



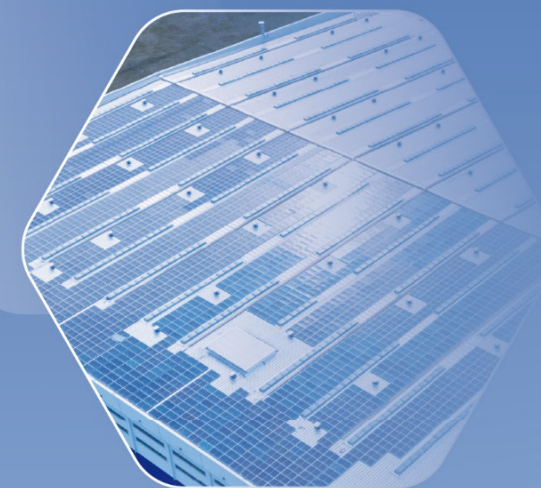
Shanghai Morimatsu Pharmaceutical  
Equipment Engineering Co., Ltd  
(Morimatsu LifeSciences)



# 2024

## Environmental, Social and Governance Report

Shanghai Morimatsu Pharmaceutical  
Equipment Engineering Co., Ltd  
(Morimatsu LifeSciences)



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# About This Report

## Overview

Welcome to the *2024 Environmental, Social and Governance Report* (hereinafter referred to as the "Report" or "ESG Report") of Morimatsu LifeSciences Business Sector (hereinafter referred to as the "Company", "Morimatsu LifeSciences", "Morimatsu" or "we"). Under the co-ordination of Morimatsu International Holdings Limited (Stock Code: 2155.HK, hereinafter referred to as "Morimatsu International" or the "Group"), we have established our own ESG objectives and governance structure, and for the first time, we have focused on our ESG management system, progress of our work and performance in our ESG Report to demonstrate our commitment to sustainable development.

## Reporting Period

This is an annual report covering the period from 1 January 2024 to 31 December 2024 (hereinafter referred to as "the reporting period", "this year" or "2024"). In order to enhance the completeness of the report, some of the contents have been retrospectively extended or extended backward as appropriate.

## Preparation Basis

This report has been prepared with reference to the requirements of *Appendix C2 Environmental, Social and Governance Reporting Code* of the *Rules Governing the Listing of Securities* issued by the Stock Exchange of Hong Kong, and adheres to the reporting principles of materiality, quantitative, balance, and consistency. The report also makes reference to and responds to the relevant disclosure requirements of the Sustainability Accounting Standards Board (SASB) and the United Nations Sustainable Development Goals (UNSDGs).

## Scope of Reporting

This report covers the ESG performance of Morimatsu International's Morimatsu LifeSciences business sector (including Shanghai Morimatsu Pharmaceutical Equipment Engineering Co., Ltd., Shanghai Mori-Biounion Technology Co., Ltd. and Morimatsu (Suzhou) LifeSciences Co., Ltd., Pharmadule Engineering India Private Limited, Morimatsu Lifesciences (Singapore) Pte. Ltd, MORIMATSU PHARMADULE (SINGAPORE) PTE. LTD, Pharmadule Morimatsu AB, Pharmadule Morimatsu INC., Morimatsu Italy S.r.l, Phamadule T&S Co.,Ltd) and their subsidiaries, covering our subsidiaries in Hong Kong, Shanghai, Nantong, Changshu, and Wuhan in China, as well as our operations in Sweden, Japan, the United States, India, Malaysia, Italy, and Singapore. For detailed information on corporate governance, please refer to the "Corporate Governance Report" section in Morimatsu International's 2024 Annual Report.

## Sources of Information and Explanations

The information and data disclosed in this report are sourced from our official documents and statistical reports and have been reviewed by the relevant authorities. If the currency is not specifically stated, the data in the amount category in this report are all in RMB. In case of any inconsistency between the relevant data and the section "Environmental, Social and Governance Report" in Morimatsu International's 2024 Annual Report, please refer to the Annual Report of Morimatsu International.

## Access and Feedback to the Report

This report is provided in both Simplified Chinese and English for readers' reference. In the event of any discrepancy between the two versions, the Simplified Chinese version shall prevail.

About Us

Company Profile

Morimatsu LifeSciences, one of the key business segments of Morimatsu International Holdings Limited (Morimatsu International, Stock Code: 2155.HK), mainly consists of Shanghai Morimatsu Pharmaceutical Equipment Engineering Co., Ltd (hereinafter referred to as "Morimatsu Pharmaceutical"), Morimatsu (Suzhou) LifeSciences Company Limited, Shanghai Morimatsu Biotechnology Co. Ltd., Shanghai Mori-Biunion Technology Co., Ltd, and Pharmadule Morimatsu AB (hereinafter referred to as "Pharmadule Sweden") and its subsidiaries, serving the Pharmaceutical,Biopharmaceuticals, Medical & Aesthetics, FMCG (Cosmetics, Baby, Women & Home Care, Health Care, Fabric & Home Care, Food, Beverage, Nutraceuticals), etc. We provide "Core Equipment+ Value-added Services+ Mathematical and Intelligent Total Plant Solutions & Service" (MVP Solutions & Service "), and we are committed to providing our customers with "Core Equipment", "Value-added Services" and "Digital Intelligent Total Plant Solutions & Service". Solutions & Service"), focusing on Core Equipment, Stainless Steel Process Systems, Single-Use Process Systems, Consumables, Laboratory Solutions, Digital and Modular Plant Solutions & Service.

Morimatsu, as a diversified multinational company, has opened subsidiaries or advanced manufacturing bases in China, Japan, Sweden, the United States, India, Italy, and Singapore, etc. Relying on its globalised and efficient team of professionals, Morimatsu has delivered products and services in various forms to more than 40 countries and regions up to now.

Morimatsu's Digital-Intelligent Integrated Plant Solutions optimize production efficiency and engineering platform profitability through seamless upstream-downstream process integration, empowering clients to achieve lean manufacturing. The full lifecycle digital services spanning design, construction, and operations & maintenance establish future-ready model facilities for biopharmaceutical production, setting technological benchmarks across China and global markets.

Mission and Vision

The Group's products and technologies help society pursue a greener earth, healthier life and smarter tools through the development of modern industrial civilization.

The Group aims to provide customers with the world's leading core equipment, high value-added proprietary technology modular solutions, digital intelligence integrated plant solutions (including process packages), and value-added services covering the full life cycle.

Machines  
Core Equipment

- The core equipment, designed to achieve theoretical heat and mass transfer in large volume equipment, works to realize new material synthesis processes that are theoretically based on chemical and biological reaction equations and feasible at the practical laboratory level, at the process level production scale.

Values  
Value Empowerment

- While providing core equipment-based products to downstream industries and customers, the Company remains committed to developing high value-added integrated products and solutions.

Plants  
Highly Integrated Systematic Solutions

- This is an extreme industrial product that directly aims at customers who intend to commercialize their critical advanced material synthesis technologies and provides one-stop "service + product + service" systematic solutions, covering the entire process from project initiation consultancy, technical/commercial feasibility studies, process route design, engineering design, core equipment delivery, system manufacturing/installation/commissioning/certification, operation and maintenance management to continuous optimization of the process, with optional incorporation of continuous supply arrangements for critical consumables and auxiliary materials.

Annual Honors and External Recognition

Leveraging decades-long accumulation of expertise and quality products and services, Morimatsu has earned industry-wide acclaim and multiple client recognitions, with selected honors and certifications including but not limited to:

| Honor Subject       | Shanghai Morimatsu Pharmaceutical Equipment Engineering Co., Ltd                          | Shanghai Morimatsu Pharmaceutical Equipment Engineering Co., Ltd                    | Shanghai Morimatsu Pharmaceutical Equipment Engineering Co., Ltd   |
|---------------------|---|---|--|
| Name of the Honor   | Exemplary Enterprise in Brand Cultivation (Shanghai)                                      | Member Unit of Shanghai Biopharmaceutical Industry Association                      | Member Unit of Shanghai Synthetic Biology Industry Association   |
| Issuing Authority   | Shanghai Municipal Commission of Economy and Informatization                              | Shanghai Biopharmaceutical Industry Association                                     | Shanghai Synthetic Biology Industry Association  |
| Images of the Award |   |   |  |
| Honor Subject       | Shanghai Morimatsu Pharmaceutical Equipment Engineering Co., Ltd                          | Morimatsu (Suzhou) LifeSciences Company Limited                                     | Morimatsu (Suzhou) LifeSciences Company Limited  |
| Name of the Honor   | Vice Chair Organization of the 8th Council, Shanghai Society of Biotechnology (2023-2027) | 5G Factory Category under Suzhou Industrial Internet Innovation Development Project | High-Tech Enterprise   |
| Issuing Authority   | Shanghai Society of Biotechnology   | Suzhou Municipal Bureau of Industry and Information Technology                      | Jiangsu Provincial Department of Science and Technology<br>Jiangsu Provincial Department of Finance<br>State Taxation Administration Jiangsu Provincial Tax Bureau |
| Images of the Award |   |   |  |

Sustainable Development Recognition and Awards

EcoVadis Gold Rating- Pharmadule Sweden

CDP Water Grade A- Award

EcoVadis Silver Rating- Morimatsu Pharmaceutical

Signatory of the United Nations Global Compact (UNGC)

CDP Climate Grade B Award

The MVP Solutions+ refers to the product strategy that utilizes process packages as the technology carrier and continuous service as the interface for upstream and downstream interactions, in addition to the above three types of products. Its advantages mainly include:

- 1 Closer to the customers' value needs, enhance customer bonding and loyalty.

4 Avoid continuous investment in hardware assets and downplay the inevitable link between hardware capacity growth and business development.
- 2 Closer to the development trends of the downstream industry, actively integrate into the process of customers' technology update and product iteration.

5 Continuously enhance the Group's technological attributes and continue to improve self-learning and evolutionary capabilities.
- 3 Continue to improve our competitive advantages, deepen the development of the moat effect and minimize the long-term homogeneous competition.

6 Develop a unique development model for manufacturing enterprise, avoiding dependence on a single product, a single market, and realizing continuous updating and iteration of core technologies and products.



## From Our CEO



Chief Executive Officer

**Wei Hua Tang**

Throughout its long-term development journey, Morimatsu LifeScience has adhered to a sustainable development path by leveraging robust technological capabilities, advanced management philosophies, and exceptional corporate culture. While pursuing operational excellence, we proactively fulfill ESG responsibilities, drive technological innovation to assist clients in obtaining safer and more reliable products, and are committed to enhancing public health, beauty, efficiency, and convenience. We know that the sustainable development of an enterprise cannot be separated from an in-depth understanding of ESG concepts and practical actions. We always integrate ESG concepts into our corporate strategy and daily operations, and strive to realize the harmonious unity of economic, social and environmental benefits.

The Company insists on promoting the ESG governance system, forming an ESG management team linked with the Group's senior management and actively accepting guidance from the Group's Board of Directors to continuously improve ESG performance. We continuously improve information disclosure transparency, strengthen stakeholder engagement, actively respond to stakeholder expectations, and advance sustainable governance capabilities.

The company actively responds to climate change risks and opportunities, and implements the company's overall climate strategy deployment. We optimize energy structures with increased adoption of solar power and photovoltaic (PV) equipment, promote and deploy energy-efficient technologies, initiate and conduct carbon audits at key operational sites, and decompose annual decarbonization targets into actionable energy-saving measures.

The Company actively builds an environmentally friendly enterprise and continuously improves its environmental management system. Through green practices and technological innovation, we promote collaborative carbon reduction across industrial chains to contribute to a green and low-carbon society. We comprehensively implement energy conservation, resource efficiency, and waste reduction measures, strengthen environmental responsibility assessments, and advance environmental governance guided by environmental objectives.

The Company remains committed to delivering superior products and high-quality services. We actively implement and deepen the "Machine + Values + Plants" (M.V.P.) integrated innovation model, accumulating extensive experience in global Modular Solutions delivery to enhance production efficiency and flexibility. In 2024, Morimatsu Pharmadule completed the first batch shipment of nearly 100 modules for externally collaborative modular plant projects. We accelerate the commercialization of technological achievements, expand intellectual property protection and overseas patent strategies, and rigorously implement international quality management systems. By prioritizing customer-centricity, we establish comprehensive service frameworks with strict privacy protection, continuously improving satisfaction rates. ESG principles are integrated into supplier partnerships, while active industry collaboration advances technical standards for sectoral progress and human health.

We proactively fulfill employee and social responsibilities, valuing employees as core assets. We continue to build a diversified team, provide employees with learning and growth opportunities, and help them realize their personal values. We comprehensively promote safe production, protect the health and safety of employees, and actively organize colorful employee activities to enhance team cohesion. We insist on feeding the society, making progress together with the community, being enthusiastic about public welfare, and actively creating social value.

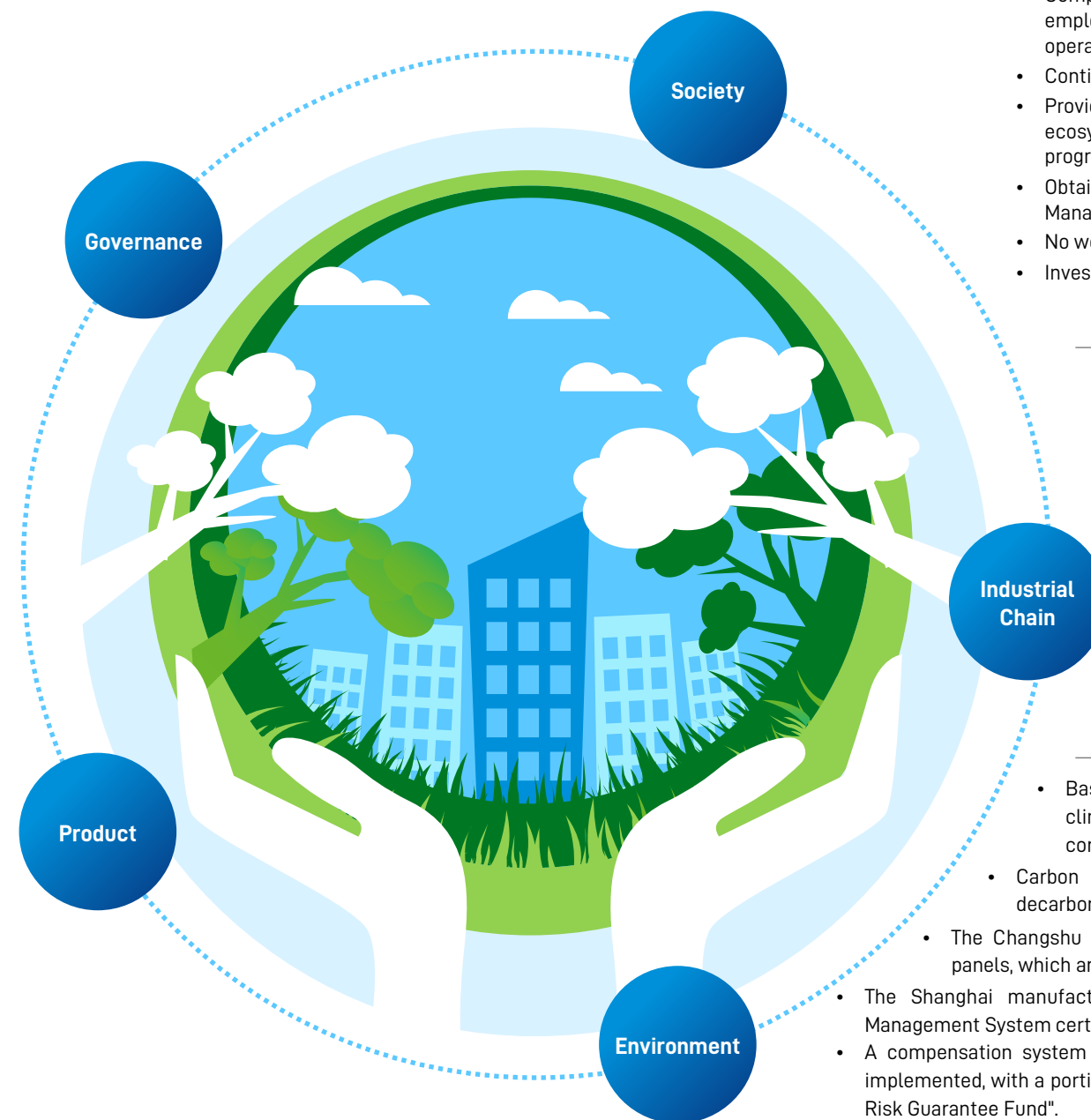
The Company upholds high-standard corporate governance by optimizing risk management structures, strengthening internal controls, and improving compliance systems. Ethical business practices foster integrity-driven workplace cultures.

Looking forward, Morimatsu LifeScience will deepen ESG integration into corporate strategies and operations, aiming to become a sustainable industry benchmark. Increased investments in environmental protection, social responsibility, and governance will advance dual-carbon goals and global sustainable development.

# 2024 ESG Highlights

- Identified, merged, and screened out 20 ESG material topics by combining the enterprise development strategy and industry focus. After being reviewed and confirmed by the Company's senior management, we have formed our 2024 material topic matrix.
- Employees sign the *Letter of Commitment for Integrity and Self-discipline*.
- The soundness and completeness and effective implementation of the internal control system is one of the important indicators in the performance assessment of relevant departments.
- There were no anti-corruption-related lawsuits or improper business behaviors in the Company's commercial activities.

- Actively practice and deepen the M.V.P. model of "Machine + Values + Plants" and innovatively launch the MVP Solutions+, transforming towards a service-oriented manufacturing model.
- Obtained and maintained quality system certifications/production qualifications such as **ISO 9001:2015** Quality Management System Certification and ASME "U" Certificate of Authorization.
- Independently developed the iMES management platform and actively used digital systems for production and project management throughout the product life cycle.
- Set high standard quality objectives and realized that the pass rate for the primary project factory acceptance test (FAT) was **100%**, the pass rate for the primary inspection of the products was **98.4%**, and the pass rate for the primary welded seams was over **98.5%**.
- Actively listen to customer experience and feedback, and respond quickly to customer needs. During the reporting period, our customer satisfaction rate was over **97%**.
- Maintained **ISO/IEC 27001:2013** Information Security Management System Certification.
- No significant information security and data leakage incidents occurred.



- Comprehensive focus on building a diverse workforce with **21.55%** female employee representation and **20** employees with disabilities integrated into operations.
- Continue to advance the recruitment and development of local employees.
- Provide **24.39** training hours per employee through multidimensional learning ecosystems encompassing internal training modules, external certification programs, and academic advancement support mechanisms.
- Obtained and maintained **ISO 45001** Occupational Health and Safety Management System certification.
- No workplace fatalities or major workplace injury has occurred.
- Invested a total of **RMB 169,300** in social welfare.

- Participate in industry exchange activities, share technologies, concepts, and market trends, promote the formulation of industry standards, and make important contributions to the sustainable development of the industry.
  - Build an online Supplier Relationship Management (SRM platform) to further visualize and legalize supplier management.
  - Formulate the *Supplier Code of Conduct* to conduct ESG inspections and management of suppliers from dimensions such as environmental management, anti-corruption and integrity, and labor management.
  - Sign integrity agreements with our suppliers.
- 
- Based on the TCFD framework, we have identified four categories of climate risks and three major opportunities, and implemented corresponding mitigation measures.
  - Carbon verification has been conducted for key operational sites to clarify decarbonization directions, targets, and action plans.
  - The Changshu Plant is currently installing **8.22 MW** of distributed photovoltaic (PV) panels, which are expected to reduce the factory's energy consumption by **20%-50%**.
  - The Shanghai manufacture facility has obtained and maintains **ISO 14001** Environmental Management System certification.
  - A compensation system linking environmental performance to executive incentives has been implemented, with a portion of relevant executives' salaries withheld monthly to establish an "HSE Risk Guarantee Fund".
  - A total of approximately **RMB 556,000** has been invested in environmental protection initiatives.
  - Paperless office practices have been continuously promoted, with **210** OA approval process forms developed in 2024.
  - Based on the actual needs of the industry, we carry out a series of cutting-edge technology research and development and innovation to promote the technological progress of the industry, and contribute to the construction of a greener, low-carbon society.





Morimatsu practices the concept of sustainable development, continuously improves the ESG governance structure and management system, and integrates the concept of sustainable development into its operation and development in all aspects. We actively build stakeholder communication channels, listen to and receive the demands of all stakeholders, and endeavour to safeguard the rights and interests of the company's value chain partners and promote the Company's sustainable development.

# 01

## Implementing ESG Governance

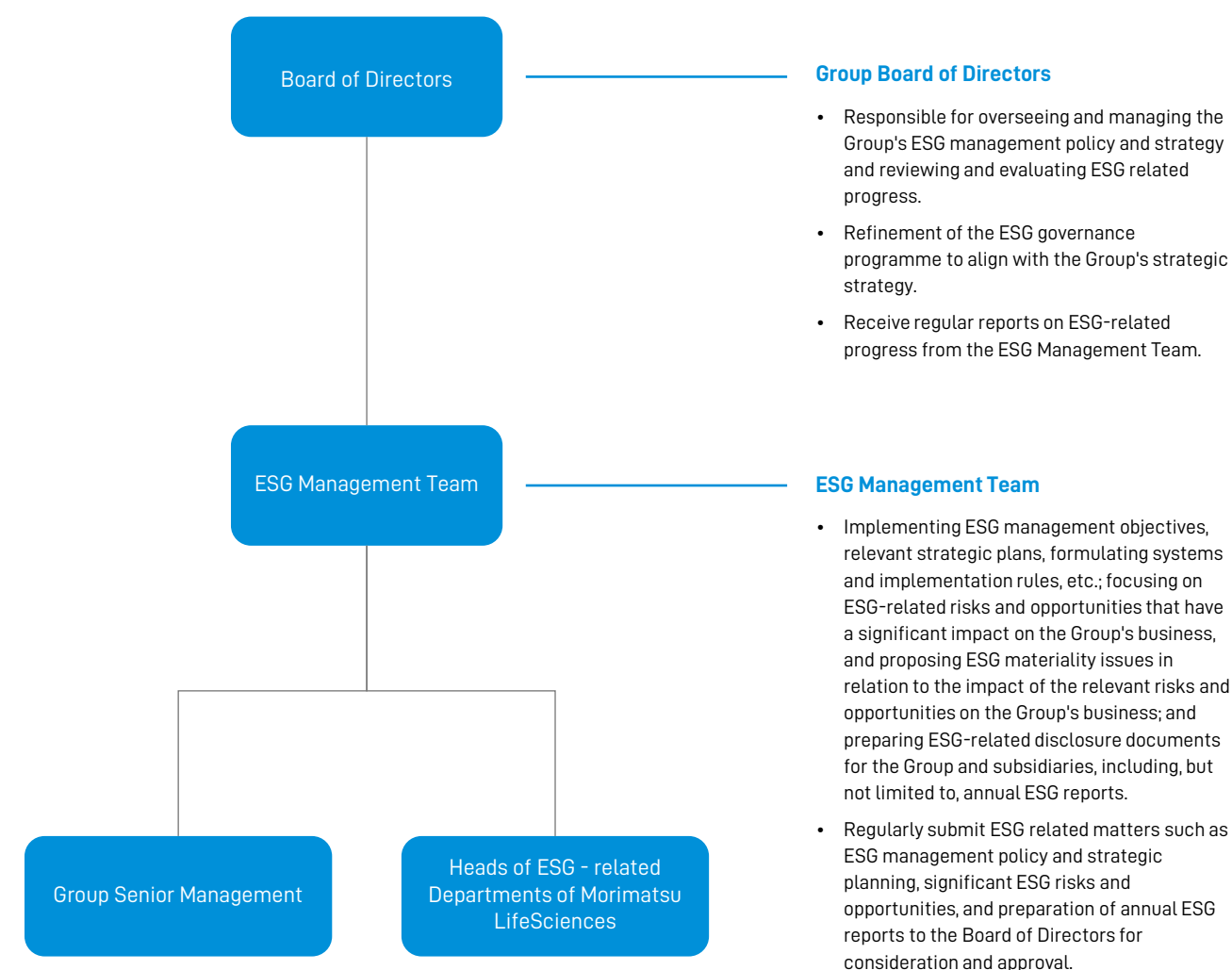




# ESG Governance Structure

The Board of Directors of Morimatsu International is responsible for formulating the Company's ESG strategy, assessing and identifying relevant risks, and ensuring that appropriate and effective risk management objectives and internal control systems are in place. At the Group level, Morimatsu has set up an ESG Management Team to implement the ESG strategies considered and approved by the Board of Directors based on the *Environmental, Social and Governance (ESG) Management Team Work System*.

The responsible persons of ESG-related departments of Morimatsu LifeSciences and the senior management of the group jointly form the ESG management team, implement the annual ESG-related work, and ensure the standardized management of ESG work. At the same time, the ESG management team of our group regularly reports the ESG work situation to the group's board of directors and continuously optimizes and improves our ESG performance according to the board of directors' guidance and suggestions.



ESG Governance Structure and Responsibilities



# Stakeholder Engagement

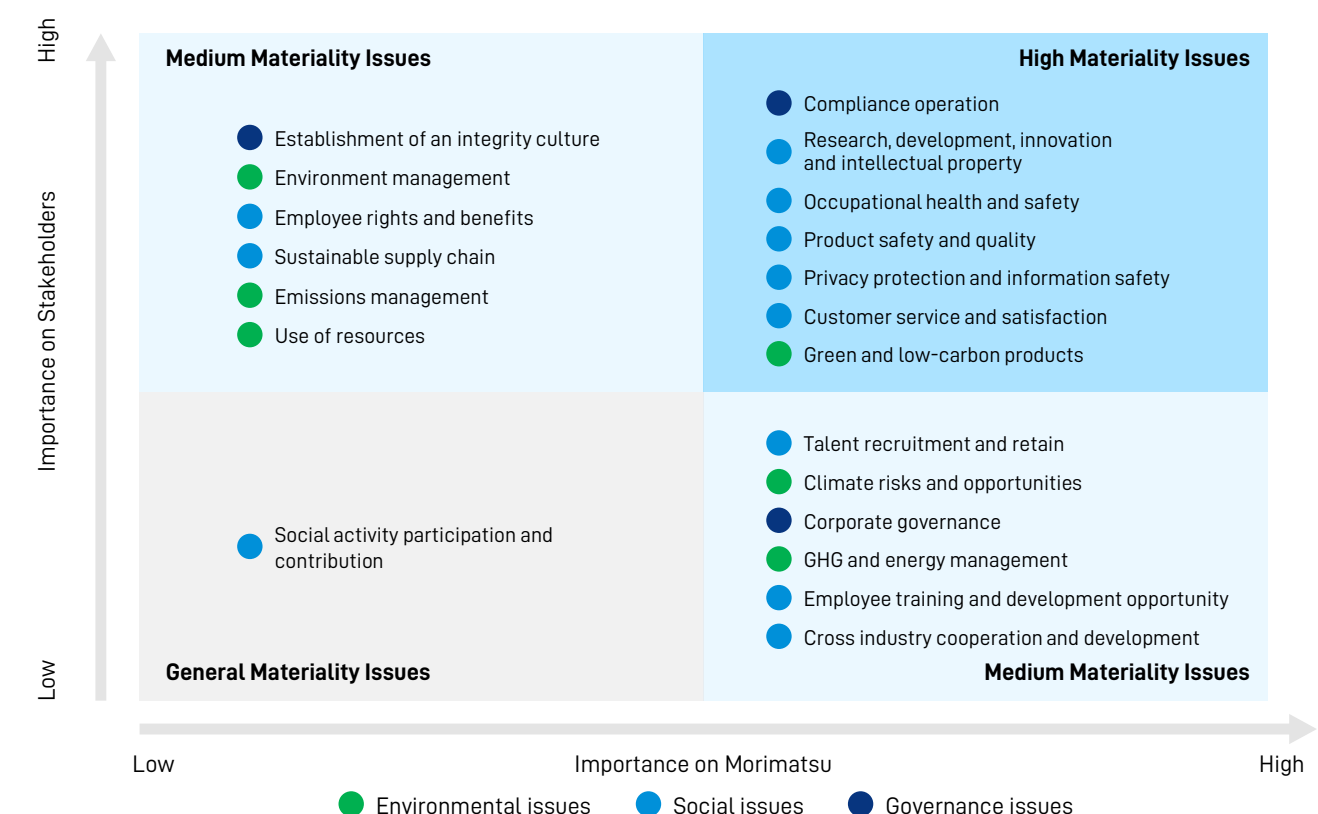
Morimatsu attaches great importance to multi-channel communication and exchanges with various stakeholders, and actively responds to the expectations and demands of various stakeholders such as government and regulatory authorities, shareholders and investors, employees, industry associations, customers, suppliers and partners, and the community, and takes them into account as an important consideration in the formulation of our ESG strategy, which will drive us to continuously improve our level of sustainable governance.

| Stakeholders                                 | Expectations for Morimatsu   | Communication and Response in Morimatsu   |
|--|--|---|
| <b>Government and Regulatory Authorities</b> | <ul style="list-style-type: none"> <li>Compliance with various laws and regulations</li> <li>Promote employment</li> <li>Pay taxes according to law</li> <li>Clean production</li> </ul>   | <ul style="list-style-type: none"> <li>Comply with the laws and regulations in the place of operation and implement relevant policies</li> <li>Accept supervision and inspection</li> <li>Strengthen compliance management and operation for enterprises</li> <li>Timely reporting and disclosure of information</li> </ul>   |
| <b>Investors and Shareholders</b>            | <ul style="list-style-type: none"> <li>Financial performance</li> <li>Development strategy</li> <li>Exploration of new business</li> <li>Sustainable corporate development</li> <li>Technology and Innovation</li> </ul>   | <ul style="list-style-type: none"> <li>Convene regular general meetings and Board meetings</li> <li>Investor research and communication</li> <li>Make timely disclosure of statutory matters and business updates</li> <li>Deepen product and technology innovation and continuously expand new business</li> </ul>   |
| <b>Customers</b>                             | <ul style="list-style-type: none"> <li>Provide products and services that meet the needs and create greater value for our customers.</li> <li>Intellectual Property Protection</li> <li>Information Security Assurance</li> <li>Bear corporate social responsibility</li> </ul>        | <ul style="list-style-type: none"> <li>Improve the quality of products and services</li> <li>Improve customer satisfaction</li> <li>Protect customer data and information</li> <li>Actively cooperate with customer to perform enterprise social responsibility audit</li> </ul>  |
| <b>Employers</b>                             | <ul style="list-style-type: none"> <li>Protection of rights and interests</li> <li>Remunerations and benefits</li> <li>Safety and health</li> <li>Career development</li> <li>Corporate culture</li> </ul>   | <ul style="list-style-type: none"> <li>Protect the rights and interests of employees and enhance employee benefits</li> <li>Improve the working environment of employees</li> <li>Enhance employee health and safety related training and facility investment</li> <li>Provide employees with better training related to career development</li> <li>Actively communicate with employees</li> </ul> |
| <b>Suppliers and Partners</b>                | <ul style="list-style-type: none"> <li>Comply with business ethics and national laws and regulations</li> <li>Openness and fairness</li> <li>Commitment</li> <li>Work with suppliers to promote sustainable development of the supply chain and achieve win-win cooperation</li> </ul> | <ul style="list-style-type: none"> <li>Improve the communication platform for suppliers</li> <li>Optimize the supplier selection mechanism</li> <li>Establish an open and transparent tendering mechanism</li> <li>Provide equal opportunity for suppliers to compete</li> <li>Improve supplier evaluation</li> </ul>   |
| <b>Industry Association</b>                  | <ul style="list-style-type: none"> <li>Facilitate industry development</li> </ul>  | <ul style="list-style-type: none"> <li>Promote sustainable industry development</li> <li>Promote fair competition in the industry</li> </ul>  |
| <b>Community</b>                             | <ul style="list-style-type: none"> <li>Actively participate in community construction</li> <li>Actively devote to public welfare undertakings</li> </ul>   | <ul style="list-style-type: none"> <li>Commences employee volunteer activities</li> <li>Contribution to support education</li> <li>Provide more employment opportunities</li> <li>Charity donations</li> </ul>  |

Morimatsu Stakeholder Communication Mechanism

# Materiality Issues

Morimatsu collects opinions from various parties through questionnaires, emails and communication interviews to identify the key concerns of stakeholders. During the reporting period, we identified, consolidated and screened out 20 ESG materiality issues based on our previous years' materiality issues work in light of our corporate development strategy and industry focus, which were reviewed and confirmed by the Company's senior management to form our 2024 materiality issues matrix, which guides our ESG specific strategies and actions.



Morimatsu LifeSciences 2024 Materiality Issues Matrix





Amidst the increasingly apparent risks of global climate change, Morimatsu actively addresses the risks and opportunities presented by climate change while continuously increasing investment in research and development of green and low-carbon technologies. We are constantly exploring new pathways for energy conservation and emission reduction, and we collaborate with partners along the supply chain and stakeholders from all sectors of society to drive the Company towards a low-carbon and environmentally friendly development path, jointly striving to build a future with zero-carbon emissions.

# 02

## Embracing a Zero-carbon Future





# Climate Strategy

To more efficiently manage climate change-related matters, Morimatsu has established a climate governance structure. This structure is overseen by the Board of Directors as the highest regulatory body, ensuring that the climate change response strategy aligns with the overall strategic direction of Morimatsu International. The heads of the ESG-related departments of Morimatsu LifeScience Sector, together with senior management of the group, form the ESG Management Team, which is specifically responsible for overseeing and managing the implementation of climate change-related projects and activities, and regularly reports progress to the Board of Directors. The ESG Management Group, composed of heads of relevant departments across the Company, covering areas such as environmental and climate management, risk management, and corporate governance, ensures the effective implementation of the climate strategy deployed by the Board of Directors.

Based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and in combination with the production and operational characteristics of Morimatsu's business lines, we have identified the risks and opportunities presented by climate change and formulated targeted response measures.

Morimatsu consolidates the assessment results of relevant businesses, laws, regulations, and natural conditions across all its operating locations into the risk management team. Each construction site, both domestically and internationally, formulates targeted disaster risk response plans based on the specific regional conditions. Based on the assessment results and emergency plans, we integrate climate risks into the existing environmental risk management structure, compile and update the *Emergency Contingency Plan for Environmental Emergencies*, and guide the production units of our subsidiaries to implement climate response measures, such as implementing emergency response equipment and enhancing training for production personnel.

Simultaneously, our company integrates climate risks and opportunities into its corporate strategy, actively setting indicators and targets including carbon emission reductions, carbon neutrality, and increasing the proportion of photovoltaic power generation. During the reporting period, we have simultaneously promoted multiple initiatives such as the technological upgrading of production equipment and the construction of photovoltaic facilities to comprehensively enhance the efficiency of energy and resource utilization. For more information, please refer to the section on Carbon Emissions and Energy Management.

| Category                            | Description of risks/opportunities                 |  | Strategies  |
|-------------------------------------|--|--|---|
| Entity Risk                         | Flood  | <ul style="list-style-type: none"><li>Climate change will increase the frequency and severity of extreme weather events, such as floods, typhoons and droughts;</li></ul>  | <ul style="list-style-type: none"><li>During the construction of the project, the impact of climate risk is considered comprehensively, and its potential impact on our production progress is avoided as much as possible at the site selection stage, and the operation site will be modified or even relocated based on the exposure to risk during the operation process;</li><li>Constantly monitor the climate warning, based on the <i>Emergency Plan for Typhoon and Flood Prevention</i>, according to the different levels of warning signals issued by the meteorological department, activate the corresponding measures at different levels, report and adjust the production schedule at the right time;</li><li>Establishment of an emergency response team and preparation of an "<i>Emergency Contingency Plan for Environmental Emergencies</i>", safety modifications to the operating site and purchase of emergency equipment and materials to minimise the risk of safety, economic loss and disruption of operations;</li><li>Regular staff training on emergency response to extreme weather is carried out to fully publicise the Company's risk management policies and emergency response methods, and insurance is purchased at domestic and overseas operating locations to enhance protection in multiple ways.</li></ul> |
|                                     | Typhoon  | <ul style="list-style-type: none"><li>Extreme weather will likely damage the plant's production equipment, leading to economic losses as well as production interruptions;</li><li>The normal operation of the supply chain will be disrupted and the transport of raw materials/finished products as well as warehousing may be put on hold for long periods of time due to extreme weather;</li></ul>  |   |
|                                     | Drought  | <ul style="list-style-type: none"><li>The lives and health of employees will be threatened, productivity and product delivery service cannot be guaranteed;</li></ul>  |   |
|                                     | Extreme Heat, Cold and Rising Average Temperatures | <ul style="list-style-type: none"><li>In the long term, climate change will bring chronic climate risks, such as rising sea levels that will lead to land inundation, disruption of transport and water scarcity due to salinisation of water sources, which may have an impact on the Company's normal production operations.</li></ul>   |   |
| Transformation Risks/ Opportunities | Policy Change Risk                                 | <ul style="list-style-type: none"><li>With the introduction of carbon tariffs and carbon pricing policies led by the markets of developed countries around the world, as well as the fact that some industries are being brought into the scope of the carbon trading market domestically, the business areas in which Morimatsu is involved will be exposed to the risk of higher operational and financial costs.</li></ul>  | <ul style="list-style-type: none"><li>Morimatsu's relevant departments monitor in real time the laws, regulations and compliance requirements of the places where the business is operated, and strengthen the communication with customers, government and other stakeholders to carry out compliance risk prevention initiatives in advance and reduce compliance-related risks;</li><li>The Company has carried out carbon verification work and product carbon footprint certification for its key operational sites, as well as energy-saving technological improvements and other types of carbon reduction initiatives to reduce our carbon emissions;</li><li>We have initiated a number of photovoltaic equipment construction projects, which will greatly enhance clean energy applications and ensure that we can fully meet the needs of downstream customers for green products;</li><li>Morimatsu actively participates in customers' green, low-carbon and environmentally friendly projects, implements relevant measures into the production and delivery process of Morimatsu products, provides reliable equipment and devices for customers', and accumulates green project experience in actual case co-operation.</li></ul>  |
|                                     | Market Risks and Opportunities                     | <ul style="list-style-type: none"><li>Against the backdrop of China's "30-60" dual-carbon target and global green development, more and more consumers are paying attention to green products, green-labelled low-carbon products and services, and this demand will gradually spread to different levels of the supply chain.</li></ul>   |   |
|                                     | Technology Transformation Risks and Opportunities  | <ul style="list-style-type: none"><li>The demand for green development is both a challenge and an opportunity. Morimatsu needs to analyse customer demand for green technological reform, green factory certification, clean energy use and other transformation initiatives, and at the same time, actively research and develop and create products, equipment and services that are more in line with the market demand, in order to satisfy the needs of end-consumers as well as the trend of the world's green transformation.</li></ul> |   |

# Carbon Emissions and Energy Management

The main types of energy used by the Company include purchased electricity, natural gas used in heat treatment furnaces and canteens, diesel for forklift trucks and gasoline for official vehicles. We are achieving the dual objectives of energy management and carbon emission control of the Company by optimising the energy structure, enhancing the efficiency of energy use and promoting low carbon technologies. We have formulated the *Regulations on Resource and Energy Management* and other systems to guide the Company to reduce its environmental impact while safeguarding its normal operations, and to promote the transformation of the Company to a greener and more sustainable mode of development.

During the reporting period, Morimatsu has facilitated carbon verification at key operating locations to quantitatively understand the current status of our carbon emissions, which has guided our further energy-saving and carbon-reduction initiatives and clarified the direction of our carbon emission reduction and carbon neutrality targets. Each operation site will break down its annual work objectives based on its actual situation and gradually carry out energy-saving and emission-reduction work.



Greenhouse Gas Inventory Certification

## Morimatsu's Greenhouse Gas and Energy Management Targets

Actively respond to the global low-carbon transition and carbon neutrality trends by organizing carbon verification at key operating facilities to understand the Company's greenhouse gas emission inventory and the current status of greenhouse gas management.

Actively enhance the utilization rates of diesel, gasoline, general electricity, and natural gas through green process upgrades and energy-saving technological transformations, continuously reducing energy consumption per unit of output value.

Continuously increase the proportion of clean energy applications by installing photovoltaic equipment, thereby reducing indirect carbon emissions associated with energy use.

Based on the statistical results, we have identified significant potential for carbon reduction in our energy usage. Preliminary estimates suggest that greenhouse gases generated from the use of purchased energy account for approximately 79.78% of the total greenhouse gas emissions during our operations.

We plan to optimize our energy structure through the application of photovoltaic (PV) equipment, gradually replacing purchased electricity with clean energy and exploring multiple effective paths towards carbon neutrality. During the reporting period, we have completed PV equipment construction projects totaling over 8 MW at our Changshu Plant. Simultaneously, we have actively implemented green commuting initiatives, upgrading all business commuting vehicles to new energy vehicles and installing new energy charging piles to encourage employees to adopt green travel methods.

## Morimatsu Photovoltaic Construction Project

To deepen the application of clean energy and improve energy efficiency, the Changshu Plant is currently installing 8.22 MW of distributed PV panels. By installing solar PV panels and other facilities, the plant is expected to achieve partial self-sufficiency in electricity consumption. It is estimated that this clean energy utilization project could reduce the plant's energy consumption by 20%-50%.



Changshu Plant Photovoltaic Pictures



In addition, our company is comprehensively implementing energy-saving and carbon-reduction initiatives to promote carbon emission reduction and energy efficiency improvement from all aspects, ensuring the achievement of our established carbon emission and energy management goals.

#### Details of Morimatsu's Energy-Saving and consumption reduction initiatives

##### Workshop Lighting System Upgrade

To reduce carbon emissions, we have upgraded the lighting equipment in the production park to solar-powered external lights, reducing electricity consumption for lighting at our operating sites.

##### Energy Efficiency Monitoring System

We have deployed an energy efficiency monitoring system as a core means of plant energy conservation. This system monitors energy consumption in real-time across all production processes, providing precise data support for energy-saving management.



##### Application of Energy-saving Technologies and Equipment

We apply variable frequency energy-saving technologies to production equipment, adjusting motor speeds to match actual load requirements and effectively avoiding prolonged inefficient motor operation. This significantly reduces electricity consumption, contributing to the plant's energy conservation, emission reduction, and efficient operation.

We are actively preparing to carry out product carbon footprint certification and have set clear internal management objectives, which are to increase the coverage rate of carbon footprint analysis for key products and to raise the proportion of products obtaining eco-labels or eco-certifications.



## Green Solutions

Morimatsu is committed to leading the industry forward through green and low-carbon technological innovation, increasing R&D investment, continuously exploring new paths for energy saving and emission reduction, efficient use of resources, and use of clean energy, and providing customers with more environmentally friendly and efficient green solutions to realise win-win situation in terms of economic and environmental benefits.

As an important part of the national economy, the pharmaceutical and fast-moving consumer products industries, will bring about far-reaching positive changes and significant resource savings to the entire industry and society if they adopt greener and low-carbon technological innovations. Based on the actual needs of the industry, we carry out a series of cutting-edge technology research and development and innovation to promote the technological progress of the industry, and contribute to the construction of a greener, low-carbon society.

#### Examples of Green Solutions

##### Pharmaceutical

###### Total Membrane Water Injector

We developed the Total Membrane Water Injector during the reporting period. This green solution applies terminal ultrafiltration membrane technology to prepare water for injection from purified water. As verified through product prototyping and performance testing, compared with the traditional distillation technology for producing water for injection, the membrane separation technology not only has excellent operational efficiency, but also demonstrates significant economic and eco-friendly advantages, being able to save approximately 47.5% of energy resources and reduce production costs at the same time.

##### Biopharmaceutical

###### Green Design of Morimatsu Pharmaceutical Pharmadule Division

We insist on implementing the green design concept, integrating the principles of environmental protection, energy saving and sustainability into the planning and design of the building, and have won the "Shanghai Design 100+" award. At the building planning level, we adopt refined design strategies and deepen the application of BIM and other advanced technologies to effectively reduce the building volume. After a comprehensive comparative analysis, modular building can reduce the building volume by about 20% to 30% compared with the traditional method, and reduce the transportation cost and the operation cost of cooling/heating loss of the envelope by the same proportion, as well as reduce the energy consumption of air-conditioning and heating, and carbon emission.

At the building design level, we have deeply integrated a variety of green design ideas:

- Environmentally friendly materials: high-performance thermal insulation materials are used for the outer structure, and non-toxic and recyclable building materials are used extensively in the inner space.
- Energy-saving facilities: energy-saving facilities such as the application of energy-efficient motor equipment and the provision of air-conditioning waste heat recovery systems.
- Management optimisation: measures such as the introduction of intelligent building management systems and the configuration of variable air volume systems.

##### Fast-moving Consumer Goods (FMCG)

###### Customised spray balls

With rich experience in cleaning production equipment, we optimize container design and provides customized spray ball design; besides, by improving the first pass rate of spray test with simulation program, we can provide an efficient CIP online cleaning process for production equipment. We have optimised the design of the pipe interface and adopted the rotary spray ball for large-area coverage together with the fixed spray devices for specific location cleaning, breaking through the key difficulties of "high viscosity, strong adhesion and huge water consumption" in the cleaning of production equipment. In addition, we have upgraded our simulation procedures to improve the overall quality of our spray simulations, in order to contribute to the achievement of sustainable development goals.





Morimatsu has always integrated the concept of green development into its core strategy and is committed to building an environmentally friendly governance system. On the basis of strict compliance with environmental regulations, we actively carry out pollution control, environmental protection publicity and resource conservation measures. We take practical actions to continuously improve the level of environmental management, lay the foundation for the sustainable development of the company, ensure that production and operation go hand in hand with environmental protection, and join hands with all sectors to create a greener, healthier and more sustainable world.

# 03

## Dedicated to Environmental Sustainability





# Environmental Management

Morimatsu is committed to building an environment-friendly enterprise, establishing a clear environmental responsibility mechanism through sound environmental management policies, and comprehensively identifying and assessing environmental impacts in production and operation based on environmental risk identification procedures. Through continuous optimization of the environmental management system, we have set specific and measurable environmental management objectives, actively adopted optimization measures such as emission reduction, resource recycling and energy efficiency improvement, effectively reduced environmental compliance risks, minimized the impact of the Company's production and operation on the environment, and jointly promoted the Company's green transformation with partners.

## Environmental Management System

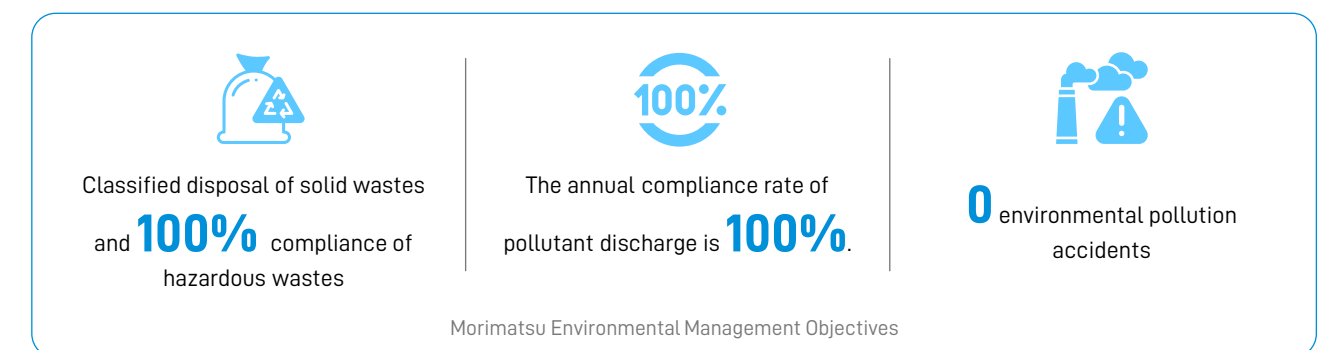
Morimatsu strictly abides by the *Environmental Protection Law of the People's Republic of China*, *Integrated Wastewater Discharge Standard*, *Integrated Emission Standard of Air Pollutants* and other relevant laws and regulations of each operation site, and has formulated internal policies such as *Management Manual for Environmental, Occupational Health, and Safety Management System*, *Regulations on the Management of Air Pollution Prevention and Control* and *Regulations on the Management of Water Pollution Control* to guide the Company to carry out management work. During the reporting period, we did not have any environmental accidents or environmental violations, nor did we receive any environmental penalties.

In order to carry out environmental management work efficiently, Morimatsu has established a three-level environmental management system led by senior executives, and the top leadership directly manages and supervises environment-related matters. At the same time, we have implemented a remuneration system in which environmental performance is linked to the performance of senior executives. We will withdraw "HSE risk margin" from the remuneration of relevant responsible persons on a monthly basis, and reward or punish senior executives based on their annual safety production performance.



Morimatsu Environmental Management Structure

In order to guide the Company's relevant departments in strengthening environmental compliance management and implementing other measures, continuously reduce resource consumption, optimize waste management, and enhance energy efficiency, we have established the environmental management objectives for 2024. On the premise of ensuring compliance with all relevant laws, regulations, and emission standards at the operation site, we will continue to strive to reduce the generation of related emissions, mitigate the risk of environmental incidents, and achieve an environmentally friendly transformation in the process of production and operation.

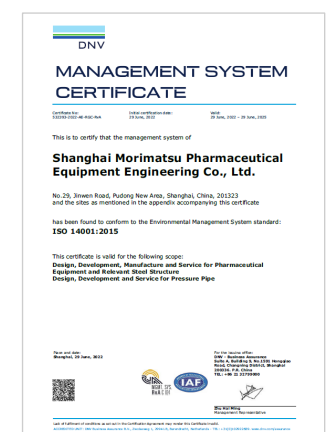


The Company has established Environmental Management System (EMS) and Environmental Management System based on International ISO 14001: 2015 Environmental Management System Standard. The system integrates environmental system management procedures, classified work instructions and other documents to guide departments to carry out environmental management work with high standards. At the same time, we connect our own environmental management system with the national pollutant discharge permit subsystem, the self-monitoring information release platform of pollutant discharging units in Jiangsu Province, the life-cycle monitoring system of hazardous wastes in Jiangsu Province and other local government environmental management platforms, so as to achieve synchronous monitoring and management of environmental impacts with digital technology.

We have been actively promoting the establishment and certification of environmental management systems across all our operational sites. As of the reporting period, our Shanghai manufacture facility has successfully obtained and maintained ISO 14001 Environmental Management System certification. Additionally, our Changshu Plant is actively engaged in the process of establishing the system and is expected to achieve certification by June 2025.

During the reporting period, we conducted internal and external EHS (Environment, health and safety) system audit. After comprehensive review, the EHS of each production base of the Company complies with laws and regulations and ISO 14001 environmental management system standard certification requirements. We regularly entrust third parties to carry out monthly and quarterly sampling monitoring of wastewater, exhaust gas and noise to further supervise the Company's effective control of environmental impact, and no violations are found in the test results.

During the reporting period, our environmental protection expenditure mainly involved three aspects, with a cumulative investment of about 0.56 million yuan: (1) environmental protection tax and pollutant discharge fee; (2) Environmental protection equipment and construction in progress; (3) External service fees related to environmental protection purchased. Based on third-party monitoring statistics, the Company has successfully completed its annual environmental management objectives.



Morimatsu's Shanghai manufacture facility ISO 14001 Management Certification



## Environmental Risk Management

Morimatsu attaches great importance to environmental risk management and has established *Environmental Factor Identification and Assessment Procedure*. This procedure requires and guides each department to systematically identify and evaluate the whole life cycle of the Company's product production and operation activities (including welding, polishing, grinding, cutting, pickling, NDE and other production process and employees' daily activities in the office), and analyze their impact on the environment, including air, water quality, soil, resource utilization, emission and others.

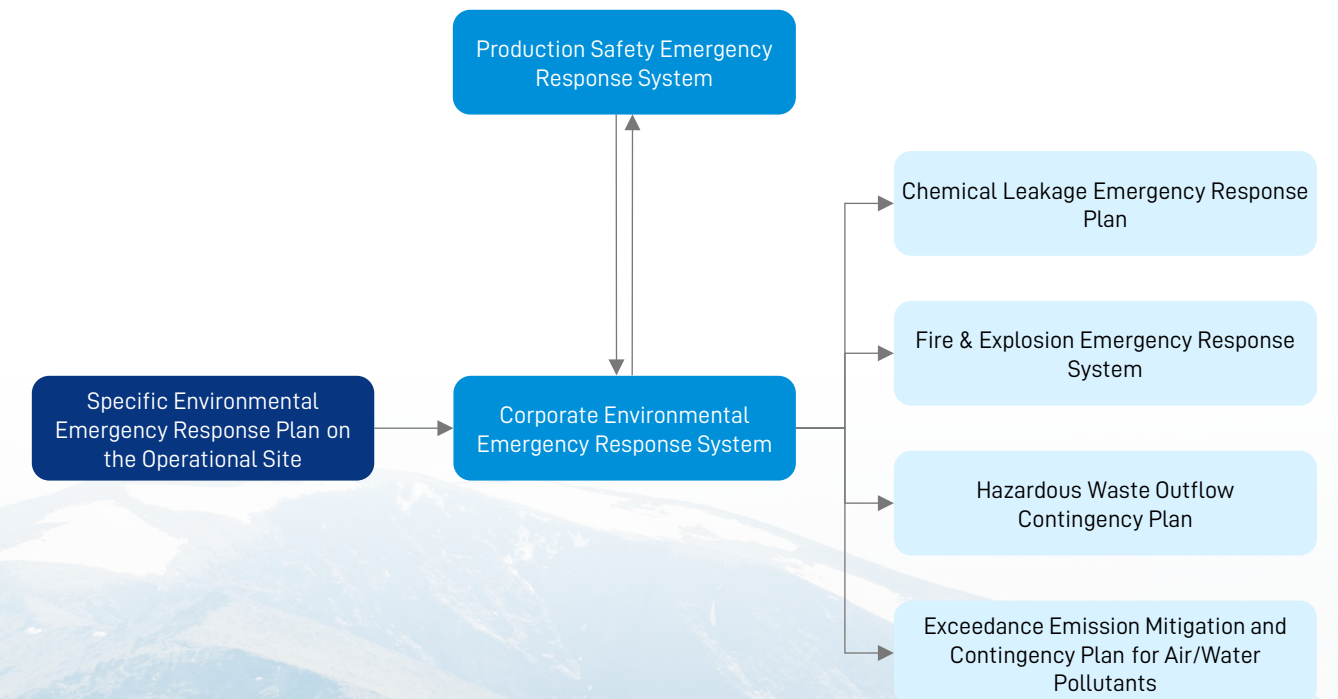


Environmental Factor Identification Process

Relying on this evaluation procedure, we annually compile and continuously maintain the *Summary Table of Relevant Laws, Regulations, and Standards* and the *Compliance Evaluation Comparison Table* from five aspects: regulatory compliance, frequency of occurrence, scope of influence, degree of impact, and community concern. This ensures that the Company strictly adheres to all external laws and regulations in its environmental management practices, clarifies the necessary control measures, and protects the ecological environment of the Company and its surrounding areas.

After completing a detailed assessment of various environmental factors, we have drafted internal documents such as the *Environmental Risk Assessment Report* and the *Safety Risk Grading Management and Control Report* in accordance with the *Jiangsu Regulation on Safety Production Risk Reporting of Industrial Enterprises*. These documents thoroughly analyze the various environmental risks involved in our operations, set risk identification thresholds for each risk category, classify the degree of risk, and propose targeted improvement measures and management plans to ensure effective control and prevention of environmental risks.

To enhance the environmental risk response capabilities and crisis awareness of each production unit, our company has guided them in compiling the *Emergency Contingency Plan for Environmental Emergencies*. This plan provides detailed guidance on responding to environmental risks such as pollutant discharges, natural disasters, and hazardous chemical leaks that may occur in production units, aiming to minimize the negative impacts of environmental emergencies.



Morimatsu Emergency Preparedness & Response System



# Clean Production

Morimatsu is committed to achieving efficient resource utilization and compliant environmental management in the production process. We actively take emission reduction measures to minimize the impact of our production and operations on the natural environment. We also advocate for all employees to deeply understand and actively practice the ESG concept, steadily advancing the transition of the Company towards a cleaner and more sustainable development model, and jointly building a green future.

## Resource Utilization

The main resources utilized in our company's production and operations include packaging materials for products, energy used<sup>1</sup> in production, and water resources. Although we do not directly obtain natural resources, we still attach great importance to the conservation of various resources. To better manage the consumption of resources by internal production, living, and other activities, we have formulated the *Regulations on Resource and Energy Management*, which clarify the relevant responsibilities and management procedures of each department regarding resource management. We are committed to continuously improving the efficiency of resource utilization and conserving resources as much as possible, controlling resource consumption, as our business continues to develop.

In addition, adhering to the concept of minimizing resource use, we are dedicated to developing a circular economy in the product manufacturing process, reducing resource consumption, and enhancing the comprehensive utilization rate of resources. We encourage customers to recycle equipment at the end of its lifecycle. We collaborate with professional recycling companies to provide customers with convenient recycling channels. Recycled equipment is evaluated, and those that meet the criteria are refurbished or remanufactured for reuse. For equipment that cannot be refurbished or remanufactured, we disassemble and sort its material components, and recycle resources as much as possible.

### Water Resources Management

The water used in our company's production and operations all comes from municipal water sources, and we do not face any water supply risks. Morimatsu strictly adheres to laws and regulations such as the *Water Law of the People's Republic of China* to establish water resource management policies. Based on management processes, we regularly monitor water usage and actively seek water conservation solutions. At the same time, we actively promote water conservation in our daily operations and implement multiple water-saving and water recycling measures, such as the use of water-saving spray balls and water recycling equipment.

The treatment of water resources is of paramount importance in the pharmaceutical and personal care industries, as water quality directly impacts product quality. We have established advanced water systems that efficiently store and distribute production water through their storage and distribution systems. Simultaneously, we employ internationally advanced ozone disinfection technology to control microorganisms, meeting the purified water requirements of national GMP standards. Through the technical accumulation gained from building multiple pure water systems, we have achieved stable operation of our pure water systems with low energy consumption. Morimatsu has secured and retained the industry's first TÜV SÜD factory certificate in China, certifying compliance with German water resource regulations and underscoring our leadership in water resource usage and management.

### Packaging Materials

Our company's products are mainly customized for customers, and during the delivery process, they are fully packaged based on the customers' product protection needs. The main packaging materials used include wooden crates, tarpaulins, iron pallets, wooden pallets, etc. Based on the working philosophy of improving the comprehensive utilization rate of resources, the production units under our company actively carry out resource conservation measures and reuse packaging materials that meet the conditions and are recyclable.

## Wastewater Management

During our company's production processes, wastewater is generated from procedures such as surface treatment of stainless steel products and acid mist treatment. The pollutants in this wastewater include COD, SS, total chromium, hexavalent chromium, total nickel, total phosphorus, total nitrogen, and fluorides. Morimatsu strictly adheres to laws and regulations such as the *Water Pollution Prevention and Control Law of the People's Republic of China* and has formulated the *Regulations on the Management of Water Pollution Control*. Each production unit carries out wastewater management in accordance with strict discharge standards and regularly entrusts external third-party environmental monitoring institutions to measure the water quality to ensure compliant wastewater discharge.

Based on internal management regulations, each production unit implements targeted treatment measures for different types of wastewater to maximize the recycling rate of wastewater. We collect and treat the reclaimed water for washing purposes. For highly polluted wastewater that requires treatment, such as that generated from the pickling process, we conduct in-depth treatment through advanced neutralization processes in the industry before reuse. To further prevent emergencies, the Company has built emergency water storage tanks at the plant. In the event of water treatment equipment failure, all production wastewater will be temporarily stored to minimize the risk of wastewater leakage. During the reporting period, we achieved 100% compliant wastewater discharge.

### Morimatsu's Waste Water Treatment Facilities

We set up sewage treatment facilities in the production park. Through pretreatment and advanced treatment, 80% of the production wastewater will be recycled and reused in the simple surface cleaning operation of the workshop.



Pictures of sewage treatment facilities in Morimatsu's Changshu Plant

<sup>1</sup> Details of our energy usage can be found in the subsection on Carbon Emissions and Energy Management in this report.



## Waste Gas Management

During our company's production and operation processes, various procedures such as pickling and passivation, welding, electrolysis, sandblasting, painting, polishing, and machining generate waste gases, which include elements such as dust, fumes, fluorides, sulfuric acid mist, nitric acid mist, and volatile organic compounds (VOCs). Morimatsu strictly adheres to laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* and the *Integrated Emission Standard of Air Pollutants* in Jiangsu Province, and has formulated the *Regulations on the Management of Air Pollution Prevention and Control*. These regulations clearly specify the emission standards for various types of air pollutants and require regular organization of emission monitoring to ensure 100% compliance with waste gas emissions.

We are continuously committed to optimizing production processes to reduce the potential generation of harmful gases during production and promoting the use of environmentally friendly raw materials to reduce waste gas emissions. We implement targeted treatment processes for different types of pollutants, such as sulfides, particulate matter, and benzene series compounds, to ensure that they are fully harmlessly treated before discharge. During the reporting period, we achieved 100% compliance with waste gas emissions.

In addition, during our company's production and operation processes, metal dust is generated by workshop personnel during production operations such as polishing, grinding, cutting, and heat treatment. To prevent emissions, we have installed dust collection devices and ventilation systems in the relevant construction areas of the production units. This further reduces emissions generated during the production process and fully safeguards the occupational health of employees. During the reporting period, we achieved 100% compliance with dust emissions.

## Waste Management

During the Company's production and operation processes, we implement waste classification management. Hazardous waste includes mineral oil, waste rags and packaging, waste fixing solution, waste developing solution, etc., while non-hazardous waste includes waste metal scraps, household waste, kitchen waste, and construction waste.

Morimatsu strictly adheres to relevant laws and regulations in the operating locations, such as the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, and has formulated the *Waste Management Regulations* internally. These regulations clearly define the classification system and disposal methods for general waste and hazardous waste, guiding relevant departments in the production units to carry out waste management work. We adhere to internationally leading workplace safety management practices, continuously organize and manage waste at production sites, clarify the responsibilities of various departments at production sites, and establish a management team for on-site supervision and assessment.

For non-hazardous waste, we store and dispose of household waste in accordance with the *Measures for the Management of Urban Household Waste* and entrust third parties for the transportation and disposal of general industrial solid waste. For hazardous waste, we require relevant personnel to use the *Waste Disposal Process Record Form* for tracking and recording, store it in specific containers and locations, and hand it over to qualified third parties for disposal. During the reporting period, we achieved the management goal of 100% disposal rate for project solid waste and 100% collection, transfer, and disposal rate for hazardous waste.





## Green Operation

To implement Morimatsu's green transformation concept, the Company not only pursues environmental compliance in production and operations but also actively promotes energy-saving and carbon-reduction measures in production and operation sites. We extend the green concept to office processes, business commuting transportation, and customer online digital acceptance, striving to achieve a comprehensive green transformation and build a sustainable enterprise development model.

### Green Travel

In order to support green travel of employees, the Company has added new energy charging piles for employees.

### Green Workplace

**Reducing Paper Waste:** Morimatsu promotes paperless office practices, covering operational paper documents such as repair requests and meal coupons. After a small-scale pilot test, it has been fully applied in the Company, significantly reducing the use of operational paper. At the same time, we continuously digitize the approval process to reduce paper waste in work processes. In 2024, we added a total of 210 OA approval process forms.

**Reducing Energy Waste:** We prioritize the purchase of energy-efficient appliances for production and office use and further reduce energy consumption by optimizing production scheduling. Energy-saving tips are posted next to commonly used high-power equipment switches to remind employees to reduce unnecessary energy consumption during production and office work. At the same time, employees are encouraged to turn off computer and peripheral equipment power when leaving their posts for more than one hour, and to keep doors and windows closed and adjust the temperature reasonably when using air conditioning in winter and summer.

**Reducing Water Waste:** We actively advocate for employees to conserve water and conduct regular inspections and open channels for employee reporting to reduce water waste caused by equipment failures.

### Key initiatives of Morimatsu's green operation

### Constructing a Digital Twin Plant to Reduce Carbon Emissions from Customer Site Visits

During the project implementation and delivery phases, we fully utilized advanced remote inspection platforms and digital installation technologies to achieve efficient online processing of project reviews, quality inspections, and final acceptances. Customers can remotely access and witness our production base operations, including equipment status and detailed information on work-in-progress, in real-time through VR devices, ensuring transparency and accuracy of information.

The introduction of the remote service model significantly improved the efficiency of on-site installation and effectively shortened the overall project delivery cycle. Simultaneously, this model greatly reduced the need for travel associated with site visits and supervision, not only lowering related economic costs but also actively responding to the call for energy conservation and emission reduction by effectively reducing oil and gas resource consumption and greenhouse gas emissions from travel activities.



Digital Twin Plant

### Environmental training

We organized a total of two safety trainings on hazardous chemicals and their disposal, which were attended by all employees. The training content focused on leakage prevention measures and emergency response methods during the use of hazardous chemicals, achieving a 100% employee participation rate and significantly enhancing the awareness and capabilities of all staff regarding hazardous chemical safety management.



Morimatsu Hazardous Chemical Use Safety Training

### Green advocacy

The Company regularly carries out the publicity and implementation of the theme of sustainable development, calling on employees to save energy, water and paper waste.





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With excellent quality as the core driving force, the Company is committed to becoming a leading partner in the world. As a forward-looking enterprise with a high sense of responsibility, Morimatsu continues to promote innovation and provide customers with excellent products and services. At the same time, we build a stable and sustainable supply chain, actively deepen industry cooperation, work with all parties to create value, and promote the prosperity and development of the industry.

Morimatsu

04

Collaborating for  
Excellence





# Product Liability

In its pursuit of excellent quality, Morimatsu relentlessly redefines its limits, focusing on the evolution of comprehensive ability and the pace of globalization. In the process of deepening globalization, the Company actively practices and deepens the M.V.P. model of "Machine + Values + Plants" and innovatively launches the MVP Solutions+, transforming towards a service-oriented manufacturing model. This innovation-driven approach empowers downstream industries to achieve more efficient, sustainable, greener, and healthier development.

## Innovative R&D

Morimatsu upholds innovation-driven leadership, actively explores the application of new technologies, new materials and new processes, and provides customers with efficient, environmentally friendly and high value-added solutions. We actively serve the continuous innovation needs of downstream industries, from a single (set) of equipment to integrated systematic solutions, empowering customized products based on individual needs in various fields with diversified value services.

On the one hand, we independently develop products and technologies according to project requirements, and on the other hand, we plan and develop products in advance according to market analysis.

We also place high importance on industry collaboration, actively partnering with stakeholders to conduct R&D projects, creating a synergistic ecosystem that combines complementary strengths and fosters co-innovation. We emphasize in-depth exchanges and cooperation with partners across technology, market development, talent cultivation, and other key areas. Through joint laboratories, industry-academia-research initiatives, and other collaborative models, we continuously deepen partnerships and elevate cooperation standards. By diversifying our industry collaborations, we accelerate the development of cutting-edge technologies, expand product application scenarios, and jointly explore frontier solutions with our partners.



### R&D Cooperation Cases

In terms of collaborative innovation among industry, academia, and research, we rely on the scientific research advantages of universities to jointly carry out the research and development of intelligent sensing technology, and we also cooperate with research centers to jointly promote the development and industrial application of bioreactors.

The Company has formulated internal policies such as the *Management Measures for R&D Projects*, the *Personnel Assessment Plan*, and the *Trial Implementation Regulations on Awards for Scientific and Technological Innovation, Product R&D and Investment*, to carry out standardized management for the whole process of R&D project research, budget, project establishment, organization and implementation, review, results acceptance and data storage, and to provide fair and transparent innovation incentives for R&D personnel, so as to stimulate the innovation motivation of R&D personnel. We not only regularly organize skills training for R&D and design personnel covering new technical standards, professional technologies, case studies and summaries, but also actively send R&D personnel to Japan to study for doctoral degrees, explore cutting-edge technologies in the industry, and promote the continuous progress of R&D teams. Currently, we have over 200 R&D personnel. During the reporting period, the Company invested a total of approximately RMB 126.57 million in research and development.

### Key Innovative R&D Cases

#### Cultured Meat

With the rapid growth of the cell-cultured meat industry and the increasing maturity of large-scale cultivation technology, more companies are seeking solutions for expansion and large-scale production. Morimatsu has accumulated extensive experience in the food industry and offers a wide range of core equipment and services for clients in the cultured meat sector. These include bioreactors, liquid preparation systems, storage systems, feeding systems, HTST sterilization systems, CIP systems, and cell separation tanks.

Our technology has the following advantages: The use of advanced scaling design principles can ensure stable production of various cultured animal cells; Customized automated cleaning systems can guarantee effective cleaning while emphasizing energy efficiency and reducing consumption; Rationalized zoning layout design can ensure operational autonomy and avoid interference, and prioritize ease of operation and maintenance while balancing aesthetic appeal and simplicity, providing clients with an exceptional user experience.

#### Bioreactor

In the current pharmaceutical field, the market share for cell and antibody therapies is steadily increasing. These therapies hold great promise for patient benefit and medical progress, and are rapidly emerging as effective solutions to complex diseases. As the demand for these cutting-edge drugs grows, it has become a critical challenge to achieve efficient and stable large-scale production. In this process, bioreactors are able to play a crucial role.

Morimatsu 2D WAVE Single-Use Bioreactor is designed to better meet the experimental needs of customers by incorporating advanced foreign technology and cutting-edge design concepts. This bioreactor features a single-use reaction bag, which allows for lower initial investment cost and eliminates the cleaning time associated with batch changes, significantly reducing contamination risks.





## Intellectual Property Right

Morimatsu strictly abides by the relevant intellectual property laws and regulations such as the *Civil Code of the People's Republic of China*, the *Patent Law of the People's Republic of China*, and the *Trademark Law of the People's Republic of China*, and formulates internal management systems such as the *Measures for the Administration of Intellectual Property Rights* and the *Incentive System for Intellectual Property Rights*, so as to form an institutionalized and standardized management mechanism and incentive measures for intellectual property rights and continuously improve the Company's independent innovation ability. In order to ensure the efficient operation of intellectual property management, we have set up an intellectual property team, which is specifically responsible for the application and maintenance of intellectual property rights, risk investigation of R&D projects, tracking of cutting-edge patented technologies of peer competitors, prevention of patent infringement, patent training and support services.

In order to strengthen the use and protection of intellectual property rights and prevent patent risks, we actively explore R&D and innovative projects and file patent applications in a timely manner to continuously optimise our patent layout and strengthen the protection of key software copyrights. We are also committed to the expansion of international markets and innovation protection, and actively pursue overseas patent applications and strategic layouts. Through in-depth analysis of the international market demand and intellectual property protection trends, we have filed patent applications in the key market countries where our business operates, so as to build up a solid international patent barrier. At the end of the reporting period, the Company has accumulated 181 valid patents and 42 valid software copyrights.

While strengthening the response to intellectual property risks, we also understand the necessity of improving intellectual property management capability, which requires an all-round approach to culture creation, professionalism and comprehensive capability enhancement. We provide internal and external training related to intellectual property rights for relevant employees every year, combining with the development of the industry, to improve the team's knowledge reserve in patent application, patent risk response, patent database search, etc., to strengthen the employees' intellectual property management ability, and to build a moat for the Company's patent protection.

At the same time, we place a high priority on the security and protection of our clients' technology and intellectual property at all stages of a project. Our Confidentiality Committee is responsible for the daily coordination, monitoring and checking of confidentiality to ensure the highest standards of data security and safety. We have developed and implemented management systems such as the *Confidentiality Implementation Rules*, which require employees to be aware of confidential information only within the scope of their duties, and clearly communicate the obligation and responsibility of all to keep relevant information confidential.

## Quality Management

Product quality and safety are critical to Morimatsu's business operations, and a high level of quality management is the cornerstone of our sustainable development. We thoroughly implement the quality policy, establish and improve the quality management system, and continuously improve the quality assurance level of Morimatsu's products.

### Quality Policy

Engage all staff to participate in the whole process of quality management and continually improve to ensure the safety of product and meet the demand of users. Improve the core competitiveness of the Company and gain the full trust of customers.

Morimatsu has established and implemented the four-level quality management system of "Quality Handbook" - "Procedures" - "Standard Operating Procedures" - "Records and Document Management" to lay a solid system foundation for guaranteeing product quality.

## Quality Objectives

In order to strengthen product quality assurance, we have set high standard quality objectives and established a daily monitoring mechanism for quality indicators. At the end of the reporting period, the quality objectives for the year had been achieved.

### Annual Quality Objectives and Achievements

#### Annual Quality Objectives

Pass rate for the primary project factory acceptance test (FAT) reaches

96%

Pass rate for the primary welded seams reaches

96%

Pass rate for the primary inspection of the products reaches

96%

Customer satisfaction rate reaches

95%

#### Achievements

Pass rate for the primary project factory acceptance test (FAT) was

100%

Pass rate for the primary welded seams was over

98.5%

Pass rate for the primary inspection of the products was

98.4%

Customer satisfaction rate was over

97%

## Quality System Certification

Morimatsu deeply recognizes the importance of improving the quality system for product quality, follows advanced quality experience and professional certification of quality management practices, and continuously improves product quality and safety management level. According to its own product and business characteristics, combined with the requirements of sales regions, the Company has built and continuously improved the quality management system, successfully obtained a number of international quality certifications, while ensuring their long-term validity through sustained audit verification.

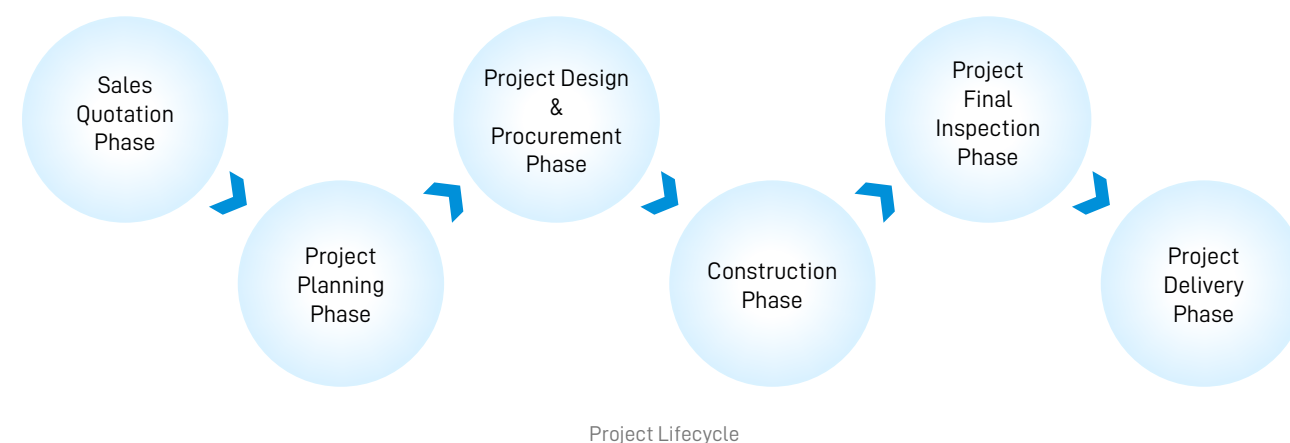
### Main Quality System Certification/Production Qualification Obtained by the Company

- ISO 9001:2015 Quality Management System Certification
- ASME "U" Certificate of Authorization
- Production License of Special Equipment (Fixed Pressure Vessel Medium and Low Pressure Vessel D)
- Production License of Special Equipment (Industrial Pipeline Design GC2)
- Production License of Special Equipment (Industrial Pipeline Installation GC2)
- ISO 3834-2 Quality Requirements for Fusion Welding of Metallic Materials Certification
- WHG Certificate
- Construction Enterprise Qualification Certificate
- Safety Production License





## Life Cycle Quality Management



We actively utilize digital systems for production and project management in the whole life cycle of products, aiming to build a more comprehensive and efficient quality management system. We have independently developed the iMES management platform, which integrates functions including pipeline inspection and completion document management.

## Quality Testing

Morimatsu insists on the product testing, tracking all product quality indicators and ensuring that product quality testing at all stages complies with the specifications. We have built quality testing facilities and continued to strengthen our own testing capacity during the reporting period. In addition, we apply the non-destructive evaluation (NDE) platform and the physical and chemical testing platform for quality testing.



### Construction of Shanghai Songjiang Laboratory

With the expansion of product application, in order to better meet the needs of R&D testing and customer testing, we have established a 1,300-square-meter laboratory in Songjiang Plant this year to effectively improve product testing capabilities. The new laboratory has achieved effective integration between products and promoted close coordination of production processes. At the same time, new testing capabilities promote overall analytical test planning, such as cell culture and purification system combined with production, and water injection system to provide high standard water for product testing.

## Quality Audit

We conduct internal and external quality audits on an annual basis to continuously monitor and optimize product quality management:

### Internal Audit

Internal audit of quality management system covering all businesses shall be carried out once a year to verify whether the quality management conforms to relevant provisions of quality policy, planning and arrangement, and quality management, evaluate the comprehensiveness and effectiveness of the quality system, and provide basis for continuous improvement of the quality management system.

### External Audit

Conduct external audits of ISO 9001 and other quality certifications on an annual basis to ensure continuous compliance with quality management system standards; Conduct external quality audit according to customer requirements, actively respond to customer needs, and enhance customer trust in product quality through quality audit.

## Quality Culture

Morimatsu attaches importance to the construction of quality culture and implements the internal master and apprentice system. Newly recruited employees will be instructed by experienced masters for one year in order to quickly familiarize with the workflow and thus improve work efficiency and quality. The Company regularly conducts professional level assessment for workers, and motivates employees to improve their professional skills independently through the promotion and demotion system to ensure product quality and safety. We also provide regular quality training for quality management related employees, including quality management system training, special work instructions, raw material inspection, job qualification training and other types of training, to continuously strengthen the quality management capabilities of employees.

In addition, we hold monthly quality meetings with the participation of multiple departments to discuss and analyze the quality problems that occurred in the previous month, and formulate and implement targeted quality improvement measures to continuously optimize the level of quality management. During the reporting period, we actively planned and implemented diversified quality activities, which strongly promoted the construction and deepening of quality culture.

### Monthly Selection of "Quality Star"

In order to achieve the Company's quality objectives, improve the quality awareness of all employees, and promote the spirit of excellent quality, we hereby formulated the "Quality Star" selection regulations to reward those who have played a leading role or made great contributions to quality. Selection criteria include putting forward effective optimization suggestions, improving product quality and production efficiency, finding or eliminating major quality hazards, and playing a pioneering role in the promotion of enterprise quality culture. In 2024, we recognized 34 "Quality Stars" and awarded a total of RMB 26,600.

## Product Safety

Morimatsu pays attention to product safety and ensures that our products meet relevant safety standards by formulating and implementing a series of strict management measures. We are committed to providing customers with safe and reliable products and services through scientific design, strict risk assessment, and effective management measures.

We take intrinsic safety as the design basis, identify potential risk sources from risk assessment, and formulate corresponding design measures to eliminate or reduce hazards from the root. We install security devices on equipment and systems, and set permissions on programs to ensure the security and controllability of operations. At the same time, we have also established a robust alarm mechanism, which can remind users of the risks and problems in real time. We implement physical security measures to effectively isolate the contact with hazard sources and further ensure the safety of users.

Based on business characteristics and product attributes, we do not involve product recall and traceability. If there are quality problems with the products, we will timely carry out necessary maintenance work to ensure that customers can use our products safely.

During the reporting period, the Company did not have any incidents of products and services affecting customer health and safety.



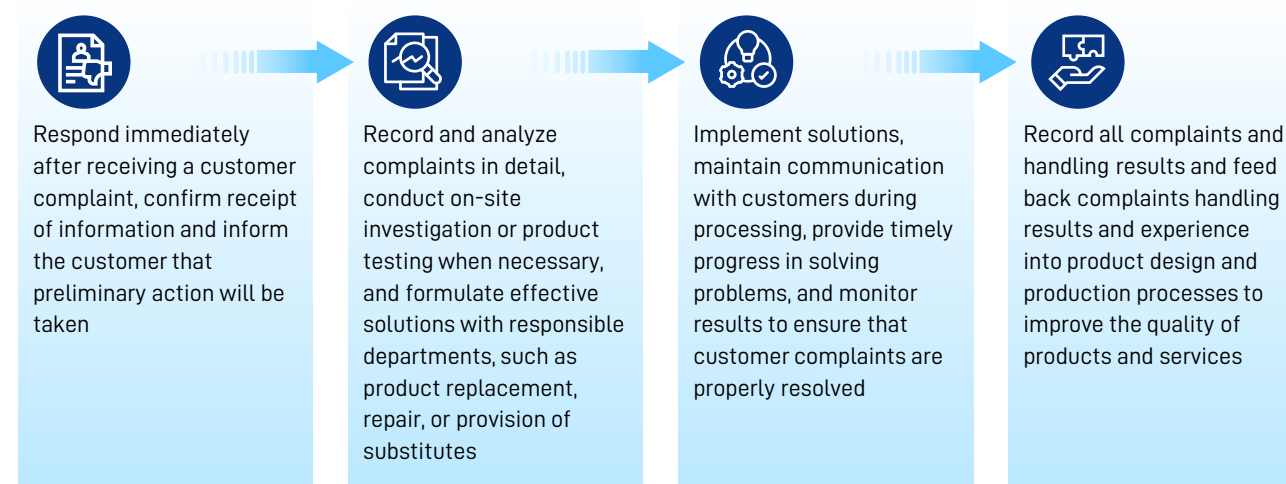
## Customer Service

Morimatsu is committed to building a long-term stable and trusted partnership with customers, taking customer needs as the core of service. By continuously optimizing service processes and improving service quality, we ensure that we are capable of delivering a superior service experience to our customers. At the same time, we actively maintain close communication with customers, collect and feedback customers' opinions and suggestions in a timely manner, so as to continuously improve our services and provide customers with excellent and efficient service quality to meet and exceed customer expectations.

### Service Management

The Company is deeply aware of the key role of customer management and after-sales service in business operations. We introduce an advanced customer relationship management (CRM) system to achieve efficient management of customer information, more accurate insight into the market and customer needs, improve the quality and efficiency of customer service, and continuously optimize customer experience.

We provide multi-channel customer service support including phone, email, social media, etc. We collect customer feedback through a wide range of after-sales service channels, respond quickly to customer needs, and effectively solve customer problems, thus improving customer satisfaction and retention.



Product Complaint Response, Investigation, and Handling Procedures

During the reporting period, we did not receive major products and services complaints.

In addition, in order to continuously improve customer service and accurately meet customer needs, the Company regularly organizes multi-department meetings, coordinates sales, R&D, quality and other departments, jointly evaluates and carefully disassembles customer needs, and then decomposes the needs to each department level, actively explores and implements improvement plans, and regularly tracks and feeds back the progress. We also thoroughly evaluate and continuously upgrade existing technologies, provide customized solutions and provide technical training and support to customers, further consolidating the long-term trust relationship between customers and Morimatsu.

### Satisfaction Survey

Morimatsu actively listens to customer experience and feedback, and regularly collects customer feedback on product quality, service response, customer support, delivery time and other aspects through satisfaction survey, so as to optimize and improve our product quality and service level. During the reporting period, our customer satisfaction was over 97%.

### Responsible Marketing

Morimatsu strictly follows the relevant marketing laws and regulations in the place where it operates, such as the *Advertising Law of the People's Republic of China*, to ensure the compliance of marketing related activities. The Company has established a dedicated compliance team to comprehensively review and monitor the accuracy and compliance of advertising, labeling and marketing activities. We also have an internal audit process in place to ensure that all advertising and marketing materials are reviewed for compliance prior to release. At the same time, all our product labels are subject to compliance review to ensure the transparency and compliance of product labels.

We regularly provide responsible marketing training for marketing personnel, covering legal and regulatory requirements, sales contract review, confidentiality requirements, etc., and continuously improve the high sense of responsibility, professionalism, and compliance awareness of marketing personnel.

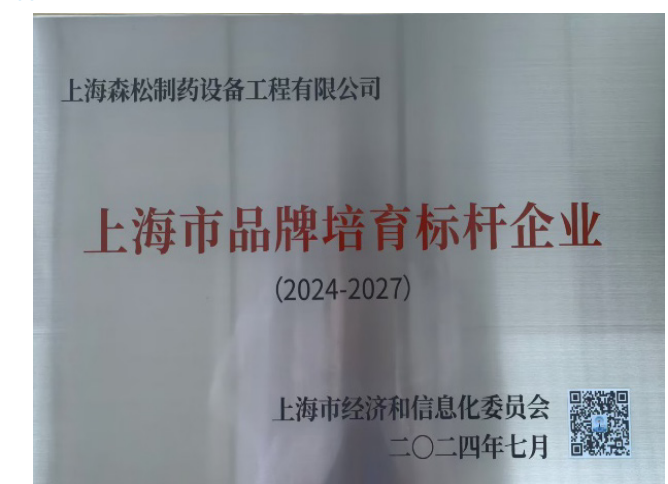
During the reporting period, the Company did not have any incidents related to marketing communication violations, nor did it have any incidents related to information and labeling of products and services.

### Responsible Brand

While practicing product responsibility and providing high-quality products and services, Morimatsu actively builds the brand management system, strengthens the shaping and dissemination of brand image, and strives to become a well-known brand widely recognized and trusted inside and outside the industry.

### Shanghai Morimatsu Pharmaceutical Equipment Engineering Co., Ltd. won the title of "Shanghai Brand Cultivation Benchmark Enterprise"

On June 18, 2024, Shanghai Morimatsu Pharmaceutical Equipment Engineering Co., Ltd. won the title of "Shanghai Brand Cultivation Benchmark Enterprise" awarded by Shanghai Municipal Commission of Economy and Informatization, demonstrating excellent brand value and competitiveness, and playing a positive demonstration role.





## Information Security and Privacy Protection

With the updating and iteration of information technology, its convenience and efficiency for enterprises are increasing, and the importance of information security and privacy protection for enterprises is also gradually increasing. We strictly abide by the *Personal Information Protection Law of the People's Republic of China*, the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China* and other domestic laws and regulations, as well as international privacy protection regulations, to safeguard the privacy rights and interests of customers around the world. We have established internal management systems such as *Information Security Policy and Strategy* and *Administrative Measures for Data Security* to regulate the information security management structure and lay a solid foundation for information security and privacy protection.

During the reporting period, Morimatsu successfully passed the review of ISO/IEC 27001:2013 Information Security Management System certification. Our after-sales service platform system has obtained the Level 3 Protection of Information Security certification, providing robust protection for information security and customer privacy. During the reporting period, no significant information security and data leakage incidents occurred.



ISO 27001 Information Security Management System Certification

We continue to strengthen information security and privacy protection capabilities by simulating phishing emails, configuring anti-virus software, information cloud backup, access control, etc. In addition, we regularly update management measures according to the latest regulations and technology development trends, organize internal and external information security audits and risk assessments, and formulate targeted improvement plans for potential risk items to ensure the effectiveness of relevant control measures.

In order to prevent information security risks, we have formed an information security risk identification approach and organized an information security sentinel group to collect information on potential risks through multiple channels. We have formulated the *Information Security Reporting Regulations*, which require employees to report suspicious events in a timely manner and inform the risk management group of information security risks and discuss their handling.

In terms of emergency response, the Company formulates an emergency response plan, requiring employees to take effective measures in a timely manner in accordance with the plan when information security incidents occur, so as to improve their risk prevention capabilities.

### Information Security Training

In order to continuously improve the Company's information security management level, we develop targeted information security training courses for employees of different levels. We continue to improve the professional competence of our technical staff in the Information Security Management Department by regularly inviting external third parties to provide them with targeted technical training and ensuring that each of them completes at least one technical growth certification each year.

We provide information security training to middle and senior management on a quarterly basis, focusing on topics such as trade secrets and cybersecurity. For new employees, we organize information security training at the time of onboarding, requiring them to learn relevant knowledge and pass the exam, so as to strengthen the awareness of information security and protection.

#### Employee Information Security Management

- Develop management strategy for application system development stage, avoid the collection of private and sensitive data of employees, adopt management methods of signing authorization agreement and notifying necessary sensitive data, implement database "salting" treatment for collected personal data of employees, and regularly destroy historical data.

#### Visitor Information Security Management

- Select compliant and credible platform building services in relevant information systems, and delete visitor registration data on a regular basis.

#### Customer Information Security Management

- Sign confidentiality agreements with customers.
- Comply with data protection policies and regulate customer information management processes.
- Implement strict access controls and use confidential technology to protect customer information in storage and transmission.

#### Classified Project Management

- Project team members sign confidentiality agreements and use special codes to review corresponding data and documents.
- Establish relevant physical confidentiality workshops, the confidentiality project team operates relevant software and hardware independently, and the project manager strictly controls the whole process of data generation, use, archiving and destruction.

Information Security Management Measures





# Collaborative Advancement

In terms of supply chain management, we focus on establishing long-term and stable cooperative relations with suppliers to jointly promote the green transformation and sustainable development of the supply chain. At the same time, the Company also actively participates in industry exchanges and cooperation, works hand in hand with all parties to jointly promote innovation and development of the industry.

## Supplier Management

In accordance with the *Civil Code of the People's Republic of China*, the *Bidding Law of the People's Republic of China* and other laws and regulations and industry regulations, we have formulated internal systems such as *Supplier Development Procedure*, *Procedures for Handling Quality Issues of Suppliers*, *Regulations on the Management of Purchasing Inquiry and Comparison* and *Procurement Bidding System*, and improved the supplier management system by improving the procurement management mechanism and process. As of December 31, 2024, the Company had a total of 1,070 suppliers, with 854 located in the Chinese Mainland and 216 in the Hong Kong, Macao and Taiwan regions as well as overseas.

We continue to optimize the procurement process, build an online Supplier Relationship Management (SRM) to replace the original inefficient paper business process, save paper resources, not only improve the approval efficiency of the bidding process, but also further realize the visualization and standardization of supplier management.

We implement hierarchical management of suppliers according to product type and importance of products in the project. For material procurement suppliers, they are divided into A, B and C categories for management according to the impact of product quality on the final finished products. Outsourced suppliers are classified into Class A and Class B according to the importance of outsourced processes or special inspection items to the quality and performance of final products<sup>2</sup>.

### Supplier Qualification Approval

In the admittance stage, we have prepared the *Supplier Comprehensive Capability Review Form* to conduct a comprehensive assessment of suppliers in terms of product quality, delivery time, quality and service, and strictly control the supplier bidding management process.



Supplier Admittance Review

<sup>2</sup> According to the product type and the importance of the product in the project, we divide the suppliers into four categories: A, B, C and D suppliers. Class A suppliers are mainly suppliers of necessary materials for projects that are difficult to replace, Class B suppliers are mainly suppliers with large project consumption but more substitutability, Class C suppliers are mainly suppliers of auxiliary materials and accessories, and Class D suppliers are suppliers of materials purchased by sales departments and other departments that have no direct relationship with the production of products.

### Supplier Management

After reaching cooperation with suppliers, we will arrange personnel to visit the supplier's site from time to time to understand the supplier's situation and monitor and track the performance of the contract. For the quality problems occurred in the process of supervision, we will issue a non-conformance report, ask the supplier to provide cause analysis and corrective and preventive measures report, follow up the implementation of rectification, and suspend the qualification of qualified suppliers for suppliers with repeated quality problems or major quality problems. We develop an annual supplier review plan and conduct on-site reviews of key suppliers.



Supplier Review

We have established a supplier scoring and evaluation mechanism to evaluate suppliers' product quality management level, delivery time, technical capability and other indicators on an annual basis, and ultimately generate annual supplier assessment scores. We will divide suppliers into strategic suppliers, preferred suppliers and qualified suppliers according to the rating, and establish long-term stable cooperation with strategic suppliers first. If the supplier's comprehensive average score is lower than the group's regulations, the Company will remove it from the list of qualified suppliers.

We select suppliers annually, award quality medals to selected suppliers, and encourage them to continue to maintain excellent business cooperation and strive to become strategic suppliers. At the same time, the qualified suppliers are encouraged to learn from the preferred suppliers and continuously improve to become the preferred or strategic suppliers. Through the selection of high-quality suppliers, we aim to further improve the service and quality awareness of suppliers, increase the stability and resilience of the supply chain, and make more social contributions to the local region.

### Supplier Disqualification

The Company will continue to strictly monitor and manage the partners who have obtained supplier qualification. If any of the following conditions is found, the management representative will organize on-site review at any time, and cancel the supplier qualification if necessary:





## Supply Chain Risk Management

We pay close attention to supply chain risk management, deepen supply chain cooperation and prevent supply chain disruption. We set up a risk management team to continuously identify and monitor suppliers before risk identification, and set up risk response plans in advance. In addition, we cooperate with subcontractors of engineering services in accordance with the principle of "near before far", comprehensively improve the anti-risk ability of the supply chain and strengthen the resilience of the supply chain.



We maintain close communication and cooperation with suppliers, identify supplier quality problems in a timely manner, improve supplier quality through interviews, inspections, training and other means, establish more in-depth cooperation with suppliers, and build a stable supply chain ecological environment.

We actively communicate with suppliers. Through means such as holding supplier conferences, on-site inspections, and communication exchanges, we promptly identify the quality status of suppliers. We recognize outstanding suppliers, and for those with quality issues, we require them to submit rectification reports. Moreover, the Company will conduct a re-review of the rectification situation to confirm the rectification effect.



## Sustainable Supply Chain

We integrate the concept of sustainable supply chain into the management of suppliers. We have formulated the *Supplier Code of Conduct* to conduct ESG inspection and management of suppliers from the dimensions of environmental management, anti-corruption and integrity, labor management and so on, so as to ensure that suppliers take into account environmental and social responsibilities in the process of product production and construction.

In strict accordance with ISO 9001 and ESG low-carbon environmental protection assessment standards, the Company assesses suppliers from the aspects of supplier social responsibility behavior and guidelines, environmental protection approval, carbon emissions and the use of green energy.

Meanwhile, in the process of supplier selection, we will give priority to suppliers with good environmental protection and social responsibility performance, such as those with ISO 45001 certification and ISO 14001 certification.

### Supplier Integrity Management

We are committed to working with partners to build a "green and sustainable" supply chain, requiring upstream and downstream suppliers to adhere to the ethical bottom line of business integrity and compliance management. In the admittance and review of suppliers, we will focus on reviewing their credit materials, and require all suppliers to sign integrity agreements.

### Supplier Environmental Management

We require qualified suppliers to have the same values as Morimatsu. We regularly train employees on environmental protection knowledge, raise awareness of the importance of sustainable procurement, and encourage them to participate in green procurement activities and practice green procurement principles in their daily work. During the reporting period, the percentage of purchasers trained in sustainable procurement was 100%.

In terms of supplier selection, the Company will give priority to energy-saving, environmental protection, long-life, low pollution or recyclable products and services. We encourage and support suppliers to continuously improve their sustainable performance, such as reducing waste generation and unnecessary packaging. For suppliers willing and able to make positive changes, we will provide necessary assistance and support, including but not limited to technical guidance, information sharing, etc.

The Company has established *Regulations on Contractor HSE Review Management* for the management of subcontractors, and conducts HSE review regularly according to the regulations. We require all subcontractors to sign *Occupational Health, Safety and Environmental Protection Agreement*. During the reporting period, the signing rate of *Occupational Health, Safety and Environmental Protection Agreement* is 100%.

### Environmental Management Initiatives for Suppliers

In order to further standardize the social responsibility management of the Company's supply chain, Morimatsu LifeSciences and Technology Department has formulated the *Sustainable Procurement Management Policy* to promote the building of a sustainable supply chain.

We have established *Code of Conduct for Environmental Protection of Suppliers*, which puts forward clear requirements for the management performance of environmental protection and energy conservation and emission reduction of suppliers around water resources protection, air protection, raw materials and wastes, hazardous substance management, energy conservation and emission reduction management, etc., and includes them in the purchase contract.

In addition, we regularly evaluate their environmental protection measures and practices, and take necessary measures for suppliers who violate the Company's environmental protection policies.



## Supplier Labor and Occupational Health Management

We promise to respect internationally recognized human rights principles in procurement activities, fully consider their labor and human rights management performance in supplier selection, and urge suppliers to build a fair, safe and healthy working environment for their employees. We provide necessary safety facilities and equipment for all relevant parties entering the Morimatsu's plant area, and require them to strictly abide by our occupational health and safety related management systems and regulations to ensure the safety of construction operations.

### Labor Safety Management Initiatives for Suppliers

- We have established a list of diversified suppliers, including minority owner enterprises, women owner enterprises and disabled owner enterprises, to build an equal and inclusive supplier cooperation environment.
- We have established a *Supplier Code of Conduct on Labor and Human Rights*, which sets out clear rules for the protection of suppliers' labor rights around anti-discrimination, prohibition of child and forced labor, working hours and wages and benefits, prohibition of discrimination and harassment, ensuring workplace safety and health, and safeguarding workers' right to freedom of association, and includes them in procurement contracts.
- In addition, we regularly evaluate their labor and human rights protection measures and practices, and take necessary measures against suppliers who violate the Company's labor and human rights policies.

## Industry Development

Adhering to the concept of open cooperation and mutual benefit, Morimatsu is deeply integrated into the development ecology of the industry. We actively participate in industry associations and seek industry development blueprints with industry partners. At the same time, we are engaged in industry exchange activities, sharing technologies, concepts and market trends, promoting the formulation of industry standards, and contributing to the sustainable development of the industry.

### Participation of Industry Associations

|  |                      |
|--|----------------------|
| Shanghai Society for Biotechnology               | Vice Chairman Entity |
| Shanghai Producer Services Promotion Association | Member Entity        |
| Shanghai Synthetic Biology Industry Association  | Member Entity        |
| Shanghai Biopharmaceutics Industry Association   | Member Entity        |

### Industry Exchange Activities

#### The 64th National Pharmaceutical Machinery Exposition

We are fully aware of the new developments in the market, constantly upgrading R&D technology, and bringing a series of excellent products at the exhibition, presenting five major solutions, namely, one-stop overall laboratory solution, solid dosage process solution, active pharmaceutical ingredient (API) process solution, Morimatsu Pharmadule overall factory solution and VR simulation training system. We share cutting-edge technologies with the industry and jointly seek new breakthroughs and growth points.



### 2024 ISPE Annual Meeting & Expo

2024 ISPE Annual Meeting & Expo provides pharmaceutical industry professionals with the opportunity to engage in key industry dialogues, with the aim of sharing and communicating the latest developments around operations, product development, production systems, quality systems, regulatory guidance, etc. At the meeting, Morimatsu shared innovative cutting-edge technologies such as process systems, modular plants and laboratory one-stop solutions, and discussed the development direction of the biopharmaceutical industry with industry partners.



### "Integration and innovation for the future" Symposium at Morimatsu in 2024

We held a symposium on "Integration and innovation for the future", invited industry experts and our technical experts to share their experiences, exchanged and discussed the future development direction of the biopharmaceutical industry, and accelerate the innovation and practical application progress of biopharmaceutical technology.



### Industry Standard Setting

Morimatsu upholds the development concept of innovation and leadership, and actively participates in the development of industry standards. We not only keep up with the international technological frontiers and continue to develop technological innovations, but also devote ourselves to transforming these valuable experiences into forward-looking and practical industry standards in order to promote the standardization and standardization process of the industry. During the reporting period, we participated in the compilation of the *Technical Code for Building of Biosafety Vaccine Production Workshop*, which was spearheaded by the National Association of Health Industry and Enterprise Management.

### Industry Empowerment Case

#### Partnered with the National Institute for Bioprocessing Research and Training (NIBRT) in Ireland to Advance Innovation

Morimatsu has gained extensive technical expertise in the field of bioreactors, supplying NIBRT with glass bioreactors and Wave Single-Use Bioreactor. These solutions support NIBRT's mission to equip trainees and researchers with access to the latest industry-leading technologies. Morimatsu's state-of-the-art bioreactors can facilitate process development, research, seed training, as well as adherence to current Good Manufacturing Practices (cGMP). They will be incorporated into NIBRT's customized training programs that include short courses for both industry professionals and academics. Morimatsu stays tuned to the latest technological advancements. By collaborating with global life sciences institutions, Morimatsu fosters knowledge exchange, supports groundbreaking research, and accelerates advancements in biomedicine and bioprocessing. These efforts will drive progress and contribute to improving human health.







For a long time, Morimatsu has been committed to pursuing the dual enhancement of economic benefits and social value. While maintaining steady development, we continue to build a high-quality talent team, stimulating employees' potential and enabling self-actualization through diversified training programs, a fair promotion mechanism, and optimal working environments. Simultaneously, we actively fulfill our social responsibilities by engaging in public welfare initiatives, thereby establishing Morimatsu as a responsible corporate citizen.

# 05

**Building a Better Future  
Together**





# Employee Development

Morimatsu adheres to a people-centric business philosophy, actively leveraging its strengths in talent cultivation, technological innovation, and management excellence to establish itself as an industry leader characterized by "top-tier talents, first-class enterprise, top-tier performance, and premium compensation packages." The Company is committed to building a diverse and equitable workforce, pursuing mutual growth with employees through provision of OSHA-compliant safe working environments and humanized employee care programs, thereby holistically enhancing employee well-being and organizational belongingness.

## Employment

Morimatsu strictly complies with laws and regulations including the *Civil Code of the People's Republic of China*, the *Social Insurance Law of the People's Republic of China*, the *Labor Law of the People's Republic of China*, and the *Interim Provisions on Labor Dispatch*, and has established internal governance documents such as the *Employee Handbook* and *Recruitment Management Procedures*, providing institutional safeguards for cultivating a high-caliber workforce.

### Diverse teams

Morimatsu is fully committed to building a diverse workforce and safeguarding employees' legitimate rights and interests. We encourage diversified employee development, respect employees of different races, nationalities, genders and disabilities, oppose discrimination and harassment, promote equality and fairness, and ensure that employees are not affected by age, gender, marital and family status, race, region, nationality, religious beliefs or political affiliation during recruitment, onboarding and promotion. With the development of overseas business, the Company continues to advance the recruitment and development of local employees. While effectively addressing employment needs, the initiative also actively fosters the development of technical expertise in relevant fields.

The Company conduct our global business operations with the highest ethical standards. We strictly comply with the International Labour Organization (ILO) conventions and relevant national laws and regulations, resolutely prohibiting the use of child labour and forced labour, while mandating equivalent compliance from all suppliers. We oppose and prohibit any form of slavery, human trafficking, and employment of minors under 16 years of age. Through scientifically designed workload management and legally compliant working hour arrangements, we ensure that under no circumstances will we engage in or participate in activities related to slave trade, human trafficking, or child labour recruitment. Furthermore, we strictly refrain from procuring raw materials, components, or services from any entities involved in such illegal practices.

We rigorously enforce anti-discrimination policies and ensure their effective implementation through internal audits and third-party evaluations. Annually, we conduct corporate labor and business ethics risk assessments that evaluate risk levels based on probability, severity, and risk value. These assessments explicitly include potential risks such as forced labour, child labour, verbal abuse, and unlawful disciplinary actions, with departmental accountability for corresponding mitigation measures and periodic effectiveness reviews.

Anti-harassment provisions are incorporated into the *Employee Handbook*, supported by dedicated policies and mandatory anti-sexual harassment training for all employees. Awareness materials and reporting requirements are displayed on corporate notice boards, with anonymous reporting channels established to protect victims' rights. In 2024, the Company recorded zero incidents of child labour, forced labour, or workplace harassment.

### Attracting Talent

Morimatsu comprehensively plans talent demands and formulates recruitment strategies in accordance with actual development needs, adhering to the principles of fairness, impartiality, and openness to attract diverse talents globally through social recruitment and campus channels. The Company maintains diversified recruitment approaches by holistically evaluating candidates' educational background, moral integrity, professional capabilities, and industry experience, actively engaging in social hiring, campus recruitment, and local talent acquisition. We utilize recruitment websites and headhunter platforms for job postings while expanding outreach through university partnerships, campus promotions, new media matrices (including social media applications and short video platforms), and industry-specific talent networks to conduct 360-degree talent sourcing.

As of December 31, 2024, the Company had a total workforce of 1,768 employees, with female employees accounting for 21.55%, female employees not engaged in production work representing 27.86%, ethnic minority employees comprising 2.04%, and 20 employees with disabilities employed.

| Employees | Female employees accounting | Female employees not engaged in production work | Ethnic minority employees | Employees with disabilities |
|-----------|-----------------------------|---|---------------------------|-----------------------------|
| 1,768     | 21.55%                      | 27.86%  | 2.04%                     | 20                          |

### Our Localized Recruitment Initiatives

We prioritize localized recruitment by actively collaborating with local universities and associations to share resources and cultivate high-quality talent. Additionally, the Company actively participates in local job fairs and recruitment events to attract a diverse pool of candidates.



We maintain strategic collaborations with Zhengzhou University, Nanjing Tech University, East China University of Science and Technology, Dalian University of Technology, and other leading institutions to advance innovative university-industry partnership models. Through these alliances, we co-develop industry-aligned talent cultivation programs that equip professionals with cutting-edge technical competencies and innovation capabilities.

### Case: Launch of Phase II for "Morimatsu International - Zhengzhou University Innovation Pilot Program"

On September 26, 2024, the second phase of the Morimatsu International-Zhengzhou University Innovation Pilot Program (officially abbreviated as Morimatsu Innovation Program) was officially launched through a partnership signing ceremony at Zhengzhou University. This program strategically cultivates interdisciplinary professionals equipped with intelligent manufacturing expertise and systems thinking capabilities. The Group will further strengthen university collaborations to develop future-ready talents demonstrating innovative competencies and hands-on engineering proficiency in smart manufacturing sectors.



Launch Ceremony for Phase II for "Morimatsu International-Zhengzhou University Innovation Pilot Program"

### Case: Morimatsu Social Recruitment Event

In 2024, the Company was invited to participate in BIOCHINA2024 (EBC), the 9th EBC Bio-Industry Conference, where we delivered a keynote speech titled "Morimatsu Talent Recruitment & Development". This presentation showcased our corporate talent philosophy to the public, attracting industry professionals to join us in driving innovation and growth.



Morimatsu presenting "Talent Recruitment & Development" at the 9th EBC Bio-Industry Conference

## Talent Development

Morimatsu is committed to synergistic growth between employees and the organization by driving holistic development through continuous enhancement of professional knowledge, technical competencies, and professional competency. We support employees' personal career planning and development to build a sustainable future together.

### Employee Training

Morimatsu is committed to building a learning organization and establishing a diversified and scientific career development system to provide comprehensive support for employee growth. The Company has formulated the *Employee Education and Training Management System*, which standardizes training categories, training requirements, and related procedures. In alignment with the Group's development strategy and mid-to-long-term plans, we formulate annual training programs, execute systematic training activities, and conduct regular effectiveness evaluations.

#### Technical Skills Training

- Professional competency training
- Specialized operational training
- HSE training
- Frontline supervisor capability enhancement initiatives

#### Leadership Training

- Management skills advancement courses
- Advanced executive management program
- Communication skills training for mid-level and junior management

#### New Employee Training

- Centralized training for new employee
- Dual-mentorship onboarding system

#### External Training

- Degree advancement programs
- Japan technical exchange program for welders
- Foreign language proficiency training

### Training Course System and Highlighted Training Programs



We continuously enhance curriculum resource allocation through the optimization of our internal training institution, Morimatsu University, which is dedicated to cultivating professionals with moral integrity, comprehensive knowledge, and practical capabilities. Morimatsu University's robust faculty team comprises senior managers and technical experts from within the Company, alongside external industry professionals and renowned university professors. Annually, we conduct 1-2 sessions of youth cadre training classes and senior management reserve classes, delivering diversified thematic courses designed to strengthen participants' learning agility and managerial competencies.

### Highlights of 2024 Training Program in Morimatsu University

Organizational Behavior and  
Human Resource Management

Supply Chain  
Management

Introduction of  
Management

Business Management  
Summary



Senior Management Reserve Classes and Cadre Training Classes at Morimatsu University



We implement integrated online-offline training models through the Morimatsu E-learning, providing flexible and personalized learning content for all employees. The Morimatsu Library Lending System offers book borrowing services accessible to all employees, with regular collection updates based on employee recommendations to meet learning needs. Monthly knowledge competitions on WeChat Mini Programs award exquisite gifts to top performers, effectively stimulating learning engagement and fostering a positive learning culture.

Building upon our robust internal training infrastructure, we strategically expand collaborations with external institutions to deliver premium professional development opportunities. We incentivize employees to pursue postgraduate degrees including master's or doctoral programs, or college-to-university degree advancement through tuition reimbursement programs. Additionally, professional certification fees and licensure examination costs are eligible for reimbursement according to Company policies.

#### Degree Advancement Programs

- Annual selection of employees for doctoral studies at Japanese universities including Tohoku University and Nagoya University
- Domestic part-time postgraduate programs (e.g. MBA, MEM) at institutions such as Fudan University, Shanghai Jiao Tong University, and Tongji University
- College-to-university degree progression initiatives

#### Professional Certification Support

- Reimbursement for professional title assessment fees
- Subsidy for accredited qualification examination costs



#### Case: Morimatsu's Support for Senior Professional Title Evaluation in Mechanical Engineering

In alignment with China's national policy of "building a modern industrial system," Morimatsu actively encourages mechanical engineering professionals to participate in the Shanghai Engineering Series Senior Professional Title Evaluation for the mechanical industry. We provide eligible candidates with essential technical and resource support, along with reimbursement of evaluation fees, to enhance team expertise and drive technological innovation and market competitiveness.

#### Case: 2024 Graduate Onboarding Intensive Program

In July 2024, Morimatsu organized an intensive onboarding program for newly hired graduates. Through a combination of classroom training and diverse skill-development activities, we deepened their understanding of our company, accelerated their adaptation process, and provided opportunities for professional growth and role transition. This initiative has infused fresh energy into our future development.



2024 Graduate Onboarding Intensive Program

#### Case: Morimatsu Frontline Supervisor Development Program

Supervisors serve as critical frontline operational leaders, overseeing on-site production processes and workflow optimization. To enhance newly promoted supervisors' capabilities, Morimatsu's internal trainers developed an integrated curriculum combining theoretical instruction (covering safety protocols, quality assurance, and operational best practices) with hands-on workshops, ensuring alignment with our "applied learning excellence" philosophy.

The Supervisor Knowledge Exchange Forum further enables cross-functional expertise sharing, where seasoned supervisors present case studies addressing real-world operational challenges, delivering actionable solutions to enhance team performance.



Morimatsu Frontline Supervisor Development Program



## Career Development

Morimatsu establishes transparent career progression mechanisms through well-defined promotion criteria, enabling employees to achieve professional growth while strengthening organizational commitment. Morimatsu provides four distinct career development tracks with regular evaluation and advancement opportunities, including specialized promotion pathways for designated positions.



Morimatsu Employee Job Sequence

## Compensation and Incentives

Morimatsu provides equitable and market-competitive compensation packages through systematically optimized reward structures that recognize employee contributions. The compensation structure comprises base salary, position-based allowances, and performance-linked variable pay, with base salary and position allowances determined by job grade evaluation, while variable pay is calculated based on performance assessment results.

We implement long-term value-sharing mechanisms through initiatives like share incentive schemes, which reward employees for historical contributions while fostering their ongoing dedication to corporate value creation.

## Employee Performance Management

Morimatsu implements an integrated evaluation methodology combining the Balanced Score Card (BSC) and Key Performance Indicator (KPI), ensuring equitable assessment through standardized procedures that align departmental objectives with individual performance metrics. Bi-annual appraisal cycles include formal performance reviews and developmental feedback dialogues, with appraisal outcomes directly informing personnel decisions including promotions, contract renewals, role adjustments, or separations. Exceptional performers are eligible for accelerated career progression reviews.

### Case: Morimatsu Employee Exceptional Evaluation Mechanism

To further identify outstanding talents, stimulate employees' potential, and promote organizational innovation and vitality, Morimatsu provides exceptional evaluation opportunities for employees who demonstrate extraordinary performance and capability while making significant contributions to the Company's development. This mechanism ensures accelerated promotion of high-performing talents, injecting strong momentum into long-term sustainable growth.



## Health and Safety

Morimatsu maintains rigorous commitment to employees' occupational health and safety by actively investing resources to optimize workplace environments and provide essential safety training. We continuously improve the emergency preparedness system to mitigate potential workplace risks. We strictly comply with local laws and regulations in all operating jurisdictions, developed the *Work Safety Management System*, the *Occupational Health and Safety Management Regulations*, the *Occupational Health Monitoring and Archiving Management System*, and the *Labor Protection Articles Management Regulations*. By implementing internationally recognized workplace safety management practices and standardizing operational workflows, we ensure effective safety governance. In 2024, the total investment in health and safety initiatives amounted to approximately RMB 2.53 million.

The Company has obtained and maintains the ISO 45001 Occupational Health and Safety Management System Certification.

### Health and Safety Management

Morimatsu has established and enhanced safety management structure and enhanced the supervision and governance of production safety. To further strengthen organization-wide accountability for safety management, the Company has formulated the *Twelve-point Assessment Regulations for Employee HSE Behavior*, linking safety responsibility fulfillment with performance evaluation mechanisms.

#### Highest Responsible Person

General Manager

#### Responsible Organizations & Departments

Management Representative & HSE Leadership Team

Health and Safety Management System

#### Morimatsu HSE Policy

Putting People First and Prevention First

Active Advocacy and Full Participation

Exemplary Practice and Continuous Improvement

To ensure orderly execution of health and safety initiatives, Morimatsu establishes health and safety management objectives and conducts periodic reviews, serving as critical guidance and reference benchmarks for implementing health and safety operations.

No major safety incidents in the workplace, including  
**0** cases of work-related injuries and **0** cases of occupational diseases

**100%** coverage of employees in safety education and training

Occupational health inspection rate **100%**

**0** lost-time injuries

Morimatsu Health and Safety Management Objectives



Occupational Health and Safety  
Management System Certification



## Health and Safety Risk Assessment and Management

To further strengthen health and safety governance, we integrate safety risk management into daily operations as a critical component. We conduct systematic health and safety risk identification, issue the *Occupational Hazard Factors Monitoring Report*, and ensure implementation of appropriate control measures with contingency plans to address unforeseen events. We thoroughly investigate and analyze all accidents, incidents, and near-misses to prevent recurrence, thereby safeguarding the health and safety of employees, clients, suppliers, and the general public.

- Identify potential hazards in the work environment by conducting safety risk assessments for chemical and physical factors in workshops and job positions.

Risk  
Assessment

Management  
Initiatives

- Continuously enhance the Occupational Health and Safety Management System (OHSMS) through monitoring, auditing, and management review findings.

Morimatsu Safety Risk Assessment and Management Initiatives

Morimatsu conducts comprehensive health and safety risk assessments for hazardous chemicals based on operational requirements to strengthen full lifecycle management and capability building, ensuring comprehensive implementation of safety protocols across all operational phases. During procurement, we rigorously verify supplier and logistics provider compliance with the *Hazardous Chemical Operation License* and the *Hazardous Chemical Road Transportation License Requirements*, achieving 100% qualification conformity. For usage phases, we develop chemical management programs including the *Chemical Usage Policy* and the *Chemical Spill Contingency Plan* under ISO 14001/45001 frameworks, establishing strict lifecycle controls to prevent safety incidents. Additionally, we organize safety training for employees handling hazardous chemicals to further strengthen awareness of hazardous chemical safety.

## Contractor Safety Management

Morimatsu strictly complies with relevant regulations and legal requirements while comprehensively strengthening contractor safety governance. During contractor selection processes, we rigorously audit qualifications including safety management systems, certification credentials, and historical safety performance records to ensure full compliance with statutory mandates and corporate standards. All contractors are required to execute the *Occupational Health, Safety and Environmental Protection Agreement* and the *Site Entry Safety Commitment* to formalize health and safety management obligations.

### Morimatsu's Safety Management Requirements for Contractors Include:

- Provide employees with pre-employment medical checkups; employees exposed to occupational hazards must undergo the occupational health examinations
- Secure the work-related injury insurance and accident insurance coverage for employees
- Ensure all employees performing specialized operations hold the relevant qualification certificates
- Conduct regular safety inspections of construction operations
- Develop the safety training programs to educate all newly onboarded employees on safety protocols, operational procedures, and emergency response measures
- Formulate the emergency response plans and implement regular emergency drills

## Occupational Health Management

Morimatsu comprehensively implements occupational health management by establishing internal systematic documentation. These institutional frameworks provide governance safeguards for occupational health management. The Company rigorously enforces the "one person, one file" mechanism for employee health records, ensuring full traceability of individual health status through centralized archival management.

Morimatsu continuously enhances the configuration of occupational disease prevention equipment and facilities, while conducting regular safety inspections and occupational health check-ups to establish a comprehensive occupational health management mechanism. For potential occupational disease incidents, we have developed the full-process incident handling mechanism to mitigate hazards and impacts through emergency response protocols, root cause analysis, and corrective action implementation. In 2024, the coverage rate of occupational health check-ups for employees exposed to occupational hazards reached 100%. Throughout 2024, Morimatsu maintained full compliance with occupational health regulations, incurring no significant fines, penalties, employee claims, litigation, or disciplinary actions related to occupational health incidents.

In 2024, the Company achieved zero fatalities, with one recordable work injury resulting in 60 lost workdays. The Lost Time Injury Frequency Rate (LTIFR) stood at 0.27 per million man-hours worked. All incidents were appropriately resolved through systematic protocols<sup>3</sup>. We conducted root cause analyses for each incident to identify direct and contributory factors, implemented the hidden hazard identification and rectification measures, and institutionalized preventive controls to mitigate recurrence risks.

|   |  |
|---|--|
| Occupational Disease Protection Facilities and Measures | <ul style="list-style-type: none"> <li>Employees are provided with personal protective equipment including masks, face shields, and safety goggles.</li> <li>Workplaces are equipped with effective dust, fume, and mist collection facilities to reduce concentrations of respirable hazardous substances</li> <li>Dust collection devices are installed in areas with dust operations.</li> <li>Protective barriers are installed in laser operation areas.</li> </ul> |
| Occupational Health Check-ups                           | <ul style="list-style-type: none"> <li>Regular occupational health examinations are organized for employees before employment, during employment, and upon leaving employment to promptly identify and address suspected occupational diseases and occupational contraindications.</li> </ul>  |

Occupational Health and Safety Management Initiatives

## Case: Crane Equipment Inspection

As an important lifting and transportation device in the workshop, the normal operation of the crane is crucial for the health and safety of workshop employees. In 2024, our company engaged a third-party organization to conduct a one-month inspection of the crane equipment, which identified 14 optimization items with specific corrective measures. All issues have been closed. Through maintenance and inspection, we have improved equipment reliability, ensured employees work in a safe environment, eliminated potential safety hazards, and provided employees with a safer working environment.

## Building a Health and Safety Culture

Morimatsu prioritizes the establishment and cultivation of health and safety consciousness through continuous educational guidance, embedding safety principles into every employee's mindset to foster a comprehensive safety culture characterized by organization-wide engagement. Morimatsu implements internal and external training initiatives including the *Work Safety Law* interpretation sessions, the core competency development programs for safety management personnel, and the corporate-wide safety knowledge competitions. These are complemented by technical skill workshops and the standardized emergency drills to enhance operational response capabilities.

As of December 31, 2024, the Company conducted 45 occupational health and safety training sessions and 5 emergency drills, achieving more than 95% workforce coverage in OHS training compliance.

|                               |   |
|-------------------------------|---|
| Standing Training Program     | <ul style="list-style-type: none"> <li>Pre-shift Safety Training</li> <li>Post-Spring Festival Resumption Safety Training</li> </ul>  |
| Specialized Training Projects | <ul style="list-style-type: none"> <li>Hazardous Chemicals Handling Safety Training</li> <li>TIG Welding Safety Training</li> <li>Accident Case Study &amp; Warning Education</li> <li>Lightning Protection &amp; Heatstroke Prevention Training</li> </ul> |

Health and Safety Training Program



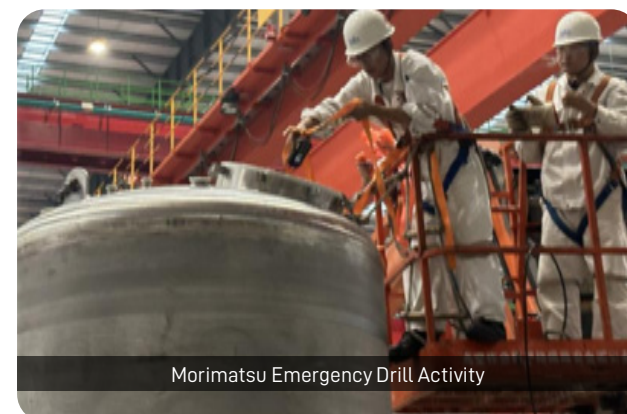
Morimatsu Safety Training

<sup>3</sup> OHS related data is detailed in the appendix.



### Case: Morimatsu Organized Emergency Drill Activity

In July 2024, Morimatsu jointly organized a confined space emergency rescue drill with local environmental safety bureaus, hospitals, fire departments and other relevant agencies. By simulating real accident scenarios, the Company tested and improved the emergency response speed of worksite supervisors and HSE departments, enhanced the effectiveness of internal emergency plans, strengthened coordination among different rescue teams, trained employees in self-rescue and mutual-aid techniques for confined space operations, and effectively raised employees' safety awareness.

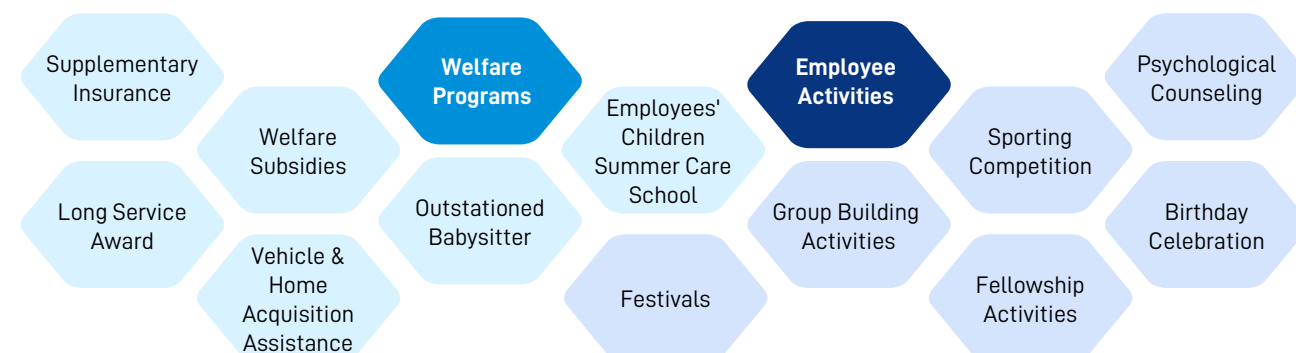


## Employee Rights and Benefits

Morimatsu demonstrates profound commitment to employee well-being by cultivating a harmonious and positive workplace ecosystem. We have developed the diversified and robust compensation and welfare system to facilitate work-life integration, while instituting the employee voice engagement mechanisms to ensure actionable response to workforce needs.

### Employee Benefits

While Morimatsu strictly complies with national laws and regulations and provides comprehensive statutory benefits, we are also constantly working to improve our non-compensation and benefit system, and to care for our employees in a more flexible and personalized way through benefit programs and employee activities. We provide employees with daily care such as holiday subsidies, birthday gifts, high temperature subsidies, and the opportunity to access vehicle & home acquisition assistance from the Company to help ease their financial pressure. We place special emphasis on caring for and supporting employees in need. When employees or their family members are confronted with serious illnesses, the Company extends warmth and support through compassionate visits and organized donation initiatives. We also help employees balance work and family by organizing fellowship activities, sending out nannies and organizing summer care school for their children.



Morimatsu's Important Benefit Programs



### Case: Morimatsu's Employees' Children Summer Care School

To further support employee-family life integration, Morimatsu implements Employees' Children Summer Care School, providing childcare services during summer vacations through demand-driven scheduling to alleviate parenting-related work interruptions. In the summer of 2024, the 7th session of the Employee Children's Summer Day Camp officially started, equipped with professional teachers and volunteers to help the children grow up happily.



### Case: Morimatsu Traditional Chinese Medicine Wellness Program

With the acceleration of modern lifestyles and increasing work pressures, employees may face various health issues including suboptimal health conditions and chronic diseases. Morimatsu has invited external TCM practitioners to provide personalized health consultations and wellness recommendations, helping employees gain deeper understanding of their health status and effectively raising health awareness.



Morimatsu attaches importance to safeguarding the legitimate rights and interests of female employees. We have strengthened the care mechanism by providing maternity allowance and organizing special activities for female employees on a regular basis in order to enhance their sense of well-being in the workplace. We actively improve the infrastructure to create a more convenient and comfortable working environment for female employees, and set up places such as Nursing Room and Mother and Baby Room to actively address the special needs of female employees at work.

### Case: Morimatsu's Nursing Room

Morimatsu has set up the Nursing Room in the office to provide a private, safe and hygienic space for female employees, to support breastfeeding women in balancing family and work, to promote the health of mothers and babies, and to show our respect for women's rights and social responsibility.



## Public Welfare and Community Service

### Employee Communication

Morimatsu believes that open communication, mutual trust, and respectful interpersonal relationships form the essential foundation for maintaining employee well-being and fostering a harmonious work environment. We encourage equal dialogue between employees at all levels and cultivate constructive communication channels. The Company upholds employees' rights to freedom of association and collective bargaining, refraining from interference in voluntary union participation. Multiple communication platforms—including regular staff assemblies, anonymous feedback mechanisms, and cross-departmental collaboration sessions—ensure effective information exchange across hierarchies and functions, enabling management to promptly address workplace challenges. Employees are empowered to participate in corporate governance through structured channels such as employee congresses, where their feedback is systematically integrated into decision-making processes.

We provide employees with a smooth channel for information feedback, feedback or complaints about damage to interests or unfair treatment, and the functional departments and trade unions are obliged to provide assistance in labor protection, occupational psychological counseling and grievance handling, etc., keep the information of the complainant or whistleblower in strict confidence, carry out investigations into the incident, and provide feedback on the results to the employees.

We organize employee forums once a month, in which the human resources department, together with senior management, communicate face-to-face with employees to quickly resolve the suggestions and issues raised by employees. We also set up proposal improvement mailboxes and general manager mailboxes in office buildings and workshops to expand channels for employees to give feedback on issues.



Morimatsu Employee Congress

### Case: Morimatsu Proposal Improvement Mechanism

To fully listen to employees' voices, collect their opinions and suggestions, improve the Company's working mechanisms and resolve issues related to employees, Morimatsu International has established the Proposal Improvement Mechanism. The Company actively implements Group requirements through the Proposal Improvement Evaluation Committee and the Proposal Improvement Team to review employee-submitted proposals. Adopted proposals receive cash or material rewards based on evaluation results, effectively mobilizing employee engagement.

Morimatsu conducts targeted employee satisfaction surveys addressing office sanitation, catering services, security protocols, commuter shuttle routes, and other work-life integration factors. Based on survey findings, we implement operational enhancements such as optimized shuttle scheduling to improve employee convenience and strengthen organizational service delivery capabilities.

As a member of the community, Morimatsu upholds the principle of public welfare and continuously carries out charitable activities to create positive social impacts, conveying care and warmth to those in need while jointly fostering a more harmonious and inclusive social environment. We consistently focus on vulnerable groups, actively engage in community betterment through elderly care initiatives, organize blood donation drives and outdoor waste cleanup campaigns to fulfill social responsibilities, and build harmonious relationships with communities for mutual development. In 2024, the Company invested approximately RMB 170,000 in social welfare initiatives.



Morimatsu Hiking Activity

### Case: Morimatsu Community Care Activity

During the 2024 Mid-Autumn Festival, Morimatsu organized a community care event themed "Sincere Festival Greetings, Heartwarming Care". Employee representatives visited local nursing homes, communities and children's welfare institutions to deliver festive blessings and gifts to the elderly, people with disabilities, and children. Through these actions, we aim to bring holiday warmth to socially vulnerable groups, fulfill our corporate social responsibilities, and promote the traditional virtues of respecting the elderly, caring for the young, and supporting the disadvantaged.



Morimatsu Community Care Initiative

### Case: Morimatsu India Underprivileged Children Care Activity

Diwali, one of India's traditional festivals, carries the beautiful symbolism of "dispelling darkness with light and overcoming evil with goodness". During the 2024 Diwali festival, employees from Morimatsu India team visited local underprivileged children, delivering festive gifts filled with care and blessings. They sowed seeds of holiday joy for these children and shared an unforgettable festival experience together.



Morimatsu India Underprivileged Children Care Initiative

### Case: Public Welfare Blood Donation Initiative

Morimatsu annually organizes employees blood donation drives, with majority of employees actively responding through repeated participation. Employees engaging in voluntary blood donation receive paid leave as encouragement, collectively contributing to societal welfare enhancement.



Morimatsu Employees Participation in the Compassionate Blood Donation Initiative





Morimatsu adheres to scientific decision-making, perfect corporate structure, comprehensive risk management, strict internal control and compliant business model, constantly standardizes corporate governance, actively fulfills social responsibility, lays a solid foundation for sustainable development and establishes a good corporate image.

06

## Strengthening Operational Foundations





# Compliance Risk Control

Morimatsu attaches great importance to corporate risk management and control, continuously optimizes the risk management mechanism and internal control system, constantly improves the Company's awareness of risk prevention and management capability, practices compliance and implements risk controllability.

## Compliance Management

The Company strictly complies with the *Hong Kong Standards on Auditing*, *China Internal Auditing Standards*, the *Listing Rules* of the Stock Exchange of Hong Kong and other regulations, and has a comprehensive Internal Control and Audit Management System. Through setting up a compliance management department, building a full-coverage compliance system, and constructing a culture of compliance, the Company has formed a sound and highly efficient internal compliance risk management mechanism, which ensures compliance and sound operation.

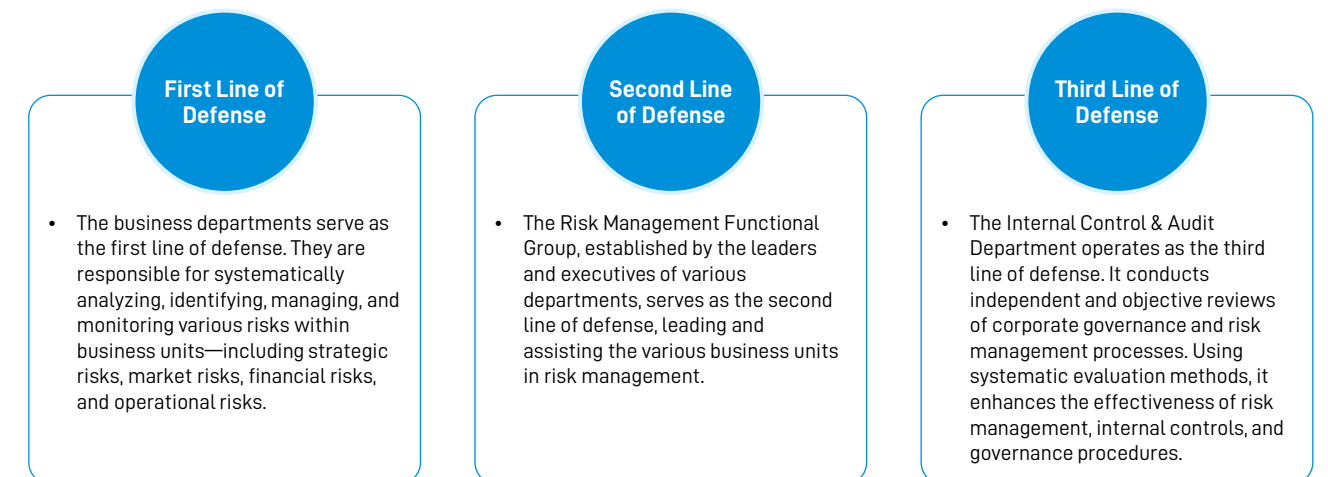
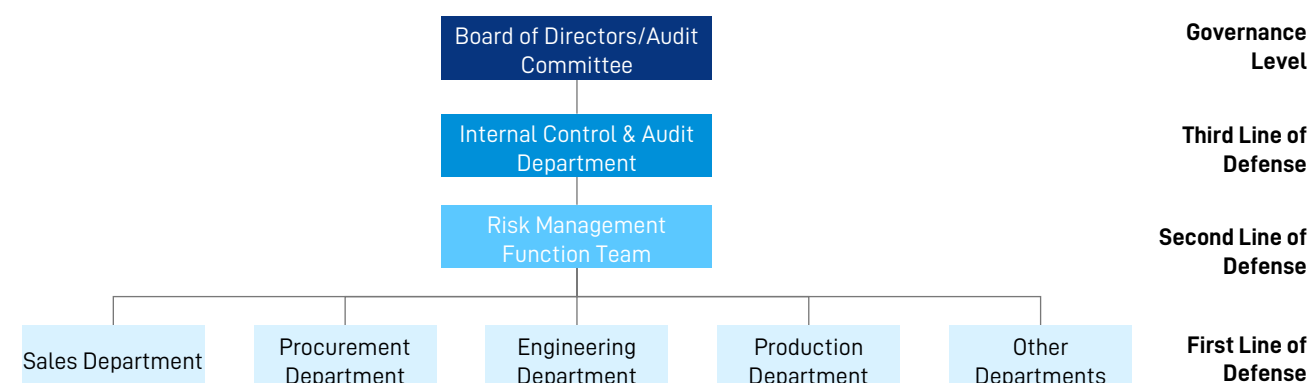
The Company cooperates with the Group's Internal Control Audit Department in conducting internal audits every year to check that compliance management measures are effectively implemented and maintained. The Internal Control Audit Department, as an independent department, will incorporate compliance audit-related content in its business and financial audits of the Company, such as inquiries into laws and regulations to determine whether the Company's internal rules and regulations are in compliance with the requirements of laws and regulations and the Company's implementation of the rules and regulations in accordance with the rules and regulations, so as to ensure that the Company operates in a lawful and compliant manner.

We regard the soundness and completeness of the internal control system and its effective implementation as one of the important indicators in the performance appraisal of the relevant departments. In addition, the Company follows the reporting procedures and investigation and handling mechanism established by the Group, sets up a public reporting hotline and email address, and designates an investigation department to implement corrective measures after investigation, and continuously optimizes the compliance management system by combining the results of regular inspections and reporting investigations. The management of the Company reviews and continuously improves the compliance management system.

During the reporting period, we had no cases of legal disputes arising from illegal operations.

## Risk Management

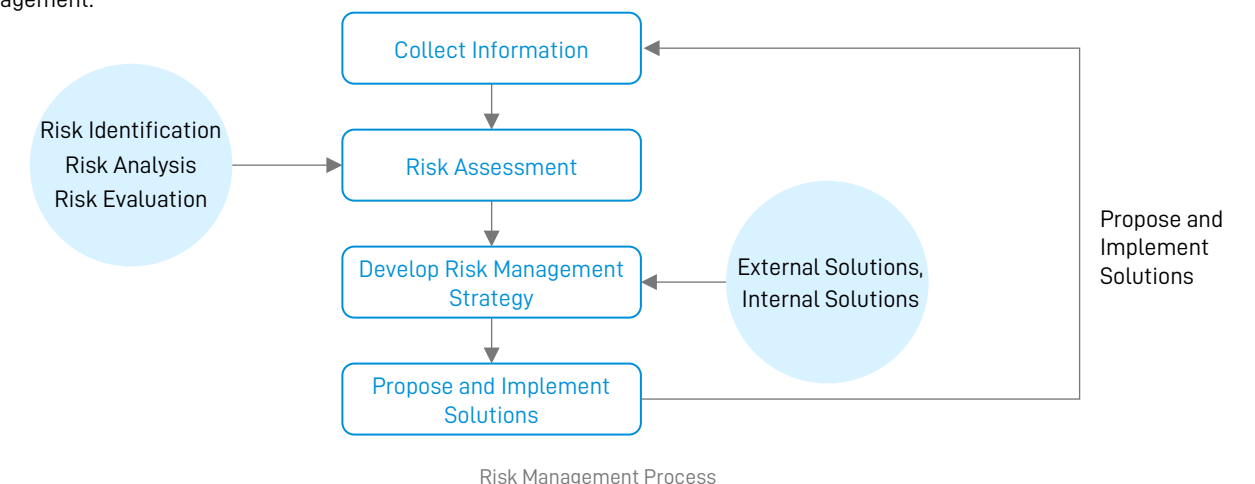
The Company carries out its risk management work in an orderly manner in accordance with the Group's risk management and internal control system comprising three levels, namely the governance level, the management level and the executive level, and following the principles of comprehensiveness, prudence, independence, effectiveness and timeliness. Under the overall arrangement of the Group, our risk control management structure is shown below:



The Group's Board of Directors, as the highest decision-making body for risk management and internal control, is responsible for assessing and determining the nature and extent of risks that the Group is willing to accept in order to achieve its strategic objectives, overseeing the design, implementation and monitoring of the risk management and internal control systems by the management, as well as reviewing annually the effectiveness of such systems to ensure that the Company establishes and maintains appropriate and effective risk management and internal control systems.

The Group has set up a dedicated Internal Control & Audit Department to undertake the internal audit function, oversee the design and implementation of internal control policies, analyze and independently assess the adequacy and effectiveness of our risk management and internal control systems, and report to the Audit Committee on the results of the assessment.

The Risk Management Functional Team strictly adheres to the *Working System of the Risk Management Team*, establishes a risk list, holds a meeting every six months to discuss the risks currently faced by the group and the risks that will be faced in the future, assesses the risks, scores the risks according to the probability of occurrence of the risks and the degree of loss to the group once such risks occur, and prioritizes them. The Company formulates risk management strategies according to the urgency and severity of specific risk events, proposes and implements solutions, and finally supervises and improves risk management.





## Business Ethics

Morimatsu adheres to the concept of managing all operations with the highest standards of business ethics, integrity and fairness. The Company strictly abides by the laws and regulations related to business ethics in the locations where it operates, and has formulated internal management systems such as the *Code of Business Conduct*, the *Letter of Commitment for Integrity and Self-discipline*, *Confidentiality Agreement*, *Anti-Bribery and Anti-Corruption Management System*, *Anti-Fraud Management System*, etc., to incorporate the culture of integrity and honesty into its operations in all aspects.

Meanwhile, we have established a standardised business ethics management system based on group requirements, including the publication of Morimatsu LifeSciences' *Business Ethics Code* and the establishment of the *Due Diligence Management Procedure* for stakeholders. We conduct an internal business ethics audit every year, covering but not limited to corruption, bribery, commercial reputation, unfair competition, industry monopolies, information security and intellectual property rights. An audit report is issued based on the audit content to help the Company identify risk points and promote sustainable development and the improvement of ethical standards.

We require all employees to comply with the code of ethics when engaging in business activities, and they are required to sign the *Letter of Commitment for Integrity and Self-discipline*. The Company conducts business ethics training for all procurement business related personnel and sales business related personnel by legal affairs every year.

In order to prevent risks related to anti-corruption and anti-bribery, the Company has taken the following measures:

- 1 The Company not only clearly stipulates anti-corruption and anti-bribery related behavioral norms in the employee code of conduct, but also signs the *Letter of Commitment for Integrity and Self-discipline* with employees, and has the relevant employees declare their conflicts of interest, such as external investments, on a regular basis. In addition, we require our business partners to implement anti-bribery control measures, make anti-bribery commitments, and sign integrity agreements with suppliers.
- 2 We implement adequate financial controls in the management of our company by strictly adhering to segregation of duties and authorization requirements for payment disbursements, and by strengthening controls in non-financial areas such as purchasing, operations, sales, human resources, and legal and regulatory activities.
- 3 The Company regularly participates in education and training on anti-corruption and anti-bribery topics conducted by the Group to raise the awareness of directors and employees on anti-corruption and anti-bribery compliance, and conducts regular compliance checks on high-risk projects, activities, business partners, employees in specific positions, etc.

In order to further monitor corporate integrity, the Company has established an open and transparent whistle-blowing reporting procedure and investigation and handling mechanism. We have posted public contact information on our official website to ensure that our customers, suppliers or other business partners can report suspected or actual bribery. At least twice a year, we review the status of the telephone hotline and the general manager's mailbox, and promptly intervene to investigate any business ethics-related reports.

- After receiving a complaint, the relevant department will be notified and conduct an investigation.
- After obtaining the preliminary investigation results, the relevant department will interview the whistleblower.
- Based on the interview and the investigation results, the relevant department will notify the complained party to assist in investigating the violation.
- If the violation is confirmed to be true, the group will handle it fairly in accordance with relevant systems.

Complaint Acceptance Process<sup>4</sup>

<sup>4</sup> "Relevant departments" are mainly departments that handle reported information, including the Audit Committee, managers of each company, etc.

The Company has a whistleblower protection system to ensure the independence of the receiving and managing personnel of the reported information, and strictly stipulate the reception personnel and access to the reported information. For the personnel responsible for receiving, recording and processing of reports, as well as those who have access to the report information should fulfill the obligation of confidentiality. The Company must be approved by the management of all relevant information and files of the report call.

During the reporting period, the Company had no anti-graft or anti-corruption related cases involving lawsuits, and there were no unfair business practices in the Company's business activities.

## Cultural Construction

Morimatsu attaches importance to the cultivation of a culture of integrity, actively builds an integrity and fair working atmosphere, and is committed to creating an integrity, transparent and compliant business environment for all stakeholders. Every year, we regularly participate in compliance management training conducted by the Group, including anti-corruption and anti-bribery training, and publicize compliance-related rules and work processes to our employees, so as to enhance their awareness of integrity and construct a good business ethics culture within the Company.

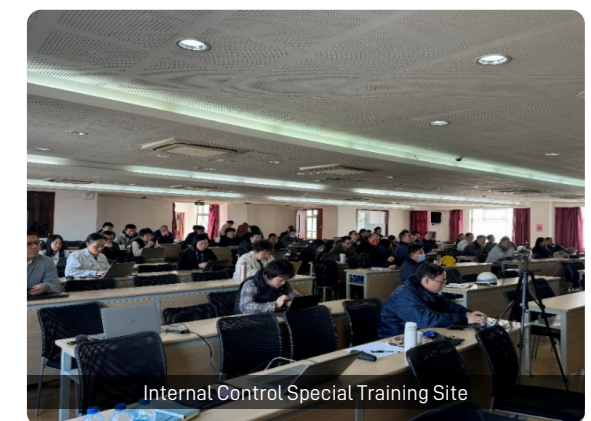
### FY 2024 Functional Integrity Training

During the reporting period, we carried out interpretation of laws and regulations and case sharing for all employees and members of the Board of Directors, focusing on the regulations related to job misappropriation, misappropriation of funds and other common job violations. Through this training, the Company ensures that each employee can more accurately understand the importance of compliance work, and continuously improves employees' anti-corruption awareness and beliefs to build an integrity culture.



### Internal Control Training

We invite external experts to conduct special internal control training for all employees. The training content prioritizes the interpretation of policies and regulations on enterprise internal control to help employees correctly understand the requirements related to internal control. In addition, the experts provide guidance on how to carry out effective internal control through the analysis of key cases of corporate governance and analysis of common problems, so as to provide guidance for the enhancement and improvement of corporate internal control.





## Appendix 1: ESG Performance Table

| Indicator  | Units                                     | 2024      |
|--|---|-----------|
| <b>Employment<sup>5</sup></b>                        |   |           |
| Number of Employee                                   | /   | 1,768     |
| Number of Employee by Employment Type                | Permanent employee                        | 1,729     |
|  | Contractor <sup>6</sup>                   | 39        |
| Number of Employee by Gender                         | Male                                      | 1,387     |
|  | Female                                    | 381       |
| Number of Employee by Age                            | 30 years old and below                    | 586       |
|  | 31-40 years old                           | 774       |
|  | 41-50 years old                           | 305       |
|  | 51 years old and above                    | 103       |
| Number of Employee by Nationality <sup>7</sup>       | The Chinese Mainland                      | 1,614     |
|  | China Hong Kong, Macao and Taiwan Regions | 0         |
|  | Overseas Regions                          | 154       |
| Number of Employee by Function Type                  | Employees engaged in production work      | 458       |
|  | Employees not engaged in production work  | 1,310     |
| Overall Employee Turnover                            | /   | 351       |
| <b>Employee Training</b>                             |   |           |
| Total Hours of Employee Training                     | Hour                                      | 43,112.76 |
| Average Training Hours for Employee <sup>8</sup>     | Hour                                      | 24.39     |
| Average Training Hours per Employee by Gender        | Male                                      | 25.17     |
|  | Female                                    | 21.53     |
| Average Training Hours per Employee by Function Type | Employees engaged in production work      | 28.64     |
|  | Employees not engaged in production work  | 22.90     |
| Percentage of Employees Trained by Gender            | Male                                      | 100       |
|  | Female                                    | 100       |
| Percentage of Employees Trained by Function Type     | Employees engaged in production work      | 100       |
|  | Employees not engaged in production work  | 100       |

<sup>5</sup> Employee counts categorized by gender, age, nationality, and function type are calculated based on total workforce headcount, inclusive of permanent employees and contractors.

<sup>6</sup> This encompasses labor contract employees in Mainland China and part-time employees at overseas regions

<sup>7</sup> Categorization is implemented according to employee nationality

<sup>8</sup> Average training hours for employees = (Total training hours completed by employees within the category) / (Number of trained employees in the category)

| Indicator   | Units      | 2024   |
|---|------------|--------|
| <b>Health and Safety</b>  |            |        |
| Work-Related Fatality Rate  | %          | 0      |
| Number of Workplace Fatalities  | Case       | 0      |
| Number of Work-Related Injury Incidents                                 | Case       | 1      |
| Lost Workhours Due to Work-Related Injuries                             | Hour       | 480    |
| Lost Workdays Due to Work-Related Injuries                              | Day        | 60     |
| <b>Community Engagement Contributions</b>                               |            |        |
| Public Welfare Investment Amount  | RMB 10,000 | 16.93  |
| <b>Research and Innovation</b>  |            |        |
| R&D Investment  | RMB 10,000 | 12,657 |
| R&D Personnel   | /          | >200   |
| Number of Self-developed Projects                                       | Number     | 37     |
| <b>Intellectual Property</b>  |            |        |
| Number of Participants in Intellectual Property Training                | /          | 100    |
| Number of Hours of Intellectual Property Training Participation         | Hour       | 150    |
| Valid Patent  | /          | 181    |
| Valid Software Copyright  | /          | 42     |
| <b>Privacy Protection and Information Security</b>                      |            |        |
| Number of Information Security Training                                 | Time       | 1      |
| Significant Information Security and Data Leakage Incidents             | Case       | 0      |
| <b>Product Safety and Quality</b>                                       |            |        |
| Pass Rate for the Primary Inspection of the Products                    | %          | >98.4  |
| Pass Rate for the Primary Welded Seams                                  | %          | >98.5  |
| Incidents of Products and Services Affecting Customer Health and Safety | Case       | 0      |
| <b>Customer Satisfaction</b>  |            |        |
| Customer Satisfaction Rate  | %          | >97    |
| Major Products and Services Complaints                                  | Case       | 0      |
| Incidents Related to Information and Labeling of Products and Services  | Case       | 0      |
| Incidents Related to Marketing Communication Violations                 | Case       | 0      |
| <b>Supplier Management</b>  |            |        |
| Total Number of Suppliers   | Count      | 1,070  |
| The Chinese Mainland Suppliers  | Count      | 854    |
| China Hong Kong, Macau, Taiwan Regions and Overseas Suppliers           | Count      | 216    |



| Indicator                             |   | Units                                     | 2024         |
|---------------------------------------|---|---|--------------|
| Environmental Management              |   |   |              |
| Greenhouse Gases <sup>9</sup>         | Scope 1 Emissions <sup>10</sup>                                 | Metric Tons of CO <sub>2</sub> Equivalent | 297.08       |
|                                       | Scope 2 Emissions <sup>11</sup>                                 | Metric Tons of CO <sub>2</sub> Equivalent | 1,172.43     |
|                                       | Total Greenhouse Gas Emissions (Scope 1 + Scope 2)              | Metric Tons of CO <sub>2</sub> Equivalent | 1,469.51     |
| Environmental Protection Expenditures | Environmental Taxes and Pollution Charges                       | RMB 10,000                                | 27.60        |
|                                       | Environmental Protection Equipment and Construction in Progress | RMB 10,000                                | 21.20        |
|                                       | External Service Fees Related to Environmental Protection       | RMB 10,000                                | 6.80         |
| Energy Use                            | Diesel  | Metric Tons                               | 8.83         |
|                                       | Gasoline  | Metric Tons                               | 32.79        |
|                                       | Natural Gas   | 10,000 Cubic Meters                       | 8.15         |
|                                       | Purchased Steam   | Metric Tons                               | 438.00       |
|                                       | Purchased General Electricity                                   | Kilowatt-hours                            | 5,094,933.44 |
|                                       | Self-generated Solar Electricity for Own Use                    | Kilowatt-hours                            | -            |
| Emissions                             |   |   |              |
| Wastewater                            | Discharge Volume  | Cubic Meters                              | 124,144.47   |
| Waste Gas                             | Nitrogen Oxides   | Metric Tons                               | 0.71         |
|                                       | Sulfur Dioxide  | Metric Tons                               | 0.01         |
|                                       | Particulate Matter  | Metric Tons                               | 0.001        |
|                                       | Benzene   | Metric Tons                               | -            |
|                                       | Toluene   | Metric Tons                               | -            |
|                                       | Xylene  | Metric Tons                               | -            |
| Solid Waste                           | Total General (Non-hazardous) Solid Waste                       | Metric Tons                               | 107.00       |
|                                       | Total Recycled General (Non-hazardous) Solid Waste              | Metric Tons                               | 42.00        |
|                                       | Total Hazardous (Harmful) Waste                                 | Metric Tons                               | 35.00        |
|                                       | Total Recycled Hazardous (Harmful) Waste                        | Metric Tons                               | 32.00        |

<sup>9</sup> The statistical disclosure scope for greenhouse gas emissions is the Shanghai manufacture facility under Morimatsu LifeSciences.

<sup>10</sup> Mainly, the use of natural gas, gasoline and diesel generated the Scope 1 emission.

<sup>11</sup> Mainly, the use of purchased electricity and purchased steam generated the Scope 2 emission.

| Indicator                   |                                      | Units               | 2024       |
|-----------------------------|--------------------------------------|---------------------|------------|
| Resource Use                |                                      |                     |            |
| Water Resources             | Total Water Intake                   | 10,000 Cubic Meters | 13.79      |
|                             | Total Water Consumption              | 10,000 Cubic Meters | 13.79      |
| Packaging Materials         | Paper                                |                     |            |
|                             | Printing Paper - Usage               | Metric Tons         | 21.54      |
|                             | Packaging Materials (cont.)          |                     |            |
|                             | Rain-proof Cloth/Bag - Usage         | Square Meters       | 226,280.71 |
|                             | Wooden Board/Wooden Box - Usage      | Square Meters       | 17,435.10  |
|                             | Wooden Cubes/Wooden Brackets - Usage | Square Meters       | 408.70     |
|                             | Iron Saddle/Frame - Usage            | Metric Tons         | 61.40      |
|                             | Tray - Usage                         | Square Meters       | 12,643.11  |
|                             | Drying Agent - Usage                 | Kilograms           | 16,970.24  |
|                             | Packing Tape/Plywood Tape - Usage    | Meters              | 1,795.50   |
| Anti-Corruption             |                                      |                     |            |
| Corruption Litigation Cases |                                      | Case                | 0          |



Appendix II: SASB Index Table

Industrial Machinery & Goods

Sustainability Disclosure Topics & Metrics

| Topic                                 | Metric  | Category                | Unit of Measure                 | Code         | Corresponding Section  |
|---------------------------------------|---|-------------------------|---------------------------------|--------------|--|
| Energy Management                     | (1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable   | Quantitative            | Gigajoules (GJ), Percentage (%) | RT-IG-130a.1 | Embracing a Zero-carbon Future – Carbon Emissions and Energy Management<br>Appendix I: ESG Performance Table |
| Workforce Health & Safety             | (1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees   | Quantitative            | Rate                            | RT-IG-320a.1 | Appendix I: ESG Performance Table  |
| Fuel Economy & Emissions in Use-phase | Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles  | Quantitative            | Liters per 100 tonne-kilometres | RT-IG-410a.1 | n/a  |
|                                       | Sales-weighted fuel efficiency for non-road equipment   | Quantitative            | Liters per hour                 | RT-IG-410a.2 | n/a  |
|                                       | Sales-weighted fuel efficiency for stationary generators  | Quantitative            | Kilojoules per litre            | RT-IG-410a.3 | n/a  |
|                                       | Sales-weighted emissions of (1) nitrogen oxides (NOx) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines and (d) other non-road diesel engines | Quantitative            | Grammes per kilojoule           | RT-IG-410a.4 | n/a  |
| Procurement of materials              | Description of the management of risks associated with the use of critical materials  | Discussion and Analysis | n/a                             | RT-IG-440a.1 | Collaborating for Excellence – Product Liability<br>Collaborating for Excellence – Collaborative Advancement |
| Remanufacturing Design & Services     | Revenue from remanufactured products and remanufacturing services   | Quantitative            | Presentation currency           | RT-IG-440b.1 | n/a  |

Activity Metrics

| Activity Metric                              | Category     | Unit of Measure | Unit of Measure | Corresponding Section   |
|--|--------------|-----------------|-----------------|---|
| Number of units produced by product category | Quantitative | Number          | RT-IG-000.A     | n/a   |
| Number of employees                          | Quantitative | Number          | RT-IG-000.B     | Building a Better Future Together – Talent Development<br>Appendix I: ESG Performance Table |



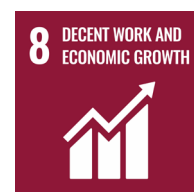
## Appendix III: UNSDGs Response



- Morimatsu upholds the principle of public welfare and continuously carries out charitable activities to create positive social impacts, conveying care and warmth to those in need while jointly fostering a more harmonious and inclusive social environment.



- Morimatsu maintains rigorous commitment to employees' occupational health and safety by actively investing resources to optimize workplace environments and provide essential safety training.
- In 2024, the total investment in health and safety initiatives amounted to approximately RMB 2.53 million. The coverage rate of occupational health check-ups for employees exposed to occupational hazards reached 100%. Zero work-related fatalities or major occupational injury incidents occurred.



- While Morimatsu strictly complies with national laws and regulations and provides comprehensive statutory benefits, we are also constantly working to improve our non-compensation and benefit system.
- We provide employees with daily care such as holiday subsidies, birthday gifts, high temperature subsidies, and the opportunity to access vehicle & home acquisition assistance from the Company to help ease their financial pressure.



- Morimatsu is fully committed to building a diverse workforce, respects employees of different races, nationalities, genders and disabilities.
- In 2024, Morimatsu's female employees accounting for 21.55%, female employees not engaged in production work representing 27.86%, ethnic minority employees comprising 2.04%, and 20 employees with disabilities employed. While effectively addressing employment needs, the initiative also actively fosters the development of technical expertise in relevant fields.



- Morimatsu strictly manages wastewater in accordance with discharge standards to ensure compliant sewage discharge. After deep treatment through the industry's advanced neutralization process, it is reused to reduce wastewater generation.



- We gradually replace purchased electricity with clean energy and explore a multi-pronged carbon neutrality path.
- We have completed a photovoltaic equipment construction project with a cumulative capacity of over 8 megawatts at the Changshu Plant.



- In the process of deepening globalization, the Company actively practices and deepens the M.V.P. model of "Machine + Values + Plants" and innovatively launches the MVP Solutions+, transforming towards a service-oriented manufacturing model. This innovation-driven approach empowers downstream industries to achieve more efficient, sustainable, and healthier development with enhanced convenience and reduced environmental impact.



- Adhering to the concept of minimizing resource use, Morimatsu is committed to developing a circular economy in the production and manufacturing process of products, reducing resource depletion, improving resource comprehensive utilization rates, and encouraging users to recycle equipment at the end of its lifecycle.



- Morimatsu focuses on product safety, providing customers with safe and reliable products and services through scientific design, strict risk assessment, and effective management measures.



- To manage climate change-related matters more efficiently, Morimatsu International has established a climate governance structure.
- We have identified the risks and opportunities brought by climate change and formulated targeted response measures.



- Morimatsu insists on managing all businesses with the highest standards of business ethics, integrity, and fairness. Integrate integrity culture and honesty into operations in all aspects to promote the continuous development of the enterprise and the improvement of moral standards.



- Morimatsu attaches great importance to multi-channel communication and exchanges with various stakeholders, actively responds to the expectations and demands of stakeholders, and promotes us to continuously improve the level of sustainable governance.