

2025

Environmental, Social and Governance (ESG) Report



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Message from the Chairman

Dear Shareholders, Customers, Partners, and Friends from All Sectors of Society

Time moves forward, yet our original aspiration remains steadfast. The year 2025 marked another important step for Qrunning Cable in strengthening its core cable business and advancing sustainable development. Guided by industry trends and grounded in principles of integrity and compliant operations, the Company fully integrated ESG principles into its strategic planning and operational management. We continued to promote the coordinated development of environmental, social, and governance initiatives, stayed focus on high-quality growth, and fulfill our corporate responsibilities, striving to achieve synergy among business value creation, shareholder interests, ecological protection, and social responsibility. On behalf of Ningbo Qrunning Cable Co., Ltd., I would like to extend my sincere gratitude to all shareholders, customers, partners, employees, and members of society who have long supported and trusted the Company's growth and development.

Sound governance continued to provide a solid foundation for the Company's steady development.

In corporate governance, we remain committed to standardized and refined management practices and continuously improve our corporate governance structure to ensure scientific, compliant, and efficient decision-making. We have further strengthened internal controls, compliance, and risk management to reinforce the foundation for compliant operations. At the same time, we continue to improve our investor relations management system, maintain open communication channels, and safeguard the legitimate rights and interests of all shareholders. Through sound governance, we strive to earn market trust and support the Company's steady and sustainable development.

Green development empowers the Company's growth and drives us to fulfill our responsibilities.

Green development represents both the pathway to sustainable growth and the responsibility that Qrunning Cable is committed to fulfilling. In 2025, the Company further integrated green and low-carbon principles throughout its production and operational processes, continuously improving its environmental management system and strengthening environmental compliance management. We strictly controlled pollutant emissions and promoted the green and low-carbon transformation of our manufacturing processes. In response to climate change, we promoted efficient energy utilization and the adoption of cleaner energy sources, embraced circular economy principles, and advanced the efficient recycling and reuse of resources. Through these efforts, we continued to pursue energy conservation and carbon reduction targets, protect the ecological environment, and contribute to China's "Dual Carbon" strategy.

Craftsmanship and dedication continued to drive the Company's long-term development.

We have always regarded product quality and safety as the lifeline of the Company and established a comprehensive quality management system covering the full product lifecycle, with stringent controls implemented throughout raw material sourcing, production process management, and finished product delivery to ensure that customers receive safe, stable, and reliable cable products. Meanwhile, we continued to strengthen technological innovation through sustained investment in research and development, focusing on industry trends and evolving market demands to advance product iteration and technological upgrades. The Company also continuously improved supply chain management and worked closely with suppliers to build a healthy and sustainable supply chain ecosystem for mutual benefit and shared development.

A people-oriented philosophy keeps us united and moving forward together.

Employees are the Company's most valuable asset and the cornerstone of its commitment to social responsibility. Qrunning Cable is committed to safeguarding the lawful rights and interests of employees and building a workplace that is equal, inclusive, safe, and respectful. We consistently improve our employee care programs, prioritize physical and mental well-being, optimize compensation, benefits, and career development channels, and strengthen employee training and professional development. By enabling employees to realize their individual potential and grow alongside the Company, we continue to foster a strong sense of unity and shared purpose for sustainable development. At the same time, the Company actively undertakes its social responsibilities and remains deeply engaged in public welfare initiatives. Through ongoing charitable activities such as educational support, community assistance, and elderly care programs, we seek to deliver warmth and care to society through concrete actions and contribute to the building of a harmonious society.

Our original aspiration remains unwavering, and our mission continues to guide us forward. Looking ahead, Qrunning Cable will continue to uphold its sustainable development philosophy, pursue quality through craftsmanship, and drive growth through responsibility. We remain committed to becoming a benchmark enterprise for ESG practices in the cable industry, creating greater value for shareholders, delivering better services to customers, providing broader development opportunities for employees, and contributing more to society. Together with all stakeholders, we look forward to building an even brighter future.

Thank you once again for your trust and support.

Chairman of Ningbo Qrunning Cable Co., Ltd.
Chen Yongming

About Qrunning Cable

Corporate Profile

Ningbo Qrunning Cable Co., Ltd. (Stock Code: 920682.BJ) was established in 1990 and is headquartered in Beilun District, Ningbo City, Zhejiang Province. As a National High-Tech Enterprise and a National Specialized, Refined, Differential, and Innovative (SRDI) "Little Giant" Enterprise, the Company completed its listing on the Beijing Stock Exchange in 2021. Qrunning Cable specializes in the R&D, manufacturing, sales, and integrated supporting services of wires and cables. Its core product portfolio encompasses three major wire and cable series with a maximum voltage rating of up to 500kV, focusing strategically on high-end special cables including rail transit cables, specialized high- and low-voltage cables, new energy cables, optoelectronic composite cables, and military-grade cables. The Company's products are extensively deployed in critical industrial sectors such as national power grid development, rail transit, iron and steel, petrochemicals, and mining. Qrunning Cable has contributed to landmark national mega-projects, including the Sichuan-Tibet Grid Interconnection Project, the Hong Kong-Zhuhai-Macao Bridge, Guangzhou Asian Games venues, the Three Gorges Hydropower Station, key domestic and international rail transit trunk lines, and United Nations peacekeeping infrastructure initiatives. Through reliable product quality and professional service capabilities, the Company supports national new infrastructure development and contributes to the green and low-carbon transition.

Corporate Mission	To build enterprises that drive social progress and strive for the well-being of humanity
Business Philosophy	Survival through quality, growth through technology, market trust through integrity, and sustainability through benevolence
Service Tenet	Value relationships, uphold integrity, be pragmatic, embrace innovation, maintain rigor, and pursue excellence
Corporate Spirit	Pursue efficiency and quality, remain trustworthy and dedicated, win recognition from near and far, and keep pace with the times

Development Milestones

1990	· Established Beilun No. 2 Wire Factory, marking the official launch of the wire and cable business
1994	· Founded Qrunning Wire and Cable Company and launched the proprietary Qrunning brand
2003	· Completed and commissioned the medium-voltage cable production plant

2005	· Passed technical appraisal for 35kV XLPE flame-retardant cables
2006	· Established the Qrunning Group and incorporated Ningbo Qrunning Cable Manufacturing Co., Ltd.
2008	· Launched construction of the 500kV XLPE power cable production project (Extra-High Voltage plant)
2009	· The 500kV cable project was included in the first batch of the National Industrial Revitalization and Technological Transformation Plan
2010	· Integrated internal wire and cable assets into Ningbo Qrunning Cable Manufacturing Co., Ltd. and completed corporate restructuring into a joint-stock company · Completed and put into operation Phase I of the EHV cable plant · Passed technical appraisal for 110kV XLPE cables
2011	· Founded the Qrunning Cable Academician Workstation · Inaugurated the new corporate headquarters on East Chenshan Road
2014	· Passed technical appraisal for 220kV XLPE cables
2015	· Completed listing on the National Equities Exchange and Quotations (NEEQ)
2017	· The 320kV DC Cable Project, as a national 863 Program project, passed acceptance review by the Ministry of Science and Technology
2020	· Completed public offering and was listed on the NEEQ Select Tier · Commissioned the special cable production plant, and the digital workshop passed final acceptance
2021	· Successfully listed on the Beijing Stock Exchange
2022	· Awarded the title of National SRDI "Little Giant" Enterprise
2023	· Completed and commissioned the 5G-enabled workshop · Put the new wire and cable R&D center into official operation
2025	· Ranked 26th in the China Wire & Cable Industry Competitiveness Top 100 List · The Company's central laboratory was granted CNAS accreditation

2025 Honors & Accreditations



Advanced Grassroots Party Organization



2025 China Top 10 Power Cable Brands



Beijing Stock Exchange Golden Bull Award



2025 Ningbo High-Quality Products List



2025 Ningbo Five-Star Enterprise for Management Improvement



National Quality and Reputation Assured Product



Ningbo Green Factory



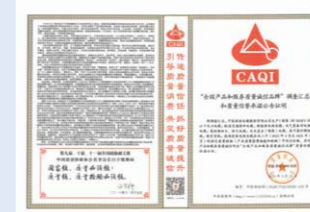
2025 Top 100 Most Competitive Enterprises in the Wire and Cable Industry of China (Ranked 26th)



China Intelligent Manufacturing Best Practice Award



National Enterprise Committed to Product & Service Quality Integrity



National Product & Service Quality Integrity Brand



National Quality Inspection Trustworthy Product



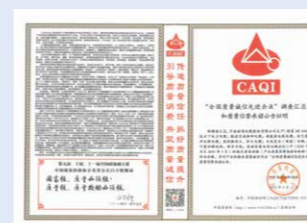
Ningbo Golden Reputation Brand



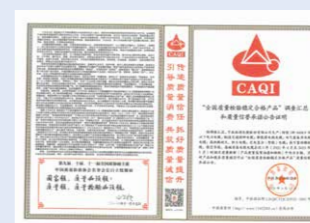
Ningbo Top 100 Competitive Enterprises (Ranked 28th)



Ningbo Top 100 Manufacturing Enterprises (Ranked 60th)



National Advanced Enterprise in Quality Integrity Management



National Stably Qualified Product via Regular Quality Inspection



National Leading Enterprise in Industry Quality


Sustainable Development Management




Sustainable Development Governance

The Board of Directors of Qrunning Cable consistently places great importance on sustainable development concepts and the development of the Company's ESG governance system. The Company regards environmental, social and governance requirements as an integral part of high-quality development. With a focus on long-term corporate development, the Company actively advocates responsible business practices and continuously enhances its performance in environmental protection, social responsibility, and corporate governance, while coordinating and advancing ongoing improvements in compliant operations, green development, employee care, and social contribution. The Company remains committed to advancing ESG management practices to high standards, proactively benchmarking against leading industry practices, continuously strengthening its governance foundation, and reinforcing its sense of responsibility. Through these efforts, the Company strives to achieve a balanced integration of economic, social, and environmental benefits, supporting its steady and sustainable long-term development.

Stakeholder Engagement

Qrunning Cable places great importance on listening to the expectations and concerns of stakeholders. Through diversified and efficient communication channels, the Company maintains constructive interactions with stakeholders, builds long-term, stable, mutually beneficial, and trust-based partnerships with all parties, and continuously fosters consensus on development, jointly promoting the coordinated and sustainable development of both the Company and society.

Stakeholders	Issues of Concern	Communication Channels
 Government and Regulators	<ul style="list-style-type: none"> • Environmental Compliance Management • Climate Change Response and Energy Management • Production Safety and Occupational Health 	<ul style="list-style-type: none"> • Special meetings • On-site visits • Information disclosure

Stakeholders	Issues of Concern	Communication Channels
 Investors	<ul style="list-style-type: none"> • Risk and Compliance Management • Business Ethics • Investor Rights and Interests • R&D Innovation and Intellectual Property Protection 	<ul style="list-style-type: none"> • Shareholders' meetings • Roadshows and performance briefings • Investor communication platform • Investor site visits • Information disclosure
 Customers	<ul style="list-style-type: none"> • Quality Management • Customer Service Management • Information Security and Privacy Protection • R&D Innovation and Intellectual Property Protection • Supply Chain Management 	<ul style="list-style-type: none"> • Customer communication • Customer service and feedback • Customer satisfaction surveys
 Employees	<ul style="list-style-type: none"> • Protection of Employee Rights and Interests • Employee Training and Development • Occupational Health and Production Safety 	<ul style="list-style-type: none"> • Employee satisfaction survey • Democratic communication • Workers' congress
 Suppliers	<ul style="list-style-type: none"> • Supply Chain Management • Quality Management • Business Ethics 	<ul style="list-style-type: none"> • Strategic cooperation • On-site visits • Industry exchanges
 Communities and the Public	<ul style="list-style-type: none"> • Climate Change Response and Energy Management • Environmental Compliance Management • Pollution and Waste Management • Community Engagement 	<ul style="list-style-type: none"> • Community communication • Media interaction • Industry forums • Public welfare initiatives

Material Issue Management

Issue Management

Material issue management serves as a core foundation for advancing corporate sustainability planning, managing risks and opportunities, and improving ESG information disclosure. Qrunning Cable strictly follows the latest disclosure standards and guidelines, including the *GRI Standards*, the *Continuous Supervisory Guidelines No. 11 for Companies Listed on the Beijing Stock Exchange* — *Sustainability Report (For Trial Implementation)*, and the *IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information*. Taking into account the characteristics of the wire and cable industry and the Company's actual business operations, Qrunning Cable identifies, evaluates, and screens core ESG material issues from two dimensions: Impact Materiality (the significance of impacts on economic, environmental, and social sustainability) and Financial Materiality (the significance of impacts on the Company's operations and financial performance). Through a scientific process of identification, assessment, and prioritization, the Company incorporates material ESG issues as key focuses of its sustainable development management and ESG information disclosure.

Double Materiality Assessment Process of Qrunning Cable

Issue Identification and Screening

With reference to macro policies in the regions where the Company operates, industry-specific policies and standards, leading domestic and international ESG rating frameworks, and key concerns of internal and external stakeholders, the Company compiled a list of ESG issues and identified 17 material topics covering both general and industry-specific issues.

Research and Assess

In accordance with the principle of double materiality, the Company regularly conducts assessments of both "Impact Materiality" and "Financial Materiality" and develops a double materiality matrix.

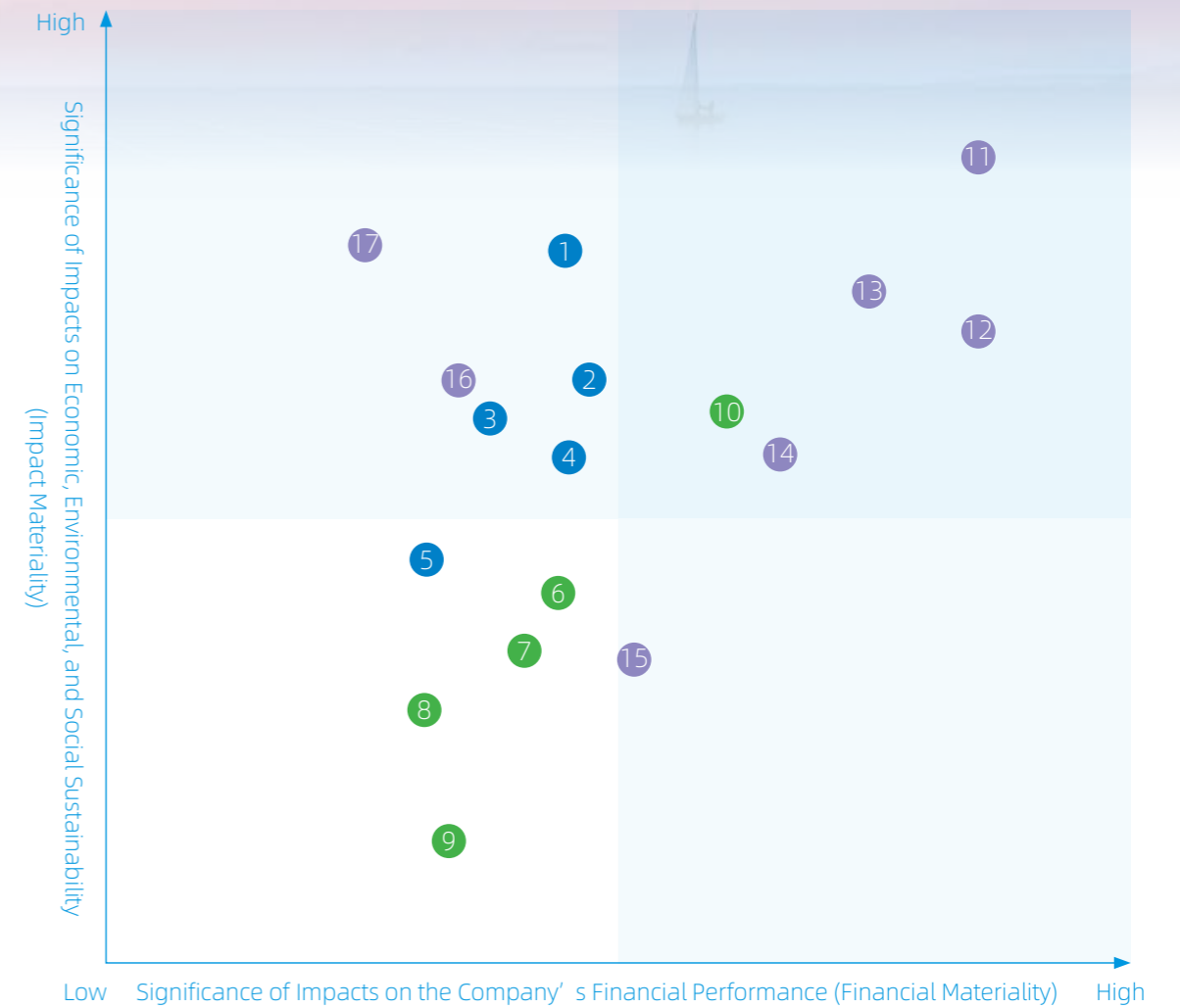
• **Impact Materiality:** The Company assesses material issues based on factors including the scale, scope, irremediability, and likelihood of impacts on economic, environmental, and social sustainability.

• **Financial Materiality:** The Company assesses financial materiality based on whether ESG issues are expected to have significant short-, medium-, or long-term impacts on the Company's business model, business operations, development strategy, financial position, operating results, cash flows, financing methods, and financing costs.

Confirmation and Response

Based on the assessment results, the Company develops a materiality matrix from the two dimensions of impact materiality and financial materiality. Following final review and confirmation by the Company's senior management and external sustainability experts, ESG issues are prioritized accordingly. The Company provides focused disclosure in this report on financially material issues, including their governance, strategy and management approach, impact, risk and opportunity management, as well as metrics and targets.

Qrunning Cable Materiality Matrix



Governance Dimension

- 1 Corporate Governance
- 2 Investor Relations
- 3 Business Ethics
- 4 Compliance and Risk Management
- 5 Information and Data Security

Environmental Dimension

- 6 Circular Economy
- 7 Environmental Compliance and Emissions Management
- 8 Water Resource Utilization
- 9 Ecosystem and Biodiversity Conservation
- 10 Climate Change Response and Energy Management

Social Dimension

- 11 Product and Service Quality
- 12 Innovation-Driven Development
- 13 Occupational Health and Production Safety
- 14 Supply Chain Management
- 15 Employee Training and Development
- 16 Employee Employment and Rights
- 17 Community Engagement

Risk and Opportunity Analysis of Material Issues

For key sustainability issues identified through the double materiality assessment, the Company comprehensively identifies relevant risks and opportunities as well as their impact timeframes, and systematically formulates and implements response strategies. By effectively managing potential risks and proactively seizing development opportunities, the Company strives to achieve steady, high-quality, and sustainable development.

Material Issue	Impact Timeframe	Risk/Opportunity Description	Response Strategy
Climate Change Response and Energy Management	Medium- to long-term	<p>Risks: Extreme weather events may disrupt operations; increasingly stringent “Dual Carbon” policies may raise compliance and technological upgrade costs; growing downstream demand for environmentally friendly products may affect the Company’ s market share.</p> <p>Opportunities: Optimizing the energy mix and improving energy efficiency can help reduce operating costs; green products may open up new markets and enhance the Company’ s green competitiveness.</p>	<ul style="list-style-type: none"> Expand rooftop photovoltaic installations across the plant area and advance energy-saving technological upgrades for outdated equipment. Deepen the application of the EMS smart energy management system. Conduct carbon footprint verification and participate in green electricity trading to reduce carbon emission intensity. <p><i>For details, please refer to the section “Addressing Climate Change Response and Energy Management” .</i></p>
Innovation-Driven Development	Medium- to long-term	<p>Risks: Inappropriate selection of technology pathways or low commercialization rates of R&D achievements may result in ineffective investment; loss of key technical personnel or leakage of intellectual property may also pose risks.</p> <p>Opportunities: Technological innovation can drive business upgrading, help capture growth opportunities in the high-end market, and create differentiated competitive advantages and new profit growth drivers.</p>	<ul style="list-style-type: none"> Maintain continuous R&D efforts focused on environmentally friendly materials, new energy cables, and ultra-high-voltage cables, and accelerate the industrialization of technological achievements. <p><i>For details, please refer to the section “Innovation-Driven Development” .</i></p>

Product and Service Quality	Short- to medium-term	<p>Risks: Downstream customers are placing increasingly higher demands on product safety and reliability, and quality defects may lead to customer loss and reputational risks.</p> <p>Opportunities: Continuously improving the quality management system can strengthen customer trust and increase bid-winning rates.</p>	<ul style="list-style-type: none"> Strengthen quality inspection throughout the entire process from raw materials to finished products. Obtain certifications such as ISO 9001 and implement the Excellence Performance Evaluation Criteria to ensure stable and reliable product quality. <p><i>For details, please refer to the section “Products and Services” .</i></p>
Supply Chain Management	Short- to medium-term	<p>Risks: Insufficient supply chain resilience may lead to cost escalation and production disruptions; downstream customers are imposing increasingly stringent requirements on green compliance across the supply chain.</p> <p>Opportunities: Strengthening ESG collaboration with suppliers and adopting diversified procurement strategies can reduce supply disruption risks and enhance the low-carbon competitiveness of the supply chain.</p>	<ul style="list-style-type: none"> Establish diversified procurement channels. Strengthen supplier ESG evaluations and environmental qualification requirements. Set safety stock thresholds for major raw materials and auxiliary materials to buffer short-term supply and demand fluctuations. Enter into quarterly or framework agreements to mitigate the impact of raw material price fluctuations. <p><i>For details, please refer to the section “Supply Chain Management” .</i></p>
Occupational Health and Production Safety	Short- to medium-term	<p>Risks: Inadequate safety management and control may lead to accidents and operational shutdown losses.</p> <p>Opportunities: Effective EHS management can safeguard employee health, reduce compliance and operational disruption risks, and meet the ESG expectations of downstream customers and investors.</p>	<ul style="list-style-type: none"> Improve the workplace safety accountability system, adhere to the principles of “three simultaneities” and “four non-negligence” principles, and strengthen on-site safety management and control. Carry out routine hazard identification and rectification activities, strengthen emergency response capabilities, and enhance the Company’ s ability to respond to unexpected accidents. <p><i>For details, please refer to the section “Occupational Health and Workplace Safety” .</i></p>

Leading with Vision to Build a Foundation for Sustainable Growth



Contributing to the UN SDGs

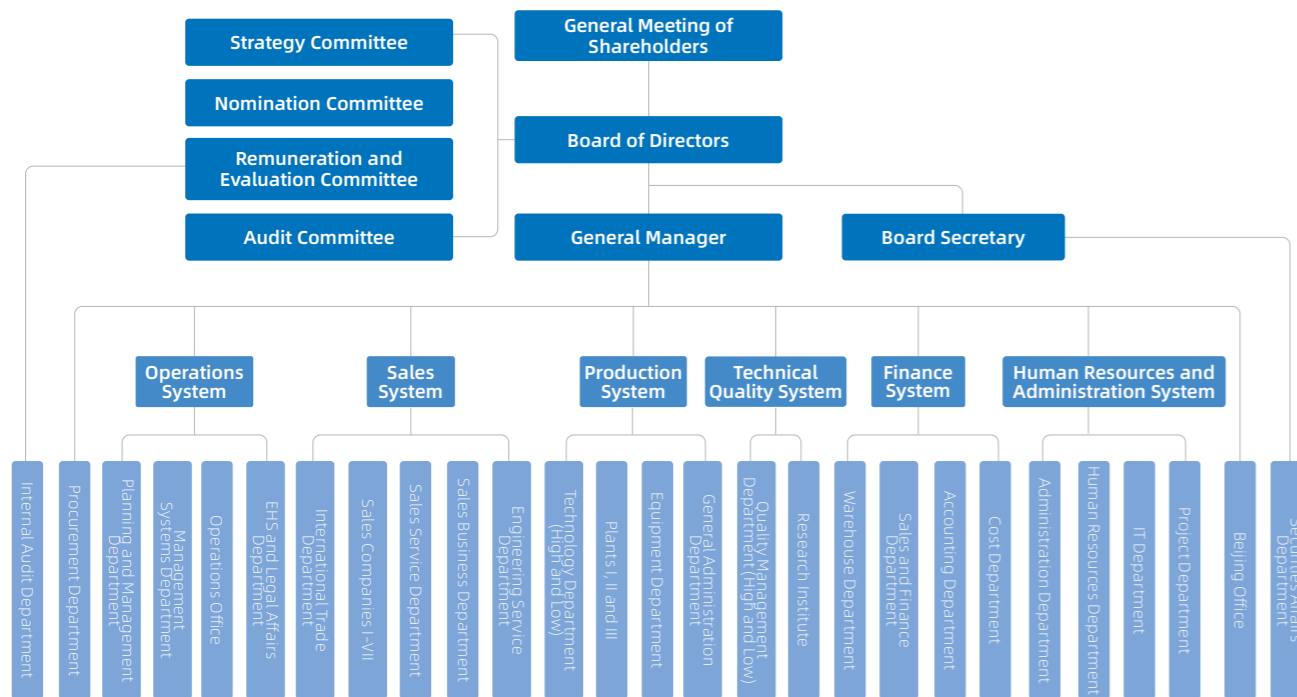


Corporate Governance

Qrunning Cable strictly complies with applicable laws, regulations, and regulatory requirements, including the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies*, and relevant regulatory rules of the Beijing Stock Exchange. The Company consistently improves its modern corporate governance system and corporate governance structure, adheres to standardized operations and compliant management, and continuously optimizes its governance mechanisms to establish a sound and efficient governance system that supports the Company's sustained, stable, and high-quality development.

Corporate Governance Structure

In line with the requirements of a modern corporate governance system featuring statutory allocation of powers and responsibilities, transparency in powers and responsibilities, coordinated operations, and effective checks and balances, the Company has established and continuously optimized a governance structure composed of the General Meeting of Shareholders, the Board of Directors, and senior management, comprehensively enhancing the effectiveness of its internal governance. During the reporting period, the Company continued to deepen governance system reforms and successfully implemented reforms to its supervisory framework by removing the Board of Supervisors and legally transferring the corresponding statutory supervisory responsibilities to the Audit Committee of the Board of Directors. Meanwhile, in response to the latest regulatory requirements, the Company timely revised and improved the *Articles of Association*, making its governance structure more scientific and comprehensive and its governance operations more efficient and streamlined, thereby providing solid support for compliant operations and sustainable development.



Qrunning Cable's Corporate Governance Structure

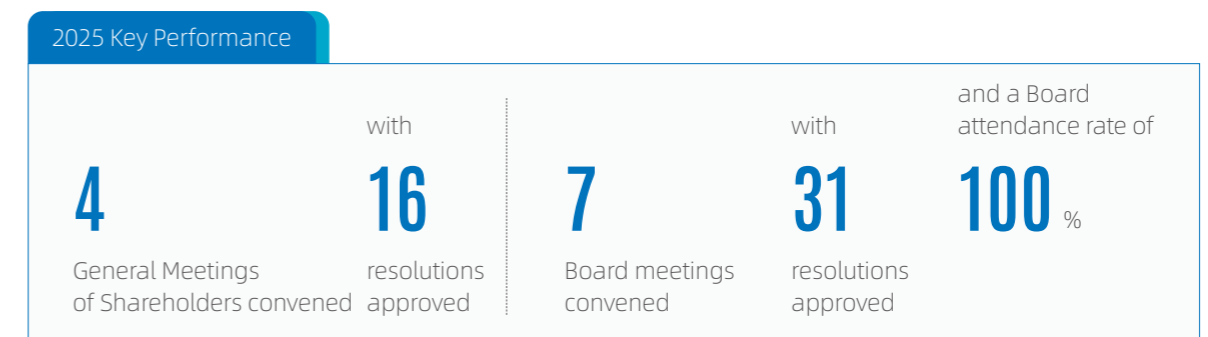
General Meeting of Shareholders

As the Company's highest authority, the General Meeting of Shareholders exercises decision-making authority in accordance with the law on major matters such as business policies, investment plans, and the election of directors. In strict compliance with the *Articles of Association*, the *Rules of Procedure for General Meetings of Shareholders*, and other relevant regulations, the Company standardizes the entire process of convening and holding shareholder meetings, proposal review, and voting procedures, ensuring lawful and compliant decision-making and fully safeguarding the legitimate rights and interests of all shareholders.

Board of Directors

In accordance with the *Articles of Association*, the *Rules of Procedure for the Board of Directors*, and other relevant regulations, the Board of Directors lawfully exercises the powers granted by the General Meeting of Shareholders and conducts decision-making activities in a standardized and efficient manner. Closely aligned with industry development trends, the Board scientifically evaluates the business environment and coordinates the formulation of the Company's development strategies, business plans, and investment proposals. Upholding prudent decision-making and compliant operations, the Board consistently improves decision-making quality and execution efficiency, effectively safeguarding the overall

The Board of Directors has established 4 specialized committees, namely the Strategy Committee, the Audit Committee, the Nomination Committee, and the Remuneration and Evaluation Committee. Each committee strictly performs its duties in accordance with the *Code of Corporate Governance for Listed Companies* and the implementation rules of the respective committees, fully leveraging its professional expertise to provide scientific, objective, and professional recommendations for major Board decisions. This further enhances the scientific basis and forward-looking nature of Board decision-making while ensuring standardized procedures and fair decision outcomes.



Composition of Qrunning Cable's Specialized Board Committees

Specialized Committees of the Board of Directors	Number of Independent Directors	Number of Meetings Held
Strategy Committee	1	1
Audit Committee	2	5
Nomination Committee*	2	/
Remuneration and Evaluation Committee*	2	3

Note: * indicates that the chairperson of the committee is an independent director.

Board Development

Board Effectiveness

The Company places great importance on the standardized operation of the Board of Directors and the continuous enhancement of its decision-making effectiveness, and consistently improves its governance mechanisms. In 2025, the Board of Directors performed its duties in strict accordance with applicable laws, regulations, and the regulatory requirements of the Beijing Stock Exchange, ensuring that all decision-making procedures were lawful, compliant, and subject to thorough deliberation. The Board's four specialized committees independently and efficiently fulfilled their responsibilities, while independent directors diligently performed their duties through on-site investigations and independent opinions, effectively enhancing the scientific basis of decision-making and the effectiveness of supervision. The Board fully implemented resolutions of the General Meeting of Shareholders and timely disclosed the Board of Directors' work report, as well as performance reports of independent directors and the Audit Committee, effectively safeguarding the interests of all shareholders. Meanwhile, the Nomination Committee strictly reviewed the qualifications of directors and senior management to ensure that relevant personnel possessed the necessary qualifications, professional competence, and capability to perform their duties, which provides solid support for the Company's standardized governance and steady development.

During the reporting period, the Company's directors and senior management actively participated in and organized professional training programs conducted by institutions including the Beijing Stock Exchange, the Ningbo Securities Regulatory Bureau, and listed company associations, which further improved their compliance capabilities and standardized operational practices and provided strong support for enhancing corporate governance effectiveness.



Directors and senior management of the Company participating in training organized by the securities regulatory authority

Support for Independent Directors in Performing Their Duties

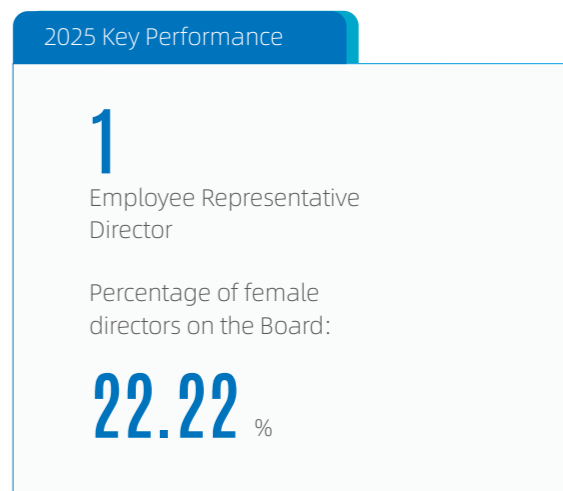
In strict accordance with the regulatory rules of the Beijing Stock Exchange and the Company's internal policies, Qrunning Cable provides standardized safeguards and necessary support for independent directors in performing their duties. In 2025, the Company revised and improved the *Working System for Independent Directors* and the *Rules for Special Meetings of Independent Directors*, clarifying the qualifications, scope of authority, and deliberation procedures of independent directors. The Company also established a dedicated meeting mechanism for independent directors to ensure their independent review of major matters and independent expression of opinions. The Company fully safeguards independent directors' rights to information, participation, and oversight. It provides meeting materials in a timely manner, organizes on-site investigations, and offers dedicated personnel and necessary working conditions to support independent directors in performing their duties.

During the reporting period, independent directors independently and objectively exercised their powers, actively participated in meetings and deliberations, and conducted supervision and assessment of key matters including business management, financial internal controls, and information disclosure. They effectively fulfilled their supervisory and balancing role, safeguarded the legitimate rights and interests of the Company and minority shareholders, and continuously enhanced the independence and credibility of the Company's governance.



Board Diversity

Qrunning Cable continues to optimize the composition of its decision-making team and places emphasis on attracting professionals with diverse backgrounds in industry experience, financial compliance, strategic management, and other areas of expertise, building a Board team with broad representation and strong professional capabilities. Board members draw on their respective expertise to provide professional judgment and constructive recommendations from multiple perspectives on key matters including strategic planning, business decision-making, risk management, and sustainable development, which enhances the scientific basis, forward-looking nature, and robustness of Board decision-making.



Diversity Profile of Qrunning Cable' s Board Members

Position	Name	Gender	Age	Education Background	Professional Expertise			
					Industry Experience	Business Operations	Finance and Accounting	Law
Chairman	Chen Yongming	Male	68	Bachelor's degree	√	√	-	
Director General Manager	Chen Yongzhi	Male	57	EMBA candidate	√	√		
Director	Chen Li	Female	41	Bachelor's degree			√	
Director Deputy General Manager	Wen Shanghai	Male	63	Bachelor's degree	√	√		
Director Chief Financial Officer Deputy General Manager	Xu Junfeng	Male	56	Bachelor's degree		√	√	
Employee Representative Director	Zhou Lejun	Female	38	Bachelor's degree	√			
Independent Director	Huang Chunlong	Male	60	Doctor's degree			√	
Independent Director	Duan Yichao	Male	63	Master's degree				√
Independent Director	Zhao Jiankang	Male	63	Doctor's degree	√			

Remuneration Management for Directors and Senior Management

The Company has established and continuously improved a remuneration management system for directors and senior management. During the reporting period, the Company formulated and approved the *Remuneration Management Policy for Directors and Senior Management* and developed the *2025 Performance Evaluation Plan for the Management Team*. Following principles including fairness, alignment of responsibilities, authority and interests, and a balance between incentives and restraints, the Company closely links remuneration with corporate operating performance, individual performance of duties, and long-term development objectives. The Remuneration and Evaluation Committee of the Board of Directors is responsible for the formulation and review of remuneration plans as well as performance evaluation. Remuneration for directors and senior management consists of basic remuneration, performance-based remuneration, and other components, with the proportion of performance-based remuneration maintained above the prescribed level. The Company has also implemented remuneration clawback and suspension mechanisms to recover relevant remuneration in circumstances such as financial restatements or major violations, ensuring that the incentive mechanism remains standardized and transparent and safeguarding the overall interests of the Company and its shareholders.

Risk and Compliance Management

Qrunning Cable has consistently strengthened its internal control, risk management, and compliance operating systems by improving internal control processes and reinforcing risk identification, assessment, and response mechanisms. The Company has also enhanced its compliance management standards and risk prevention and control capabilities, providing solid support and reliable safeguards for stable operations, standardized governance, and long-term sustainable development.

Risk Management

The Company has always regarded risk management as an important component of corporate governance and has established a systematic and comprehensive risk management framework. Under the overall coordination of the deputy general manager in charge of finance and with the collaboration of various functional departments, the Company has developed a full-process risk management system covering the regular identification, analysis, and assessment of market, policy, operational, and legal risks. The Company strictly implements its internal risk control policies and adopts a closed-loop management approach featuring prior prevention, in-process control, and post-event improvement. It has further improved its risk early warning, response, and supervision procedures and strengthened its ability to anticipate and address risks, providing strong support for compliant operations and long-term stable development through a sound and efficient risk management system.

The Legal Affairs Department is responsible for the Company' s day-to-day legal and compliance management. The department focuses on reviewing, revising, and improving various agreements related to cooperation, agency arrangements, procurement, and other business activities, while standardizing contract management procedures and effectively identifying and mitigating legal risks arising from operations. In addition, the Company engages an external law firm as its long-term legal counsel. Working in coordination with the internal legal team, the external counsel provides professional legal support for major business matters, contract reviews, dispute resolution, and other legal affairs, helping the Company strengthen its legal and compliance safeguards and ensuring that all business activities are carried out in a lawful, compliant, and stable manner.

Internal Control and Compliance

In strict accordance with the *Company Law of the People' s Republic of China*, the *Articles of Association*, and other applicable laws and regulations, and in light of its actual operating conditions, the Company has formulated and improved the *Internal Audit Policy* and established a sound internal control and compliance management system. The Company has established an Internal Audit Department, which operates independently under the guidance of the Audit Committee of the Board of Directors and carries out regular supervision and evaluation of the authenticity of financial information, the effectiveness of internal controls, and operational compliance, with a focus on key areas including fund management, related-party transactions, external investments, and external guarantees. The Internal Audit Department regularly submits audit plans and work reports and follows up on the rectification of internal control deficiencies, forming a closed-loop management mechanism that supports the Company' s stable operations through a sound internal control and compliance system.

Development of a Rule of Law and Compliance Culture

The Company integrates rule of law and compliance development into its daily operations and management and regularly carries out legal awareness and compliance culture promotion initiatives. Through online channels such as the Company's official WeChat public account, the Company shares compliance knowledge, policy interpretations, and risk alerts with employees on a regular basis. The Company also organizes ongoing compliance training programs for all employees, guiding them to consciously comply with laws, regulations, and internal policies and strengthen compliance awareness and bottom-line thinking. These efforts further reinforce the governance foundation for lawful and compliant operations across the organization.

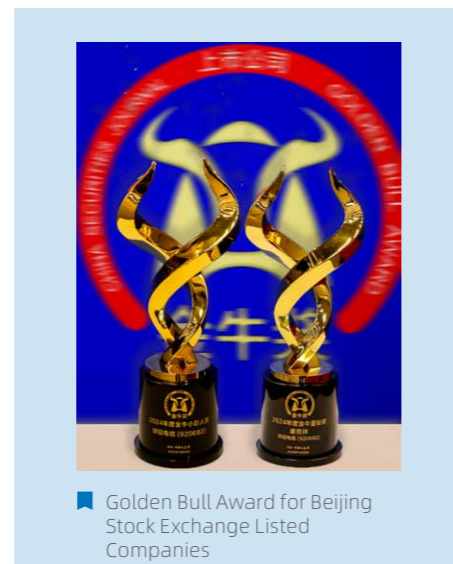
Tax Management

The Company strictly complies with national tax laws, regulations, and relevant policy requirements and has established a standardized and transparent tax management system. The Company has improved its internal tax control procedures, strengthened the study and implementation of tax policies, and standardized the full-process management of tax accounting, filing, and payment to ensure that all tax-related practices remain lawful, compliant, and accurate and that tax data is authentic and reliable. During the reporting period, the Company duly fulfilled its tax obligations and maintained a strong corporate credit profile, fostering a compliant and stable tax environment that supports the Company's steady operations and sustainable development.



Investor Relations Management

Qrunning Cable places great importance on protecting investors' legitimate rights and interests. The Company continues to improve its investor relations management system and shareholder rights protection mechanisms, actively balances the interests and expectations of different parties, and strengthens market recognition and investor confidence, laying a solid foundation for corporate value enhancement and long-term high-quality development. Recognized for its robust governance performance and sound capital market reputation, the Company was awarded the Golden Bull Award for Beijing Stock Exchange Listed Companies by *China Securities Journal* in 2025. Its Board Secretary also won the 2024 Golden Bull Board Secretary Award.

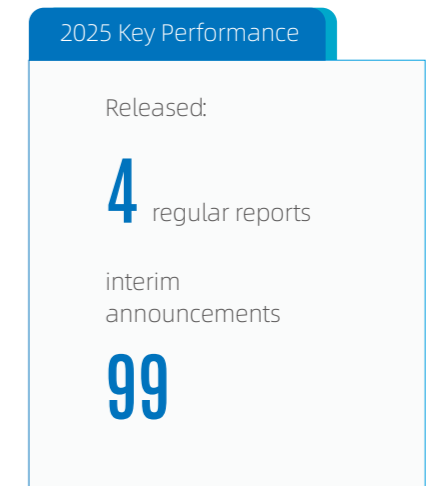


Protection of Investor Rights and Interests

Built on standardized corporate governance, Qrunning Cable has established a comprehensive investor rights protection system that integrates the protection of minority shareholders' legitimate rights and interests throughout the entire corporate governance process, effectively safeguarding the equal rights of all shareholders. To consistently optimize its shareholder voting protocols, the Company has implemented the *Rules for Online Voting* and the *Rules for Cumulative Voting*. All shareholder meetings adopt a hybrid model combining on-site and online voting. Separate vote tallies are conducted for material matters concerning minority investors, a practice that fully guarantees shareholders' statutory rights (e.g., voting and inquiry) and greatly facilitates minority shareholders' participation in corporate governance.

Information Disclosure

In full compliance with all regulatory requirements, the Company has improved its comprehensive information disclosure system. It has revised and updated the *Information Disclosure Management System* and the *Information Disclosure Suspension and Exemption Management System*, and enforced an accountability mechanism for major disclosure errors in annual reports. All corporate disclosures are ensured to be truthful, accurate, complete, timely and fair, fully securing all shareholders' right to know. Adhering to the principles of fairness, impartiality and openness, the Company standardizes the management of major corporate affairs such as related transactions and external guarantees provided by the Company, prohibits any acts damaging the interests of the Company and non-related shareholders, and prevents improper benefit transfers at the decision-making level.



Related-Party Transaction Management

In strict accordance with national laws, regulations and Beijing Stock Exchange listing rules, the Company has implemented the *Related-Party Transaction Management System* and other supporting policies. It sets standardized requirements covering related transaction identification, approval procedures, information disclosure and voting recusal. These requirements ensure that all related transactions are conducted in compliance with the principles of fairness, openness and good faith, and that transaction prices are determined based on market benchmarks to guarantee fairness and reasonableness. All interested directors recuse themselves from voting during Board deliberations of related transactions, and interested shareholders abstain from voting at shareholder meetings. Such practices effectively protect the legitimate rights of the Company and all shareholders, especially minority shareholders, and avoid corporate losses caused by unfair related transactions.

Investor Engagement

Under the *Investor Relations Management System*, investor relations management is coordinated under the leadership of the Board Secretary. The Company maintains effective communication channels and standardizes investor interaction and inquiry handling. A strict insider personnel registration system has been put in place, along with rigorous information confidentiality rules, to maintain fairness in market trading. The Company adheres to a steady cash dividend policy to continuously enhance investor returns. Through systematic institutional arrangements and standardized daily operations, it provides equitable and reliable interest protection for all shareholders and underpins its long-term stable development in the capital market.

During the reporting period, the Company prioritized investor relations management and maintained regular, efficient communication with a broad range of investors via dedicated hotlines, official emails, earnings presentations and on-site corporate visits. These efforts have greatly boosted information transparency and communication efficiency, paving the way for a healthy, standardized and transparent corporate image in the capital market.



Earnings Presentation of Qrunning Cable

2025 Key Performance

Hosted

2 earnings presentations

Arranged

2 rounds of investor site visits

Addressed

61

investor inquiries through telephone consultation, on-site visits and online Q&A sessions

Shareholder Returns

Upholding the philosophy of delivering steady returns to shareholders, the Company strictly abides by its profit distribution policies and shareholder return plans. In 2025, it implemented the profit distribution plan for the 2024 fiscal year, distributing a cash dividend of RMB 2.00 per ten shares (tax included) to all shareholders, with total dividend disbursements reaching RMB 54.08 million. This fully manifests the Company's solid operational strength and its capacity to deliver sustainable long-term returns to shareholders.

Business Ethics

Committed to integrity-based business principles and standard business codes of conduct, Qrunning Cable stands firmly against corruption and fraudulent practices, conducts business competition in full compliance with laws and regulations, and opposes commercial bribery, money laundering, monopolistic behaviors and all forms of unfair competition. Through these efforts, the Company consistently strengthens its ethical governance foundation to ensure compliant business operations.

Anti-Corruption Initiatives

Driven by the core business ethics of integrity and fair competition, the Company has embedded integrity compliance and anti-undue benefit transfer provisions into full business workflows and established robust internal control and compliance mechanisms. At key operational stages including business negotiations, contract signing, project execution and fund settlement, it enforces strict integrity disciplines. By explicitly prohibiting commercial bribery, kickbacks, improper gifts and biased interest arrangements, it reinforces end-to-end risk control and institutional oversight. During the reporting period, the Legal Affairs Department launched integrity education and compliance training programs to help employees uphold professional ethics and operational boundaries, sustaining a sound business ecosystem and preserving corporate reputation.

The Company has put in place a robust reporting and complaint handling mechanism, with clearly defined reporting channels, review procedures and confidentiality protocols. It places high priority on whistleblower protection by keeping their personal information and reported content strictly confidential, and prohibits all forms of retaliation. The Company encourages employees, business partners and all stakeholders to monitor and report irregular practices, unfair competition and improper benefit transfers. Valid whistleblowing reports are protected, and appropriate incentives are provided to whistleblowers, fostering a clean and integrity-oriented corporate culture in which everyone shares responsibility.

2025 Key Performance

0 corruption or bribery incidents

1 Anti-corruption training sessions conducted for employees

with **706** Training attendances

Employee Coverage : **100** %

Total training hours : **1,414** h

Anti-Unfair Competition

In strict conformity with the *Anti-Monopoly Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*, the Company has formulated the *Anti-Monopoly and Anti-Unfair Competition Management System*. It strictly prohibits improper market practices such as false promotion, commercial bribery and collusive bidding, and standardizes the implementation of market promotion and business cooperation activities. By adhering to fair competition norms, the Company maintains an open, fair and impartial market order to drive sustainable development of both itself and the industry. Furthermore, the Company conducts regular specialized anti-monopoly training to elevate company-wide compliance awareness and risk prevention and control capabilities. Supported by well-established supervision and whistleblower protection mechanisms, it ensures sustained lawful and compliant business operations.

2025 Key Performance

0 monopoly or unfair competition incidents

Digital and Intelligent Empowerment

Digital Transformation

Prioritizing data-driven operations, system integration and intelligent empowerment, the Company advances comprehensive digital transformation to deliver its core objectives of quality improvement, cost optimization, efficiency improvement and green development. It has established a strategic framework featuring one unified digital foundation, four core capabilities and multiple intelligent application scenarios, enabling seamless data interconnection across the organization. Four core strengths have been built, covering digitalized design, intelligent manufacturing, lean management and eco-friendly production. These strengths are applied across full business chains including R&D, production, quality control, logistics, equipment management and workplace safety, which effectively eliminates data silos and improves overall operational efficiency and management precision. Such efforts also support the Company in securing major project bids and obtaining international certifications, accelerating its overseas expansion and global strategy implementation.

In 2025, the Company's financial digital-intelligent integration project successfully passed official validation by the Ningbo Municipal Finance Bureau. By unifying fragmented financial data into an interconnected system, the project serves as a replicable benchmark for digital upgrading within the local manufacturing industry. In recognition of its intelligent manufacturing practices driven by the integrated development of digitalization, connectivity, intelligentization, and service-oriented transformation, the Company was awarded the China Intelligent Manufacturing Best Practice Award, demonstrating strong industry recognition of its digital transformation achievements. Moving forward, the Company will continue to implement digital development plans in line with its overall corporate strategy. By strengthening collaborative support across organizational arrangement, technological innovation, talent development and policy facilitation, it is committed to driving high-quality, sustainable and international-oriented business growth through digital and intelligent advancement.

Information and Data Security Management

Strictly complying with the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, and the *Personal Information Protection Law of the People's Republic of China*, the Company has formulated a full-cycle information and data security management system. Under the principles of prioritizing security, focusing on prevention, conducting holistic governance, and pursuing continuous improvement, it has rolled out a complete set of internal policies, including the *Information Security Management Measures*, the *Personal Information Protection Management Measures*, and the *Information Security and Confidentiality Management*. By standardizing all procedures regarding data collection, storage, utilization, transmission and destruction, these policies effectively mitigate data breach risks and safeguard the Company's core information assets, customer privacy and commercial confidential information.

The Company has established a dedicated working group for information security and privacy protection, led by the Deputy General Manager in charge and composed of the heads of the IT Department, Administration Department, Legal Affairs Department, Internal Audit Department, and various business departments. The IT Department, under the leadership of the Company's Chief Information Officer (CIO), serves as the core department responsible for information security and privacy protection, overseeing IT planning, information system development, and the implementation of information security measures. Each department has appointed an information security coordinator, and all employees are required to sign the *Confidentiality Agreements* and the *Data Security Commitment Letters* to reinforce dual responsibilities for business operations and information security. Adhering to the principles of tiered accountability, cross-departmental coordination, and company-wide participation, the Company ensures the effective implementation of information security and privacy protection measures across all levels of the organization.

Management Area	Implementation Measures
Data Lifecycle Management	<ul style="list-style-type: none"> Enforce end-to-end management over core business data, client information, employee records and trade secrets throughout data collection, storage, transmission, usage and deletion; deploy encrypted storage, role-based access control, log auditing and full data traceability mechanisms. Establish complete data asset inventories, conduct regular access permission reviews, and standardize authority cancellation procedures for staff resignation and job transfer.
Technical Protection & Security Operations	<ul style="list-style-type: none"> Deploy firewalls, intrusion detection systems, endpoint security solutions and data loss prevention (DLP) systems. Encrypt core data and conduct regular data backups to realize real-time monitoring and interception of abnormal network activities. Standardize the usage of office terminals, portable storage devices, confidential equipment and corporate networks, and strictly restrict the transmission of sensitive information via unofficial channels.
Risk Prevention & Emergency Response	<ul style="list-style-type: none"> Establish a four-tier classification system for information security incidents (general, moderate, major and critical), clarifying requirements for 24-hour real-time monitoring, early warning submission, emergency coordination and regulatory notification. The Company follows a standard closed-loop workflow: report receipt → risk evaluation → emergency response → incident disposal → system recovery → post-incident review. Conduct regular security drills, vulnerability scanning, penetration testing and comprehensive risk inspections.
Training, Assessment & Accountability	<ul style="list-style-type: none"> Deliver regular company-wide training and risk alert sessions on information security and data protection. Integrate security compliance performance into regular employee performance appraisal. Impose strict disciplinary penalties on personnel causing information leakage due to negligence, and grant incentives to outstanding teams and individuals in security management.

2025 Key Performance

0 major data breaches or cybersecurity incidents

1 information and data security training session with **20** attendances

Embracing Green Development and Pursuing a Low-Carbon Future

Contributing to the UN SDGs



Environmental Compliance Management

Qrunning Cable strictly abides by national and local environmental laws, regulations, and policy requirements, including the *Environmental Protection Law of the People's Republic of China* and the *Cleaner Production Promotion Law of the People's Republic of China*. The Company consistently optimizes its environmental management system, improves long-term environmental protection mechanisms, and fully embeds compliance requirements into its daily production and operational activities. Through this systematic approach, it advances green, low-carbon, compliant, and efficient sustainable production.

Environmental Management System

Qrunning Cable prioritizes environmental compliance and green operations as core pillars of its corporate development. It has established a full-process environmental management system guided by environmental goals and performance indicators and has implemented a hierarchical environmental responsibility framework that integrates environmental responsibilities into all production and operational processes. To establish, implement, and continuously enhance its environmental management system, the Company has developed the *Quality, Environment, Occupational Health and Safety Management Manual*, the *Green Factory Management System*, and a complete set of supporting procedural documents, which together constitute a systematic and standardized operational mechanism for environmental management.

A three-tier environmental management structure has been established, spanning decision-making, management, and execution levels. At the decision-making level, the General Manager oversees the environmental management system's effectiveness. At the management level, the Management Representative (System Manager) coordinates daily system operations. At the execution level, the Safety and Environment Office / Safety and Environment Supervisor serves as the dedicated functional body, responsible for environmental aspect identification, three-waste treatment, hazardous waste disposal, compliance monitoring, and green factory construction. The System Administration Department, Legal Affairs Department, Technology Department, production plants, and Warehousing Department collectively fulfill their respective environmental management responsibilities.

During the reporting period, the Company obtained ISO 14001 Environmental Management System certification and was officially recognized as a Ningbo Green Factory, affirming its solid performance in green manufacturing, energy efficiency optimization, environmental management, and sustainable development.



2025 Key Performance

Total investment in environmental protection: **RMB 2.30 million**

0 environmental incidents

0 environmental administrative penalties

Environmental Capacity Building

The Company consistently enhances its environmental governance capabilities and green operational performance by organizing regular environmental compliance training to strengthen employees' environmental awareness and risk response capabilities. Leveraging digital management tools, it strengthens environmental monitoring and data control, optimizes its environmental performance evaluation system, and reinforces the foundation of full-process compliance governance. These efforts collectively support the steady advancement of green, low-carbon, and high-quality sustainable development.

2025 Key Performance

4 Environmental compliance training sessions

covering **100%** of employees

Environmental Risk Management

To prevent and mitigate environmental risks throughout production and operations and to reinforce environmental safety management, the Company has formulated the *Environmental Aspect Identification and Environmental Impact Assessment Control Procedure* and the *Hazard Identification and Risk Assessment Control Management Procedure*, and has established a standardized environmental risk management process that covers environmental aspect identification, risk assessment, operational control, performance monitoring, compliance evaluation, emergency response, and continuous improvement.

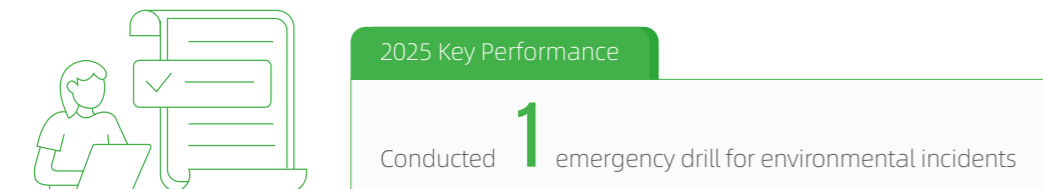
Process Stage	Implementation Measures
Environmental Risk Identification & Assessment	<ul style="list-style-type: none"> Identify environmental risks via process analysis, on-site inspection and questionnaire surveys, and compile an <i>Environmental Aspect Inventory</i>. Evaluate identified risks through scoring and direct judgement methods, and finalize the List of Significant Environmental Aspects.
Environmental Risk Control	<ul style="list-style-type: none"> Formulate operational control measures, performance targets, and management plans for significant environmental aspects. Standardize the operating procedures of environmental protection facilities and enforce control measures for key environmental risk sources.
Monitoring & Measurement	<ul style="list-style-type: none"> Regularly engage qualified third-party institutions to monitor the implementation of environmental risk control measures and the achievement of environmental objectives, and verify the effectiveness of operational control measures.
Performance Evaluation & Continuous Improvement	<ul style="list-style-type: none"> Evaluate system effectiveness via internal audits and management reviews; implement corrective actions for identified non-conformities to drive ongoing optimization.

Environmental Hazard Inspection

Qrunning Cable has rolled out a plant-wide environmental hazard identification mechanism. Led by the Safety and Environment Office, routine and ad-hoc inspections are conducted, focusing on the operation of environmental protection facilities in production workshops, hazardous waste storage management, three-waste discharge, and on-site environmental management conditions. All production plants carry out daily self-inspections. Identified environmental hazards are recorded promptly, and rectification notices are issued clarifying responsible parties and completion deadlines, with the Safety and Environment Office tracking implementation and verifying full closure of rectification tasks. Furthermore, internal audits, compliance reviews, and third-party testing systematically screen for potential environmental risk points, enabling early detection and proactive hazard management while steadily enhancing the Company's environmental risk prevention capabilities.

Environmental Emergency Management

Qrunning Cable has established an end-to-end environmental emergency management system covering prevention, response, and review, strengthening environmental risk prevention and control while continuously optimizing its emergency response protocols. In response to potential environmental risks in production processes, the Company has issued the *Incident Handling Control Procedure*, which clarifies emergency organizational structures and job responsibilities. Supported by comprehensive emergency protection facilities and efficient emergency communication channels, the Company strengthens risk awareness and on-site response proficiency while simultaneously improving its emergency handling and post-event review mechanisms. These measures enhance the Company's emergency response capabilities for environmental incidents and help safeguard safe production operations and environmental safety.



Climate Change Response and Energy Management

Tackling climate change and driving efficient energy utilization are fundamental to the Company's green development strategy and represent key actions in support of China's dual-carbon goals. Qrunning Cable fully integrates energy conservation, carbon emission reduction, and green manufacturing into the full process of production and operations. Through continuous optimization of its energy management system, advancement of energy-saving technological upgrades, and expanded deployment of clean energy, the Company consistently improves overall energy efficiency while strictly controlling carbon emission intensity. These efforts lay a robust foundation for its low-carbon transformation and contribute to the coordinated sustainable development across economic, environmental, and social dimensions.

Governance

The Company regards climate change response and energy efficiency enhancement as priority governance matters and has established a well-defined climate and energy management governance framework featuring clear responsibilities and sound management mechanisms. In compliance with *GB/T 23331-2020 / ISO 50001:2018 Energy Management Systems — Requirements with Guidance for Use*, the Company has established and consistently refines its energy management system and issued the *Energy Management Manual* to standardize requirements for energy management, energy conservation, and carbon emission reduction. A three-tier energy and carbon management structure covering decision-making, management, and execution levels has also been established. At the decision-making level, the General Manager holds overall responsibility for the energy management system's effectiveness. At the management level, the Energy Management Representative coordinates system operation and drives performance improvement. At the execution level, the Operations Management Office serves as the dedicated functional department, overseeing energy audits, target formulation, data monitoring, and internal audit arrangements. Each production plant implements operational controls and meets energy consumption targets, while the Human Resources and Administration Department, Finance Department, Technology Department, Quality Department, and Procurement Department perform collaborative management duties. This framework constitutes a closed-loop energy and carbon management system characterized by clear accountability and full employee engagement.

The Company has obtained ISO 50001 Energy Management System certification. Six of its product lines have been certified under ISO 14067:2018 Greenhouse Gases — Carbon Footprint of Products, further strengthening the foundation for its green and low-carbon development.



Guided by its long-term strategy for climate change mitigation and green low-carbon transition, the Company regularly delivers specialized training on energy efficiency improvement, covering energy-related regulations, energy-saving management systems, practical operational skills, clean energy applications, and industry best practices. Multiple sessions have been arranged for staff across production, management, and other functional roles. Through this systematic training, the Company strengthens employees' awareness of energy conservation and low-carbon operational practices, effectively curbing energy waste and elevating overall energy efficiency. These efforts help embed green and low-carbon values into daily production and operations, contribute to tangible carbon emission reductions, and proactively respond to the challenges of global climate change.



Specialized training on energy efficiency improvement

Strategy and Management Approach

Climate-Related Risk and Opportunity Analysis

Aligning with the disclosure framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD) and taking into account the inherent characteristics of the cable industry as well as the Company's actual production and operational scenarios, Qrunning Cable systematically identifies, assesses, and manages climate-related risks and opportunities. By formulating and rolling out targeted measures for climate risk prevention and low-carbon development, the Company continuously strengthens its climate resilience and risk response capacity, which underpins the governance foundation for its low-carbon and high-quality growth.

Risk Type		Description	Financial Impact	Likelihood	Severity	Time Horizon	Value Chain Link	Response Measures
Acute Physical Risk	Extreme Weather	Extreme weather events including typhoons, extreme rainfall, and storm surges may lead to factory waterlogging and damage to power facilities. This could result in equipment breakdowns, production suspensions, and damage to raw materials and finished goods, disrupting normal production operations, material logistics, and customer order fulfillment.	impairment, rising operating costs, and revenue reduction	High	Medium	Short-term	Procurement, Production, Logistics	<ul style="list-style-type: none"> Deploy waterproof barriers, waterproof strips, sandbags, and emergency drainage pumps, and maintain regular cleaning of internal drainage networks. Equip backup power generators to sustain the operation of core monitoring systems and emergency lighting.

Risk Type		Description	Financial Impact	Likelihood	Severity	Time Horizon	Value Chain Link	Response Measures
Chronic Physical Risk	Extreme Temperature	The rising frequency of extreme temperature events exposes production workshops, warehousing, and logistics areas to abnormal temperature conditions. This accelerates the aging of electronic components in production equipment, undermines operational stability, and causes overheating, freezing, or startup malfunctions of pipelines and machinery, reducing production efficiency and posing risks to employees' occupational health.	Rising operating costs	High	Medium	Long-term	Production	<ul style="list-style-type: none"> Install cooling systems in high-temperature production zones and conduct regular inspections to mitigate equipment overheating risks; apply thermal insulation and anti-freezing protection to vulnerable pipelines and equipment, and implement pre-operation warm-up inspections. Organize regular first-aid drills for on-site emergencies such as heatstroke and syncope to enhance emergency response capability.
Transition Risk		Policy & Regulatory Risk	Rising operating costs	High	Medium	Short-term	Production	<ul style="list-style-type: none"> Maintain ongoing compliance with municipal green factory standards and actively apply for national green factory accreditation; utilize policy subsidies to offset operating costs arising from compliance upgrades.
		Market Risk	Revenue reduction	Medium	High	Short-term	R&D, Production, Sales	<ul style="list-style-type: none"> Accelerate mass production and market promotion of green cables to proactively meet downstream demand for eco-friendly products. Publish corporate ESG reports on a regular basis and steadily advance clean energy substitution initiatives.

Opportunity Type	Description	Financial Impact	Likelihood	Severity	Time Horizon	Value Chain Link	Response Measures
Resource Efficiency Enhancement	Implementation of energy efficiency improvement projects, waste heat recovery systems, and intelligent energy management platforms can substantially reduce power consumption per unit product. In addition, Ningbo offers tax incentives and special subsidies for green technology retrofits, enabling the Company to secure tangible cost advantages.	Cost savings	Medium	Medium	Medium-term	Production	<ul style="list-style-type: none"> Conduct feasibility assessments and system upgrades for existing energy Capitalize on Ningbo's preferential policies including equipment purchase interest subsidies and corporate income tax credits to further reduce electricity consumption per unit of product. Infrastructure, and accelerate the phasing out of outdated energy-intensive equipment.
New Products & Services	Downstream market demand for low-smoke, halogen-free, flame-retardant, and recyclable green cables continues to grow. Accelerated R&D and commercialization of green product lines will not only satisfy customers' green procurement requirements, but also expand the Company's presence in high-end markets such as new energy and data centers, substitute traditional cable products, and generate new revenue streams.	Revenue growth	Medium	High	Long-term	R&D, Production, Sales	<ul style="list-style-type: none"> Proceed with the development of seven new products, including medium-voltage polypropylene cables and EV charging cables. Continue type testing and certification procedures for 500kV polyethylene cables.

Carbon Emissions and Energy Management

Prioritizing energy conservation and carbon emission reduction as the core of its green development strategy, Grunning Cable has invested a total of RMB 4.39 million in energy-saving and carbon emission reduction initiatives over the past three years. Through multi-dimensional efforts encompassing management optimization, process innovation, and clean energy deployment, the Company systematically advances end-to-end energy conservation and carbon abatement. These initiatives steadily improve energy efficiency, lower carbon emission intensity, and accelerate the Company's green and low-carbon transition via refined operational management.

Management Area	Implementation Measures	Achievements
Energy & Carbon Management	<ul style="list-style-type: none"> Deployed a smart energy management system covering data collection, real-time monitoring, optimized scheduling, and information management modules. 	Enabled holistic energy monitoring and centralized control; improved overall energy efficiency and reduced energy operating costs.

Energy-Saving Technological Upgrades	<ul style="list-style-type: none"> Continued to upgrade production equipment for energy efficiency, including retrofitting fixed-speed air compressors with variable-frequency models, localizing heat exchange systems for VCV cross-linking equipment, upgrading drum-type stranding and cabling machines, and implementing a fully automated material feeding system. 	Delivered annual power savings of approximately 435,000 kWh, equivalent to 121.28 tce, while reducing GHG emissions by approximately 233.37 tCO ₂ e.
Low-Carbon Manufacturing Processes	<ul style="list-style-type: none"> Adopted high-conductivity copper alloys, aluminum alloys, and carbon nanotube materials. Applied advanced processes such as continuous extrusion molding and chemical cross-linking. 	Effectively cut product transmission losses and production energy consumption; substantially reduced full-value-chain carbon emissions while elevating product energy efficiency and green manufacturing standards.
Low-Carbon Logistics	<ul style="list-style-type: none"> Adopted localized production layouts and optimized logistics transportation routes. 	Lowered carbon emissions generated by raw material procurement and finished product distribution.
Clean Energy Adoption	<ul style="list-style-type: none"> Constructed a 0.8 MW rooftop PV power generation system (including subsidiary projects); planned additional 2 MW PV capacity, expected to generate an extra 2 million kWh of electricity annually. Purchased Green Electricity Certificates (GECs) equivalent to 3 million kWh of electricity. 	Generated 6.04 million kWh of on-site PV power in 2025, cutting GHG emissions by approximately 5,000 tCO ₂ e.
Green Office Operations	<ul style="list-style-type: none"> Adopted large glass curtain wall daylighting for office buildings and production workshops to maximize natural light utilization; fitted all indoor lighting with LED lamps. Used light-controlled energy-saving street lamps and implemented zone-based switches to control lighting in different plant areas. 	Achieved 100% adoption of energy-saving lighting across the premises.

¹ Note: Calculated on a 260-working-day basis; the daily electricity cost differential between day and night shift operations is approximately RMB 3,000.

Impact, Risk and Opportunity Management

Amid the ongoing transformation of the national energy structure and steady advancement of China's dual-carbon goals, the Company attaches great importance to climate risk management. It systematically assesses the impacts of physical climate risks (e.g., typhoons, extreme high temperatures) and transition risks (e.g., carbon emission control, green procurement requirements) on the energy consumption and operational costs of core production processes, including wire drawing, cross-linking, and extrusion, while proactively identifying green development opportunities arising from rooftop PV deployment, green electricity procurement, and energy-saving technological retrofits. These efforts drive tangible improvements in energy efficiency and carbon intensity reduction. Going forward, the Company will continue to optimize its climate risk management mechanism, promote a balance between risk prevention and development opportunities, and contribute to green, low-carbon, and sustainable development.

Indicators and Targets

Centered on climate change response and energy-carbon management priorities, the Company has established a measurable, assessable, and traceable indicator monitoring and target management system. By formulating the *Zero (Near-Zero) Carbon Factory Development Strategy and Implementation Plan* and publicly disclosing the *Zero Carbon Commitment Letter* via its official corporate website, it consistently advances the implementation of energy conservation, carbon emission reduction, and green manufacturing initiatives.

Qrunning Cable 2025 Energy & Carbon Management Targets	2025 Actual Performance
Reduce energy intensity by 10% against the 2024 baseline (1.20 tce/RMB million output value).	Recorded an energy intensity of 0.80 tce/RMB million output value in 2025, representing a 30% year-on-year decline from 2024 and exceeding the set energy-saving and carbon emission reduction target.

Qrunning Cable Energy Consumption and GHG Emissions Profile

	Indicator	Unit	2025
Energy Use	Gasoline	tonnes	12.99
	Diesel	tonnes	106.35
	Total electricity consumption	GWh	22.30
	Total energy consumption ¹	tce	2,916.65
	Energy consumption intensity	tce/RMB million output value	0.80
	Proportion of renewable energy consumption	%	38.09

GHG Emissions ²	Scope 1: Direct GHG Emissions	tCO ₂ e	374.89
	Scope 2: Indirect GHG Emissions	tCO ₂ e	11,833.02
	Total GHG Emissions	tCO ₂ e	12,207.91
	GHG emission intensity	tCO ₂ e/RMB million output value	3.00

¹ Note: Total energy consumption is converted into tonnes of standard coal equivalent (tce) in accordance with *GB/T 2589-2020 General Rules for Calculation of Comprehensive Energy Consumption* issued by the State Administration for Market Regulation and the Standardization Administration of China.

² Note: GHG emissions cover only carbon dioxide (CO₂) and exclude methane, nitrous oxide and other GHGs from additional emission sources. Scope 1 GHG emissions include fossil fuel combustion (diesel, gasoline, etc.) and industrial process emissions, calculated per the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions of Enterprises in Other Industrial Sectors (Trial)* issued by the National Development and Reform Commission. Scope 2 GHG emissions refer to indirect emissions from purchased electricity and other sources. For 2025, the grid electricity emission factor is based on the *Notice on the Release of 2023 Electricity Carbon Dioxide Emission Factors* (Announcement No. 47, 2025) jointly issued by the Ministry of Ecology and Environment and the National Bureau of Statistics.

Efficient Resource Utilization

Efficient resource utilization lies at the core of the Company's green development strategy. Qrunning Cable fully embeds resource conservation and circular economy principles into its end-to-end production and operation lifecycle, consistently improving resource use efficiency and minimizing environmental footprint to advance green development through responsible industrial practices.

Water Resource Management

The Company regards water conservation and efficient water utilization as key priorities of its green operations. It has established a standardized and institutionalized water resource management framework and formally implemented the *Water Conservation Management System*, which clearly defines water management accountabilities, operational control workflows, and water-saving requirements. This system standardizes and regularizes overall water management, providing robust institutional safeguards for efficient water consumption.

In practical terms, the Company has carried out targeted water-saving upgrades for both domestic and production water systems. All domestic water facilities have been retrofitted with sensor-activated water-saving fixtures, replacing conventional water outlets with sensor taps to effectively reduce water leakage, dripping, and unnecessary wastage. For production water systems, the Company has completed water-saving technological upgrades by replacing traditional open cooling towers with closed-loop cooling tower units, substantially cutting water evaporation losses. This upgrade is expected to save approximately 20,000 tonnes of water annually and steadily improve water recycling efficiency.



■ Cooling tower before renovation

■ Cooling tower after renovation

2025 Key Performance

Total water withdrawal:	Water withdrawal intensity:	Recycled water proportion:
248,759 tonnes	70.00 tonnes /RMB million output value	97 %

Circular Economy

Guided by green manufacturing principles, the Company has built a systematic, full-process circular economy management system that integrates efficient resource utilization, waste reduction, and resource recovery into daily operational management, which drives the transition toward circular and low-carbon production models.

Management Area	Implementation Measures
Sheathing Material Recycling	<ul style="list-style-type: none"> Defective sheathing materials and production offcuts are sorted, collected, and reprocessed for direct reuse in inner sheath manufacturing. This realizes closed-loop raw material utilization and substantially improves overall material efficiency.
Recycled Material Substitution	<ul style="list-style-type: none"> Recycled raw materials (e.g., recycled copper, recycled aluminum, and recycled plastics) are extensively adopted in product manufacturing. This reduces reliance on virgin resources and lowers the full-lifecycle carbon emissions and environmental footprint of the Company's products.
Closed-Loop Supply Chain Development	<ul style="list-style-type: none"> A dedicated waste cable recovery system and closed-loop supply chain management mechanism have been established to support standardized collection and resource recovery of end-of-life cable products. This forms a virtuous circular economy model: production → consumption → recycling → reuse.

Pollution and Waste Management

Qrunning Cable strictly complies with national and local environmental protection regulations and has formulated comprehensive environmental management policies. By implementing full-process control over exhaust gas, wastewater, noise, and solid waste pollutants and ensuring the standard operation of all pollution treatment facilities, the Company conducts regular environmental monitoring and remediation activities to maintain stable regulatory compliance across all emission indicators, which facilitates coordinated development between production operations and ecological environmental protection.

Wastewater Management

The Company has established a comprehensive wastewater treatment system and strictly adheres to national and local water environmental control requirements. All three production plants adopt a rainwater-sewage diversion drainage system. Production operations consume only circulating cooling water, with no process wastewater generated, achieving zero discharge of process wastewater. Domestic sewage undergoes standardized pre-treatment before being discharged into the municipal sewer network and subsequently conveyed to the Xinzhou Wastewater Treatment Plant for advanced purification. The Company conducts regular monitoring of key pollutants, including chemical oxygen demand (COD), ammonia nitrogen, and suspended solids, ensuring stable and compliant wastewater discharge and fulfilling its environmental protection responsibilities.

Exhaust Gas Management

The Company implements full-process closed-loop control over exhaust gas emissions, with tailored treatment schemes developed based on the production characteristics of each plant. All airborne pollutants, such as extrusion fumes and asphalt flue gas, are fully collected and professionally treated. Qualified third-party testing institutions are regularly commissioned to conduct exhaust gas emission inspections, with all monitoring indicators fully meeting regulatory standards. This effectively minimizes impacts on the atmospheric environment and builds a solid barrier for green production.

Production Plant	Exhaust Gas Type	Treatment Measures
Plant 1	Extrusion fumes	Collected and discharged via high-altitude outlets; enhanced workshop ventilation to meet statutory emission standards.
Plant 2	Asphalt flue gas	Treated by dedicated flue gas purification facilities, then discharged through a 30-meter-high exhaust stack.
	Extrusion fumes	Captured via collection hoods, treated by alkaline spray towers, and discharged through a 15-meter-high exhaust stack.
Plant 3	Extrusion fumes	Collected by collection hoods, air-cooled, purified through activated carbon adsorption devices, and discharged through a 20-meter-high exhaust stack.

Waste Management

The Company has put in place a full-process, standardized solid waste management system in strict compliance with national environmental regulations and relevant industrial standards, under which hazardous waste and general industrial solid waste are managed through classified and hierarchical control. By implementing source reduction, in-process control, and end-of-pipe resource recovery, the Company minimizes the environmental impact of solid waste and achieves efficient resource utilization.

For general industrial solid waste, the Company adopts a standardized workflow of classified collection, regulated disposal, and resource recycling. Waste packaging materials, cable remnants, and production offcuts are handed over to licensed entities for professional recycling and disposal, while scrap metal is centrally recovered and reused by qualified manufacturers. Domestic waste is sorted per regulatory requirements and regularly removed by municipal sanitation services, achieving standardized disposal and resource recycling of solid waste.

For hazardous waste, the Company has established a complete full-lifecycle management regime and formulated the Hazardous Waste Management System, which clarifies institutional responsibilities and operational control procedures. Hazardous waste is collected separately and stored in dedicated designated areas, with the hazardous waste warehouse fully complying with the three prevention requirements: windproof, rainproof, and anti-seepage. The Company maintains standardized management ledgers, completes statutory declaration and registration, follows the hazardous waste transfer manifest system, and entrusts licensed third-party organizations for compliant disposal, which enables full-chain control of environmental risks.

Indicator	Unit	Treatment Measures
General industrial solid waste generation	tonnes	176.23
General industrial solid waste compliant disposal rate	%	100
Hazardous waste generation	tonnes	9.70
Hazardous waste compliant disposal rate	%	100
Total waste recycled and reused	tonnes	127.63
— General industrial solid waste	tonnes	127.63
— Hazardous waste	tonnes	0
Waste recycling and reuse rate	%	72.40

Green Production

Qrunning Cable integrates eco-design concepts into full product lifecycle management. Taking green, low-carbon, and circular development as core priorities, the Company applies systematic eco-design methodologies throughout raw material selection, process development, and product manufacturing of wire and cable products. Guided by principles of environmental compatibility, occupational health protection, and sustainable development, the Company strictly restricts the use of toxic and harmful substances, prioritizes eco-friendly and low-carbon raw materials, and continuously reduces pollutant generation and emissions. The Company's core products have obtained authoritative certifications including Green Design Product Evaluation Certification and National 3C Certification. By leveraging eco-design to empower green manufacturing, the Company effectively safeguards ecological environment quality and public health.



Noise Management

Operational noise at the Company mainly derives from the running of production equipment. To mitigate noise pollution impacts, the Company has issued the *Noise Exposure Protection Management System*, comprehensively reducing the disturbance of production noise to the surrounding environment and employees. The Company prioritizes the procurement of low-noise production equipment. High-noise equipment is centrally arranged in the plant's interior zones to increase distance from the factory boundary. Vibration-isolated foundations and shock absorbers are installed for power equipment, while silencers are fitted at fan inlets and outlets to attenuate noise during transmission. Evergreen trees are planted along the factory perimeter to deliver sound insulation, noise reduction, and landscape beautification. Regular noise monitoring is conducted throughout the year, and factory boundary noise levels consistently meet Class 2 standards specified in the *Emission Standard for Industrial Enterprises Noise at Boundary (GB 12348-2008)*.

Ecological Environmental Protection

The Company firmly upholds the bottom line of ecological and environmental protection and embraces the philosophy of harmonious coexistence between humanity and nature. All construction projects strictly comply with official filing and approval procedures, complete mandatory environmental impact assessments, and fully implement the environmental protection "three simultaneities" principle (i.e., environmental protection facilities are designed, built, and put into operation concurrently with the main project). No project is allowed to commence production without passing environmental protection acceptance inspection. Production and office solid waste is uniformly handed over to qualified institutions for standardized disposal. Environmental protection facilities maintain stable and efficient operation to ensure all pollutants are discharged in compliance with regulatory standards. The Company pays environmental taxes in full and on time in accordance with laws and regulations, fulfilling its ecological and environmental responsibilities through practical actions.

Aligning with global trends in biodiversity conservation and green development, the Company integrates ecological protection into daily operation and management. Through source emission control, production process optimization, and efficient resource utilization, the Company continuously mitigates the potential ecological impact of its business activities. Comprehensive site verification confirms that none of the Company's existing operational premises are located within ecologically sensitive areas, and all sites operate in full regulatory compliance. Going forward, the Company will continue to prioritize ecological conservation. During the planning phase of new projects, strict site selection assessments will be conducted to entirely avoid ecologically sensitive areas and key ecological function zones. By implementing full-process ecological risk control, the Company reinforces its environmental safety defense line and achieves coordinated progress between sustainable business development and ecological conservation.

Forging Cables with Ingenuity, Powering Energy Networks



Contributing to the UN SDGs

 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	 <p>17 PARTNERSHIPS FOR THE GOALS</p>
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Innovation-Driven Development

Governance

R&D innovation is an important driver of corporate development. The Company places strong emphasis on strengthening its R&D and innovation capabilities. The General Manager oversees the overall allocation of R&D resources and sets strategic innovation directions. Under the Technology and Quality Management System, the Research Institute acts as the core executive body for all R&D initiatives. The Research Institute is managed daily by the Institute Director, supported by dedicated roles including Central Laboratory Director, Design and R&D Engineers, Metrology Engineers, Laboratory Technicians, and Technical Document Administrators. All functional roles perform their respective duties and collaborate closely to drive steady progress in the Company's R&D and innovation agenda.

Strategy and Management Approach

R&D Innovation Management

R&D Team Building

The Company is committed to fostering a professional, dynamic, and high-caliber R&D talent pool to sustain momentum for technological research and innovative breakthroughs. As of the end of the reporting period, the Company employed 112 R&D personnel, accounting for 15.86% of its total workforce. A tiered talent structure has been established, built on experienced senior technical professionals and backed by highly educated specialists. Bringing together cross-disciplinary expertise, the team has been accredited as a Ningbo Municipal (Provincial) Level Innovation Team. It provides robust talent support for the Company to deliver continuous innovative achievements in advanced material research, new product development, and manufacturing process optimization.

R&D Incentive Mechanism

The Company has established a multi-dimensional incentive system to fully unlock innovation vitality across all employees. In accordance with the *Patent Application Reward Measures*, differentiated rewards are granted based on patent categories. Monthly reward funds are allocated to the primary patent applicant, who further distributes benefits to participants in proportion to their actual contributions. Special innovation awards are also granted to projects that achieve major technological breakthroughs. During the reporting year, 12 science and technology projects passed review and final acceptance, covering product structure optimization, process improvement, testing methodology research, and quality-related technical breakthroughs. These efforts effectively drive continuous advancement in product R&D innovation and overall quality management standards.

Innovation Platform Development

The Company consistently optimizes its independent technological R&D and innovation system and scales up the development of high-end technology platforms to strengthen technological breakthrough capacity. The Company has been recognized as a National High-Tech Enterprise and National SRDI "Little Giant" Enterprise. It has established a Provincial Enterprise Research Institute and a Provincial High-Tech Enterprise R&D Center. In 2025, its central laboratory obtained the China National Accreditation Service for Conformity Assessment (CNAS) accreditation. This multi-level, high-standard innovation platform matrix lays a solid foundation for advanced material research, new product iteration, and core technology breakthroughs, steadily enhancing the Company's technical prowess and core market competitiveness.



Provincial Special Cable Enterprise Research Institute Certificate



Provincial Enterprise Technology Center Certificate



High-Tech Enterprise Certificate

R&D Innovation Achievements

In 2025, the Company continued to drive technological breakthroughs in the new energy equipment and high-end power transmission sectors, with a number of R&D projects achieving milestone progress and successful market application.

Innovation Outcome	R&D Highlights & Technical Performance
Polypropylene Insulated Cable	<p>An oil-circulation temperature control system was adopted to improve extrusion temperature control performance. A three-layer co-extrusion die was independently developed to optimize the flow path and die sleeve of the extruder head and suppress melt flow instability at the die outlet, significantly improving the interfacial smoothness of each insulation layer.</p> <p>Featuring outstanding heat resistance and electrical performance, the product has passed short-circuit performance tests and fully meets the operational requirements of higher-grade working conditions.</p>
Marine Cable	<p>Tailored R&D was carried out to satisfy stringent requirements for high corrosion resistance, superior water resistance, and strong external mechanical damage resistance under complex marine environments, ensuring long-term stable operation of marine power transmission systems. The conductor adopts 8030 aluminum alloy paired with a water-blocking tape structure to achieve longitudinal water blocking. Steel wire armor is extruded with PE sheath material to enhance marine corrosion resistance. The outer sheath adopts PE material embedded with yellow warning lines to realize radial water blocking and external mechanical protection.</p> <p>The product is capable of stable long-term operation in complex marine environments, delivering reliable support for marine power engineering construction.</p>
Australian Standard 33kV 1C1200 Power Cable	<p>Specialized R&D was launched to comply with local technical specifications for Australian power projects and support the Company's overseas market expansion. A2 aluminum rods are adopted for aluminum conductor manufacturing, paired with a three-layer co-extruded XLPE insulation structure. The extrusion process for the nylon inner sheath was optimized and validated.</p> <p>The product has passed standard testing and certification, laying a compliance foundation for the Company's business expansion into the Australian market.</p>
EV Charging Cable	<p>Independently developed to meet strict requirements for flexibility, weather resistance, and operational safety in new energy vehicle charging applications, the cable delivers excellent flexural fatigue resistance. It boasts superior electrical conductivity, flexibility, chemical liquid resistance, resistance to artificial weathering, flame retardancy, and environmental friendliness, adapting well to complex outdoor operating environments.</p> <p>The product has obtained CQC certification and completed trial application with a leading domestic EV manufacturer. Its quality, safety, and performance fully comply with national standards, laying a solid technical foundation for further expansion in the new energy equipment market.</p>

High-Voltage Cable for Pumped Storage Power Stations	<p>Targeting thermal expansion and contraction fatigue risks caused by frequent unit start-stop operations and high reliability requirements of single-circuit systems in pumped storage power stations, the Company developed 290/500kV XLPE insulated high-voltage cables. A customized comprehensive buffer layer with low volume resistivity and high resilience was designed to effectively absorb thermal expansion deformation of the insulation core and reduce mechanical fatigue damage risks.</p> <p>The product has passed 1,240kV switching impulse tests and 1,675kV lightning impulse margin tests, with key performance indicators exceeding national standards. It provides strong technical assurance for the safe and stable power transmission of pumped storage power stations.</p>
New High-Strength, High-Toughness, Heat-Resistant Aluminum Conductor	<p>To meet market demand for high conductivity, high heat resistance, and lightweight design in large-capacity power transmission networks, the Company jointly developed the conductor with third-party institutions. By researching the micro-alloying mechanism, the optimal composition range of aluminum alloy was determined and ingot preparation completed. Drawn sample products meet all technical indicators, offering both high electrical conductivity and excellent heat resistance.</p> <p>The product effectively reduces transmission losses, allows higher operating temperatures, and increases current-carrying capacity, aligning with the energy-saving and lightweight development trend of modern power grids.</p>

• Intellectual Property Management

The Company implements full-lifecycle management covering the creation, protection and utilization of intellectual property rights, and consistently optimizes its IP risk prevention and control system. It has been accredited as a National Intellectual Property Advantage Enterprise. During the project approval review phase for new product development, new technology R&D, and process improvement initiatives, a dedicated IP risk assessment review is embedded into the workflow. The assessment focuses on verifying whether technical routes and product solutions may infringe valid third-party patents or trade secrets; any project failing the assessment will not be approved for launch. In addition, the Company signs *Confidentiality Agreements* with all core R&D, design, and process technical personnel. The agreements clearly define the scope of confidential information, confidentiality obligations, term of confidentiality, and liabilities for breach of contract, establishing a robust institutional safeguard for the protection of the Company's technological achievements.

- **R&D Exchange and Collaboration**

Upholding technology-driven development, the Company reinforces its independent R&D capabilities while proactively building a multi-level and multi-channel external collaboration network. It advances the commercialization of technological achievements through industry-academia-research cooperation, keeps abreast of market and technological trends via industry exchanges, and strengthens its industry influence by participating in exhibitions, forums, and standard-setting initiatives. In doing so, the Company continuously contributes to technological progress and coordinated development within the wire and cable sector.

Industry Exchange

The Company attaches great importance to technical exchanges and information sharing with upstream and downstream partners and industry peers, adopting diversified interaction forms to capture market trends and cutting-edge technological developments.

- **Technical exchanges:** In 2025, the Research Institute held 14 technical exchange sessions with external institutions, covering B1-grade cable materials, EV charging cables, high-voltage shielding materials, hot-melt adhesives, and ceramic polyolefin materials. Dedicated technical communications were also conducted with key clients including BYD Company Ltd., Zhejiang Chint New Energy Development Co., Ltd., and Deli Solar (Vietnam) Co., Ltd.
- **Industry events participation:** The Company actively took part in major industry gatherings such as the Zhejiang Wire and Cable Industry High-Quality Development Conference and China Wire and Cable Industry Conference. It also received multiple honors at the Intelligent Manufacturing Summit Forum, further elevating its industry reputation and influence.

Industry-Academia-Research Cooperation

The Company adopts an operation model dominated by independent R&D and supplemented by joint collaborative research. Leveraging platforms including the Academician Workstation and Provincial Enterprise Research Institute, it deepens long-term industry-academia-research partnerships with universities and research institutions. Collaborative partners include Shanghai Electric Cable Research Institute, State Grid China Electric Power Research Institute, NORINCO Group Science and Technology Research Institute, Shanghai Jiao Tong University, and Harbin University of Science and Technology. Such cooperation provides solid intellectual support for advanced material research, new product development, and testing methodology innovation.

Industry Standard Setting

The Company actively engages in the formulation and revision of various standards for the wire and cable industry, leveraging its accumulated technical expertise to drive standardized industrial development.

During the reporting period, the group standard *High-Voltage DC Cable Cross-Linked Polyethylene Insulation Material*, for which the Company served as a drafting participant, was officially released. As of the end of the reporting period, the Company has participated in developing 28 standards in total, comprising 22 national standards, 5 group standards, and 1 industry standard.

Impact, Risk and Opportunity Management

The Company manages risks associated with R&D innovation and intellectual property in compliance with its *Corporate Risk Management System*. It has established a standardized management workflow: Risk identification → Risk assessment → Response strategy formulation → Implementation, monitoring and continuous improvement. The Company identifies the feasibility, compliance, and patent infringement risks pertaining to technical routes, adopts quantitative methods to classify risk levels, and formulates differentiated response strategies. It continuously tracks the implementation effectiveness of risk mitigation measures and dynamically updates the risk database, providing systematic assurance for steady R&D progress.

The Company closely monitors technological evolutions and shifting market demands across the domestic and international wire and cable industry. Through industry benchmarking, technical communication with customers, and participation in exhibitions and forums, it captures development opportunities for product iteration and emerging business segments. Integrating market insights with its internal technical know-hows, the R&D team proactively develops specialty cables for new energy, high-end equipment, and other emerging fields. External market opportunities are thus translated into internal innovation momentum, steadily enhancing the Company's core competitiveness and risk resilience in emerging markets.

Indicators and Targets

Indicator	Unit	2025
Total R&D investment	RMB million	130.12
R&D investment as a percentage of main business revenue	%	3.41
Cumulative completed R&D projects	/	33
Total patent applications in 2025	/	62
— Invention patents	/	9
— Utility model patents	/	53
New valid patents in 2025	/	17
— Invention patents	/	2
— Utility model patents	/	15
Cumulative valid patents	/	71
— Invention patents	/	16
— Utility model patents	/	55
Cumulative software copyrights	/	4
New trademarks registered in 2025	/	1
Cumulative registered trademarks	/	14

Products and Services

Governance

The Company has established a tiered quality management framework with clear hierarchical roles and well-defined accountabilities, ensuring rigorous quality control across the full value chain from product design to final delivery. The General Manager holds ultimate responsibility for product quality, tasked with formulating corporate quality policies and making decisions on material quality-related matters. The Deputy General Manager (Technical) and Chief Engineer oversee overall quality management operations and exercise final authority over the review and disposition of major non-conforming products. As the dedicated functional body for quality management, the Quality Management Department enforces inspection specifications, identifies and labels non-conforming goods, compiles and analyzes quality performance data, and supervises the execution of quality control protocols at all operational stages. Each production plant conducts in-process self-inspections and first-article inspections in compliance with technical requirements, assuming frontline accountability for manufacturing quality.

- **Quality System Safeguards**

The Company has developed a comprehensive institutional framework covering product monitoring and measurement, non-conforming product control, inspection administration, product labeling and traceability, as well as corrective and preventive actions. Key governing documents include the *Product Monitoring and Measurement Control Procedure*, the *Non-Conforming Product Control Procedure*, the *Inspection Management System*, the *Product Labeling Management System*, and the *Product Quality and Safety Risk Prevention and Control Management System*. These standardized protocols provide clear operational guidelines for implementing quality standards and handling abnormal quality issues throughout all production phases.

- **Institutional Certifications**

The Company has obtained ISO 9001 Quality Management System certification. A wide range of its products hold authoritative accreditations including China Compulsory Certification (CCC) and Power Certification Center (Beijing) Certification (PCCC). Its PV cables are certified by TÜV Rheinland, while EV charging cables have secured China Quality Certification Center (CQC) certification. The sustained and effective operation of these certified systems delivers authoritative validation for consistent product quality. It also strengthens the Company's competitive edge to further expand into the new energy and high-end equipment markets, and to participate in major domestic and international project tenders.

Certification Name	Certified Scope & Product Coverage
ISO 9001 Quality Management System Certification	The design, production, and supporting management activities of 220kV and below XLPE insulated power cables, PVC insulated power cables, overhead insulated cables, control cables, general wires and cables, as well as flame-retardant and fire-resistant product series.
China Compulsory Certification (CCC)	PVC insulated flexible wires and cables, PVC insulated shielded wires, PVC insulated and PVC sheathed cables, PVC insulated unsheathed wires and cables, and flame-retardant wire and cable series.
Power Certification Center (Beijing) Certification (PCCC)	1kV & 3kV power cables, 6kV-30kV power cables, 35kV power cables, 110kV power cables, and 220kV power cables.
TÜV Rheinland Certification	PV1-F and H1Z222-K dedicated PV cables.
China Quality Certification Center (CQC) Certification	Cables for AC conductive charging systems of new energy vehicles.

Strategy and Management Approach

Product Quality and Safety

- **Product Lifecycle Quality Management**

Product quality and safety serve as the fundamental cornerstone of Qrunning Cable's market competitiveness. Upholding the core principle of "technology drives innovation, quality builds the enterprise," the Company has established a full-chain quality assurance mechanism covering incoming raw materials to finished product delivery. Supported by standardized management systems and rigorous process control, Qrunning Cable consistently provides customers with safe, stable, and reliable cable products and solutions.

Management Stage	Implementation Measures
Incoming Material Inspection	The Quality Management Department conducts inspection and performance testing of raw and auxiliary materials in accordance with the <i>Raw Material Inspection Specifications</i> . The Warehousing Department submits inspection applications together with supplier quality certificates. Inspections cover appearance, dimensional accuracy, physicochemical properties, and electrical performance. Conforming materials are stamped with a "Qualified" mark by inspectors prior to warehousing. Non-conforming materials are affixed with red "Non-conforming Hold" labels and placed in isolated designated areas; the Procurement Department coordinates with suppliers for return or replacement arrangements.
Process Control	Production operators strictly implement first-article inspection and in-process self-inspection. Quality inspectors from the Quality Management Department carry out patrol inspections and special targeted audits in compliance with process documents and inspection criteria. Key quality control points are set for critical production procedures. Semi-finished products may only be transferred to the next process after passing full inspection. Inspection status is clearly indicated via "Qualified" stamps on production documents or dedicated identification tags.
Finished Product Management	Finished products are inspected by the Quality Management Department in accordance with the <i>Finished Product Inspection Specifications</i> and contractual requirements, including outgoing routine inspection, batch sampling testing, and periodic verification sampling. Products that pass inspection are issued official product certificates, and the Warehousing Department completes formal warehousing procedures against valid certificates. Uninspected or non-conforming finished products are strictly prohibited from being released for delivery.
Non-Conforming Product Management	The Company adopts tiered classified control over non-conforming raw materials, semi-finished products, and finished products, following the <i>Non-Conforming Product Control Procedure</i> . Defect severity levels, corresponding review authority, and disposal approval limits are defined with reference to the Wire and Cable Product Defect Classification Standard. Available disposal options include supplier return, rework/repair, concession acceptance, downgraded use, and scrappage. All disposed non-conforming items require mandatory re-inspection and confirmation by qualified inspectors. For non-conforming products identified after delivery, the Engineering Service Department leads root cause investigation and compiles formal analysis reports.

<p>Product Recall</p>	<p>The Company has set up a dedicated Product Recall Task Force. The Marketing Department undertakes customer complaint intake and external stakeholder communication. The Quality Management Department conducts root cause tracing for quality non-conformities and formulates formal product recall plans. Upon approval by the General Manager or authorized senior management, the Sales Department notifies distributors and end customers to execute recall arrangements. Recalled products are stored in a designated isolated non-conforming area with clear labeling. The Quality Management Department verifies recalled quantity and product condition, and formulates targeted corrective and preventive actions. No product recall incidents occurred during the reporting period.</p>
<p>Equipment Assurance</p>	<p>The Equipment Department implements full-lifecycle management of production equipment, covering selection, procurement, daily operation all the way to decommissioning and replacement, in compliance with the Equipment Control Procedure and the Equipment Operation and Maintenance Management System. This ensures equipment precision and process capability continuously meet quality control requirements. A three-tier equipment maintenance system is strictly enforced. Through daily routine checks, regular overhaul, and planned deep maintenance, production equipment is maintained in stable operating condition, minimizing quality fluctuations caused by equipment malfunction. All operators of special production equipment hold valid professional certificates, ensuring standardized operation procedures and consistent product manufacturing quality.</p>

• **Improving Product Quality**

Product quality underpins the Company's market competitiveness and sustainable operations. In 2025, the Company advanced systematic quality enhancement initiatives, steadily upgrading its quality management capabilities and building a comprehensive quality assurance framework. This lays a solid foundation for consistent product quality and sustained customer trust.

Management Area	Implementation Measures
<p>Outsourcing Quality Control</p>	<p>The Company established a cross-departmental joint supervision team and revised the <i>OEM Quality Assurance Agreement and the Outsourcing Supervision Standards</i>. On-site plant inspections and key process controls were fully implemented, effectively managing outsourcing quality risks and ensuring stable delivery of outsourced products.</p>
<p>Quality Issue Rectification</p>	<p>Throughout the year, the Technology and Quality Management System strengthened supervision and rectification mechanisms, tracking and completing 1,646 quality issue rectification tasks to ensure closed-loop operation of the quality management system. No bidding suspensions caused by product quality issues occurred during the reporting period.</p>
<p>Quality Audit & External Sampling Inspection</p>	<p>The Company adopted a dual governance model combining internal audits and external inspections to reinforce quality oversight. One round of internal quality audits was completed in 2025, alongside five batches of product sampling inspections carried out by third-party professional institutions. Independent external verification complemented internal control systems, effectively mitigating quality deviation risks.</p>

Quality Culture & Accountability

The Company revised the Product Quality Assessment Rewards and Penalties Regulations, clearly defining quality accountabilities, accident classification criteria, reward and penalty standards, and performance scoring rules. Honor titles including the Trustworthy Team Award and Special Contribution Award were introduced to strengthen incentive and constraint mechanisms. The Company comprehensively elevated enterprise-wide quality awareness, with quality responsibilities allocated to specific roles and individual staff members. It also prioritized professional competency development for quality personnel, conducting standardized pre-job training for inspectors and organizing regular skill assessments and specification seminars. Internal control measures such as dual verification and blind sample testing were implemented for critical inspection procedures, effectively reducing quality deviations caused by human factors.

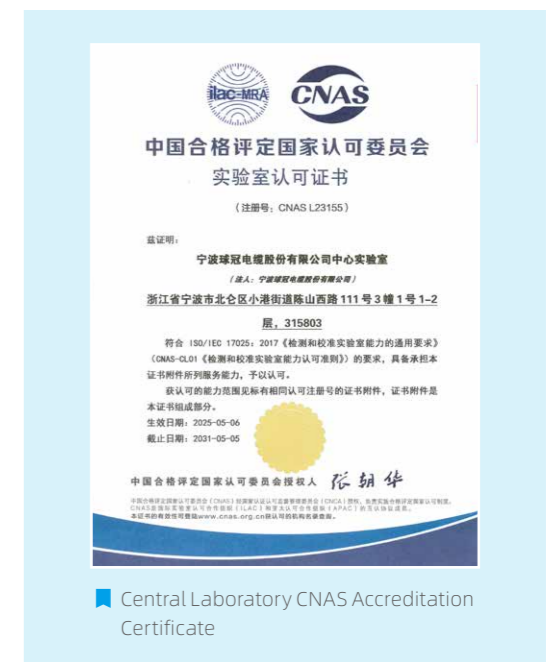
2025 Key Performance

Quality training sessions: **66** Total training hours: **920**

Employee training coverage: **100** %

Product Reliability Management

Centered on full-lifecycle product reliability, the Company has built an integrated quality assurance system covering R&D verification, incoming raw material inspection, in-process manufacturing control, and finished product release, which continuously improves product stability and market credibility. In 2025, the Company's central laboratory successfully obtained official CNAS accreditation. The accreditation scope complies strictly with ISO/IEC 17025:2017 and CNAS-CL01 guidelines, covering four core testing categories for wires and cables: electrical performance, physical and mechanical properties, chemical analysis, and combustion performance. The accreditation marks that the laboratory's hardware and software configuration, technical capacity, and quality management level have met national and international accreditation standards, and that its test reports are granted official authority and enjoy international mutual recognition.



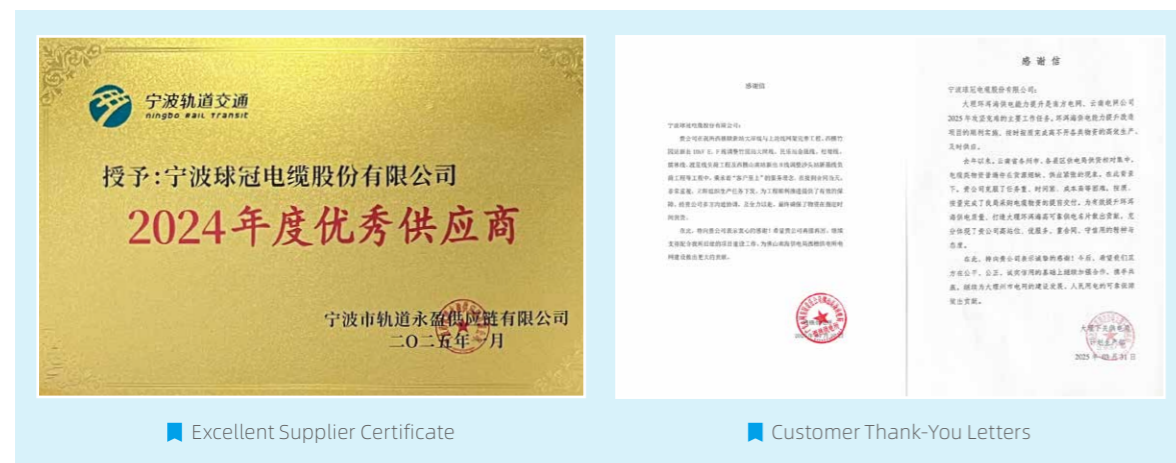
Leveraging the CNAS-accredited laboratory platform, the Company has established standardized high-precision testing protocols to conduct multi-dimensional reliability verification for raw materials, semi-finished goods, and finished products. This mitigates quality risks at the source and provides scientific support for product R&D, process optimization, and production quality control. Moving forward, the Company will further expand central laboratory capacity, increase investment in testing technology R&D and professional talent cultivation, and continuously upgrade product reliability verification capabilities. With high-standard, high-credibility quality assurance systems, the Company delivers safe, stable, and durable cable products to global customers.

Supplier Quality Management

The Company attaches great importance to supplier quality management, embedding strict quality requirements into the full supplier lifecycle covering admission, in-process monitoring, and performance evaluation. At the supplier admission stage, the Company conducts comprehensive assessment of suppliers' quality assurance capabilities, including production equipment, technical strength, and testing capacity. Suppliers are only included in the qualified supplier roster after passing sample qualification testing and production process validation. In daily procurement operations, the Quality Management Department conducts batch-by-batch inspection and record-keeping for all incoming materials. Any non-conformities identified during incoming inspection or production application are handled in accordance with institutional rules, with suppliers required to complete rectification within a specified timeframe. The Company signs an annual *Raw Material Quality Commitment Letter* with major raw material suppliers, clearly defining product quality standards and incident response accountabilities. Annual supplier reassessments are carried out across multiple dimensions including product quality, delivery performance, process adaptability, and after-sales service. Evaluation results serve as the core basis for dynamic adjustment of the qualified supplier list. Through coordinated, multi-dimensional supplier quality management mechanisms, the Company continuously strengthens supply chain quality resilience, ensures consistent product quality output, and maintains long-term, stable customer trust.

Customer Service Management

The Company centers its service management on customer needs and has built a full-lifecycle service system covering pre-sales, in-sales, and after-sales services. Committed to enhancing customer experience through efficient response and professional technical support, it fosters long-term trust-based cooperative partnerships with clients. During the reporting period, backed by reliable product quality and solid contract performance capabilities, the Company was awarded the title of 2024 Excellent Supplier by Ningbo Rail Transit and received formal thank-you letters from multiple key customers, reflecting wide industry recognition of its service quality and delivery performance.



Excellent Supplier Certificate

Customer Thank-You Letters

Timely Service Response

The Company has established a standardized customer service response mechanism and launched a 24-hour after-sales hotline to ensure timely handling of customer inquiries, maintenance requests, and other service demands. Clear time-based service standards are in place: response within 4 hours, on-site arrival within 24 hours for in-province requests, and within 48 hours for nationwide requests, ensuring rapid closure of customer requirements. Additionally, the Company continuously strengthens professional capacity building for its after-sales technical team. Regular professional training and technical exchanges are organized to enhance frontline staff's competency in assessing product application scenarios and resolving common faults, helping customers restore normal operational efficiency in the shortest possible time.

Complaint Handling and Continuous Improvement

In compliance with the *Product After-Sales Service Management System*, the Company has formulated a standardized customer complaint handling workflow. Upon receiving a customer complaint, marketing staff shall record detailed information and conduct on-site verification promptly. Resolvable issues are settled on-site immediately; complex matters beyond on-site capability are escalated to the Engineering Service Department's after-sales team, triggering internal cross-departmental coordination in accordance with institutional requirements. Throughout the handling process, service personnel are required to maintain a respectful and pragmatic attitude, fully listen to customer concerns, and deliver practical solutions with integrity, professionalism, and due accountability.

Indicator	Unit	2025
Customer complaints received	cases	14
Customer complaint handling rate	%	100
Customer complaint resolution rate	%	100

Customer Satisfaction Management

The Company regards customer satisfaction as a core benchmark for service quality evaluation. In accordance with the *Customer Satisfaction Measurement Control Procedure*, regular satisfaction surveys are conducted via telephone follow-ups, on-site visits, and after-sales follow-up services. The survey covers key concerns including product quality, delivery punctuality, service responsiveness, packaging, and transportation services. Survey results are quantitatively analyzed to form a targeted improvement list, with relevant departments implementing item-by-item corrective and optimization measures. The Company achieved a customer satisfaction rate of 99.5% in 2025.

Responsible Marketing

Guided by the marketing philosophy of technology-driven development and integrity-based operation, the Company has formulated and implemented a *Responsible Marketing Compliance System and Control Mechanism*. A dual review process combining technical validation and legal compliance review is enforced for all external information releases, ensuring all product publicity is truthful, accurate, and complete. Given the cable industry's close relevance to national energy security and infrastructure development, the Company strictly bases all promotional content on official technical parameters and national industry standards, prohibiting exaggerated performance claims or deliberate concealment of potential product risks. During contract execution and after-sales services, the Company proactively informs customers of product technical boundaries and usage specifications to safeguard customers' right to know. The Sales and Service Department is designated as the dedicated governing department, overseeing daily supervision, accountability management, and reporting response procedures. Through these standardized internal controls, the Company upholds a fair and transparent market order. No marketing-related compliance incidents occurred during the reporting period.

Impact, Risk and Opportunity Management

In accordance with the *Product Quality and Safety Risk Prevention and Control Management System*, the Company has established a standardized management workflow covering risk identification, assessment, response, and monitoring. Quality safety officers conduct daily on-site inspections and keep complete records per the *Product Quality and Safety Risk Control List*. Quality safety directors organize weekly routine inspections and compile governance reports. Quality management leaders hold monthly coordination meetings to review monthly quality and safety performance and arrange work plans for the next phase. For non-conformities identified through daily supervision, weekly inspections, or external customer feedback, the responsible department issues a *Corrective Action Form*. Relevant teams conduct root cause analysis, formulate targeted improvement measures, and implement rectification plans. The effectiveness of corrective actions is tracked and verified by the management team, forming a complete closed-loop management chain from problem identification to rectification confirmation. This ensures effective control of product quality risks and drives continuous system optimization.

Indicators and Targets

Indicator		2025 Target	2025 Actual	Achievement Status
Pass rate of main raw materials		≥ 96.0%	97.1%	All targets achieved
Pass rate of in-process semi-finished products	Plant 1	≥ 99.4%	99.8%	
	Plant 2 (High-Voltage Workshop)	≥ 98.0%	99.3%	
	Plant 2 (Medium-Voltage Workshop)	≥ 99.0%	99.7%	
	Plant 3	≥ 99.4%	99.6%	
First-pass yield of finished products		≥ 99.4%	99.92%	

Supply Chain Management Governance

Qrunning Cable has established a well-defined supply chain governance framework featuring clear accountability and cross-departmental collaboration, ensuring standardized procurement operations and robust supply chain stability. The Company adopts a governance model led by the Procurement Department with multi-departmental participation. The Procurement Department oversees day-to-day supplier management, including supplier screening, admission assessment, periodic performance review, and qualification verification. It also leads commercial negotiations and procurement contract signing, and collaborates with relevant departments to jointly carry out supplier management activities. Holding Green Supply Chain Management System certification, the Company fully embeds green and low-carbon principles, compliance and integrity requirements, and environmental accountability throughout the full process of supplier admission, performance evaluation, and business cooperation. By promoting upstream and downstream collaborative sustainability practices, the Company contributes to building a secure, stable, eco-friendly, and socially responsible industrial ecosystem.



Strategy and Management Approach

Supplier Lifecycle Management

The Company has formulated and implemented the *Supplier Management System*, establishing standardized management protocols covering supplier screening, admission evaluation, performance appraisal, and regular reassessment. This ensures all purchased materials comply with the Company's requirements for quality, environmental protection, and occupational health and safety.

Supplier Lifecycle Management Framework	
Screening & Admission	The Company verifies suppliers' business licenses, quality assurance capabilities, and third-party test reports in accordance with institutional requirements. Prospective suppliers are required to provide product samples for inspection by the Quality Management Department, while the Technology Department conducts production process validation. Small-batch trial procurement and pilot production are arranged to verify material applicability. Relevant departments conduct a comprehensive assessment of suppliers' supply capacity, technical strength, and internal management systems. Upon approval by the Management Representative, qualified suppliers are formally included in the <i>Qualified Supplier / Qualified Outsourcing Partner List</i> .
Evaluation & Classification	The Company conducts quantitative scoring of suppliers in compliance with the <i>Qualified Supplier / Qualified Outsourcing Partner Evaluation Standards</i> . Assessment dimensions cover basic qualifications, pricing level, delivery performance, process compatibility, and incoming inspection pass rate. Based on overall scores, suppliers are categorized into three tiers: Improvement Required, Qualified, and Excellent, enabling differentiated cooperation strategies and hierarchical management.

Regular Reassessment	At the start of each year, responsible departments organize a comprehensive reassessment of all registered qualified suppliers and compile updated <i>Supplier / Outsourcing Partner Evaluation Reports</i> . Following approval by the Management Representative, suppliers are retained in the updated annual qualified supplier roster. The Company initiates ad-hoc reassessment immediately if suppliers experience major qualification changes or serious contractual breaches, maintaining the dynamism and validity of the qualified supplier list.
Exit Management	Suppliers with recurring quality defects or delivery breaches are required to complete rectification within a specified timeframe, with relevant departments verifying rectification effectiveness. Suppliers failing to meet rectification requirements will be delisted from the <i>Qualified Supplier / Qualified Outsourcing Partner List</i> via formal reassessment procedures and will no longer be eligible for future cooperation.

Safeguarding Supplier Rights and Interests

The Company upholds fair treatment of SMEs and fully protects suppliers' legitimate rights and interests. Timely payment is regarded as a fundamental measure to stabilize cooperative partnerships and create shared value across the supply chain. In daily procurement operations, the Company adopts its Supplier Relationship Management (SRM) system to launch open bidding for major raw materials, enabling suppliers of all sizes to participate fairly under unified payment terms and settlement rules. In 2025, the Company recorded no overdue payments during transaction fulfillment, effectively safeguarding suppliers' cash flow stability and legal entitlements.

As of the end of the reporting period, the Company's total accounts payable (including notes payable) remained below RMB 30 billion, accounting for less than 50% of total assets. Its overall payment capability remained stable, imposing no capital turnover pressure on upstream suppliers. Moving forward, the Company will continue to optimize procurement and settlement workflows, further improving suppliers' capital utilization efficiency and fostering a healthier, trust-driven supply chain ecosystem.

Supply Chain ESG Management

The Company embeds sustainable development principles into end-to-end supply chain management. In cooperation with suppliers, it continuously evaluates their comprehensive performance in environmental protection and business ethics. Through institutional guidance and shared responsibility, the Company advances supplier management beyond traditional transactional cooperation toward joint risk prevention and value collaboration, steadily elevating the overall sustainable development capability of the industrial chain.

Management Area	Implementation Measures
Raw Material Environmental Compliance	During procurement, the Company prioritizes raw materials with recognized environmental certifications such as ECOCERT. It signs dedicated <i>Supplier Environmental Protection Agreements</i> with all suppliers, clearly defining responsibilities related to pollution control, environmental compliance, and workplace environmental safety.
Hazardous Substance Control	The Company requires suppliers to provide valid third-party test reports for raw materials, ensuring that the contents of lead, mercury, cadmium, phthalates, and other restricted substances fully comply with the limit requirements specified under RoHS, REACH, and relevant regulatory directives.

Supplier Business Ethics Guidance	The Company incorporates integrity clauses into formal contracts with major raw material suppliers. It explicitly prohibits commercial bribery, improper gift-giving, and any conduct that undermines fair transactions, and clarifies liabilities for contractual breaches, so as to maintain fairness and transparency throughout procurement activities.
Supplier Qualification Assessment Criteria	In supplier admission and evaluation processes, the Company includes the possession of certified quality, environmental, and occupational health and safety management systems as a quantitative scoring indicator. This guides suppliers to strengthen internal system construction and pursue continuous improvement.

2025 Key Performance

Total number of suppliers: 654	Suppliers with quality management system certification: 82
Suppliers with occupational health and safety management system certification: 56	Suppliers with environmental management system certification: 62

Impact, Risk and Opportunity Management

To proactively mitigate potential volatility and uncertainty across the supply chain, the Company has established a full-cycle management mechanism covering risk identification, assessment, monitoring, and response. Through internal cross-departmental deliberations, regular supplier communication, and real-time market intelligence tracking, the Company continuously monitors key supply chain risks including supply disruption, raw material price volatility, and unexpected delivery delays. It sets rational safety stock thresholds for major raw and auxiliary materials to buffer short-term supply-demand fluctuations, adopts a multi-sourcing strategy for equivalent materials to diversify supply concentration risks, and signs quarterly or framework procurement agreements to hedge the cost impact of raw material price swings. In daily management, the SRM system is deployed to monitor transaction dynamics in real time and reduce manual operational deviations. The Internal Audit Department conducts unscheduled inspections of procurement workflows, ensuring standardized procedures and stable operation of the entire supply chain.

Indicators and Targets

Target	2025 Achievement Status
Maintain stable supply chain operation with no major risk incidents disrupting production continuity	Target achieved

Moving Forward Together for a Better Future



Contributing to the UN SDGs



Employee Human Rights Protection

Upholding the core values of people-centric development, integrity and dedication, pragmatism and efficiency, and harmonious mutual benefit, Qrunning Cable regards talent as the fundamental pillar of its sustainable growth. The Company lawfully safeguards employees' legitimate rights, personal dignity, and career development opportunities, striving to build an equal, inclusive, safe, and respectful workplace and promoting the coordinated growth of employees alongside the Company's high-quality development.

Compliant Employment

The Company strictly abides by the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*, while aligning its practices with international norms including the UN Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. By formulating and implementing the Human Resources Management System, it has implemented standardized full-process management of employee recruitment, onboarding, internal transfer, promotion, and resignation. This framework effectively mitigates employment-related risks and maintains a stable workforce.

The Company consistently improves its employee rights protection mechanisms by refining supporting regulations such as the *Employee Attendance and Leave Management Measures* and the *Post-retirement Re-employment Agreement*. It standardizes labor contract signing procedures, achieving 100% contractual compliance for all employees during the reporting period. Working hours and leave arrangements are rationally scheduled, with overtime pay or compensatory time off provided in strict accordance with legal requirements. Multiple grievance channels have been established, including the anonymous online platform "Snapshot" and offline appeal avenues via the Trade Union and Operations Management Office, protecting employees' right to lodge complaints anonymously. The Company maintains a zero-tolerance policy against workplace discrimination, harassment, and unfair treatment. Any such behavior is promptly stopped, investigated, addressed, and rectified, with regular progress reports submitted to management. This robust mechanism fully safeguards employees' personal dignity and legal rights.

2025 Key Performance

Labor contract signing rate:	Social insurance participation rate:	Workplace discrimination incidents:
100 %	100 %	0

Diversity and Inclusion

Embedding diversity, equity, and inclusion as foundational workplace principles, the Company adheres to merit-based fair employment and firmly opposes all forms of discrimination. In recruitment, training and development, career promotion, performance incentives, and compensation benefits, all employees are evaluated and treated equally based on professional ability and job performance. Special attention is paid to protecting the rights and interests of underrepresented groups, including female employees and persons with disabilities, in an effort to foster a safe, healthy, and inclusive workplace atmosphere. As of the end of the reporting period, the Company has provided employment opportunities for 15 persons with disabilities, enabling them to realize professional value and personal dignity through stable work.

Qrunning Cable Employee Demographic Profile

Indicator		Unit	2025	
Total number of regular employees		persons	706	
Employee Demographics	Number of employees by gender	Male employees	persons	546
		Female employees	persons	160
	Number of employees by age	Employees aged 30 and below	persons	124
		Employees aged 31-50	persons	337
		Employees aged 51 and above	persons	245
	Number of employees by educational level	Employees with associate degree and below	persons	618
		Employees with bachelor's degree	persons	84
		Employees with master's degree and above	persons	4
	Number of employees by hierarchical level	Senior management	persons	5
		Middle management	persons	17
		Junior management	persons	108
		Frontline employees	persons	576

Protection of Female Employees' Rights and Interests

The Company strictly complies with the *Law of the People's Republic of China on the Protection of Rights and Interests of Women* and the *Special Provisions on Labor Protection for Female Employees*. During the reporting period, through collective labor consultation, the Company signed the Zhejiang Provincial Special Collective Contract for the Protection of Female Employees' Rights and Interests, fully safeguarding women's equal entitlements to remuneration, benefits, and career promotion. Upholding the principle of equal pay for equal work, the Company enhances professional skills training for female staff and optimizes occupational safety and health conditions in the workplace. It arranges exclusive physical examinations for female employees and provides specialized illness insurance coverage. Comprehensive care and support are provided, including statutory leave entitlements for menstruation, pregnancy, childbirth, breastfeeding, and menopause, as well as parental leave. A dedicated mechanism has been established to prevent and address workplace harassment against female employees, with strict protection of personal privacy in accordance with the law. The Company also organizes special themed events every International Women's Day to strengthen female employees' sense of well-being. In 2025, the Company achieved a 100% gender pay equity compliance rate and a 100% return-to-work rate after childcare leave, with zero recorded complaints related to gender discrimination.



International Women's Day DIY Green Plant Workshop



"Healing Her Heart" Spring Psychological Wellness Campaign



Cervical & Breast Cancer Screening Awareness Seminar

Cervical & Breast Cancer Screening Awareness Seminar

Indicator		Unit	2025	
Management	Senior Management	Number of female employees	persons	1
		Proportion of female employees	%	20
	Middle Management	Number of female employees	persons	11
		Proportion of female employees	%	64.71
	Junior Management	Number of female employees	persons	6
		Proportion of female employees	%	5.56
Management Positions in Revenue-Generating Functions (Sales)		Number of female employees	persons	2
		Proportion of female employees	%	25
STEM-Related Positions		Number of female employees	persons	84
		Proportion of female employees	%	14.92

Employee Care

The Company continues to refine its holistic employee care system. Festive benefits are distributed to staff during traditional festivals including the Spring Festival, Mid-Autumn Festival, and Dragon Boat Festival, and birthday greetings and benefits are provided for employees. Regular team-building activities, annual galas, and cultural and sports events are held to enrich employees' leisure life and strengthen team cohesion. In 2025, the Company upgraded its employee birthday welfare arrangement, replacing single greeting cards with collective birthday celebrations. A total of 3 collective birthday events were held, with 180 participant attendances. The Company also invited professional medical practitioners to deliver a 4-day health education campaign themed Health Education for Sub-health Populations, helping employees improve their overall health and relieve work pressure, and further enhancing workplace sense of belonging.



■ Lantern Festival Event: Rolling Rice Glue Balls, Embarking on a Prosperous New Journey



■ Qrunning Cup Winter Fun Sports Meet

The Company also attaches great importance to the livelihood security and care and support for employees facing financial or health-related difficulties. During the reporting period, the Company retained positions for six employees affected by work-related or non-work-related disabilities or long-term illnesses, while continuing to provide basic salaries and benefits to help ensure stable income. For frontline employees diagnosed with sudden severe illnesses, the Company arranged timely sympathy visits and organized charitable donations. The Trade Union also applied for medical assistance subsidies for employees in hardship, effectively alleviating their family financial burdens. In recognition of its outstanding employee welfare work, the Company's Trade Union was awarded the title of Ningbo Model Employee Home by the Ningbo Federation of Trade Unions during the reporting period.

Democratic Management

The Company consistently optimizes its democratic management framework and institutional mechanisms, clearly defining employees' statutory rights and participation channels in corporate decision-making, and establishing multi-dimensional communication and feedback pathways. By regularly convening employee representative congresses, the Company safeguards employees' rights to information, participation, and supervision in accordance with the law. During the reporting period, the Company convened an employee representative congress, which reviewed and approved key matters including the election of employee representative directors. The Company also conducts regular employee satisfaction surveys focusing on staff concerns such as remuneration and benefits, workplace environment, and career development needs, to accurately capture employee expectations. In 2025, four rounds of questionnaire surveys were carried out across the first and second halves of the year, covering corporate culture and staff canteen services. Data-driven management improvements were implemented to further consolidate harmonious labor relations.

Case | Qrunning Cable Launches Targeted Survey on Frontline Employee Remuneration Satisfaction

To address high new employee turnover and difficulties in recruiting high-caliber frontline operators, the Company leveraged its democratic management mechanism in 2025 to launch a targeted remuneration satisfaction survey. The survey targeted 276 frontline operators and collected 260 valid responses, covering employees across all tenure levels. Authentic employee demands were gathered across seven dimensions, including remuneration competitiveness and incentive mechanism design. Drawing on survey findings, the Company clarified priorities for remuneration system optimization, planning to start with adjustments to probation-period annual salaries to enhance overall remuneration competitiveness. This effectively responds to employee concerns and supports talent retention and stable corporate development.

Remuneration and Performance

In compliance with national and local laws and regulations, the Company has refined its remuneration incentive framework, welfare protection policies, and social security systems. By consistently optimizing remuneration standards and performance appraisal mechanisms, it protects employees' legitimate rights and interests by law and fosters a fair, equitable, and harmonious workplace environment.

Employee Remuneration

Adhering to a performance-oriented principle, the Company adopts a remuneration framework that balances the legitimate interests of shareholders and employees. By implementing the compensation philosophy of equal pay for equal skill, pay aligned with skill level, and pay matched with job position, it builds an incentive system that drives sustainable corporate development and boosts employee motivation. Total remuneration includes variable components such as performance bonuses, annual incentives, and special awards for proposal contributions, intellectual property achievements, and outstanding performance. Core key employees are supported by medium- and long-term incentive schemes. Remuneration design is formulated based on job value and individual contribution, balancing internal equity and external market competitiveness, with targeted compensation packages offered to core technical talents and high-potential employees. The Company maintains a 100% on-time salary payment record with no instances of salary arrears or deductions.

In 2025, the Company optimized probation-period remuneration for frontline operators to enhance recruitment competitiveness and workforce stability. It completed a market compensation benchmarking survey for university graduates and revised the remuneration package for graduates from second-tier undergraduate institutions. These moves further improved remuneration support for highly educated talents and achieved precise alignment between incentive design and talent development strategies.

Performance Management

The Company has rolled out a company-wide performance appraisal system to evaluate employees' job performance and task completion in a comprehensive, objective, and fair manner, while simultaneously providing targeted supervision and professional guidance. During the reporting period, it revised the performance appraisal scheme for the management team, covering the Chairman, senior management, middle management, and other key personnel. Annual net profit is set as the core appraisal benchmark, with tiered bonus calculation based on profit brackets and clear profit distribution ratios. The allocated share for senior managers, middle managers, and key personnel is no less than 47%, striking a balance between internal fairness and performance incentives. The scheme incorporates strict restrictive clauses: employees with poor individual performance, those involved in major safety or environmental accidents, or serious disciplinary violations are disqualified from bonus distribution. The incentive plan will be automatically terminated in the event of major safety or quality incidents, serious legal and regulatory violations, or non-standard audit opinions issued by external auditors. By integrating incentive mechanisms with binding constraints, the Company aligns the interests of management and shareholders and underpins sustainable development.

Welfare and Benefits

In strict compliance with the *Social Insurance Law of the People's Republic of China*, the *Regulations on the Administration of Housing Provident Funds*, and other relevant laws and regulations, the Company continues to refine its employee welfare protection system, enriching livelihood security benefits and career development-oriented welfare provisions. These efforts steadily improve employees' quality of life and demonstrate the Company's care and respect for its workforce.

- **Social Security Benefits:** The Company provides all regular employees with full coverage of the statutory social insurance package and housing provident fund. It additionally subscribes employees to the supplementary medical insurance plan Tianyi Yongningbao, purchases employer's liability insurance, and maintains group accident insurance for retired staff. Exclusive health check-ups are arranged for middle and senior management aged 40 and above.
- **Statutory Leave Entitlements:** Employees are legally entitled to statutory public holidays, paid annual leave, personal leave, sick leave, marriage leave, bereavement leave, work-related injury leave, maternity leave, paternity leave, and breastfeeding leave, among other statutory leave entitlements.
- **Livelihood Support Benefits:** Free staff dormitories are provided, with single rooms and couple suites available for application based on working tenure and job level. Complimentary staff meals are offered, with the meal subsidy standard raised to RMB 17 per meal. The Company also provides an on-site free hair salon and a dedicated employee activity center.

The Company has incorporated equity incentives and employee stock ownership plans into its medium- and long-term talent incentive roadmap, with preparatory work steadily underway. Moving forward, it will strengthen institutional frameworks, clarify incentive priorities, and focus coverage on core management teams and talents in ESG-related roles. Incentive schemes will be implemented in accordance with actual operational conditions, aligning the interests of the Company and its employees and laying a solid talent foundation for sustainable development.

Employee Development and Growth

Adhering to a people-centric talent philosophy that values both integrity and professional competence, Qrunning Cable follows the core talent strategy of placing the right people in suitable roles, fully leveraging individual strengths, employing talent wisely, and sharing development achievements collectively. The Company regards talent as the fundamental pillar of its sustainable growth and technological innovation. Centered on its core business needs, it has built a systematic framework for talent attraction, cultivation, deployment, and retention, empowering talent to become a key driver of the Company's overall competitiveness.

Talent Attraction

To safeguard every employee's equal rights to employment and career development, the Company actively expands talent recruitment channels and adopts a diversified multi-track talent acquisition model. At the end of each year, all departments and production plants formulate annual recruitment plans based on business development demands, with monthly recruitment arrangements dynamically adjusted according to actual personnel changes. Priority is given to internal talent redeployment and promotions to maximize the utilization of existing human resources. The Company has established a diversified recruitment system integrating internal and external hiring, online and offline channels, and regular and targeted recruitment initiatives. Through the implementation of an *Internal Referral Reward System*, internal job competitions, employee referrals, campus recruitment, and talent market recruitment, the Company breaks geographical recruitment barriers to consistently optimize its talent structure, expand its talent reserve pool, and fulfill its social responsibilities as an employer.

Qrunning Cable Talent Recruitment and Retention Performance

	Indicator	Unit	2025
Employee Recruitment	Newly recruited employees during the reporting period	persons	546
	Newly recruited fresh graduates	persons	161
Employee Turnover	Total turnover rate	%	34.09

Indicator		Unit	2025	
Employee Turnover	Turnover rate by gender	Male employees	%	35.16
		Female employees	%	29.81
	Turnover rate by age	Employees aged 30 and below	%	83.87
		Employees aged 31-50	%	30.27
		Employees aged 51 and above	%	13.82
	Turnover rate by hierarchical level	Senior management	%	0
		Middle management	%	5.56
		Junior management	%	0.93
		Frontline employees	%	41.49

Employee Training

The Company prioritizes internal training as the core approach supplemented by external learning, and adopts a cyclic iterative training model to drive continuous competency improvement. Aligned with business development needs, it builds professional talent teams in technology, management, and skilled operation roles, fostering a well-structured, streamlined and capable workforce to underpin the Company's market competitiveness and high-quality development. In 2025, centered on employee competency enhancement and team building objectives, the Company optimized its training framework and annual training roadmap. Differentiated training programs were rolled out for frontline employees, key personnel, and other employee groups, focusing on new employee onboarding, professional skill upgrading, management capability empowerment, and vocational skill specialization. A total of 36 training sessions were held throughout the year, precisely targeting role-specific competency development needs.

The Company also launched the flagship Qrunning Lecture Series, marking a landmark breakthrough in building an in-house learning and knowledge-sharing platform, and completed the deployment of the DingTalk online training system to advance the digital transformation of corporate training. These initiatives effectively reduce training costs, elevate overall management efficiency, improve the comprehensive quality of the workforce, and strengthen employees' professional performance capabilities.



■ New employee induction training

■ Reserve cadre specialized training

Qrunning Cable Employee Training Performance

Indicator		Unit	2025
Employee Training	Total employee training investment	RMB million	0.32
	Employee training coverage rate	%	100
	Total employee training attendances	person-time	778
	Total employee training hours	hours	2,721
	Average training hours per employee	hours	3

Occupational Health Protection

Adhering to national regulations and policies governing occupational health and labor protection, the Company has developed a robust occupational health management system, standardized occupational health archives and employee health surveillance records, and integrated infectious disease prevention into institutional management frameworks, thus fully standardizing occupational health management.

<p>Workplace Hazard Mitigation</p>	<p>The Company regularly monitors and assesses occupational hazard factors across workplaces and promptly rectifies non-compliant sites, so as to continuously optimize working conditions and reduce occupational risks at the source.</p> <p>Standardized safety warning signs are installed in hazardous zones and on operational facilities. Occupational disease prevention protocols, operating procedures, and hazard monitoring results are publicly posted in prominent locations at high-risk workplaces, with clear emergency rescue guidelines defined.</p>
<p>Workplace & Residential Environment Safety</p>	<p>The Company ensures that production workshops and staff dormitories fully comply with safety regulations, with clear and unobstructed emergency evacuation routes maintained at all times. Hazardous material workshops and warehouses are physically separated from employee dormitories, with safe isolation distances enforced.</p> <p>Work and residential areas are kept clean and hygienic and are equipped with moisture-proof, cold-proof, radiation-proof, and disinfection facilities. Roadways, lighting, drinking water, drainage, and other supporting infrastructure all meet national regulatory standards.</p>
<p>Employee Health Monitoring & Protection</p>	<p>The Company strictly implements pre-employment, on-the-job, and post-exposure health examinations for employees in occupational hazard positions. Personnel with occupational health restrictions are prohibited from engaging in relevant positions, and all medical examinations are conducted by qualified medical institutions.</p> <p>The Company distributes personal protective equipment to all active employees, ensuring that such equipment complies with unified specifications, design, color, and marking standards, as well as safety and environmental requirements to deliver full-lifecycle occupational health protection.</p>

Qrunning Cable Employee Occupational Health Examination Items	Examination Frequency
<p>Noise-exposed operators: General internal medicine, otolaryngology examination, routine blood and urine tests, electrocardiogram, pure-tone hearing test</p>	<p>Once per year</p>
<p>Hazardous substance-exposed personnel: General internal medicine, routine blood test (including platelet count), liver function, liver and spleen B-ultrasound; optional items: dermatological examination, electrocardiogram, bone marrow aspiration</p>	
<p>Chemical/rust dust-exposed operators: General internal medicine, electrocardiogram, liver function, routine blood and urine tests, high-kilovolt chest X-ray, pulmonary function test</p>	

Safety Culture Development

The Company has established a standardized work safety training mechanism, requiring all employees to complete professional safety training at least once annually. All new recruits must undergo three-tier safety induction training covering corporate, workshop, and team-level modules to ensure mastery of job-specific safety operation protocols and emergency response capabilities, with a minimum training duration of 48 hours. Special operations personnel are required to complete dedicated safety training and obtain valid qualification certificates before taking up their roles. As of the end of the reporting period, the Company employed 35 specialty equipment operators, achieving a 100% certified employment rate.

Work safety training is embedded into the annual work plan with a dedicated training budget guaranteed. Individual employee safety training records are managed under a one-person, one-file system, and quarterly targeted training is organized for newly recruited staff. This training covers work safety (including typical accident case analysis), occupational health management, environmental protection, and fire safety knowledge, collectively building a solid line of defense for work safety.



Forklift operation safety training

Workshop crane operation safety training

Impact, Risk and Opportunity Management

To proactively identify major occupational health and safety hazards, the Company has formulated the *Hazard Identification and Risk Assessment Control Management Procedure* and the *Environmental, Occupational Health and Safety Performance Measurement Control Procedure*, which further refines the full system for risk identification, hazard investigation, and rectification. Based on hazard identification and assessment outcomes, the Company implements targeted risk prevention and control measures. Through routine inspections, periodic reviews, and special targeted audits, potential safety hazards are promptly identified, properly addressed, and tracked until full rectification closure. A tiered hazard risk control mechanism has been established to comprehensively screen high-risk factors and hidden dangers across all equipment and operational links, achieving full coverage of hazard identification and complete rectification of all detected risks without blind spots or omissions. The Safety and Environment Office conducts weekly safety inspections at each production plant, while company leaders organize quarterly corporate-level safety reviews. Each facility carries out daily safety hazard inspections through both fixed-point patrols and random spot checks. In 2025, a total of 724 potential hazards were identified, with a 100% rectification rate.



On-site safety hazard inspection

In order to standardize the management and response of emergencies and work safety incidents, the Company enforces the *Emergency Control Management Procedure* and formulates comprehensive emergency plans and response protocols. Emergency plans are regularly reviewed and updated to maintain effectiveness, preventing employee injury or illness caused by sudden accidents and emergencies. The Company organizes annual emergency drills tailored to real workplace scenarios, continuously strengthening overall emergency preparedness and improving capabilities to handle unexpected safety incidents.

Case | Qrunning Cable Conducts Fire Emergency Drill

To enhance fire safety management capabilities, the Safety and Environment Office led a cross-department fire emergency drill on June 27, 2025. The exercise involved production, warehousing, quality management, and R&D departments, covering frontline positions and key facility areas. A dedicated plan was developed in advance, accompanied by pre-drill training to ensure clarity on procedures and safety measures. The drill focused on work safety education, fire evacuation and self-rescue protocols, alarm reporting standards, and the practical operation of firefighting equipment. Employees successfully mastered the use of fire extinguishers, and the drill was executed in an orderly manner, achieving satisfactory outcomes. By significantly strengthening employees' fire safety awareness and enhancing their emergency response and self-rescue capabilities, the drill further optimized the Company's emergency response mechanism and strengthened safety management for daily production operations.



Indicators and Targets

Occupational Health and Safety Target	2025 Achievement Status
Occupational disease incidence rate $\leq 0.15\%$	Target achieved
Zero major mechanical equipment accidents and zero major fire accidents	Target achieved
Total work-related injuries (major and below) ≤ 11 cases	Target achieved

Indicator	Unit	2025
Occupational disease incidence rate	%	0
Total work safety incidents	cases	10
Work-related fatalities	persons	0
Total work-related injuries	persons	10
Lost workdays due to work-related injuries	days	600
Emergency drills	sessions	4
Emergency drill attendances	person-time	119
Safety training sessions	sessions	13
Safety training attendances	person-time	347
Total safety training duration	hours	694
Average safety training duration per employee	hours	1
Employee safety training coverage rate	%	100
Work safety liability insurance investment	RMB million	0.03
Work safety liability insurance coverage rate	%	51.5
Work-related injury insurance investment	RMB million	0.51
Work-related injury insurance coverage rate	%	100

Social Engagement

Upholding the philosophy of corporate citizenship, Qrunning Cable fully embeds social responsibility into its overall business strategy and social development and public welfare initiatives. The Company maintains long-term investment in public welfare initiatives and builds sustainable, influential branded social assistance programs. It actively strengthens communication and collaborative ties with local governments, communities and all sectors of society, and extensively participates in humanistic care and charitable activities to foster harmonious coexistence between the enterprise and local communities. In partnership with the China Social Welfare Foundation, the Company has sustained the Qrunning Public Welfare Assistance Campaign, offering targeted support including educational aid and poverty alleviation for impoverished regions and former revolutionary base areas. It also participates in a wide range of charitable initiatives across Ningbo, such as the Police Welfare Fund, Pearl Charity Fund, entrepreneurship development funds, village-enterprise cooperation funds, and elderly welfare funds. The Company engages in diverse social welfare practices including military-civilian integration programs, care for vulnerable groups, disaster relief support, financial aid for impoverished college students, donations to elderly care facilities, and support for new rural revitalization construction in neighboring villages. Through tangible charitable actions, the Company delivers corporate compassion and promotes a positive social ethos of benevolence, kindness, and mutual support.

By the end of 2025, the Qrunning Public Welfare Assistance Campaign had run continuously for 12 consecutive years, with cumulative dedicated donations reaching nearly RMB 13 million. Recognized for its long-term philanthropic commitment and outstanding social contributions, the Company has been honored with the Most Socially Responsible Enterprise Award by the China Social Welfare Foundation. It has also repeatedly been accredited as a socially responsible enterprise, caring enterprise, and charity model enterprise by Ningbo City and Beilun District authorities.



■ Donation program for impoverished college students in Beilun



■ Elderly care volunteer visit activity

About This Report

This is the first Environmental, Social and Governance (ESG) Report released by Ningbo Qrunning Cable Co., Ltd. The report aims to disclose the Company's philosophy, management practices, and performance in sustainable development, and to fully respond to the expectations and needs of stakeholders.

Basis of Preparation

- the *GRI Standards* issued by the Global Reporting Initiative
- the *Continuous Supervisory Guidelines No. 11 for Companies Listed on Beijing Stock Exchange—Sustainability Report (For Trial Implementation)* issued by the Beijing Stock Exchange
- the *Guidelines for the Preparation of Sustainability Reports for Companies Listed on the Beijing Stock Exchange (January 2026)* issued by the Beijing Stock Exchange
- the United Nations Sustainable Development Goals (SDGs).

Reporting Scope

This report primarily discloses information and key performance indicators of Ningbo Qrunning Cable Co., Ltd. and its subsidiaries in fulfilling their economic, environmental, and social responsibilities. The reporting scope is consistent with that of the Company's annual report. The reporting period spans from January 1 to December 31, 2025, with certain content extending appropriately to periods preceding or following the reporting year.

Definition of Terms

For ease of expression and reading, "Ningbo Qrunning Cable Co., Ltd." is also referred to in this report as "Qrunning Cable", "the Company", or "we".

Reporting Principles

This report adheres to the principles of Materiality, Balance, Quantification, and Consistency.

- **Materiality:** The Company conducts materiality assessments to identify and evaluate sustainability topics that are material to its business operations as well as to internal and external stakeholders, and discloses these topics as key contents of the report. For further details on the materiality assessment process and results, please refer to the "Sustainable Development Management" section of this report.
- **Balance:** This report reflects objective facts and provides impartial disclosure of both positive and negative information relating to the Company, presenting a balanced view of the Company's efforts in various aspects of sustainable development. During the reporting period, no major negative incidents were identified that should have been disclosed but were not.
- **Quantification:** The Company discloses quantitative sustainability performance indicators in this report and, where applicable, has established quantitative performance targets. The measurement standards, methodologies, assumptions, and/or calculation tools used for key performance indicators in this report, as well as the sources of conversion factors adopted, are explained in the relevant sections where applicable.
- **Consistency:** This report maintains consistency in the statistical and disclosure methods used for the same indicators across different reporting periods. Where changes have been made to the statistical or disclosure methods, sufficient explanations are provided in the notes to this report to facilitate meaningful analysis and evaluation by relevant parties.

Source of Information

All the information and data used in the report are sourced from the Company's official documents, statistical reports, and financial statements, as well as information on sustainable development practices of each unit that have been gathered and reviewed by the responsibility management department of the Company. Where discrepancies exist between the financial data in this report and those in the Company's annual report, the annual report shall prevail. Unless otherwise specified, all monetary amounts mentioned in this report are presented in RMB.

Reliability Assurance

The Company assures that this report contains no false records, misleading statements, or material omissions, and assumes responsibility for the authenticity and accuracy of its contents.

Report Access

This report is available in electronic format. You may access the report via the Company's official website (<https://www.qrunning.com>) or the website of the Beijing Stock Exchange (<https://www.bse.cn>).

V

Embracing Green Development and Pursuing a Low-Carbon Future

Indicators	Unit	2025
Environmental Compliance Management		
Total investment in environmental protection	RMB million	2.30
Environmental protection training organized	times	4
Employee coverage rate of environmental protection training	%	100
Energy Utilization		
Gasoline	tonnes	12.99
Diesel	tonnes	106.35
Total electricity consumption	GWh	22.30
Total energy consumption	tce	2,916.65
Total energy consumption intensity	tce/RMB million output value	0.80
Proportion of renewable energy consumption	%	38.09
Greenhouse Gas Emissions		
Scope 1: Direct greenhouse gas emissions	tCO ₂ e	374.89
Scope 2: Indirect greenhouse gas emissions	tCO ₂ e	11,833.02
Total greenhouse gas emissions	tCO ₂ e	12,207.91
Greenhouse gas emission intensity	tCO ₂ e/RMB million output value	3.00
Water Resource Management		
Total water withdrawal	tonnes	248,759
Water withdrawal intensity	tonnes/RMB million output value	70.00
Pollution and Waste Management		
General industrial solid waste generation	tonnes	176.23
Hazardous waste generation	tonnes	9.70
Waste disposal compliance rate	%	100
Proportion of waste recycled	%	72.40

Forging Cables with Ingenuity, Powering Energy Networks

Indicators	Unit	2025
Innovation-Driven Development		
R&D investment	RMB million	130.12
Number of R&D staff	persons	112

Proportion of R&D personnel	%	15.86
Total valid patents held	/	71
Products and Services		
Quality training organized	times	66
First-pass yield of finished products	%	99.92
Customer complaint resolution rate	%	100
Supply Chain Management		
Total number of suppliers	/	654
Suppliers with quality management systems	/	82
Suppliers with occupational health and safety management systems	/	56
Suppliers with environmental management systems	tCO ₂ e	62

Moving Forward Together for a Better Future

Indicators	Unit	2025
Employee Human Rights Protection		
Total number of employees	persons	706
Male employees	persons	546
Female employees	persons	160
Employees recruited during the reporting period	persons	546
Newly recruited fresh graduates	persons	161
Employee turnover rate	%	34.09
Labor contract signing rate	%	100
Social insurance coverage rate	%	100
Employee Training		
Total investment in employee training	RMB million	0.32
Employee training coverage	%	100
Occupational Health and Production Safety		
Investment in production safety	RMB million	4.99
Occupational disease incidence rate	%	0
Safety accidents	/	10
Employee fatalities due to work-related incidents	persons	0
Total lost workdays due to work-related injuries	days	600

Indicator Index Table

Qrunning Cable reported the information referenced in this Indicator Index Table for the period from January 1 to December 31, 2025, in accordance with the *Continuous Supervisory Guidelines No. 11 for Companies Listed on the Beijing Stock Exchange — Sustainability Report (For Trial Implementation)* and with reference to the GRI Standards.

Reporting Framework	Beijing Stock Exchange Sustainability Reporting Index	GRI standards
Message from the Chairman	/	2-22
About Qrunning Cable	/	2-1, 2-6, 201-1
Sustainable Development Management	Article 11(1), Article 11(2), Article 11(3), Article 11(4), Article 12(1), Article 12(2), Article 12(3), Article 12(4), Article 13, Article 14(1), Article 14(2), Article 16(1), Article 16(2), Article 17, Article 50	2-9, 2-12, 2-13, 2-14, 2-16, 2-17, 2-22, 2-24, 2-29, 3-1, 3-2, 3-3
Leading with Vision to Build a Foundation for Sustainable Growth		
Corporate Governance	Article 50	2-9, 2-10, 2-11, 2-12, 2-17, 2-18, 2-19, 2-20, 2-21, 2-27, 3-3, 405-1
Compliance and Risk Management	Article 12(3), Article 12(4), and Article 12(5)	2-27, 2-13, 2-24, 3-3, 207-1, 207-2, 207-3, 417-2, 417-3
Investor Relations	Article 41	2-15, 2-29
Business Ethics	Article 51, Article 52(1), Article 52(2), Article 52(3), Article 52(4), Article 53(1), Article 53(2)	2-27, 3-3, 205-2, 205-3, 206-1
Information Security	Article 47(1), Article 47(2), Article 47(3)	2-27, 3-3, 203-2, 418-1
Embracing Green Development and Pursuing a Low-Carbon Future		
Environmental Compliance Management	Articles 19, 20, and 29	2-27, 3-3, 2-27, 3-3
Addressing Climate Change and Energy Management	Article 11(1), Article 11(2), Article 11(3), Article 11(4), Article 19, Article 20, Article 21, Article 22(1), Article 22(2), Article 22(3), Article 23(1), Article 23(2), Article 23(3), Article 23(5), Article 24, Article 25(3), Article 26, Article 27, Article 28, Article 34, Article 35(1), Article 35(2), Article 35(3), Article 36(1), Article 36(2), Article 36(3)	2-27, 3-3, 201-2, 302-1, 302-3, 302-4, 302-5, 305-1, 305-2, 305-4

Reporting Framework	Beijing Stock Exchange Sustainability Reporting Index	GRI standards
Efficient Resource Utilization	Article 34, Article 35(2), Article 35(3), Article 37(1), Article 37(2), Article 37(3)	2-27, 3-3, 301-3, 303-1, 303-3, 303-4, 303-5,
Pollution and Waste Management	Article 30(1), Article 30(2), Article 30(3), Article 30(4), Article 30(5), Article 31(1), Article 31(2), Article 31(3), Article 33(1), Article 33(2), Article 34	303-1, 303-2, 303-3, 303-5, 303-4, 305-7, 306-1, 306-2, 306-3, 306-4, 306-5
Ecological Environmental Protection	Article 29, Article 32(2)	3-3, 101-2, 101-4, 101-5, 304-1, 304-2, 304-3
Forging Cables with Ingenuity, Powering Energy Networks		
Innovation-Driven Development	Article 11(1), Article 11(2), Article 11(3), Article 11(4), Article 19, Article 42(1), Article 42(2), Article 42(3), Article 42(4)	2-27, 3-3, 203-2
Products and Services	Article 11(1), Article 11(2), Article 11(3), Article 11(4), Article 19, Article 46(1), Article 46(2), Article 46(3), Article 46(4)	2-25, 2-27, 3-3, 416-2, 417-1
Supply Chain Management	Article 11(1), Article 11(2), Article 11(3), Article 11(4), Article 19, Article 44(1), Article 44(2), Article 45	2-27, 3-3, 204-1, 408-1, 409-1
Moving Forward Together for a Better Future		
Employee Human Rights Protection	Article 11(1), Article 11(2), Article 11(3), Article 11(4), Article 19, Article 48, Article 49(1)	2-23, 2-27, 2-30, 3-3, 201-3, 401-1, 401-2, 401-3, 403-6, 405-1, 406-1, 407-1, 408-1, 409-1
Employee Development and Growth	Article 48, Article 49(3)	2-7, 2-8, 3-3, 404-1, 404-2
Occupational Health and Production Safety	Article 11(1), Article 11(2), Article 11(3), Article 11(4), Article 19, Article 48, Article 49(2)	2-27, 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10
Community Engagement	Article 38, Article 40	3-3, 203-1, 203-2, 413-1
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