / RMB 100 million	26.71
	Total hazardous waste generated	Ton	1,297.94
	Hazardous waste generated per RMB 100 million of revenue	tons / RMB 100 million	4.62
	Total waste recycled and reused	Ton	8,804.47

[6] Greenhouse gas emissions data, energy consumption data, waste data, air emissions data, and water resource consumption data are calculated based on the core entities of FESC—Far East Cable, New Far East Cable, and Far East Composite Technology.
[7] Total greenhouse gas emissions include Scope 1, Scope 2, and Scope 3 emissions. Scope 1 emissions include direct greenhouse gas emissions from natural gas, diesel, and gasoline combustion. Emission factors are referenced from the China Products Carbon Footprint Factors Database (CPCD). Scope 2 emissions are generated from purchased electricity and steam, with emission factors based on the national average carbon dioxide factor of 0.5306 tCO_2e per MWh as published by the Ministry of Ecology and Environment and the National Bureau of Statistics in the *Announcement on the Release of the 2023 Power Carbon Dioxide Emission Factors*. Scope 3 emissions include indirect emissions from transportation and indirect emissions from products used by the organization. Calculations refer to the *GHG Protocol-Corporate Accounting and Reporting Standard* and the *GHG Protocol-Corporate Value Chain (Scope 3) Accounting and Reporting Standard*.
[8] Total energy consumption = direct energy consumption + indirect energy consumption. The Company's direct energy includes natural gas, diesel, and gasoline; indirect energy includes purchased electricity and steam. Calculations refer to the *General Principles for Comprehensive Energy Consumption Calculation* (GB/T2589-2020), using physical energy consumption multiplied by corresponding standard coal conversion factors.
[9] Renewable energy consumption proportion = renewable energy consumption / total energy consumption × 100%.
[10] The statistical scope of total environmental protection investment includes Far East Cable, New Far East Cable, Far East Composite Technology, Far East New Materials, and Far East Electric.
[11] Environmental protection investment as a proportion of revenue = total environmental protection investment / operating revenue.
[12] Air pollutants and wastewater pollutant data are sourced respectively from atmospheric monitoring and wastewater discharge monitoring data.

Topics	Indicators	Unit	2025
	Total waste gas emissions	10,000 m^3	60,926.53
	Waste gas emission intensity	10,000 m^3 / RMB 1 million	2.17
	Particulate matter (PM) emissions	Kg	1,027
	Sulfur oxides (SOx) emissions	Kg	180
	Nitrogen oxides (NOx) emissions	Kg	1,362
	Volatile organic compounds (VOCs) emissions	Kg	36,191.53
	Total wastewater discharge[13]	m^3	145,444.26
	Wastewater discharge intensity	m^3 / RMB 1 million	5.17
	Chemical oxygen demand (COD) emissions	Ton	4.49
	Biochemical oxygen demand (BOD) emissions	Ton	0.34
	Ammonia nitrogen (NH3-N) emissions	Ton	1.17
	Total nitrogen (TN) emissions	Ton	1.04
	Total phosphorus (TP) emissions	Ton	0.05
Water Resources Management	Total water consumption	Ton	591,398
	Water consumption intensity[14]	tons / RMB 1 million	21.04
	Reclaimed water reuse / circulating water volume	Ton	0
Circular Economy	Non-renewable material consumption	Ton	0
	Total office paper consumption	Ton	0.1

Social Indicators

Topics	Indicators		Unit	2025
Employees	Total number of employees		Persons	7,373
	Number of employees by gender	Male employees	Persons	5,160
		Female employees	Persons	2,213
	Number of employees by age group	Under 30 years old	Persons	1,072
		30-50 years old	Persons	4,854
		Over 51 years old	Persons	1,447
	Number of employees by education level	Doctorate	Persons	16
		Master's degree	Persons	341
		Bachelor's degree	Persons	2,118
		Junior college	Persons	1,513
		High school and below	Persons	3,385
Employees	Number of employees by region	Chinese mainland	Persons	7,373
		Overseas regions	Persons	0
	Number of employees by ethnicity	Han ethnicity	Persons	7,251
		Other ethnic groups	Persons	122
	Proportion of labor dispatch/outsourcing		%	0
	Employee turnover rate		%	25.59
	Employee training coverage rate		%	100
	Proportion of female employees		%	30.01
	Proportion of ethnic minority employees		%	1.7
	Number of employees with disabilities / vulnerable groups employed		Persons	747
	Number of veteran employees		Persons	178
	Employee satisfaction		%	91.6
	Number of new cases of occupational diseases		Persons	0
	Occupational health examination coverage rate		%	100
	Number of work-related fatalities		Persons	0
	Work-related injury rate		%	0.36
	Lost Time Injury Frequency Rate (LTIFR)		—	0.5625
	Average safety training hours per employee		hours	36
	Investment in work safety		RMB 10,000	451.29
Innovation-Driven	R&D investment		RMB 100 million	5.59
	R&D investment as a proportion of main business revenue		%	2
	Proportion of R&D employees		%	7.77
	Number of high-tech enterprise certifications		pcs	8
	Number of specialized and sophisticated enterprise certifications		pcs	5
	Number of valid patents held[15]		pcs	734
	Number of software copyrights		pcs	2

[13] Total wastewater discharge = domestic sewage + industrial wastewater. Domestic sewage discharge is an estimated value, assuming 50 L of domestic wastewater per person per day and 300 working days per year. The Company (Far East Cable, New Far East Cable, Far East Composite Technology) has a total workforce of 1,800 employees, and total industrial wastewater discharge is 27,000 m^3. Industrial wastewater and wastewater sub-indicators (COD, BOD, etc.) are calculated based on Yibin Far East Copper Foil, with a total industrial wastewater discharge of 118,444.26 m^3.

[14] Water consumption intensity = total water consumption / operating revenue.

[15] It means total valid patents held by the Company as of the end of 2025.

Topics	Indicators	Unit	2025
Safety and Quality of Products and Services	Product factory pass rate	%	99.83
	Share of clean energy installed capacity / generation	%	23.06
	Recall rate of products with major defects	%	0
	Number of major safety and quality incidents related to products and services	Cases	0
	Amount of damages involving major safety and quality incidents related to products and services	RMB 10,000	0
	Customer complaint response rate	%	100
	Customer satisfaction	%	85.93
Supply Chain Security	Total number of suppliers	pcs	2,011
	Localization procurement ratio	%	77.2
	Environmental certification supplier admission rate	%	87.5
	Number of suppliers assessed with significant actual/potential negative impacts	pcs	0
	Percentage of suppliers with significant actual/potential negative impacts subject to agreed corrective action plans	%	0
	Number of suppliers terminated due to significant actual/potential negative impacts	pcs	0
Information Security and Customer Privacy Protection	Number of major data leakage incidents	pcs	0
	Specific amount involved in data leakage incidents	RMB 10,000	0
	Customer privacy leakage incidents	Cases	0
	Specific amount involved in customer privacy leakage incidents	RMB 10,000	0
Rural revitalization	Investment in rural revitalization funds	RMB 10,000	3,909.39
	Number of people benefiting from rural revitalization	Persons	747
Social contribution	Total amount of charitable donations	RMB 10,000	185
	Total hours of employee volunteer service	hours	1,020
	Number of volunteer participation instances	Person-times	650

Index Table

Index Table of the *Shanghai Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 14 — Sustainability Reports (Trial)*

Dimension	No.	Disclosure Topics	Corresponding Articles	Sections
Environment	1	Climate Change Response	Articles 21 to 28	Climate Change Response
	2	Pollutant emissions	Article 30	Pollutants and Waste Management
	3	Waste treatment	Article 31	Pollutants and Waste Management
	4	Ecosystem and Biodiversity Protection	Article 32	Ecosystem and Biodiversity Protection
	5	Environmental Compliance Management	Article 33	Environmental Compliance Management
	6	Energy Utilization	Article 35	Energy Utilization
	7	Water resource utilization	Article 36	Water Resources Management
	8	Circular Economy	Article 37	Circular Economy
Social	9	Rural revitalization	Article 39	Rural Revitalization and Social Contribution
	10	Social contribution	Article 40	Rural Revitalization and Social Contribution
	11	Innovation-Driven	Article 42	Innovation-Driven
	12	Technology Ethics	Article 43	The Company's business does not involve matters related to technology ethics.
	13	Supply Chain Security	Article 45	Supply Chain Security
	14	Equal Treatment of SMEs	Article 46	The Company does not have accounts payable (including bills payable) balances exceeding RMB 30 billion or accounting for more than 50% of total assets.
	15	Safety and Quality of Products and Services	Article 47	Safety and Quality of Products and Services
	16	Data Security and Customer Privacy Protection	Article 48	Information Security and Customer Privacy Protection
	17	Employees	Article 50	Employees
Governance	18	Due Diligence	Article 52	During the reporting period, the Company did not conduct sustainability due diligence; therefore, the due diligence topic is not disclosed.
	19	Stakeholder Communication	Article 53	Sustainable Development Management
	20	Anti-Bribery and Anti-Corruption	Article 55	Anti-Bribery and Anti-Corruption
	21	Anti-Unfair Competition	Article 56	Anti-Unfair Competition

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