



2023

CHANGZHOU EVERGREEN TECHNOLOGY CO., LTD. ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG

2023 | CHANGZHOU EVERGREEN TECHNOLOGY CO., LTD.
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT

About This Report

Report Introduction

This report is the first Environmental, Social and Governance (ESG) report released by Changzhou Evergreen Technology Co., Ltd. (hereinafter referred to as "Evergreen Technology," "the Company," "we," etc.). It aims to provide regular and systematic disclosure to stakeholders such as shareholders and investors, local governments and regulatory agencies, employees, customers, partners and suppliers, media and the public, as well as local community residents, about the Company's concepts, methods, practices and performance in environmental, social and governance (ESG) aspects. This disclosure strengthens stakeholders' understanding and awareness of the Company and subjects it to societal scrutiny.

The report is compiled following the principles of importance, quantification, consistency and balance.

Importance

The report clearly identifies ESG issues that are of significant relevance to the Company and provides targeted disclosure on these issues.

Quantification

The report discloses relevant data on reported emissions/energy consumption (where applicable), including information on standards, methods, assumptions, and/or calculation tools used, as well as the sources of conversion factors used.

Consistency

The statistical methods used for data disclosure in the report remain consistent. Any changes in disclosure methods, key performance indicators, or other factors affecting meaningful comparisons are clearly explained in the report.

Balance

The content of the report objectively and fairly describes the Company's performance in environmental, social and governance aspects, avoiding inappropriate misunderstandings, decisions and judgments by readers.

Compilation Basis

This report is compiled in accordance with the Shenzhen Stock Exchange's Shenzhen Stock Exchange Listed Company Self-Regulation Guidelines No. 1 - Standard Operation and Listed Company Social Responsibility Guidelines, as well as referencing the International Organization for Standardization's Guidance on Social Responsibility (ISO 26000), the Global Reporting Initiative's Sustainability Reporting Standards (GRI Standards 2021), and the United Nations Sustainable Development Goals (SDGs). It focuses on reporting the Company's efforts in promoting social, environmental, ecological and economic sustainability development.

Report Scope

This report covers Changzhou Evergreen Technology Co., Ltd. and all its wholly-owned and controlling subsidiaries. The scope of social and governance data in the report is consistent with the annual report, while the environmental data scope, unless otherwise specified, includes Evergreen Technology and its wholly-owned subsidiary, Evergreen Decorating. Unless otherwise specified, the data in the report covers the period from January 1, 2023, to December 31, 2023. Considering the continuity and comparability of disclosed information, some information may extend beyond the reporting period. Unless specifically stated otherwise, the currency unit used in the report is RMB.

The abbreviations of the wholly-owned subsidiaries mentioned in the report are as follows:

Evergreen Decorating Refers to Jiangsu Evergreen Decorating Material Co., Ltd.

TrainFX (Anhui) Refers to TrainFX Company (Anhui) Ltd.

TrainFX Refers to TRAINFX LIMITED

Report Access

You can download the electronic text of this report from the website of Changzhou Evergreen Technology Co., Ltd. (<https://www.cetrail.com>) and access more information. If you wish to further understand us, you can supplement by reading the Company's annual report or browsing the Company's website.

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Chairman's Address



After decades of highs and lows, every step forward made by Evergreen cannot be separated from the care and assistance of lifelong friends, from the encouragement and guidance of industry experts, and most importantly, with the trust and support of our customers. Evergreen will always be grateful to you, and with you Evergreen will shine even brighter!

2023 is the first year of fully implementing the spirit of the 20th National Congress of the Communist Party of China. Under the strong leadership of the CPC Central Committee with Comrade Xi Jinping at its core, Evergreen Technology bears in mind its original aspiration and mission, unwaveringly promotes the development of manufacturing, and strives to become a global leader in the high-quality manufacturing of lightweight "sandwich" composite materials. We seize the opportunities of the times, strive to explore high-quality development paths, and make positive contributions to promoting the progress of the composite material industry and the sustainable development of society.

In May 2023, Evergreen Technology successfully listed on the main board of the Shenzhen Stock Exchange, taking another step towards becoming a global leader. With a modern enterprise system as the core, we continuously strengthen the functions of the board of directors and supervisory board to ensure transparency and fairness in corporate governance. We pay increased attention to environmental, social, and governance issues, incorporating these factors into our company strategy and daily operations. We continue to learn and improve our corporate governance standards, providing a solid foundation for the steady development of the company. In the future, we will continue to deepen corporate governance reforms, enhance the company's competitiveness and market position, and create more value for shareholders and society.

Evergreen Technology adheres to the core values of "Integrity, Innovation, and Perseverance" with the vision of becoming a "global leader in the high-quality manufacturing of lightweight "sandwich" composite materials." We take it as our responsibility to build a green ecological environment, continuously strengthen and expand the production of lightweight "sandwich" composite materials, and explore their application in various fields. We actively promote green technological innovation and continuously enhance the development of our technical talent pool. In the future, we will continue to research and apply advanced technologies, improve production efficiency, reduce environmental pollution, and make positive contributions to sustainable development and the construction of an ecological civilization.

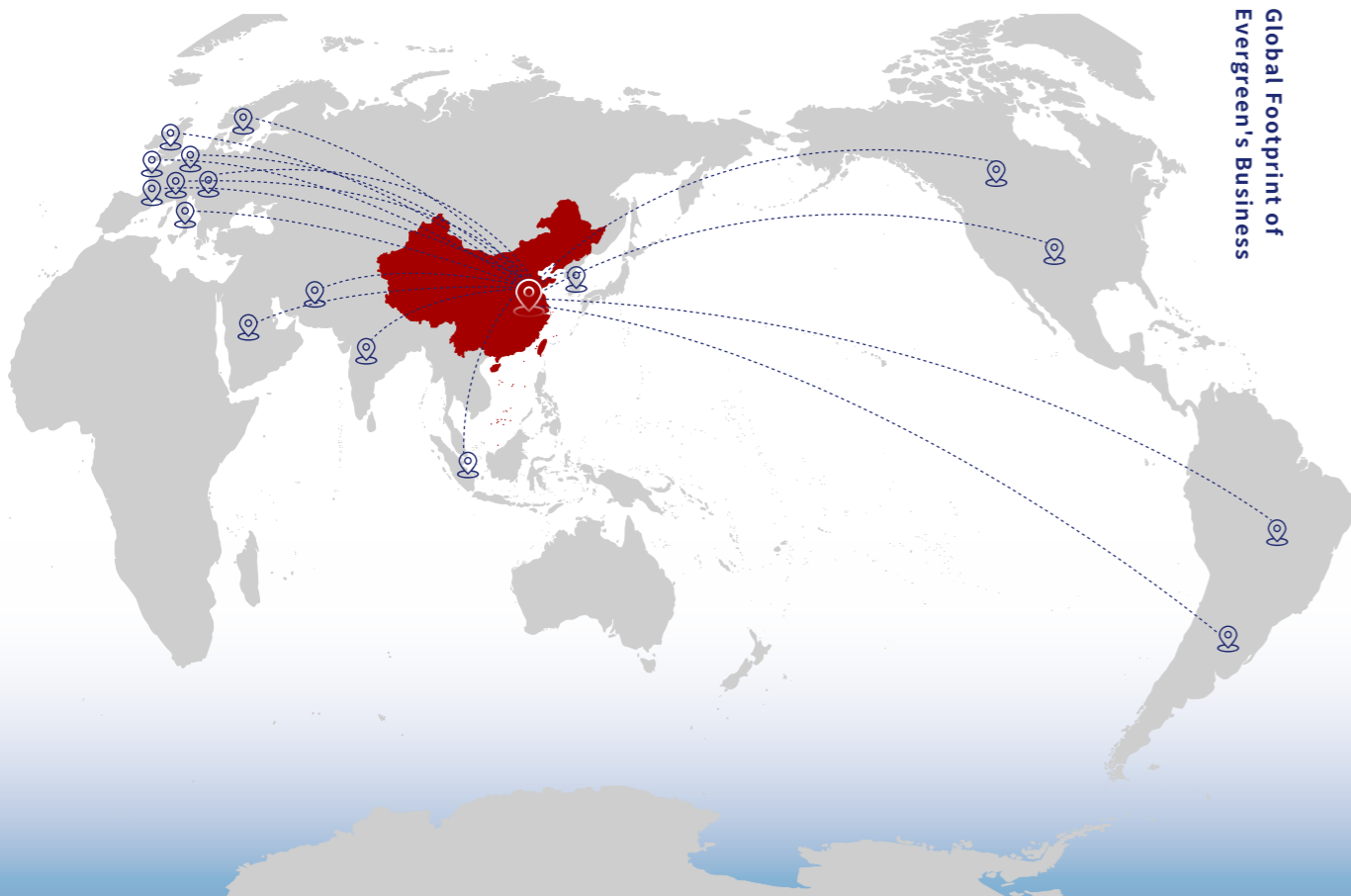
Evergreen Technology demonstrates social responsibility and commitment in the new era, fulfilling its duties to employees and society through practical actions. We uphold the social responsibility of a responsible enterprise, dedicated to improving the working and living environment for employees, continuously focusing on social welfare causes, and actively practicing social responsibility. We value the growth and development of employees, providing a good working environment and favorable benefits. In the future, we will continue to participate in social welfare activities, setting an example of responsibility.

Marching triumphantly and seizing opportunities as they arise. Evergreen Technology, as a leading domestic provider of lightweight "sandwich" composite materials, is always committed to providing lightweight, energy-efficient, environmentally friendly, safe, reliable, and comfortable composite products for applications such as rail transit and architectural decoration. Deeply aligned with national strategies like "carbon peak and carbon neutrality" and "new infrastructure," we always adhere to the corporate culture of "Loyalty, Diligence, Dedication, and Caring." We prioritize both social and economic benefits, insisting on the integration of social and economic responsibilities, and steadily moving towards our vision of becoming a globally leading and excellent enterprise!

About Evergreen Technology Company Profile

Evergreen Technology is a high-tech enterprise specializing in the development and application of lightweight "sandwich" composite materials. The Company possesses strong technical research and development capabilities, exquisite production processes, advanced testing equipment, scientific management systems and responsive service capabilities. Since its establishment, we have accumulated numerous high-quality customer resources and extensive project implementation experience, establishing a good reputation and brand image in the industry.

Evergreen Technology has established a comprehensive product system in two major fields: rail transportation and architectural decoration, achieving significant market positions. In the field of rail transportation, we provide interior decoration products for rail vehicles, maintenance services, spare parts and onboard passenger information systems. In the architectural decoration business, we offer interior and exterior decoration products. We will always adhere to the research and application of lightweight composite materials for "sandwich" structures and continuously expand the application of products in various fields.



Global Footprint of Evergreen's Business

Classic Cases

About Evergreen Technology Development Milestones

2005

- Changzhou Evergreen Aiwei Transportation Equipment Co., Ltd. (the predecessor of the company) was established, realizing the first domestic application of aluminum honeycomb composite material in domestic rail transit and the first domestic application of super high-rise stone honeycomb panel curtain wall construction.

2009

- Became the first company in China to obtain DIN6701 (bonding system) certification from Germany.
- Export the integrated floor of rail transit to Europe, and become Alstom's only qualified floor supplier in China.
- The Saudi Mecca project started, becoming the first to China CRRC is a qualified supplier of integrated solutions for subway interiors.

2010

- Exporting heated laminate flooring to Europe, becoming Bombardier's only qualified supplier of heated laminate flooring in China.

2011

- The company completes the shareholding system restructuring.

2012

- Entered the field of rail transit vehicle passenger information system through its subsidiary TrainFX.

2016

- Established TrainFX Company(Anhui) Ltd. as a joint venture with Anhui Comprehensive Transportation Research Institute Co., Ltd. to serve the domestic rail transit vehicle passenger information system field.

2017

- Set up Qingdao Workstation to carry out the overhaul business of EMU floor and interior decoration in Qingdao area.

2018

- Set up the Changchun Workstation to carry out the overhaul business of the floor and interior decoration of EMUs in Changchun area.

2020

- Established a subsidiary, Guangdong Qingwu Technology Co., Ltd.

2021

- Established subsidiaries Chongqing Evergreen New Material Co., Ltd. and Jiangxi Qingwu Technology Co., Ltd.
- Established Changchun and Qingdao branches at the same time.

2023

- Listed on the Shenzhen Stock Exchange Main Board on 22nd May.

About Evergreen Technology Corporate Culture



Core Values

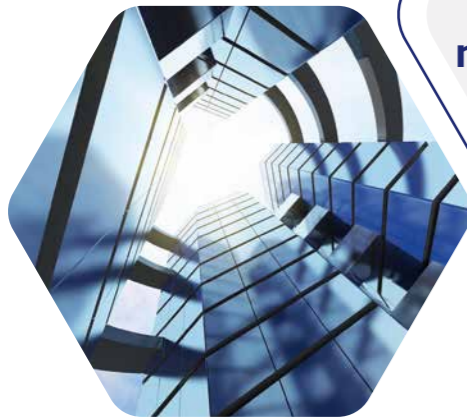
Integrity
Innovation
Perseverance

Evergreen Culture

Loyalty
Diligence
Dedication
Caring

Corporate Vision

To become a global leader in the high-quality manufacturing of lightweight "sandwich" composite materials.



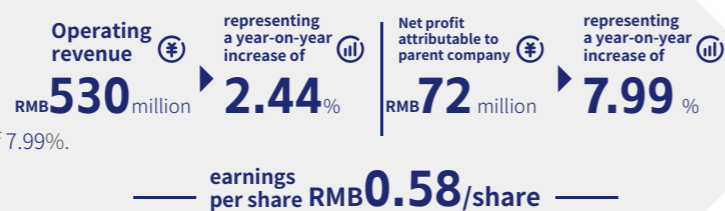
About Evergreen Technology

Major Achievements and ESG Highlights of 2023

Highlights of 2023 Performance

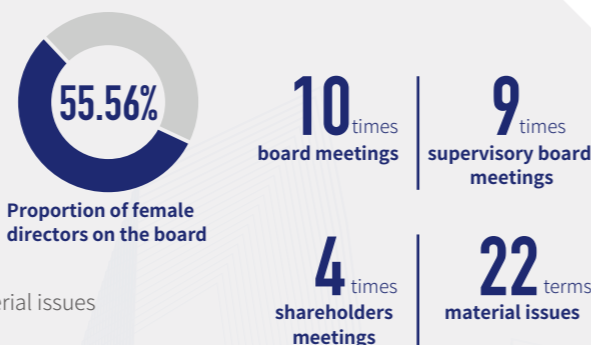
Economic Performance

- Operating revenue was RMB 530 million, representing a year-on-year increase of 2.44%.
- Net profit attributable to parent company was RMB 72 million, representing a year-on-year increase of 7.99%.
- Basic earnings per share: RMB 0.58/share



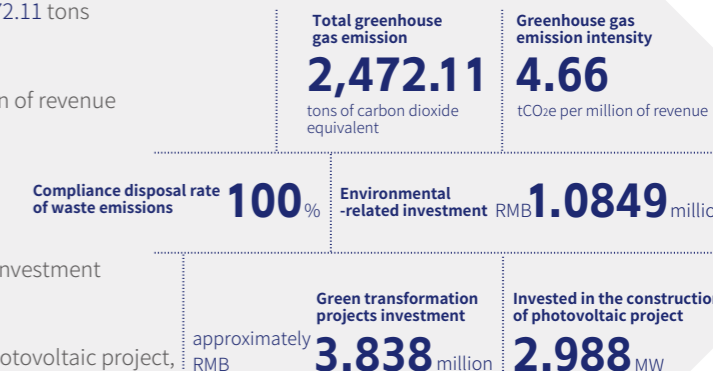
Governance Performance

- Proportion of female directors on the board: 55.56%
- Number of board meetings held: 10 times
- Number of supervisory board meetings held: 9 times
- Number of shareholders' meetings held: 4 times
- Invited 475 stakeholders for material issue surveys, identifying 22 material issues
- 100% signing rate for Supplier Integrity Agreement and Employee Integrity Commitment Agreement



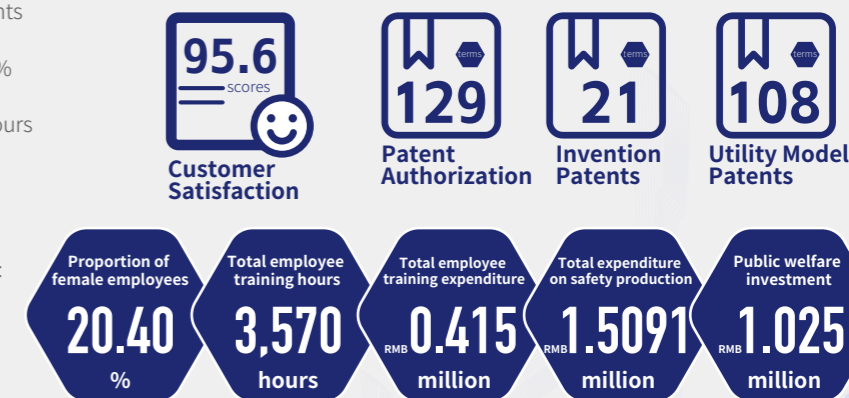
Environmental Performance

- Total greenhouse gas emissions (Scope 1 + Scope 2): 2,472.11 tons of carbon dioxide equivalent
- Greenhouse gas emission intensity: 4.66 tCO₂e per million of revenue
- Compliance disposal rate of waste emissions: 100%
- Environmental-related investment: RMB 1.0849 million
- Conducted 5 green transformation projects, with a total investment of approximately RMB 3.838 million
- Invested in the construction of a 2.988 MW distributed photovoltaic project, with an average annual power generation of 1.7 million kWh



Social Performance

- ISO 9001 Quality Management System certification since 2005
- IRIS ISO 22163 International Railway Industry Management System certification since 2010
- First domestic enterprise to receive DIN6701 adhesive quality management system certification from Germany's TBB Cert Certification Center
- Total number of patent authorization: 129, including 21 invention patents and 108 utility model patents
- Customer satisfaction score of 95.6 points
- Proportion of female employees: 20.40%
- Total employee training hours: 3,570 hours
- Total employee training expenditure: RMB 0.415 million
- Total expenditure on safety production: RMB 1.5091 million
- Public welfare investment: RMB 1.025 million



About Evergreen Technology and ESG Highlights of 2023

Major Achievements and ESG Highlights of 2023

Company Honors in 2023

During the reporting period, Evergreen Technology was honored with several significant awards and certifications, including Certification for China Green Building Materials Products, Certification for Changzhou City Green Factory, Recognition as a specialized, refined and new small and medium-sized enterprise (SME) in Jiangsu Province, Recognition as a specialized, refined, and new SME in Changzhou City. Additionally, we participated in projects under the Changzhou City Science and Technology Plan and successfully passed the acceptance inspection.



Jiangsu Province Specialized, Refined and New SME (Evergreen Technology)



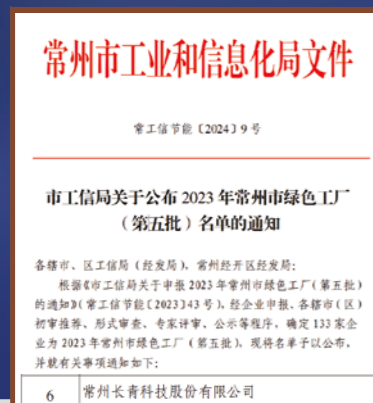
Changzhou City Specialized, Refined and New SME (Evergreen Technology)



Jiangsu Province Specialized, Refined and New SME (Evergreen Decorating)



Changzhou City Specialized, Refined and New SME (Evergreen Decorating)



Changzhou City Green Factory (Evergreen Technology)



2023 Changzhou City Star Three-Star Enterprise (Evergreen Technology)



Innovation and Entrepreneurship Competition Acceptance Certificate (Evergreen Decorating)



Green Building Materials Product Certification (Evergreen Decorating)

Governance Section

01

Responsibility
as the Foundation
Constructing a New Corporate Order



Key Issues

- Compliance Governance
- Anti-corruption
- Business Ethics

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Information Safety	25

Benchmarking against the United Nations Sustainable Development Goals



The Chairman of the Company is female, with women comprising **55.56%** of the board of directors. This brings diverse perspectives and experiences to the Company's decision-making process, demonstrating the Company's commitment to gender equality and diversity.

Establishing and continuously improving the ESG management framework, with the board of directors as **the highest decision-making body for ESG matters**. The Strategy Committee assists the board of directors in formulating and supervising ESG strategies.

Inviting various stakeholders to participate in substantive issue surveys, resulting in the collection of **475** questionnaires. After analysis, materiality matrix were drawn.

Directors, supervisors and senior executives participated in training a total of 18 times, with a total of 116 participants and a cumulative duration of **195.5** hours.



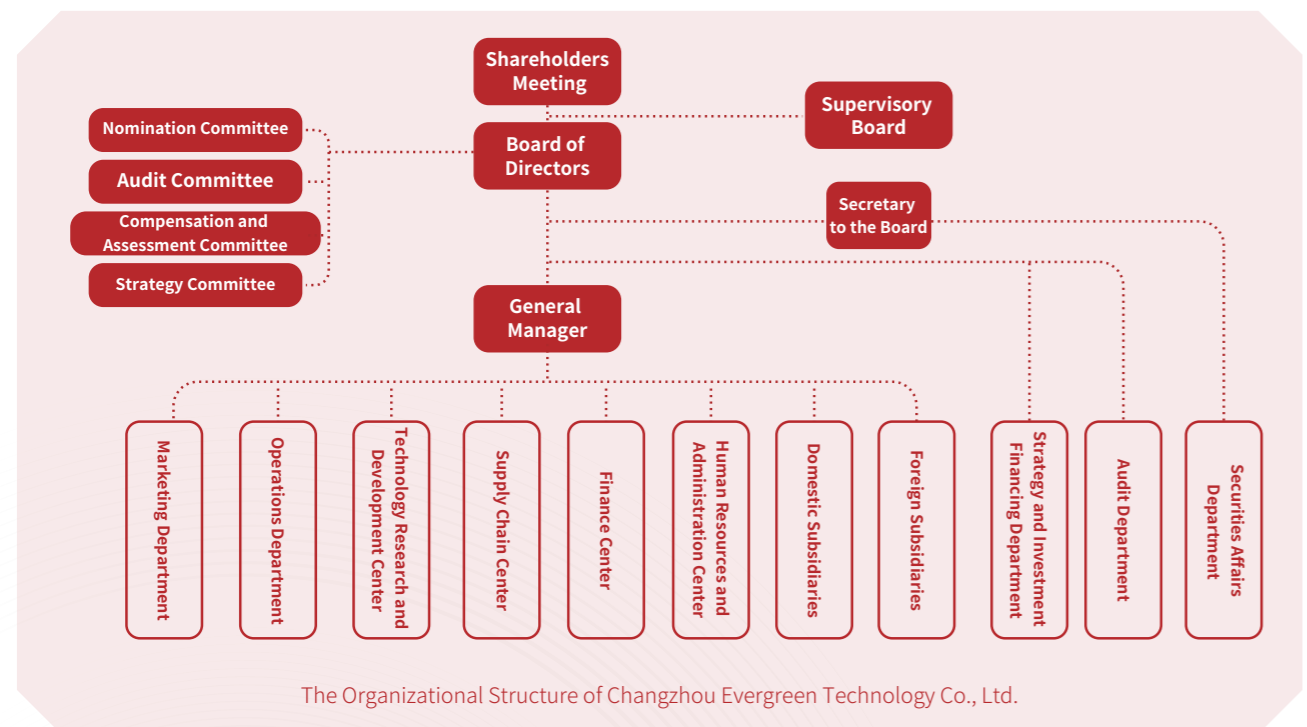
Corporate Governance

The Company strictly adheres to the requirements of relevant laws, regulations, and normative documents such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, and the Guidelines for Corporate Governance of Listed Companies. We have established and improved the Company's Articles of Association, the Independent Director System, and internal control regulations, in accordance with legal requirements. Continuously enhancing the corporate governance structure ensures the establishment of a clear and efficient corporate governance mechanism with clear responsibilities and powers.

1 Governance Structure

Evergreen Technology continuously improves its governance system to enhance governance standards, ensuring stable operations and high-quality development. The Company has established a governance structure centered around the shareholders' meeting, the board of directors, the supervisory board and the management team, forming an internal control system. The board of directors has set up four specialized committees - the Nomination Committee, the Audit Committee, the Compensation and Assessment Committee and the Strategy Committee - to standardize corporate governance and strengthen daily operational management and decision-making on major matters. The management team strictly implements the resolutions of the board of directors, striving to achieve annual production and operational goals and enhance lean management while optimizing the industrial structure. Each governance entity of the Company has clear division of responsibilities and boundaries, operates independently, collaborates, and checks and balances each other.

During the reporting period, the Company held a total of 4 shareholders' meetings, 10 board meetings, and 9 supervisory board meetings. The various special committees held a total of 10 meetings, and the independent directors held 1 special meeting. A total of 123 proposals were deliberated, reviewing, deciding on, and approving matters related to the company's operations and development.



2 Diverse Governance

Evergreen Technology considers board diversity as a key factor in enhancing board efficiency, maintaining competitive advantage, and supporting sustainable development. To promote board diversity, the Company comprehensively considers various factors when screening board candidates, such as professional experience, skills, knowledge, gender, age, cultural background, ethnicity, and years of service, to build a diverse board structure. Currently, the board members possess expertise in various fields including economics, law, accounting, etc. Several directors also hold the European Adhesive Specialist (EAS) certificate. As of the end of the reporting period, the chairperson of the board is female, the board consists of 9 members including 3 independent directors, with women comprising 55.56% of the board. Additionally, there is 1 female independent director to ensure the independence and fairness of the board.

3 Investor Communication

Evergreen Technology, guided by investor demands, has established the Information Disclosure Management System and the Investor Relations Management System. These systems clearly define the scope of information disclosure, the process for external information submission, and confidentiality measures to ensure the authenticity, accuracy, completeness and timeliness of company information disclosure. To establish effective communication channels with investors and potential investors, the Company has not only set up an investor relations management section on its corporate website but also receives and promptly responds to investor inquiries and suggestions via email and the Interactive Easy platform. Additionally, the Company has established dedicated investor consultation telephone and fax lines to facilitate investor inquiries, safeguard investor rights, and enhance good relations with investors.

During the reporting period, the Company disclosed a total of 41 announcements, all of which were truthful, accurate, and complete, without any false records, misleading statements, or major omissions.

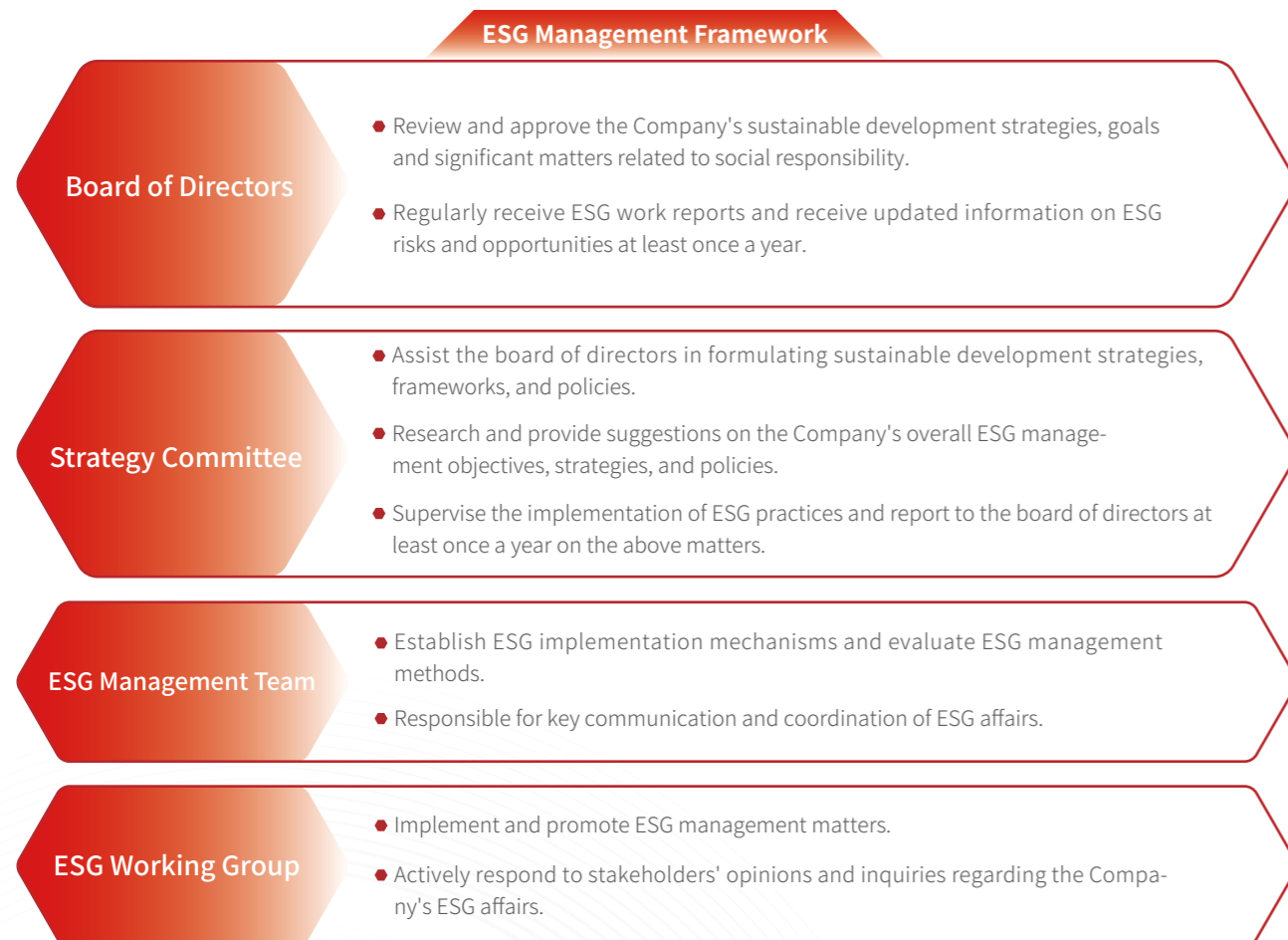


ESG Governance

Evergreen Technology adheres to sustainable development as its core, dedicated to promoting the healthy development of society. We continuously explore and improve the Company's Environmental, Social and Governance (ESG) system, gradually enhancing its ESG governance level, and actively responding to the expectations of various stakeholders, working together to create a better future.

1 ESG Management Framework

Evergreen Technology attaches great importance to ESG governance and continuously improves the Company's ESG management framework and operating mechanisms. The Company clarifies the responsibilities of the board of directors and the Strategy Committee in ESG governance, establishing the board of directors as the highest decision-making body for ESG, with the Strategy Committee assisting the board of directors in formulating and supervising ESG strategies. Additionally, the Company has established an ESG Management Team, with the Chairman serving as the head and the General Manager and the Secretary of the Board of Directors serving as deputy heads. This committee is primarily responsible for key communication and coordination efforts regarding ESG affairs. Furthermore, an ESG Working Group has been set up as an executive layer, with active participation from department managers. This group is tasked with discussing, implementing and promoting ESG management matters within their respective departments.



2 Stakeholder Communication

The long-term sustainable development of Evergreen Technology relies on the trust and support of stakeholders. The Company has identified key stakeholders including shareholders and investors, government and regulatory agencies, customers, employees, suppliers, industry partners, and communities. In order to understand and respond to the needs of various stakeholders in a timely manner, the Company actively communicates with them through various channels, taking their opinions and demands as driving forces for continuous improvement of ESG management.

During the current year, the Company has identified important stakeholders that interact with its operations, and specific communication matters and channels are outlined in the table below:

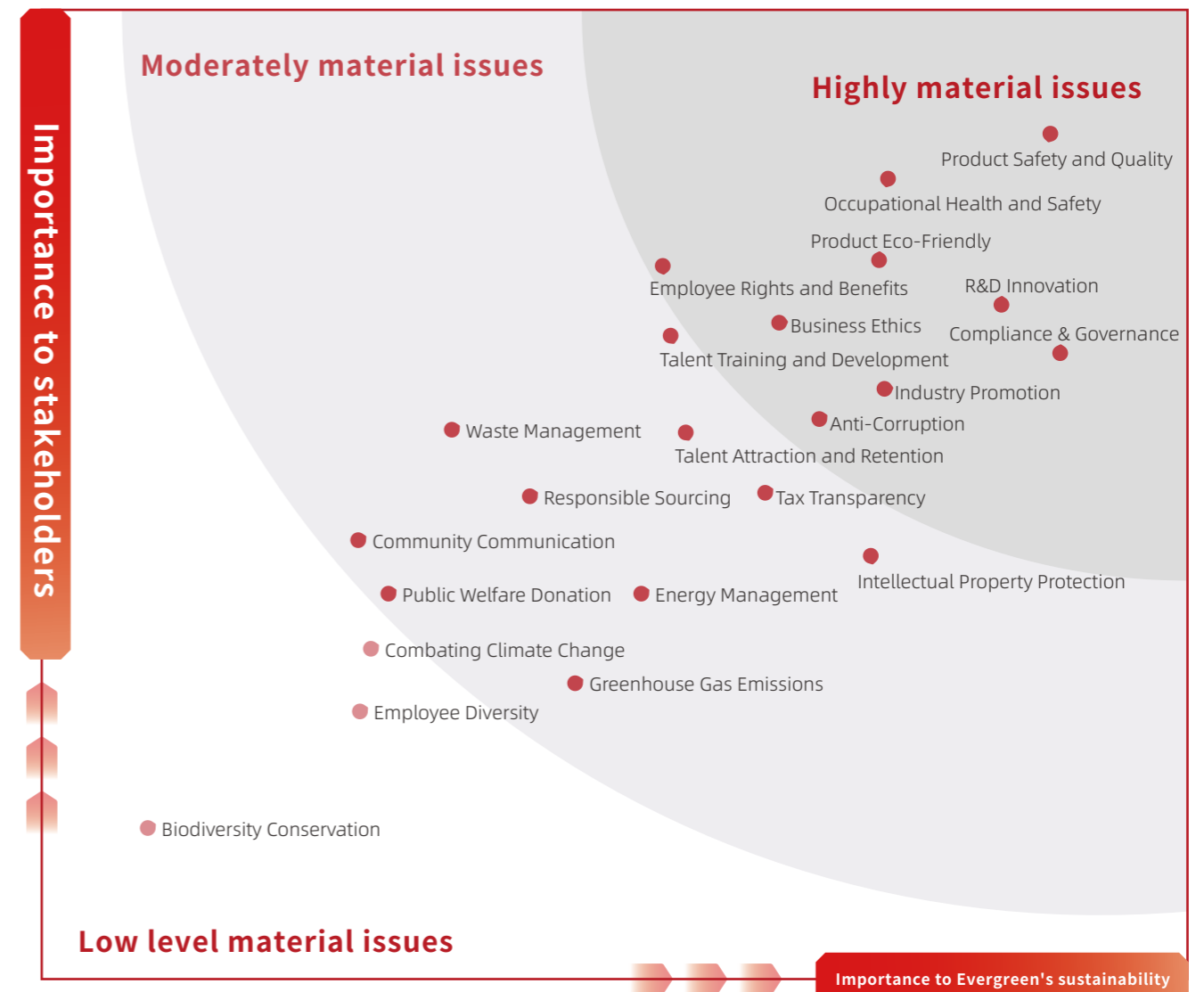
Stakeholder	Expectations and Demands	Response and Communication Approach
<p>Shareholders/Investors</p>	<ul style="list-style-type: none"> Continuous growth of business performance Open and transparent corporate information Protecting shareholders' rights and interests Standardise corporate governance Risk prevention 	<ul style="list-style-type: none"> Holds General Meeting of Shareholders Publishes company announcements and periodic reports Organises performance briefing sessions Investor service hotline Investor on-site research
<p>Government and regulators</p>	<ul style="list-style-type: none"> Paying taxes in accordance with the law Drive employment Comply with the business Promote economic development Undertake social responsibility 	<ul style="list-style-type: none"> Disclosure of information Daily communication and reporting Co-operation with regulatory bodies for verification Participation in government research activities Policy implementation Visits and research Issuance of compliance certificates
<p>Customers</p>	<ul style="list-style-type: none"> Maintain long-term good co-operation Provide high quality product service Honest transaction Protect the legitimate rights and interests of customers Product quality and service management 	<ul style="list-style-type: none"> Establishment of Customer Enquiry and Complaint Hotline Customer satisfaction survey and complaint return visit Visit and research Product quality management system Company official website and other media

Stakeholder	Expectations and Demands	Response and Communication Approach
<p>Customers</p>	<ul style="list-style-type: none"> Protecting Employee Rights and Benefits Sound career development channels Open communication channels Occupational Health and Safety 	<ul style="list-style-type: none"> Improve compensation and benefit system Hold annual company meeting Holds labour union activities and staff cultural and sports activities Employee Congress Employee satisfaction survey Conducting diversified employee training
<p>Suppliers</p>	<ul style="list-style-type: none"> Maintain long-term good co-operation Procurement is fair and transparent Procurement with integrity Compliance with business ethics 	<ul style="list-style-type: none"> Develop procurement management practice Open and fair bidding Supplier vetting Daily communication Visit and research
<p>Industry Partners</p>	<ul style="list-style-type: none"> Mutually Beneficial and Win-Win Open communication channels Promote the development of the industry 	<ul style="list-style-type: none"> Active association activities Participation in industry conferences
<p>Communities</p>	<ul style="list-style-type: none"> Focus on and support for community development 	<ul style="list-style-type: none"> Charitable giving Participate in voluntary community service

3 Material Issue Analysis

Material issues serve as the cornerstone for Evergreen Technology's ESG management and disclosure. Through continuous communication with stakeholders and considering the Company's nature and industry characteristics, along with reference to domestic and international ESG standards, guidelines and industry trends, the Company has identified 22 material issues from the three dimensions of environment, society and corporate governance. These issues are compiled into a list of significant ESG topics and are prominently disclosed in the report.

The Company adheres to the principles of substance, completeness and stakeholder engagement. It formulates stakeholder questionnaires based on these issues and invites stakeholders such as shareholders and investors, employees, customers, suppliers, business partners, industry associations, media and government officials to fill out the questionnaires. A total of 475 questionnaires were collected. Based on the responses received, the Company conducts empirical analysis of the importance of these issues. The issues are ranked and analyzed based on two dimensions: "Importance to the Sustainable Development of Evergreen Technology" and "Importance to Stakeholders", forming a material issues matrix.



Business Ethics and Anti-Corruption

Evergreen Technology strictly adheres to laws and regulations such as the Anti-Monopoly Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, and the Interim Provisions on Prohibiting Commercial Bribery. The Company continuously improves its business ethics management system, clarifies employee ethical norms, and establishes a clean working style.

1 Legal and Compliance Operations

Evergreen Technology has established a comprehensive compliance management system and implemented the Internal Control Management Manual to ensure the legality and compliance of the Company's operations, asset security and the authenticity, accuracy and completeness of financial reports and related information.



2 Enhanced Risk Management

In our daily operations, Evergreen Technology prevents risks by formulating and improving systems and processes. Additionally, the Company supervises, inspects, reviews and evaluates daily contracts and business operations. Risk control is conducted through methods such as problem tracking and rectification, departmental improvements and performance assessments. The senior management and internal audit department assess and monitor various compliance risks, promptly identifying and correcting non-compliant behavior to effectively control and prevent operational risks. During the reporting period, Evergreen Technology had zero significant deficiencies or material deficiencies in both financial and non-financial reports.

The Company actively conducts internal risk control training to promote the construction of risk control. Through cooperation with external intermediary agencies and internal audit departments, the Company provides training to all employees to enhance their compliance awareness and capabilities, thereby fostering the formation of an overall compliance culture within the Company. Additionally, the Company's directors, supervisors, and executives actively participate in training activities organized by the Jiangsu Stock Association, Jiangsu Securities Regulatory Bureau, Shenzhen Stock Exchange, and other external intermediary agencies to enhance their compliance awareness and improve their performance. As of the end of the reporting period, the Company's directors, supervisors, and executives participated in training 18 times, with a total of 116 participants, accumulating 195.5 hours of training.



Training from JiangSu Association for Public Companies



Training from Intermediary Agencies

3 Integrity Culture Construction

Evergreen Technology attaches great importance to the construction of an integrity culture, strictly adhering to relevant laws and regulations such as the Anti-Unfair Competition Law of the People's Republic of China, the Interim Provisions on Prohibition of Commercial Bribery, the Anti-Monopoly Law of the People's Republic of China, and relevant provisions of the Code of Business Conduct. During the reporting period, the Company revised the Integrity Management Regulations, effectively fulfilling the requirements of fair trade and integrity compliance, further standardizing the integrity practices of employees at all levels.

As of the end of the reporting period, the Company had not been subject to any penalties for violations of relevant laws and regulations in the social and economic fields. We disseminate requirements for business ethics, anti-corruption, and other principles to all our employees and suppliers, actively promoting the signing of the Supplier Integrity Agreement and the Employee Integrity Commitment Letter, and working together with all stakeholders to promote the construction of an integrity culture.



4 Protection of Whistleblowers

The Company has formulated the "Whistleblowing and Supervision Management Regulations" and established smooth channels for reporting and supervision, aiming to eliminate various illegal and criminal activities, actions that harm the interests of the Company, behaviors that harm employees, and violations of company management systems. We encourage all employees to report violations of laws and regulations, company policies, and ethical standards, and take measures to ensure the confidentiality of information about whistleblowers, the security of reporting channels, and the protection of whistleblowers' personal safety.

For reported incidents within the scope of acceptance, once verified as true, we will provide corresponding rewards to the whistleblowers, especially for serious violations such as bribery, collusion, and misuse of public resources. To protect the interests of whistleblowers, the personnel handling reports will strictly keep confidential the whistleblowers' names, units, contact information, and other personal information. Furthermore, investigations into incidents will be conducted without revealing the whistleblowers' identities, ensuring that whistleblowers will not face any form of retaliation or reprisal for legitimate reports.

Methods of Reporting:

Phone or SMS: Reports can be sent directly to the recipient via SMS or phone call, either anonymously or with real names.

Internal hotline:
0519-68867992

External hotline:
0519-68867993

Supervision mailbox:
Complaints can be submitted anonymously or with real names to the supervision mailbox, which is opened by supervisors once a week.

Email:
Electronic complaint materials can be sent to the Company's general manager's supervision mailbox or the Company's supervision email (dingjing@cearail.com).

Human Resources and Administration Center:
Complaint materials can be submitted directly to the office.

Direct confrontation:
Whistleblowers can have face-to-face discussions with supervisors and submit complaints directly to them.

Information Security

Evergreen Technology strictly adheres to relevant laws and regulations such as 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. During the reporting period, the Company revised the IT Management System to establish a rigorous information protection system, ensuring the security of information and privacy for stakeholders. At the same time, the Company formulated the Network Emergency Response Plan based on actual conditions, requiring all departments to strengthen timely and comprehensive education and guidance for their personnel to enhance security awareness.

As of the end of the reporting period, the Company had not been subject to any penalties from relevant authorities for violations of laws and regulations related to information security and privacy protection.



Environmental Section

02

Practicing
Environmental Protection
Pursuing Sustainable Development



Key Issues

 Energy management  Greenhouse gas emissions  Addressing climate change

Deepening Green Management	29
Optimizing Resource Utilization	33
Waste Management	36
Addressing Climate Change	39

Benchmarking against the United Nations Sustainable Development Goals



- Conducted an environmental protection investment of RMB 1,084,900.
- Obtained ISO [ISO 14001](#) environmental management system certification since 2020.
- Completed a [2.988](#) MW distributed PV generation project, with an average annual power generation of [1.7](#) million KWh.
- Conducted [5](#) green transformation projects, with a total investment of approximately RMB [3.838](#) million.
- Continuously strengthening the construction of a green warehousing system, replacing traditional forklifts with new energy lithium electric forklifts, greatly reducing carbon emissions in the warehousing and transportation process.



Deepening Green Management

Evergreen Technology strictly adheres to the provisions of multiple laws and regulations such as the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China, and the Water Pollution Prevention and Control Law of the People's Republic of China. We commit to actively adopting environmental protection technologies and measures to reduce the negative impact on the environment in our daily production and operations. The Company's main products are lightweight "sandwich" composite materials, which align with the concept of green, energy-saving, and environmental protection.

1 Environmental Management System

Evergreen Technology places high importance on managing environmental aspects such as climate change and water resource protection. We have established and committed to continuously improving the organizational structure and policy measures of the company's environmental protection management system. Both the Company and its wholly-owned subsidiary, Evergreen Decorating, have obtained ISO 14001 certification for environmental management systems. Additionally, we have developed a series of environmental-related system documents, including the Resource and Energy Management System, Hazardous Waste Management System, Emergency Management System, Emergency Preparedness and Response Control Procedures, and Emergency Plan for Sudden Environmental Incidents, to standardize environmental management practices. During the reporting period, the Company's environmental protection investment totaled RMB 1.0849 million.

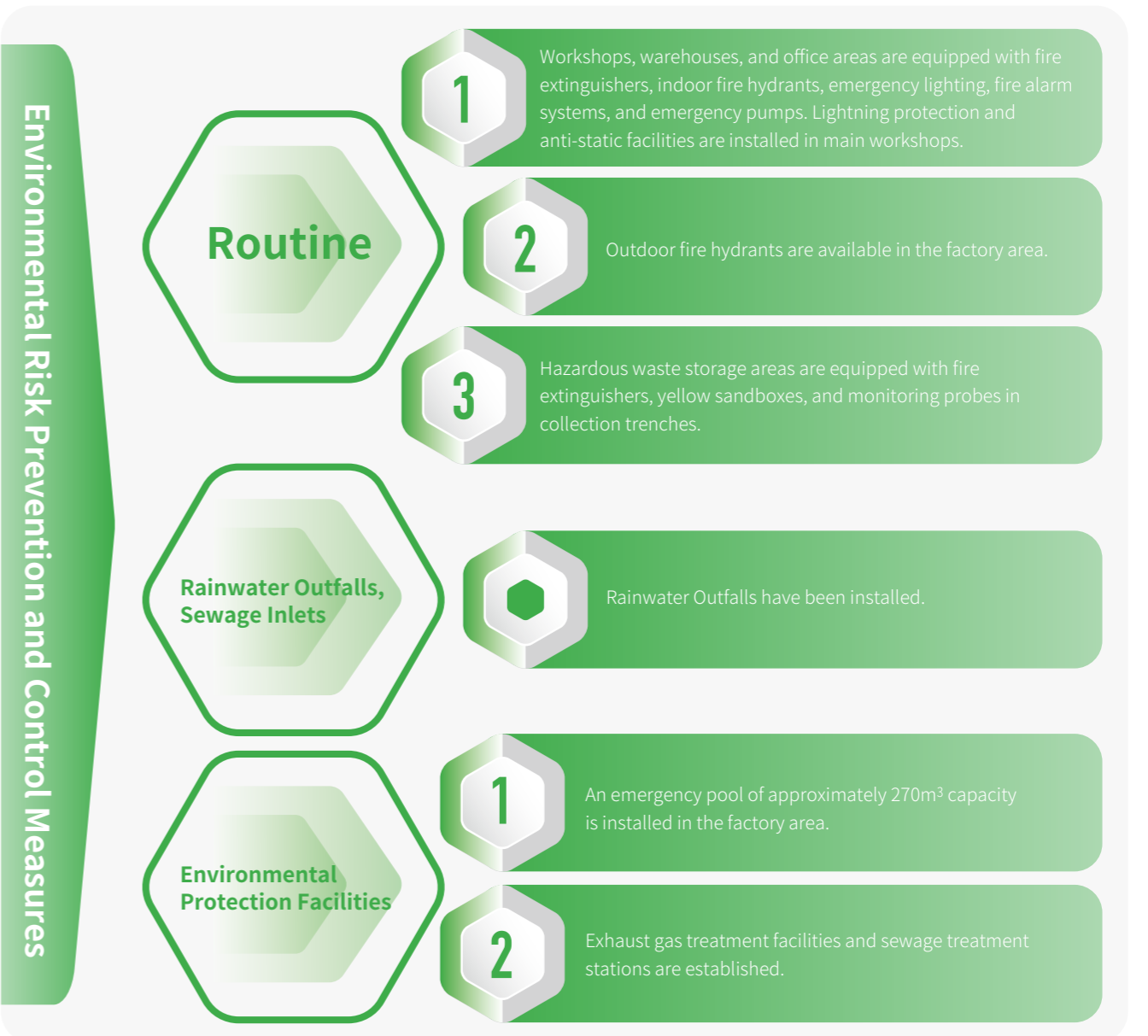
ISO 14001 Certification for Environmental Management Systems



2 Environmental Risk Management

We continuously improve and enhance the company's environmental risk management system and elevate management effectiveness by conducting regular environmental risk assessments, implementing risk mitigation measures, and developing environmental emergency plans.

During the reporting period, the Company completed the annual environmental risk assessment and prepared the Report on Assessment of Sudden Environmental Incidents, gaining a deeper understanding of our environmental risk status. This enabled us to identify environmental risk prevention and control measures, laying the groundwork for subsequent environmental risk management and the development of environmental emergency plans. Our efforts aim to prevent and minimize the occurrence of sudden environmental incidents.

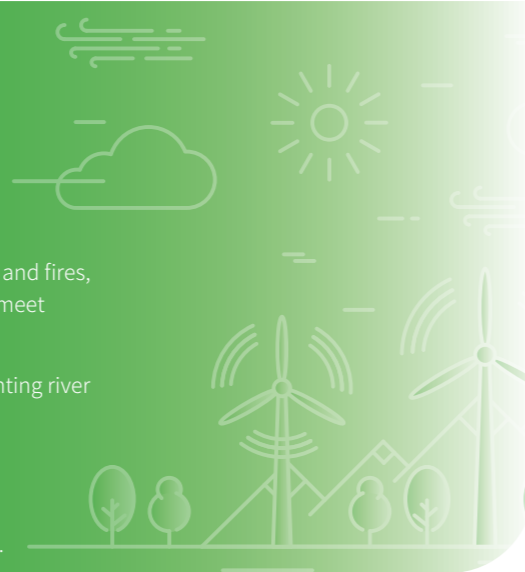


3 Environmental Protection Goals

The Company implements the basic national policy on environmental protection and the environmental governance system. We comprehensively strengthens environmental supervision and management, annually formulates environmental work plans and training plans, and sets environmental protection goals.

Our environmental protection goals include:

- 100% proper disposal of solid waste.
- Emission of exhaust gas and wastewater meeting standards.
- No chemical leakage accidents.
- No fire or explosion accidents.
- Prevent major environmental pollution incidents.
- Eliminate environmental pollution caused by accidents such as explosions and fires, conserve energy, reduce waste pollution, and control pollution sources to meet national standards.
- Prohibit the unauthorized discharge of sewage and industrial water, preventing river and water source pollution and blockages.
- Strictly control various channels of environmental pollution.
- Prevent and control the dumping and disposal of hazardous solid waste, unauthorized disposal, and other environmental pollution activities.



4 Environmental Protection Training

The Company convenes an annual environmental protection training session for employees and management involved in environmental operations, focusing on environmental laws, company regulations, and professional knowledge. We aim to conduct environmental protection-related training to ensure that all employees fully understand national laws and regulations related to environmental protection and increase their awareness of environmental protection. We seek to encourage employees to work together with the Company to promote greening and sustainable development.

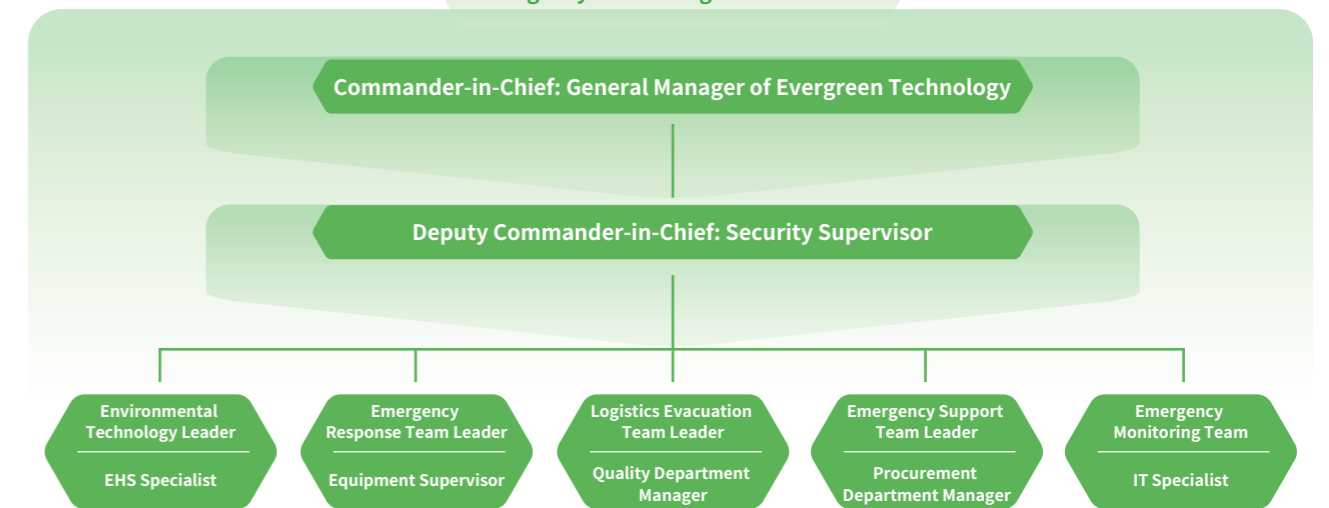
Our environmental protection training measures include:

- Strengthening pre-job environmental knowledge training to ensure 100% coverage and maintaining training assessment records.
- Increasing environmental awareness through publicity, requiring each workshop to set up notice boards or slogans promoting environmental protection.
- Periodic environmental inspections conducted by environmental protection staff to promptly rectify any issues found on-site and ensure compliance with environmental governance standards.
- Assigning specific personnel responsible for sorting and storing solid waste according to its characteristics, with proper labeling, and standardizing the collection, packaging, and transportation of various types of solid waste in workshops.

5 Environmental Emergency Response Mechanism

The Company has established an emergency rescue organization, which consists of the Factory Emergency Leadership Group, Emergency Response Office, and various emergency specialized teams. Members of each group include department heads, workshop supervisors, technical personnel, safety officers, and environmental personnel.

Emergency Rescue Organization Chart



For the risk of hazardous chemical spills, the Company has a 270m³ emergency pool, and the rainwater discharge outlet is equipped with a control valve, which can promptly contain the leaked substances within the plant and pump them to the emergency pool using an emergency pump. For the risk of fire accidents, the Company has fire hydrants and a certain number of fire hydrants inside the plant to prevent insufficient firefighting water supply. For the risk of fire and explosion accidents, the Company can close the valve of the rainwater discharge outlet to prevent pollutants from spreading to nearby water bodies. Additionally, the company has an emergency response team that arrives at the scene promptly to carry out emergency rescue operations.



Optimizing Resource Utilization

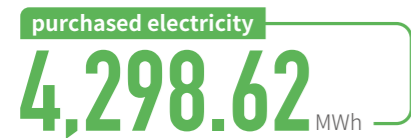
Evergreen Technology deeply understands the importance of reducing resource consumption for sustainable development. It actively responds to the national call by developing and promoting more environmentally friendly and energy-efficient products and technologies. We implement energy-saving measures within the Company and actively engage in digital transformation efforts.

1 Resource and Energy Management

Evergreen Technology has established and continuously improves its energy management system. We have formulated the Resource and Energy Management Regulations to reasonably allocate and utilize resources and energy, thereby enhancing resource and energy efficiency. Additionally, we have formulated the Office Area Environmental Safety Management Regulations, which stipulate requirements for energy consumption, waste emissions, and office environment safety concerning paper, water, electricity, and other resources. Furthermore, we have formulated the Energy Consumption Reduction and Greenhouse Gas Emission Management Procedures to carry out energy conservation and emission reduction initiatives, thereby reducing the adverse environmental impact of our daily production and operations.

The Company's main sources of energy and resources include electricity for production, water resources, office paper, and raw materials. The administration department is responsible for monitoring electricity and paper consumption. The warehouse is responsible for monitoring the consumption of raw materials. The supply chain center is responsible for the rational procurement of materials. Other relevant departments are responsible for monitoring, planning, and conserving energy and resource consumption within their respective departments. During the reporting period, the company purchased 4,298.62 MWh of electricity, used 11.17 tons of gasoline, 5.37 tons of diesel, 148,800 m³ of natural gas, and consumed 39,016 tons of water resources.

At the beginning of each year, the Company's Human Resources and Administration Center formulates an annual Environmental Management Plan to establish goals and targets for energy and resource conservation based on the previous year's average consumption levels.



Energy and resource conservation measures:

- **Electricity for production:** Ensure that if one machine can handle production tasks, avoid turning on additional machines unnecessarily. Control the use of lighting and machinery to the minimum necessary level. Implement a responsibility system for machine and lighting electricity usage, with designated personnel for confirmation.
- **Water resources:** Install "water-saving" signs at various water usage points. Regularly inspect and prohibit any dripping water phenomenon. Promptly contact relevant departments for repairs upon discovering leaks.
- **Office paper:** Enhance education on paper-saving plans in each department. Utilize double-sided printing and use recycled paper whenever possible.
- **Raw materials:** Strengthen control over materials in the production process. Keep track of and analyze production defects, aiming to reduce defect rates. Minimize the consumption of trial materials during production changes and utilize production waste and scraps effectively.

Environmental Facilities: Online Electricity Monitoring Devices

The installation points of the Company's electricity monitoring equipment should comprehensively cover major production facilities and pollution control facilities. Core electricity monitoring devices should be installed for total electricity consumption, production lines involving air pollution (production processes, production equipment), and corresponding pollution prevention and control facilities. By monitoring the total electricity consumption of the company and the electricity consumption of the pollution generation and pollution control ends in real-time, ensure that production facilities and pollution control environmental facilities are simultaneously operational, achieving green production and standard emissions.



Pollution generation location:
Honeycomb cutting room electrical cabinet

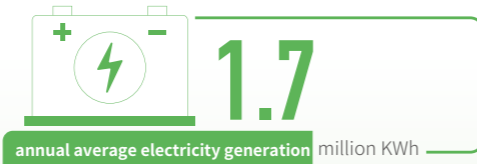
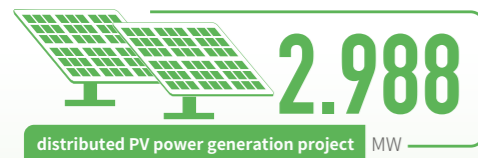


Pollution control location:
Adjacent to the bonding room



2 Clean Energy Utilization

The Company actively utilizes clean energy to reduce the negative environmental impact of greenhouse gas emissions. As of now, the Company has completed a 2.988 MW distributed PV power generation project, with an annual average electricity generation of 1.7 million KWh.



Waste Management

The Company strictly adheres to the requirements of laws and regulations such as the Environmental Protection Law of the People's Republic of China, the Air Pollution Prevention and Control Law of the People's Republic of China, and the Identification Standards for Hazardous Waste issued by the Ministry of Ecology and Environment of the People's Republic of China for waste management. Evergreen Technology is not classified as a heavily polluting industry. The wastewater, exhaust gas, solid waste, and other byproducts generated during the Company's production process are all subjected to classification processing. After processing is complete, they are either discharged in compliance with standards or transferred in a regulated manner.

1 Waste Management System

The Company continuously improves its waste management system and measures. We have established a series of systems such as the Responsibility System for Waste Management Positions and the Control Procedures for Solid Waste Management. By implementing compliant waste management practices, we aim to safeguard the health of our employees and reduce waste pollution in the surrounding environment.

Waste Management Responsibilities

- **Supervising Leadership:** Responsible for establishing and improving waste management procedures, establishing and enhancing waste management teams, organizing training for technical personnel in waste management, strengthening employee environmental education, and inspecting and assessing the company's environmental performance.
- **Supervising Department:** Conducts environmental awareness campaigns, conducts on-site inspections to understand the operation of waste treatment facilities, and assesses wastewater treatment operations.
- **Monitoring Personnel:** Regularly inspects, records, and reports on waste discharge situations, collects routine data samples daily, maintains ledgers, and reports to higher authorities periodically.
- **Waste Treatment Operators:** Regularly review waste monitoring results, conduct routine inspections and maintenance of waste treatment facilities, and promptly report any abnormalities to the supervising leadership.

2 Waste Gas Management

The Company has 7 sets of waste gas disposal equipment, including activated carbon adsorption, catalytic oxidation, filter cotton & NaClO spray & water spray & activated carbon adsorption, bag dust removal, two-stage high-efficiency filter precision filtration, two-stage activated carbon adsorption, and smoke purifier, to comprehensively treat welding fumes, organic waste gases, and other gases generated during the production process.

Environmental Facilities: Waste Gas Treatment Equipment

In May 2023, the Company installed waste gas treatment equipment in the hazardous waste warehouse. We adopted a secondary activated carbon adsorption device to collect and purify volatile organic compounds and particulate matter inside the hazardous waste warehouse, further enhancing the efficiency of waste gas emission.



3 Wastewater Management

The Company's wastewater mainly consists of domestic sewage. Production wastewater generated by the Company includes surface treatment process wastewater, ground cleaning wastewater, spray wastewater, boiler circulating water, and pure water preparation system drainage. Both production wastewater and domestic sewage are treated at the on-site sewage treatment plant before being discharged into the centralized treatment facility at the Sewage Treatment Plant in Changzhou City. Rainwater collected through the on-site stormwater drainage network is also directed into the municipal sewage network and treated at the Sewage Treatment Plant in Changzhou City.

The Company owns a self-built sewage treatment plant, which employs the treatment process of "primary sedimentation & contact oxidation & secondary sedimentation." The concentration of pollutants in the Company's wastewater is relatively low, and after treatment at the sewage plant, it consistently meets the standards for handover to the Sewage Treatment Plant in Changzhou City. During the reporting period, the company discharged a total of 7,980 tons of wastewater.

4 Solid Waste Management

The solid waste generated in the Company's production process mainly includes waste packaging materials, waste edge materials, dust collected from dust removal, welding slag, waste cutting fluid, waste tank sludge, waste filter cotton, waste cleaning cloths, gloves, mops, waste activated carbon, waste packaging barrels, waste water treatment sludge, and domestic garbage.

The waste packaging materials, waste edge materials, and dust collected from dust removal are outsourced for comprehensive utilization after collection. The waste cutting fluid, waste tank sludge, waste filter cotton, waste cleaning cloths, gloves, mops, waste activated carbon, waste packaging barrels, and waste water treatment sludge are transported and disposed of by qualified units. The domestic garbage generated is uniformly cleared by the sanitation department.

The Company has established the Hazardous Waste Management System to standardize the management of hazardous waste disposal. An independent hazardous waste warehouse has been set up, and professional hazardous waste managers are appointed to oversee its operations. After hazardous waste is generated, it is classified, placed on pallets, weighed, and then stored in the hazardous waste warehouse with proper documentation. During transportation, all hazardous waste must be sealed and packaged to prevent chemical spills. Additionally, hazardous waste labels are affixed to each pallet to ensure proper identification and classification, thus ensuring safe handling and transportation. Through these measures, the potential harm of hazardous waste to human health and the environment is minimized. During the reporting period, the total amount of hazardous waste generated by the company was 77.16 tons, all of which were disposed of in compliance with regulations.

5 Green Transformation Project

The Company has implemented several green transformation projects aimed at reducing greenhouse gas emissions and waste discharge, thus minimizing its environmental impact. During the reporting period, the company conducted 5 green transformation projects, with a total investment of approximately RMB 3.838 million. Additionally, the Company continues to strengthen the construction of a green warehousing system by replacing traditional forklifts with new energy lithium electric forklifts, significantly reducing carbon emissions in the warehousing and transportation processes, and actively responding to the national "Double Carbon" strategy initiative.



The green transformation projects we have implemented include:

- 1 Installation of waste gas collection and treatment equipment in the hazardous waste warehouse to achieve organized emissions.
- 2 Expansion and renovation of the company's emergency pool to meet the company's emergency handling requirements.
- 3 The upgrading, renovation, and relocation of wastewater treatment equipment have further enhanced the Company's level of wastewater pollution prevention and control.
- 4 Replacement of old equipment with five new dust-collecting CNC machines in the CNC machining center, improving workshop environment.
- 5 Replacement of outdated equipment with enclosed chip removal devices in the machining center for profile processing.

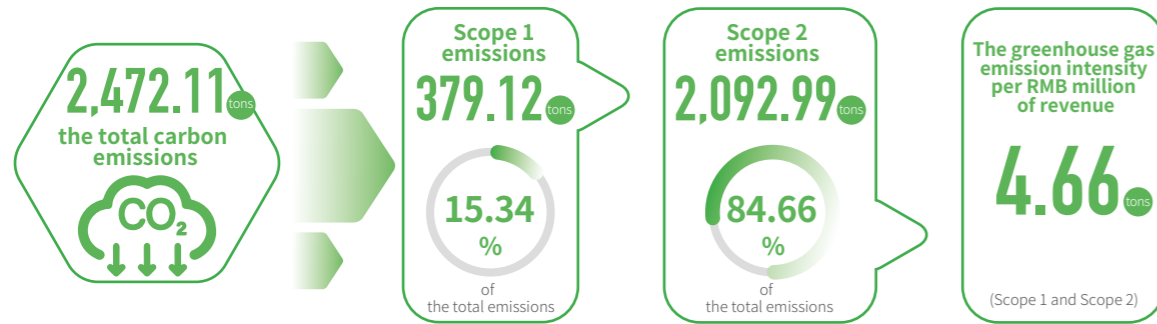


Addressing Climate Change

The Company's products are mainly applied in the fields of rail transportation and building decoration. With the rapid development of the economy, issues such as greenhouse gas emissions and noise pollution have attracted increasing attention. The overall trend in the domestic rail transportation and construction industries is shifting towards low-carbon, environmentally friendly, and energy-efficient practices. The "sandwich" composite materials independently developed by the company belong to a new type of lightweight composite material, which is of great significance for reducing weight, noise, energy consumption, and enhancing safety in buildings and vehicles.

As a global strategic partner of the ALSTOM Alliance, our company actively responds to the European Carbon Border Adjustment Mechanism (CBAM) policy. We increasingly adopt green and energy-efficient process designs throughout the product lifecycle to reduce and minimize carbon emissions generated during the process, aiming to achieve carbon reduction and zero-carbon goals.

The main sources of greenhouse gas emissions for the Company are electricity consumption in the office area and production. During the reporting period, the total carbon emissions of the Company amounted to 2,472.11 tCO₂e. Of this total, Scope 1 emissions accounted for 379.12 tCO₂e, representing 15.34% of the total emissions, while Scope 2 emissions amounted to 2,092.99 tCO₂e, representing 84.66% of the total emissions. The greenhouse gas emission intensity per RMB million of revenue (Scope 1 and Scope 2) was 4.66 tCO₂e.



Scope of Affiliation	Type	Carbon Emissions (tCO ₂ e)		
		2023	2022	2021
Scope 1	Gasoline	34.73	39.92	35.73
Scope 1	diesel	18.75	19.69	11.72
Scope 1	Natural Gas	325.64	375.94	309.09
Scope 1 Total	/	379.12	435.55	356.54
Scope 2	Purchased Electricity	2,092.99	2,346.15	2,451.50
Total (Scope 1 + Scope 2)	/	2,472.11	2,781.70	2,808.04

1. Scope 1 and Scope 2 data cover Evergreen Technology and its wholly-owned subsidiary Evergreen Decorating.
 2. The emission factor for purchased electricity is 0.5703 tCO₂/MWh, taken from the Notice on the Management of Greenhouse Gas Emission Reporting for the Power Generation Industry Enterprises for 2023-2025 (Climate Office Climate Letter [2023] No. 43).



Social Section

03

**Creating
the Future Together**
Embracing Social Responsibility

Key Issues

 R&D
Innovation

 Occupational Health
and Safety (OHS)

 Quality
Control

 Employee Recruitment
and Development

 Intellectual Property
Protection

 Responsible
Procurement

 Rural Revitalization
Services

 Community
Engagement

 Charitable
Donations

Pursuing Excellent Quality 43
Building a Happy Workplace 52
Collaborate with Partners to 64
Achieve Mutual Success

Benchmarking against the United Nations
Sustainable Development Goals



- Acquired **ISO 9001** Quality Management System Certification, **IRIS ISO 22163** International Railway Industry Standard Certification, and **ISO 45001** Occupational Health and Safety Management System Certification.
- The first domestic enterprise to receive the **DIN 6701** Adhesive Quality Management System qualification certificate issued by the German TBB Cert Certification Center.
- Wholly-owned subsidiary Evergreen Decorating was awarded the 'Excellence in Quality Award' by our client for the year 2023.
- Expanding into more application areas through targeted technical development. The Company has already ventured into the supporting businesses for maritime vessels.
- The Company established a new R&D workshop for double-curved panels, primarily addressing the pre-roll coating process for metal curved surface preforming, the adhesive process for curved metal honeycomb panels, and the secondary forming process for curved honeycomb panels.
- The Company focused on improving the construction of intelligent workshops and enhancing its IT capabilities, comprehensively promoting the Company's digital transformation.
- The Company had a total of **755** employees, among whom the proportion of female employees reached **20.40%**.
- The Company carries out various trainings, the training coverage rate and participation rate both reached **100%**.
- The total investment in the Company's safety production is RMB**1,509** million.
- The total social welfare investment of the Company is RMB**1,025** million.

Pursuing Excellent Quality

Evergreen Technology places a high emphasis on product quality and innovative development. We actively respond to national industrial policies promoting energy conservation, environmental protection, green low-carbon initiatives, as well as lightweight and assembly-oriented manufacturing. Through continuous technological and equipment upgrades, we consistently enhance product quality and competitiveness. Our products have been recognized as pioneering examples of domestic production in the industry, and we hold multiple certifications from internationally renowned institutions and clients for product quality assurance.

1 Prioritize Quality Control

(1) Quality Management System

Evergreen Technology obtained the ISO 9001 Quality Management System certification since 2005 and the IRIS ISO 22163 International Railway Industry Standard certification since 2010. Both certifications underwent annual audits during the reporting period.

Evergreen Technology is the first domestic enterprise to receive the DIN6701 Adhesive Quality Management System qualification certificate issued by the German TBB Cert Certification Center. It actively promotes high-quality product standards in the industry.

The Company is committed to continuously improving its quality management system. To achieve this, we have established the Continuous Improvement Control Procedure to enhance work performance and product compliance, and to increase customer and other stakeholders' satisfaction. The General Manager is responsible for creating an atmosphere of continuous improvement throughout the company, making decisions on major improvement projects, and organizing the planning of system and product continuous improvement. The Quality Department is responsible for developing and implementing the annual system improvement plan, while each department is responsible for execution.

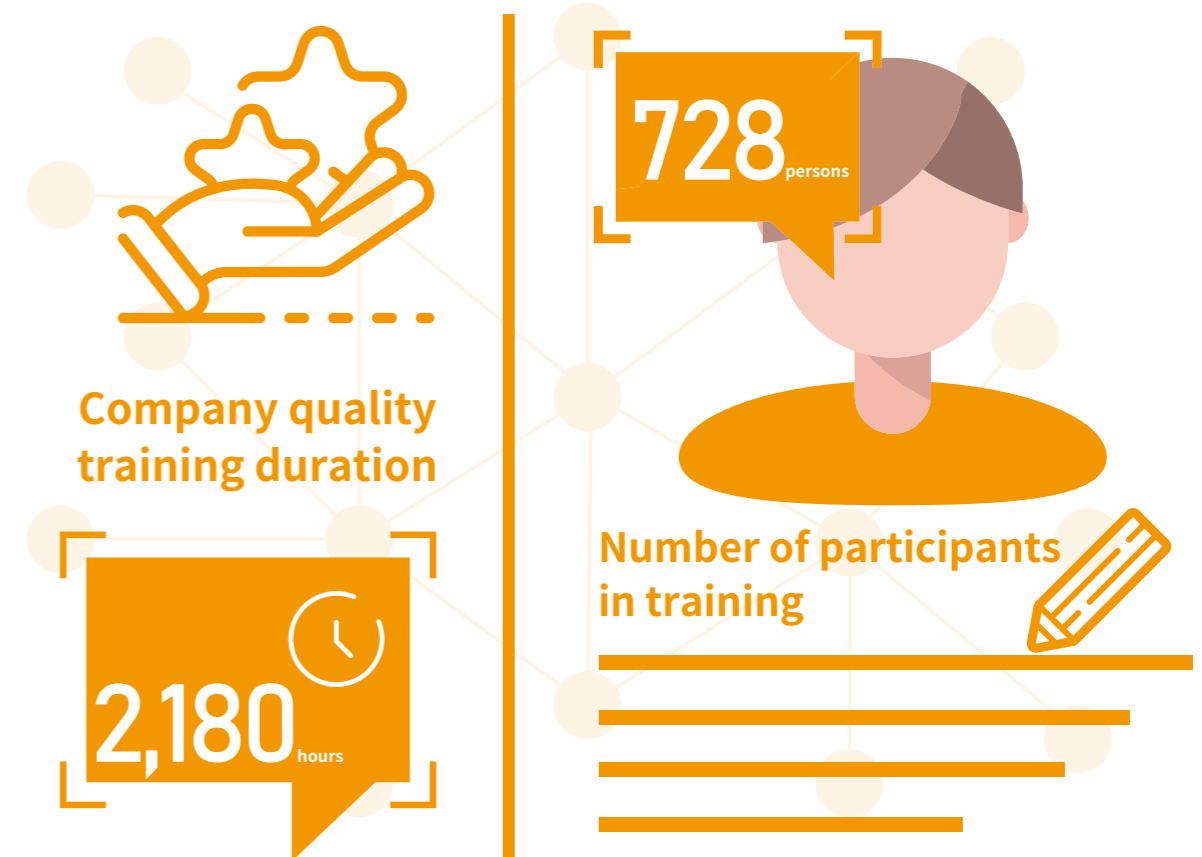


(2) Quality Control

To ensure product quality, core processes of the product are manufactured by the Company, while some non-core processes are outsourced. The Company has established a series of procedural documents such as the Production Planning Control Procedure and the Production Process Control Procedures to ensure the quality and timeliness of product manufacturing. Additionally, the company has developed an Outsourcing Control Procedure to conduct comprehensive audits and evaluations of external vendors, ensuring that outsourced products meet the company's quality management system requirements.

Evergreen Technology has established the Process Discipline Inspection and Incentive Management System to uphold the seriousness of the process and ensure orderly production and stable improvement in product quality. The process group of the company's Quality Department is responsible for process discipline inspections and supervision. They conduct monthly process discipline inspections. Upon identifying issues during on-site inspections. They issue Process Discipline Inspection PDCA Forms, and arrange for corresponding workshops or departments to rectify them. Positive or negative performance incentives are implemented based on the monthly implementation rate of process discipline and the completion status of rectifications in each workshop. This collective effort across departments and workshops drives the steady improvement of product quality.

The Company conducts external training for team leaders and middle-level functional staff on quality management systems and quality awareness. Additionally, internal training sessions on quality management and product quality control are organized. During the reporting period, the Company conducted a total of 2,180 hours of quality training, with 728 participants. The company plans to conduct training on quality management systems, skill enhancement, and related topics in 2024.



2 High-Quality Customer Service



(1) Customer Relationship Maintenance and Expansion

Evergreen Technology's main customers are spread across multiple countries globally as well as domestically. We continuously develop and upgrade new products based on the latest market information, ensuring that our technology and products align with the latest user demands. This enhances customer stability and loyalty, while also laying a solid foundation for expanding into new customer bases.

During the reporting period, the Company primarily sold products to clients such as CRRC, Alstom Group, Jangho Group, and China Railway Construction Engineering Group. As of the end of the reporting period, Evergreen Technology was the sole domestic supplier of heated composite flooring for the Bombardier (now acquired by Alstom), as well as Alstom's procurement of modular composite flooring and modular heated composite flooring. Evergreen Technology has become a global strategic alliance partner of Alstom Alliance.

In addition to solidifying cooperation with major clients such as Alstom, the Company is actively seeking opportunities to collaborate with other foreign clients. During the reporting period, the Company became qualified suppliers for CAF and Talgo.

(2) Expansion of Business in Emerging Fields

Evergreen Technology adheres to the business development goal of "Focusing on the R&D of "Sandwich" Composite Materials, Striving to Achieve Multi-Domain Applications." We actively respond to national industrial policies promoting energy conservation, environmental protection, green low-carbon initiatives, as well as lightweight and modular construction. We actively expand our portfolio of material products for emerging application areas such as specialty vehicles, ships and cruise liners, and photovoltaic and wind power industries.

The Company has established the New Product Development Control Procedure. Following this procedure, we transform customer-required "design inputs" into "design outputs" files that the Company can procure, manufacture, test, and accept. By adhering to this procedure, we ensure the orderly progress of the Company's product development process, control the quality at the source, and prevent the occurrence of quality issues in batch production. We extensively collect customer market feedback, promptly provide the latest market information for production and research and development, and strictly adhere to the company's system requirements to ensure the quality of new products.

The Company strategically penetrates into specialized fields such as specialty vehicles, maritime vessels, and the photovoltaic and wind power industries through targeted technological development, expanding into more application areas. During the reporting period, the Company has already ventured into the supporting businesses for maritime vessels.

(3) Customer Satisfaction Survey

Evergreen Technology has formulated the Customer Satisfaction Control Procedure. According to this procedure, the Company conducts at least one customer satisfaction survey annually. Based on the feedback and suggestions provided by customers, corrective and preventive measures are devised. This aims to achieve continuous improvement in the company's products and services, enhancing customer satisfaction.

During the reporting period, Evergreen Technology achieved an average customer satisfaction score of 95.6, meets the Company's customer satisfaction KPI target requirements.

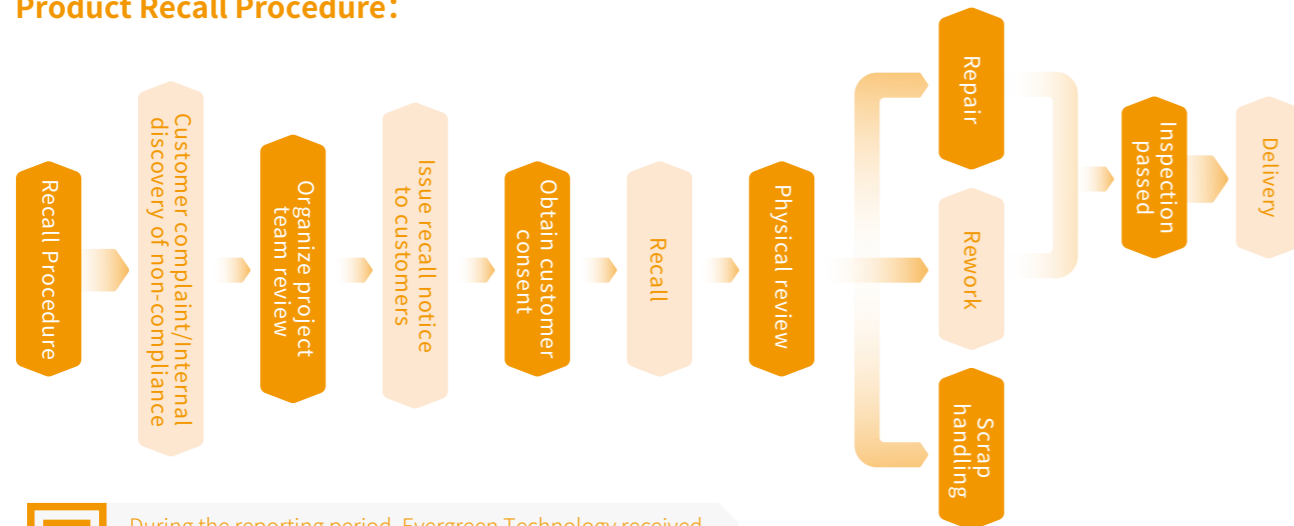


(4) Customer Complaint Handling

For quality issues raised through customer complaints, the Marketing Department notifies the Quality Department to record them in the Customer Complaint Statistics Form, and responds according to the regulations.

Evergreen Technology has established the Non-Conforming Product Control Procedure. We adhere to this procedure to standardize the process of handling non-conforming products, preventing their unintended use and delivery, thereby enhancing customer satisfaction and reducing customer complaints. It is the responsibility of any department within the company to report any identified non-conforming products to the Quality Department. The Company categorizes non-conforming products based on safety, environmental requirements, flame retardancy, quality hazards, product structure, etc., and then takes actions such as returns, rework, repair, concession acceptance, or scrapping.

Product Recall Procedure:



During the reporting period, Evergreen Technology received a total of 37 customer complaints, which decreased by 17.8% compared to the previous year. The customer complaint acceptance rate was 100%.

(5) Responsible Marketing

The Company is committed to responsible marketing, ensuring transparency in product labeling. We have established the Labeling and Traceability Control Procedure to label products, preventing the mixing and misuse of products from different batches or statuses, and ensuring traceability of the product formation process when needed. The methods of product labeling include material labeling cards, tags, engraving, etc. Product labeling requirements include at least the company name or logo, material number/drawing number/model/production order, year/batch number, and the inclusion of production dates and expiry dates for chemicals such as adhesives and paints.

Through the above-mentioned methods, we ensure that customers and end-users can access information about safe usage, environmental compliance, material identification, etc. Additionally, the company clearly showcases key social and environmental performance indicators in ESG reports, enabling customers to make informed purchasing decisions. During the reporting period, the company did not experience any violations related to product and service information or labeling.

3 Technological Innovation and Product Development

(1) Key Directions for Innovative Research and Development

The Company stipulates and commits to prioritizing consumer health and safety in the process of product innovation and research and development. Secondary considerations include standards such as fire prevention, environmental protection, and noise reduction.

For consumer health and safety, we ensure that emergency doors do not open unexpectedly and that vehicles operate safely. We adopt redundant designs for door locks, and structural components have a safety factor of 1.5 times or higher.

In terms of fire prevention, we conduct flame retardant tests according to various standards such as TBT3237, TBT3138, and EN45545-2 for different materials to meet the fire performance requirements of our products. Additionally, to enhance fire resistance, we prioritize the use of materials with excellent fire performance during product development. For example, we use aluminum alloy or stainless steel for metal parts and flame-retardant fire-resistant materials for non-metal parts, submitting samples to third-party laboratories for testing before use.

In the area of environmental protection, we strictly adhere to standards such as TB/T 3139-2021 for non-metallic materials in locomotives and indoor air pollutant limits, as well as EU Reach and RoHS standards. We prioritize the use of lightweight metal parts and environmentally friendly materials for non-metal parts, submitting samples to third-party laboratories for testing before use.

For noise control, we incorporate materials with good sound insulation properties or sound-absorbing materials into the basic structure for noise reduction.



During the reporting period, the Company's new product R&D situation is as follows:

Evergreen Technology

<div style="background-color: #0070c0; color: white; padding: 5px; text-align: center; font-weight: bold;">Retractable Handrails</div> <p style="font-size: 0.9em;">Installed at the front doors of railcars, facilitating the driver's inspection when disembarking at locations without platforms. Can be retracted and hidden when not in use to save internal space of the vehicle.</p>	<div style="background-color: #0070c0; color: white; padding: 5px; text-align: center; font-weight: bold;">Multi-functional Berths</div> <p style="font-size: 0.9em;">Incorporates flame-retardant foam, environmentally friendly and compliant with relevant standards, enhancing comfort, convenience, and versatility.</p>	<div style="background-color: #0070c0; color: white; padding: 5px; text-align: center; font-weight: bold;">Cork Core Interior Wall Panels for Rail Vehicles</div> <p style="font-size: 0.9em;">Excellent thermal insulation properties, conducive to interior insulation; low surface density, beneficial for weight reduction and energy saving of vehicles, with a focus on environmental protection.</p>
<div style="background-color: #0070c0; color: white; padding: 5px; text-align: center; font-weight: bold;">Heated Seats</div> <p style="font-size: 0.9em;">Utilizes flexible heating membranes to heat seat surfaces and backrests to 30 ° C, improving passenger comfort.</p>	<div style="background-color: #0070c0; color: white; padding: 5px; text-align: center; font-weight: bold;">Shock-absorbing Stairs</div> <p style="font-size: 0.9em;">Used in high-capacity double-decker trains and double-decker tourist coaches, facilitating passenger access to the second level.</p>	<div style="background-color: #0070c0; color: white; padding: 5px; text-align: center; font-weight: bold;">Integrated Self-retracting Wide Escape System</div> <p style="font-size: 0.9em;">Implements one-touch retraction function, saving maintenance costs and improving maintenance efficiency.</p>
<div style="background-color: #0070c0; color: white; padding: 5px; text-align: center; font-weight: bold;">Foldable Partitions</div> <p style="font-size: 0.9em;">Serve to isolate other passengers, protecting disabled individuals from overcrowding; also applicable for segregation in VIP areas of high-speed or bullet trains.</p>	<div style="background-color: #0070c0; color: white; padding: 5px; text-align: center; font-weight: bold;">Framework Foam Core Flooring</div> <p style="font-size: 0.9em;">Maintains thermal insulation properties, reduces floor weight, saves energy required for vehicle operation, and enhances mechanical properties such as resistance to delamination and bending.</p>	

Subsidiary Evergreen Decorating

<div style="background-color: #0070c0; color: white; padding: 5px; text-align: center; font-weight: bold;">Curved Composite Panel Molding Technology</div> <p style="font-size: 0.9em;">Meets the diverse needs of architectural decoration styling, catering to designers' pursuit of diverse design elements.</p>	<div style="background-color: #0070c0; color: white; padding: 5px; text-align: center; font-weight: bold;">Stainless Steel Honeycomb Panels for Exterior Wall Decoration</div> <p style="font-size: 0.9em;">Meets the specific requirements of different customers for surface treatment, adhesive performance, and installation structure.</p>	<div style="background-color: #0070c0; color: white; padding: 5px; text-align: center; font-weight: bold;">Multi-fold Honeycomb Panel Molding Technology</div> <p style="font-size: 0.9em;">Requires integrated pre-molding due to limited internal cavity space, ensuring high assembly precision.</p>
<div style="background-color: #0070c0; color: white; padding: 5px; text-align: center; font-weight: bold;">Unitized Honeycomb Panel Suspension System</div> <p style="font-size: 0.9em;">Factory-prepared unitized system, providing high assembly precision and saving on-site construction costs.</p>	<div style="background-color: #0070c0; color: white; padding: 5px; text-align: center; font-weight: bold;">Eaves Stone Honeycomb Panel Module System</div> <p style="font-size: 0.9em;">Utilizes various production molding and assembly techniques.</p>	<div style="background-color: #0070c0; color: white; padding: 5px; text-align: center; font-weight: bold;">Manufacturing Process for Rock-type Stone Honeycomb Panels</div> <p style="font-size: 0.9em;">Addresses safety application challenges of loose stone materials in interior and exterior decoration.</p>

Subsidiary TrainFX (Anhui)

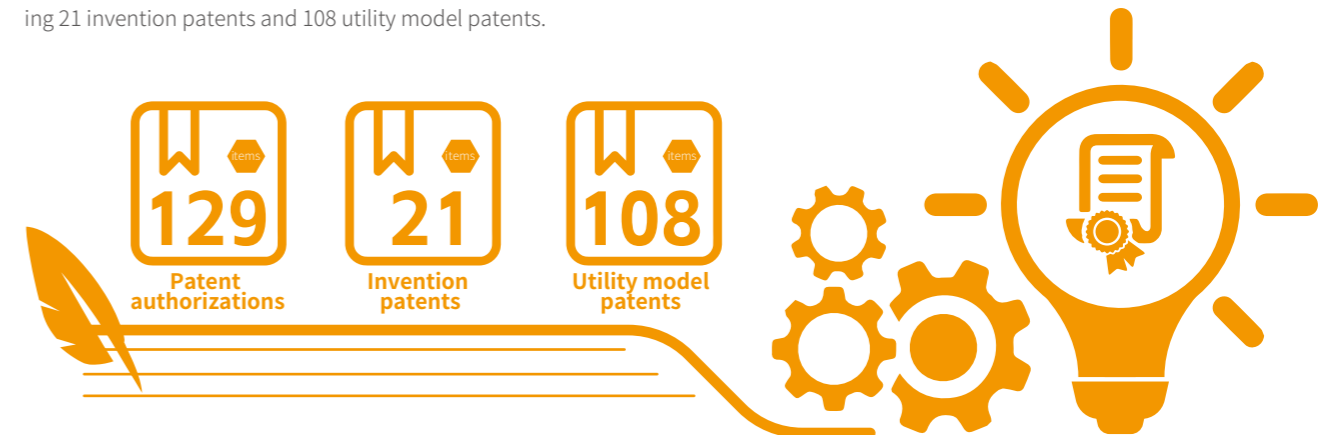
<div style="background-color: #0070c0; color: white; padding: 5px; text-align: center; font-weight: bold;">Intelligent Rubber-Wheel Train Test Platform</div> <p style="font-size: 0.9em;">Used for current tramcars, rubber-wheel vehicles, and airport shuttle buses, among other vehicle types.</p>	<div style="background-color: #0070c0; color: white; padding: 5px; text-align: center; font-weight: bold;">Onboard Headrest Display</div> <p style="font-size: 0.9em;">Display screen used for commercial vehicles.</p>	<div style="background-color: #0070c0; color: white; padding: 5px; text-align: center; font-weight: bold;">Self-cleaning Onboard Television</div> <p style="font-size: 0.9em;">Utilizes airflow to automatically clean dust from the surface of the device.</p>
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During the reporting period, the Company established a new R&D workshop for double-curved panels, primarily addressing the pre-roll coating process for metal curved surface preforming, the adhesive process for curved metal honeycomb panels, and the secondary forming process for curved honeycomb panels. Additionally, the Company expanded its scope of type testing to include dynamic and static load testing, fatigue testing, salt spray testing, high and low-temperature testing, as well as coordinate measuring machine and projector dimensional testing. These expansions provide high-quality technical support and testing assurance for the development of new products and optimization of existing ones.

(2) Patent Authorization and Intellectual Property Protection

As a pioneer in the development and application of "sandwich" composite materials in China, Evergreen Technology attaches great importance to enhancing its innovation and R&D capabilities, as well as protecting its intellectual property rights. The Company assigns dedicated personnel to handle patent applications and maintenance, and signs confidentiality agreements with relevant employees to ensure the security of the Company's core technologies, thereby creating a strong foundation for research and development activities.

The stone honeycomb composite panels developed by the Company have been applied in the Shaanxi Telecom Network Management Building, while the aluminum honeycomb composite panels have been applied in the flooring and ceiling of subway vehicles in Guangzhou Metro Line 2 and Shenzhen Metro Line 1, marking the first domestic application of aluminum honeycomb composite materials in rail transportation in China. As of the end of the reporting period, Evergreen Technology has a total of 129 patents, including 21 invention patents and 108 utility model patents.



(3) Participation in Standardization

The Company is the first domestic enterprise to apply "sandwich" lightweight composite materials to the field of architectural decoration. It is a participating unit in the national standards for aluminum honeycomb panels and stone honeycomb panels. It has successively participated in the formulation of standards such as "Ultra-thin Natural Stone Composite Panels" (JC/T1049-2007), "Stone Honeycomb Composite Panels for Architectural Decoration" (JG/T328-2011), "Aluminum Honeycomb Composite Panels for Building Exterior Walls" (JG/T334-2012), and "Technical Specification for Curtain Wall Engineering of Engineered Panels" (JGJ336-2016).

During the reporting period, two industry standards co-authored by the Company were officially released. "TCBDA 67 - 2023 Technical Regulations for Component Glass Curtain Wall Installation" can ensure safe, applicable, reliable, technically advanced, and economically reasonable installation of component glass curtain walls. "Technical Specification for Escalators for Metro Use - TCEA 301—2023" combines domestic characteristics with foreign experience to propose technical specifications for metro escalators. As of the end of the reporting period, the Company has participated in the formulation of 2 national standards and 4 industry standards.



(4) Digital Transformation

During the reporting period, the Company focused on improving the construction of intelligent workshops and enhancing its IT capabilities, comprehensively promoting the Company's digital transformation.



Building a Happy Workplace

Employees are the most precious resource of any enterprise and the critical driving force behind its development. Evergreen Technology is committed to legally protecting the rights and interests of its employees. We strive to create a harmonious, equitable, and diverse working environment that fosters growth and opportunities for all. Additionally, we place great importance on democratic communication with our employees, encouraging them to unleash their full potential and creativity. Through this approach, we aim to achieve mutual progress and development alongside our valued team members.

1 Compliant Employment

Our Company strictly adheres to laws and regulations such as the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China. Based on our actual operational circumstances, we have formulated a series of systems including the Recruitment Management Regulations, Promotion Management Regulations, Performance Evaluation Management Regulations, and Employee Handbook. In accordance with regulations listed above, Evergreen Technology promises and insists that in employee recruitment, promotion, and daily work, no one will be subjected to any unfair treatment, such as discrimination or bullying, due to differences in gender, skin color, nationality, ethnicity, cultural background, religious belief, or family situation.

(1) Compliant Recruitment

Our Company boasts a diversified employee management system and has formulated the Regulations on the Prohibition of Child Labor Use. These regulations mandate that all departments, production workplaces, and potential external contractors/suppliers of the company are prohibited from using child labor in any position or capacity.

The Company's preventive and remedial measures against the use of child labor:

Preventive measures

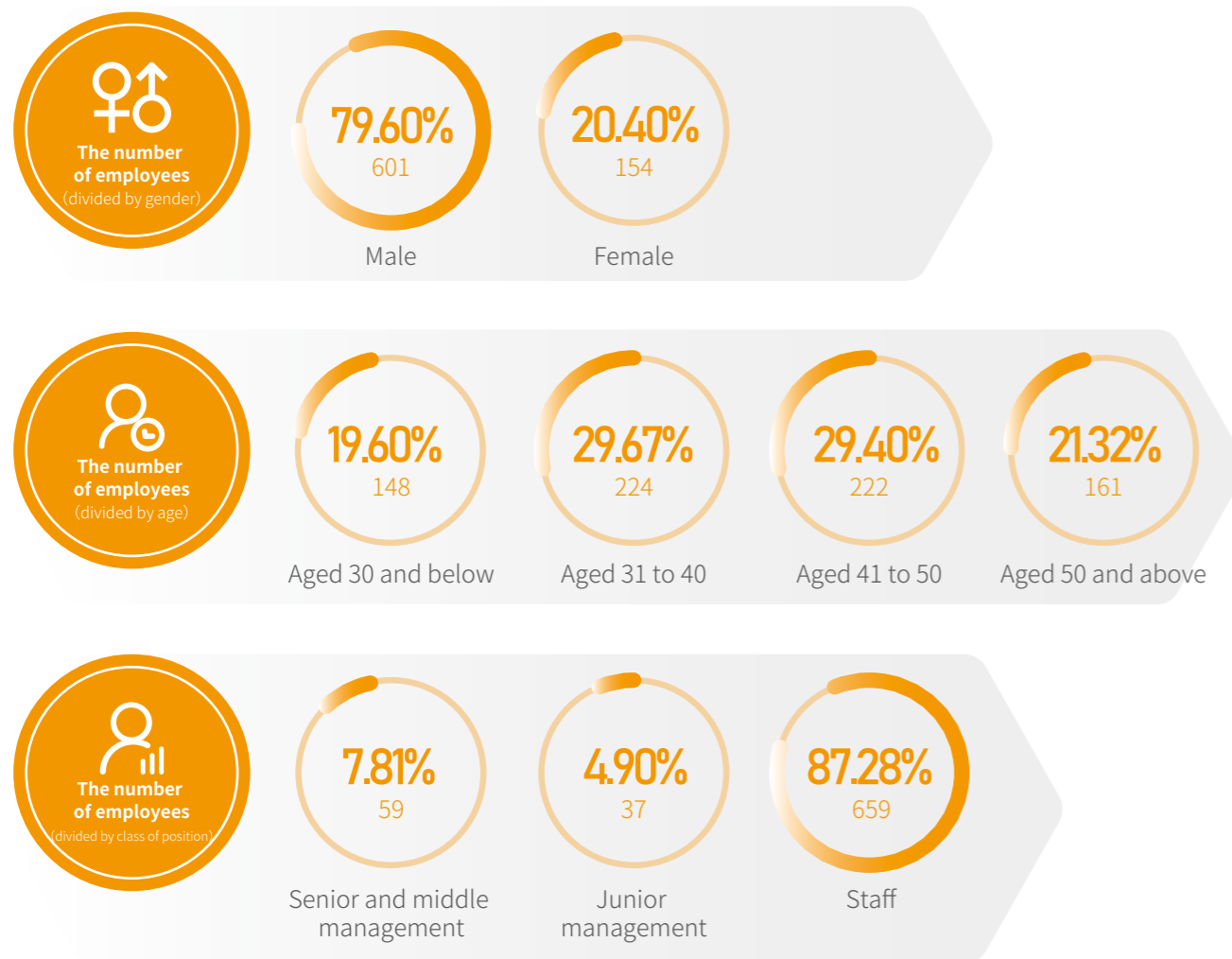
- During recruitment, strict verification of candidates is conducted, including checking their ID cards, photos, household registration information, and other relevant details. Only after confirming that all information is authentic and compliant, can the candidate be allowed to join the company.
- Require applicants to accurately fill out the "Employee Entry Registration Form" and register in the company's "Employee Roster" for record-keeping purposes.

Remedial measures

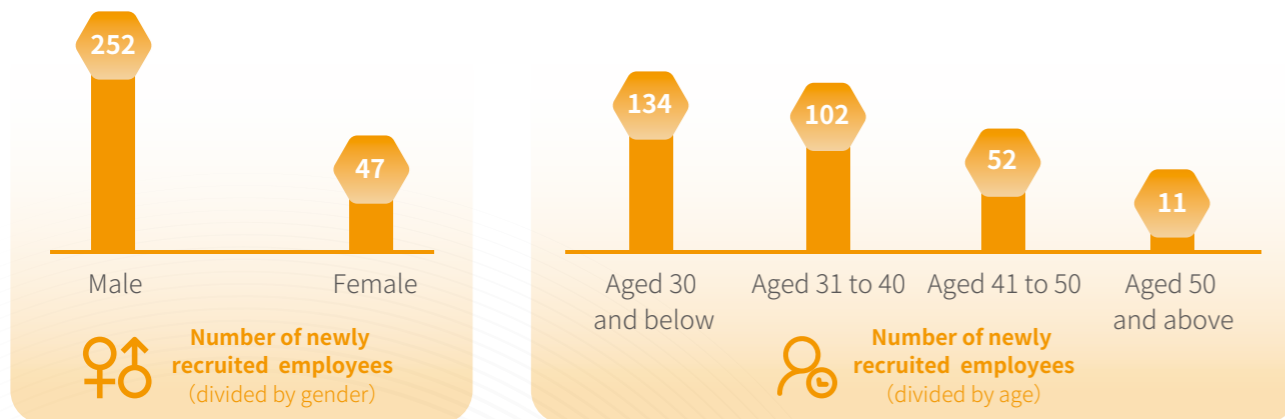
- The Human Resources Department and staff across departments will conduct a unified general survey of new employees within one month, and conduct spot checks after one month depending on the situation.
- If it is found that a juvenile or child under the age of 16 has been mistakenly hired, the company will immediately settle all salaries and take remedial measures. Remedial measures include, but are not limited to: sending someone to escort the child labor back to their original place of residence and having their parents or guardians sign for receipt; providing support based on the circumstances, such as supporting the child labor to continue receiving school education, etc.

According to the latest recruitment system, the Company only hires adults aged 18 and above. The Company has signed the Commitment to the Prohibition of Child Labor, promising that since its establishment, neither the Company nor any of its subsidiaries have ever engaged in child labor. During the reporting period, the Company did not experience any incidents of hiring child labor, gender discrimination, or any other non-compliance with labor standards.

During the reporting period, the Company had a total of **755** employees, among whom the proportion of female employees reached **20.40%**, and the proportion of local employees accounted for **29.27%**. There were **5** employed veterans and **20** employees from poverty-stricken areas. The data of all employees divided by gender, age, and class of position is shown in the following chart:



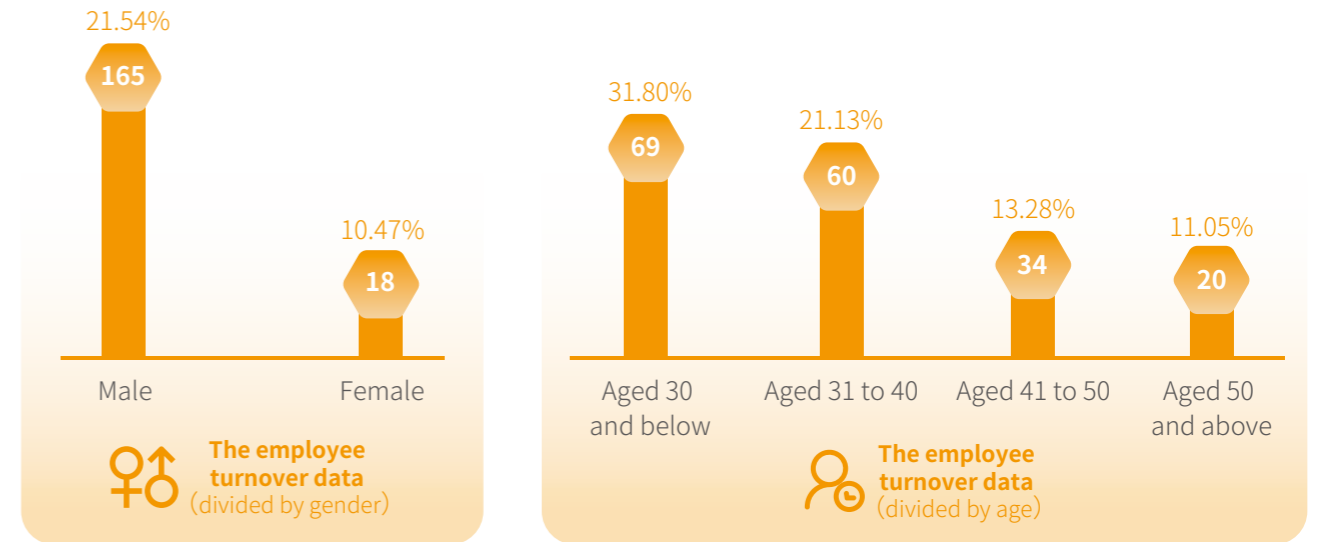
During the reporting period, the Company had a total of **299** newly recruited employees. The data of newly recruited employees divided by gender and age is shown in the following chart:



(2) Employee retention

The Company aims to improve employee satisfaction and retention by establishing a comprehensive training management mechanism, providing fair compensation and welfare benefits, and organizing various employee care activities. Additionally, the Company has implemented the "Employee Resignation Management Regulations" to ensure adequate communication with employees who intend to leave, in order to understand their reasons for leaving and facilitate subsequent improvement and enhancement efforts by the Company.

During the reporting period, the employee turnover rate of the Company was **19.51%**. The employee turnover data divided by gender and age is presented in the chart below:



Note: Turnover rate = (Total number of employees who left / (Total number of employees who left + Total number of employees at the end of the year)) x 100%

(3) Salary, Welfare, and Performance Evaluation

The Company strictly complies with laws and regulations such as the Labor Law and the Labor Contract Law, and has formulated internal regulations such as the Salary Management Regulations and Performance Evaluation Management Regulations to standardize the management of salary, welfare, and performance.

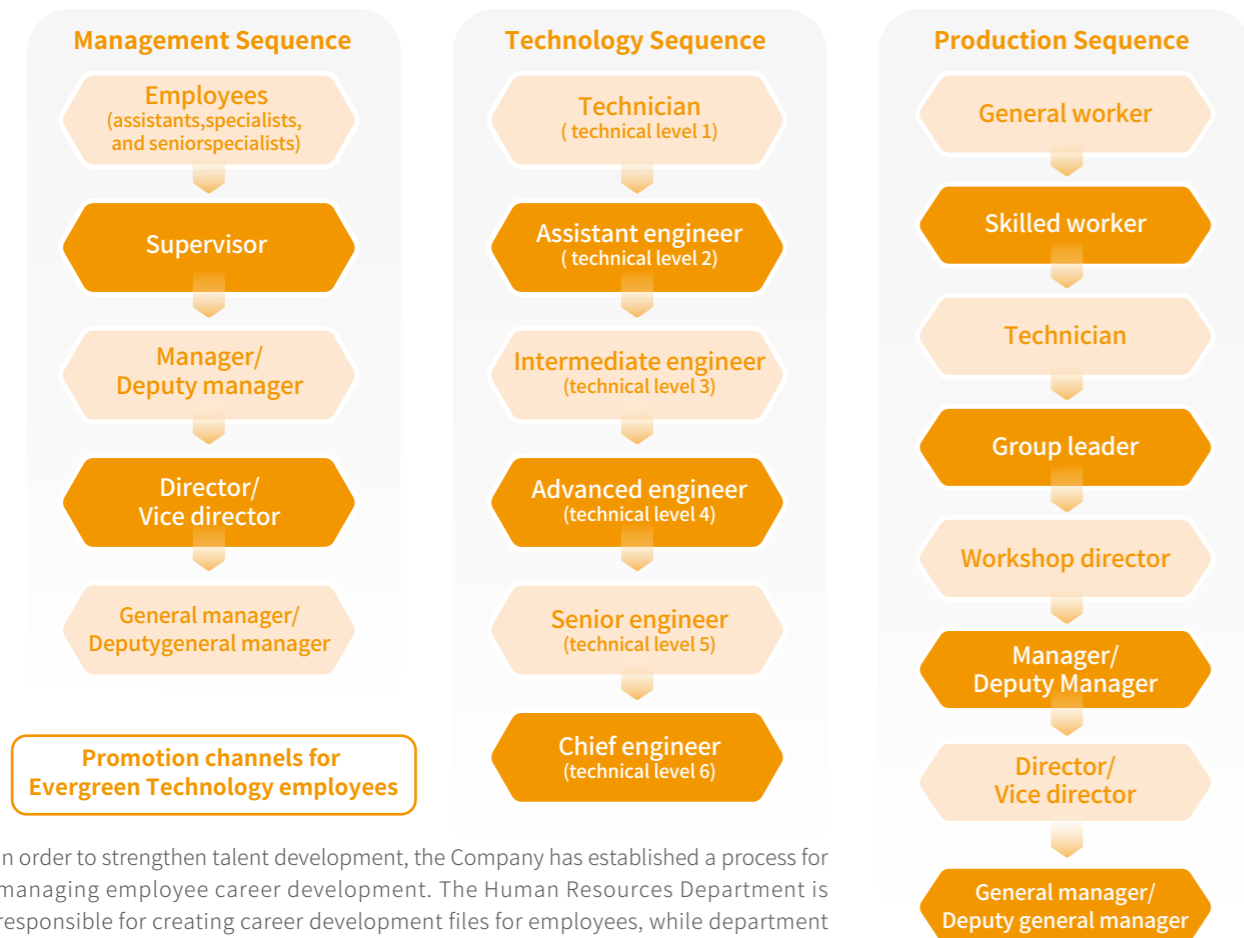
The Company provides various benefits to all employees, including "five insurances and one fund" (pension insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance, and housing provident fund), paid annual leave, parental leave, maternity leave, breastfeeding leave, as well as festival and birthday gifts. These comprehensive benefits fully protect the legitimate rights and interests of employees, thereby enhancing their sense of identity and loyalty to the company. During the reporting period, all employees of the Company, except for retired and rehired employees, are covered by social insurance and housing provident fund contributions.

The Company regularly conducts performance evaluations for employees and provides positive or negative incentives for compensation based on the evaluation results. If employees at any level have objections to the performance evaluation process or results, they have the right to appeal to their direct supervisor's immediate superior or the human resources department within 5 working days during or after the evaluation. The relevant leaders and the Human Resources Department will review the performance evaluation process or results with the appellant and their direct supervisor, and provide a formal response to the appellant. The Human Resources Department will keep a record of the performance review results and the appellant's feedback.

2 Talent Cultivation and Development

(1) Multiple promotion channels

Evergreen Technology places great emphasis on talent development and has formulated the Promotion Management Regulations to meet the needs of both the Company and its employees for personal development, and to enhance their core competitiveness. Adhering to the principle of "equal emphasis on morality, ability, and performance", the Company comprehensively considers employees' personal qualities, abilities, and achievements in their work. It provides a dual-channel promotion system that combines vertical and horizontal promotions. In addition to promotions within their own job sequences according to the requirements of different levels, the Company also takes into account employees' different career aspirations and provides platforms and opportunities for cross-sequence development among different departments or roles.



In order to strengthen talent development, the Company has established a process for managing employee career development. The Human Resources Department is responsible for creating career development files for employees, while department heads serve as mentors for employee career development. Each year, they assist employees in assessing their personal strengths and skills, and fill out the Employee Career Development Planning Form, which includes information on employees' knowledge, skills, qualifications, and career interests. Within three months of a new employee's probation period ending, the department head will have a conversation with them to help confirm their personal career development direction and fill out the Employee Career Development Planning Form. The Human Resources Department will review the Employee Career Development Planning Form annually and provide suggestions for the next stage of development based on the employee's learning, training, assessment results, and promotion opportunities for that year. After the end-of-year assessment, the department head will have a conversation with their department employees about future development to confirm future goals. During the reporting period, the Company achieved a 100% coverage rate of career development records for management personnel and a 100% coverage rate of newly recruited employee interviews.

(2) Employee training

The Company attaches great importance to the construction of employee training systems and adheres to the correct orientation for selecting and employing personnel. To standardize and strengthen employee training, we have formulated the Training Management Regulations. Every year, each department assesses the skills required for members to perform their jobs based on the company's business strategies and goals. The training needs and budget are proposed in the Annual Training Needs Survey Form, which is then signed by the department manager, approved by the responsible leader, summarized and submitted by the Human Resources Department, and finally implemented after approval by the manager. The manager of the Company serves as the highest supervisor of employee training management, responsible for the final approval of the annual training plan and budget. The Human Resources Department is responsible for summarizing training needs, coordinating specific training arrangements, tracking training effectiveness, and preserving training materials. Each department is responsible for reporting training needs and budgets, as well as implementing training plans. During the reporting period, the Company invested a total of RMB 415,000 in employee training and development.



Types of employee training:

- New Employee Orientation Training**: To integrate into the company culture as quickly as possible, new employees need to learn the Company's various rules and regulations, job skills, and safety training. Only those who pass the safety training can start working, and those who fail the training need to be retrained.
- Qualification Training**: In accordance with national laws and regulations, qualification training is provided to personnel in positions that require qualification certification. Only those who have obtained the necessary qualifications and certifications are allowed to work in these positions.
- Job Skills Training**: Targeting relevant personnel from various departments, job skills training is conducted in a combination of internal and external training. This helps personnel from different departments strengthen their business capabilities, understand the latest developments in the industry, grasp the cutting-edge trends and development directions in related fields, and improve their professional technical level.
- Safety Production Training**: Through various safety production trainings, safety managers and all employees are helped to understand, master, and be familiar with various safety production laws and regulations, and to enhance employees' ability to handle emergencies. The Company also familiarizes and masters knowledge related to fire safety, personal safety, and disaster prevention and mitigation through drills and other forms of practical exercises.
- Management Improvement Training**: Targeting the Company's middle and senior management, management improvement training is conducted to help clarify their positional powers, obligations, responsibilities, and basic management skills. This training also keeps them updated on domestic policies and industry trends, thereby enhancing their professional management capabilities.

During the reporting period, the total employee training duration reached **7,220** hours, with **2,278** participants, and an average training duration per person of **9.56** hours. The training coverage rate and participation rate both reached **100%**. The training data, divided by gender and training type, is as follows:

Employee training data (divided by gender)		Training Hours	Number of participants
Male		6,729	2,133
Female		491	145

Employee training data (divided by training type)		Training Hours	Number of participants
Product quality training		2,180	728
Safety production training		3,612	728
Ability improvement training		1,144	286
Others		284	536

3 Employee Health and Safety

As a responsible enterprise, Evergreen Technology attaches great importance to the company's primary responsibility for safety production, lays a solid foundation for safety production work, and has established a sound long-term mechanism for safety production management. During the reporting period, the Company's total investment in safety production amounted to RMB 1.5091 million.

(1) Occupational health and safety management system

The Company strictly complies with relevant laws and regulations such as the Safety Production Law of the People's Republic of China and the Law of the People's Republic of China on Prevention and Control of Occupational Diseases. Based on the actual work safety situation of the company, we have established the Occupational Health and Safety Production Committee (Safety Committee) and formulated a series of safety production responsibility systems. The Safety Committee meets quarterly to make decisions on major safety issues. The EHS supervisor is responsible for implementing the decisions of the Safety Committee and exercising the Company's safety management and supervision functions. Additionally, in accordance with the Jiangsu Province Safety Production Management Regulations, we have established a safety production management department and appointed full-time safety management personnel.

Occupational health and safety management structure diagram of Evergreen Technology



In order to strengthen safety production, Evergreen Technology, in accordance with the Safety Production Law of the People's Republic of China and other relevant legal provisions, has formulated annual occupational health and safety related goals. The Operational Director and the Production Director have signed the following Occupational Health and Safety Target Responsibility Agreement:



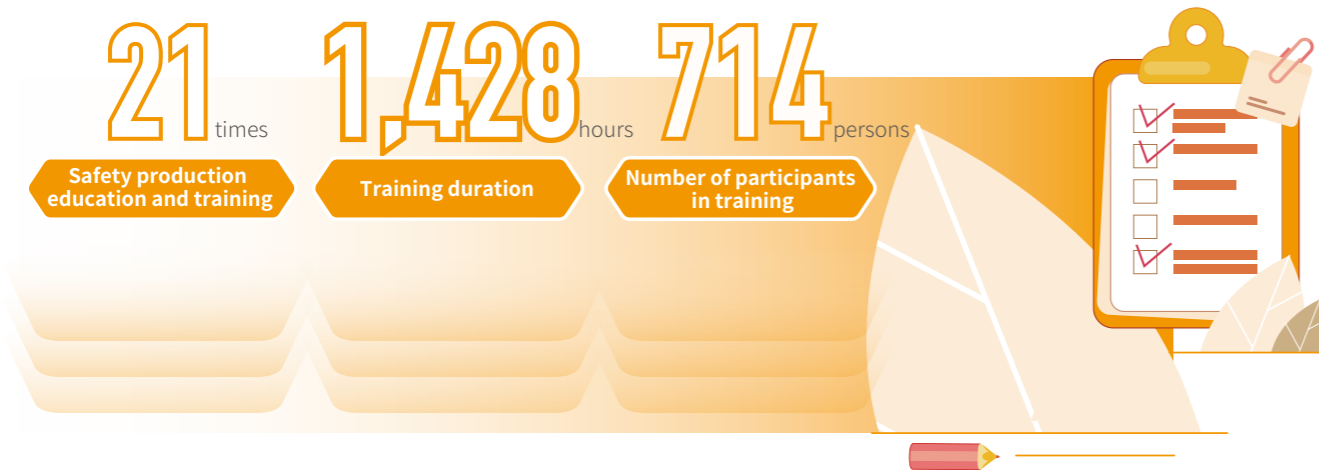
Since July 2020, Evergreen Technology has obtained the **ISO 45001** Occupational Health and Safety Management System certification, and it commits to continuously improving the Company's occupational health and safety management efforts.

(2) Occupational health and safety supervision and assessment

The Company has established a safety production supervision and assessment system. The EHS team of the Operations Department is responsible for supervising safety management in production operations and functional departments, as well as assessing non-compliance with EHS standards. We adhere to the principle of "safety first" and organize production under the premise of ensuring safety, preventing surprise or overloaded production to ensure safety. We organize the compilation of various equipment safety operating procedures and post safety operating procedures, urge employees to learn and implement them. In the event of a production operation accident, the EHS team of the Operations Department is responsible for investigating the accident and reporting it to the company in a timely manner. At the same time, we regularly organize safety inspections of the production site, urging responsible individuals to rectify equipment safety hazards.

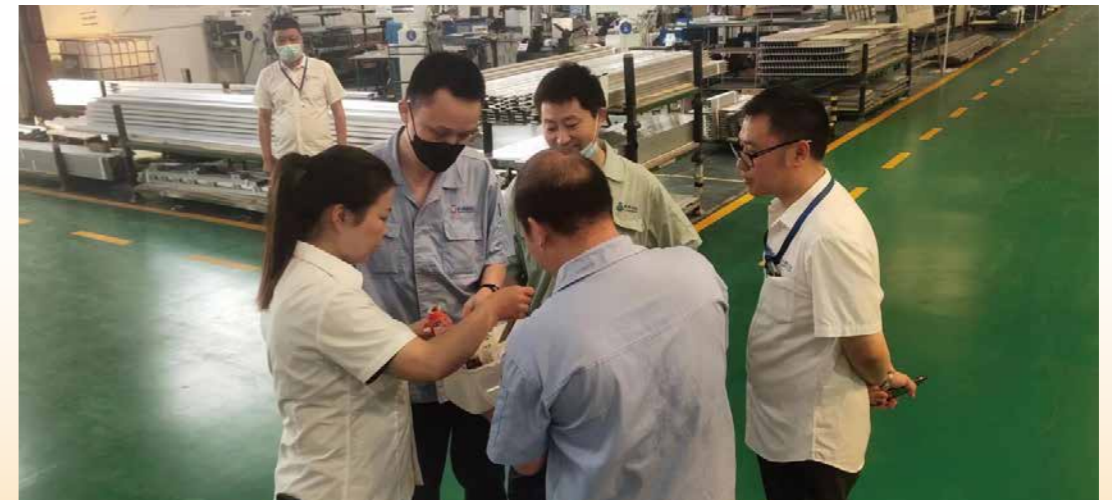
(3) Safety Training and Emergency Drill

We are well aware of the importance of safety production and actively organize employees to participate in safety production education and training. The training content includes the standardized use of production equipment, emergency drills, fire drills, safety requirements for special operations, daily safety production management, and other aspects. The training targets new employees, production workshop directors and squad leaders, paint shops, machining centers, logistics teams, and all employees. During the reporting period, we organized a total of 21 safety production education and training sessions, with a total of 3,612 hours of safety production-related training and 728 participants.



Emergency drill for mechanical injury accidents

On June 9, 2023, the Company organized an emergency drill for mechanical injury accidents, simulating a scenario where an employee sustains a finger injury while operating a drill bit, requiring emergency medical treatment. Through this emergency drill for mechanical injury accidents, all employees learned how to provide emergency medical treatment in critical situations and promptly notify relevant departments and rescue teams for appropriate response, minimizing the severity of the injury.



Emergency drill for grinding dust explosion

On November 19, 2023, the Company organized an emergency drill for a grinding dust explosion, simulating a scenario where a spark generated during the grinding process encounters dust and causes an explosion. Through this emergency dust explosion drill, all employees were able to understand the dangers posed by dust explosions and learn how to carry out rescue and evacuation operations in emergency situations. Prompt organization of personnel for fire suppression minimized the damage caused by the accident and ensured the safety of personnel and property.



Fire Emergency Drill

On June 28, 2023, in order to further strengthen the fire safety education of employees, improve fire prevention and control capabilities, as well as response capabilities to emergencies, and teach employees how to properly use fire extinguishers and various firefighting equipment, facilities, and devices, the company organized a fire emergency drill. Through this fire drill activity, employees gained a better understanding of fire safety knowledge, and the participants' awareness of prevention and their ability to use fire-fighting equipment were enhanced. Their ability to respond to emergencies has also been greatly improved. The drill achieved the desired effect and was a complete success.



Confined space emergency drill

On July 7, 2023, in order to strengthen the safety management of confined space operations in our Company and prevent and control production safety accidents such as poisoning and asphyxiation, the Company organized a confined space emergency drill. This drill simulated a scenario where an operator suffers from sudden shock while cleaning the activated carbon equipment box.

During this drill, the detection was accurate, and the response was timely. Everyone was able to stick to their positions and fulfill their responsibilities. Various rescue equipment was fully prepared, and the rescue was timely and rapid, without any blind rescue efforts, thus avoiding secondary accidents. Meanwhile, the tacit cooperation among various departments won valuable time for the rescue.



Occupational Injury Prevention Safety Training

In 2023, the Company regularly organized occupational injury prevention safety training, with 90 participants. The training included practical on-site operations, emergency first aid drills, electric shock experiences, electronic fire extinguishing, etc. This enhanced employees' awareness of occupational injury prevention safety, reiterated the principle of prioritizing prevention in occupational injury prevention, and emphasized the shift from 'I am required to prevent' to 'I want to prevent,' constantly reminding employees of the importance of safety.



(4) Preventive measures for occupational diseases

The Company also attaches great importance to the prevention of occupational diseases and has formulated the Management System for Labor Protection Equipment to reasonably equip and correctly use labor protection equipment, protecting workers' occupational health and safety in the production process. The Occupational Health and Safety Production Committee takes the lead in preventing occupational diseases in the Company, regularly organizes the distribution of labor protection equipment and healthcare expenses, and supervises the use of labor protection equipment by individuals and departments.

Meanwhile, we hire professional third parties to conduct workplace occupational hazard factor testing in accordance with relevant regulations, and all testing items meet occupational health requirements. During the reporting period, the number of work-related injuries in the Company was 3, the lost workdays due to work-related injuries was 26, and there were no work-related fatalities. The Company completed health screenings for 148 employees in occupations involving occupational hazards, and no exceedances were found in environmental and occupational hazard factor testing.



4 Employee Care

Evergreen Technology continuously focuses on employee belongingness, is committed to improving employees' working and living conditions, listens to employees' voices, embodies corporate care, and shapes its corporate culture.

Evergreen Technology has formulated the Constitution and Working Regulations of the Labor Union. The Company's labor union fulfills social functions such as maintenance, construction, participation, and education according to law, protects and mobilizes the enthusiasm of employees, and gives full play to the role of employees as masters of the Company. The chairman of the Company's labor union is responsible for coordinating and supervising the related work of the labor union, representing employees to enter the board of directors or supervisors, participating in decision-making and supervision at all levels of the Company, and urging the Company to establish a workers' congress system and other democratic management systems.

The Company regularly collects employees' demands and suggestions on various aspects such as work environment, promotion, salary, and welfare benefits, and makes comprehensive improvements every year. At the same time, it also provides a platform for communication between employees and management.

2023 Workers' representative conference

On July 20, 2023, Evergreen Technology legally convened the first Workers' Representative Conference of 2023 in accordance with the provisions of the Company Law of the People's Republic of China, and other relevant regulations. After deliberation by the participating worker representatives, the workers agreed by a show of hands to elect Mr. Liu Yanxing as the worker representative supervisor of the company's fourth supervisory board. The worker representatives provided their opinions and suggestions during the conference, which the Company fully listened to and recorded. The Company will continue to actively listen to the workers' voices in its future management.

In terms of employee satisfaction, we conducted voluntary surveys on employee satisfaction with the cafeteria and Mid-Autumn Festival benefits through questionnaires. The surveys achieved a 100% coverage rate among employees, and the satisfaction scores were 2.96 and 2.55 out of a total of 3 points, respectively. This allowed us to accurately understand employee satisfaction with their treatment and benefits, and make timely improvements to address any shortcomings, thus meeting the reasonable needs of employees.

In terms of employee welfare, we strictly abide by the national laws and regulations. Besides the statutory welfare, we also provide birthday welfare and festival welfare for female employees.

Special Event for International Women's Day

On March 8, 2023, our Company organized a special event for International Women's Day under the theme of "Saluting the Power of 'Her', Building the Future with Women's Strength." Ms. Zhou Yinmei, the Chairman of the Company, and Ms. Ding Jing, the Manager, both attended the event to extend sincere greetings and wishes to all the female employees on this special day! The Company prepared exquisite gifts for all the female employees: brooches and carnations. Additionally, in order to care for the health of the female employees, the Company organized a health checkup for all the female staff.



"Wisdom in Parenting, Renewed Vitality" Family Education Theme Event

On October 10, 2023, in order to help female scientists and technologists acquire relevant knowledge and skills in family education, our Company invited the Women's Federation and relevant psychological experts to conduct the "Wisdom in Parenting, Renewed Vitality" family education theme event. This event was designed as an experiential psychological group session, focusing on science popularization related to children's learning. It aimed to guide participants to help their children develop a love for learning from a parental perspective. The event provided high-quality family education guidance for female scientists and technologists, guiding them to establish correct family education concepts and master scientific family education methods.



Collaborate with Partners to Achieve Mutual Success

Evergreen Technology attaches great importance to supply chain management, adhering consistently to the procurement principles of "fairness, impartiality, and transparency." We are committed to building a sustainable supply chain network that is mutually beneficial, efficient, healthy, and dynamically managed. At the same time, we pay close attention to industry trends, seek industry exchanges, and actively assume the corporate responsibility of promoting positive industry development.

1 Sustainable Supply Chain

Evergreen Technology is committed to procurement of products and services in a responsible manner, striving to achieve higher-quality sustainable development in collaboration with suppliers.

(1) Supplier Management

Before a new supplier is included in the Qualified Supplier List, the Company requires them to possess relevant licensing qualifications. The Procurement Department organizes an investigation and audit of their supply capabilities, product quality, management level, service capabilities, equipment and facilities, and, if necessary, conducts an on-site audit. Only after approval can they be included in the Qualified Supplier List. The Company selects suppliers from this list for procurement, and before bulk supplies are provided, the Quality Assurance Department approves their release through sample trials or first-article inspection.



Evergreen Technology is committed to establishing a fair and diversified supplier management system, selecting qualified suppliers through various methods to maintain the stability and continuity of the supply chain. At the same time, we actively collaborate with local qualified suppliers to reduce greenhouse gas emissions during material transportation.

As of the end of the reporting period, Evergreen Technology had a total of 345 suppliers, with a local procurement ratio reaching 54.20%. The breakdown of suppliers by different regions is as follows:



(2) Procurement Management

We have established regulations such as the Procurement Control Procedure, the Supplier Evaluation Control Procedure, and the Outsourcing Control Procedure to standardize the management of suppliers and ensure the joint promotion of a sustainable supply chain with suppliers and other partners.

In terms of the procurement process, we have established rigorous procedures for supplier applications, audits, procurement approval, and supplier re-evaluation. We evaluate and audit suppliers from multiple dimensions, including product quality, service quality, delivery capabilities, and price advantages, to strictly control procurement quality.

In the daily procurement management process, the Company collects, analyzes, and utilizes data related to suppliers in accordance with the requirements of the "Data Analysis Control Procedure." In the event of variations in the supplier's product quality, pricing, contract fulfillment, or after-sales service, we promptly notify the supplier to analyze the reasons and actively take measures to ensure that the purchased products stably meet the requirements specified by our Company.

(3) Supplier Audit and Evaluation

We conduct supplier audit and evaluation strictly in accordance with the provisions of the Supplier Evaluation Control Procedure. We categorize and manage suppliers based on established systems, assigning quantitative values to suppliers based on four dimensions: supplier classification, order volume, possession of relevant qualifications, and annual evaluation results. Suppliers scoring 50 points or above are classified as Level I suppliers, those scoring between 30 and 50 points are Level II suppliers, and those scoring below 30 points are Level III suppliers. Level I and Level II suppliers must undergo performance appraisals and written evaluations for product qualification rates and timely delivery rates before bulk supply. On-site audits may be conducted if necessary, along with first-article inspection or sample trials. Only suppliers who pass the evaluation are eligible for supply. Level III suppliers are procured based on plans or orders, with written evaluations of their production or business qualifications, and incoming inspection. Only suppliers who pass the evaluation are eligible for supply.

We annually organize personnel to conduct annual evaluations of suppliers, including ESG audits. The audit and evaluation items include but are not limited to: company management, process technology, employee training, environmental and occupational health and safety awareness, etc. Suppliers who are found to be inadequate or unqualified during the evaluation will be required to rectify the issues within a specified time limit. Suppliers who fail to rectify the issues within the specified time limit will be removed from the Qualified Supplier List. During the reporting period, the Company developed the 2023 Supplier Audit Plan and completed the audit plans for 23 suppliers, urging suppliers to make corrections and continuous improvements.



When the procured materials or services fail to meet the requirements, the Supply Chain Center will organize personnel from relevant departments to analyze the reasons for non-conformance. At the same time, the supplier is required to investigate the causes leading to the unqualified materials or services and submit corrective and preventive measures. Subsequently, the Quality Assurance Department will evaluate, track, verify, and confirm the supplier's Corrective and Preventive Measures Report.

(4) Communication with Customers, Suppliers, and Other Stakeholders

The Company has always adhered to green and low-carbon development, and communicated its green and low-carbon philosophy to its suppliers, customers, and other stakeholders.

We were invited to Attend Alstom's Global Supplier Conference

In October 2023, the Chairman of Evergreen Technology was invited to attend Alstom's Global Supplier Conference. During the event, he engaged in a profound discussion with Danny DI PERNA, Vice President and COO of Alstom Group, in Morocco, regarding future collaborations between the two parties. This exchange aimed to further strengthen comprehensive cooperation in areas such as product innovation and research and development, supply chain optimization, green and energy-saving carbon emissions reduction for products, and the improvement and enhancement of the after-sales service chain.



Visit the European Vehicle Manufacturer, CAF

In 2023, the Chairman of Evergreen Technology led a team to visit the European vehicle manufacturer, CAF. Both sides engaged in in-depth discussions on market, technology research and development, product services, and other aspects, laying a solid foundation for the Company's future advancement in overseas markets.



2 Promoting Industry Exchange

Evergreen Technology is committed to fulfilling its corporate responsibility of promoting industry exchange and development, actively engaging in various industry-academia-research collaborations and industrial exchange activities.

In terms of industry-academia-research cooperation, the Company has established a technology center and formulated a management charter for it, equipped with various research and development equipment. The Company has been recognized by the Changzhou Science and Technology Bureau as the 'Changzhou City Engineering Technology Research Center for Lightweight Interior Products and Equipment of Rail Vehicles,' and by the Provincial Department of Industry and Information Technology as the 'Provincial Enterprise Technology Center.' Simultaneously, a management system for industry-academia-research cooperation has been established, and long-term collaborations have been established with Hehai University.

We continuously monitor industry trends and actively participate in various industry associations and events. As of the end of the reporting period, the Company has joined 27 industry associations, including the Rail Transit Professional Committee of the Changzhou Integrated Transportation Society, the Jiangsu Provincial Decoration and Renovation Industry Association, and the China Building Materials Federation. This marks the recognition and affirmation of our status and reputation within the industry.

- 1- Jiangsu Provincial Listed Companies Association
- 2- Changzhou Capital Market Association
- 3- Rail Transit Professional Committee of Changzhou Association for Comprehensive Transportation
- 4- Railway (Rail) Branch of Jiangsu Provincial Association for Comprehensive Transportation
- 5- China Association of Women Entrepreneurs
- 6- Changzhou Association of Women Entrepreneurs
- 7- Member of Changzhou Association for Production Safety
- 8- Changzhou Chamber of Commerce for Urban Renewal and Carbon Neutrality Industries
- 9- Youth Entrepreneurs Chamber of Commerce in Xuejia Town, Xinbei District, Changzhou
- 10- Jiangsu Provincial Association of Professional Managers
- 11- Changzhou Association for Foreign Investment and Economic Cooperation
- 12- Women Entrepreneurs Association of Xuejia Town, Changzhou
- 13- Chamber of Commerce for Women Entrepreneurs of All-China Federation of Industry and Commerce
- 14- Changzhou Charity Federation
- 15- High-Tech Enterprise Association of Xinbei District, Changzhou
- 16- Changzhou Decoration and Renovation Industry Association
- 17- Jiangsu Provincial Decoration and Renovation Industry Association (Chamber of Commerce)
- 18- Shanghai Stone Industry Association
- 19- Curtain Wall Shared Design Professional Committee of Shanghai Creation Society
- 20- Building Curtain Wall Professional Committee of Shanghai Decoration and Renovation Industry Association
- 21- Shenzhen Architectural Doors, Windows and Curtain Wall Society
- 22- Member of Shenzhen Decoration Industry Association
- 23- Shenzhen Building Decoration Industry Federation
- 24- China Elevator Association
- 25- Metal Composite Materials Branch of China Building Materials Federation
- 26- China Building Materials Federation
- 27- Architecture and Municipal Engineering Products Application Branch of China Association for Engineering Construction Standardization

"Evergreen Technology and its subsidiary, TrainFX (Anhui), participated in the Symposium of Enterprises Supporting Hefei Urban Rail Transit Vehicle."

In February 2023, Evergreen Technology and its subsidiary, TrainFX (Anhui), participated in the Symposium of Enterprises Supporting Hefei Urban Rail Transit Vehicle as outstanding suppliers of Hefei Metro passenger information systems. During the symposium, they focused on reporting the current development journey of Tech-Force and the outstanding achievements of Evergreen Technology in the field of rail transit and architectural decoration, laying a solid foundation for fully exploring the markets of vehicle interior decoration, station interior and exterior decoration materials, and on-board PIS systems in the field of Hefei rail transit in the future.

We were invited to participate in the Third 718 Shanghai Curtain Wall Shared Design Festival

In July 2023, Evergreen Technology was proudly invited to participate in the Third 718 Shanghai Curtain Wall Shared Design Festival held in the Golden Hall of the National Convention Center (Shanghai). At this design festival, we showcased our independently developed high-performance honeycomb panels and stone honeycomb panels to the guests. Additionally, we shared numerous outstanding engineering cases, fully demonstrating our innovative capabilities and professional standards in the field of curtain wall design, striving to meet customer needs to the fullest extent.



Onsite of Shanghai Curtain Wall Shared Design Festival



Awarded the "Shanghai Curtain Wall Shared Design Innovation Award"



2023 Asian Metal Building Design and Industry Expo

In September 2023, Evergreen Technology participated in the three-day 2023 Asian Metal Building Design and Industry Expo. At the expo, our independently developed high-performance products, including honeycomb panels and stone honeycomb panels, garnered widespread praise and keen interest from participating designers and customers due to their exceptional performance and exquisite appearance. Additionally, we shared our outstanding engineering cases, fully demonstrating Evergreen Technology's innovative achievements and remarkable strength in the field of metal building decoration.



The 25th China International High-Tech Fair

In November 2023, Evergreen Technology participated in the 25th China International High-Tech Fair held at the Shenzhen Convention and Exhibition Center. During the five-day exhibition, we showcased products such as honeycomb panels, multi-fold honeycomb panels, integrated honeycomb panels, and stone honeycomb panels. Through extensive discussions and communications with suppliers, and independent innovative experiments conducted by our research and development team, we ultimately designed various high-performance green products. Additionally, we shared numerous outstanding engineering cases, fully demonstrating our company's innovative capabilities and practical achievements in the field of high-tech.

During the exhibition, we conducted in-depth discussions, learning, and exchanges with numerous high-tech enterprises. Through these exchanges, we gained insights into industry frontiers, technological trends, and discovered more potential collaboration opportunities.



3 Building a Better Society

Evergreen Technology deeply engages in charitable activities, promoting the traditional virtues of the Chinese nation. In order to promote the harmonious development of enterprises, we continuously expand our social influence, actively undertake more social responsibilities, persistently focus on social welfare affairs, and continuously practice charitable actions, embodying the core socialist values with practical actions. The Company regularly donates to the Changzhou Charity Federation and the Guangcai Foundation, increasing its investment in social donations. During the reporting period, the total investment in social welfare by the Company amounted to RMB 1.025 million.

Continuous Support for Guangcai Foundation's Public Welfare Projects

In May 2023, the Company donated RMB 25,000 to the Guangcai Foundation. These funds were used to support various public welfare projects of the Guangcai Foundation, including active participation in poverty alleviation, earthquake relief, ecological construction, cultural protection, and promotion of employment, among other public welfare initiatives.

Signing Donation Agreement with Changzhou Charity Federation

In July 2023, the Company signed a donation agreement with the Changzhou Charity Federation. According to the agreement, the Company will donate RMB 10 million to the Charity Federation, to be distributed over 10 years, with an annual donation of RMB 1 million to the Charity Federation, thereby continuously supporting its charitable endeavors.



Appendix



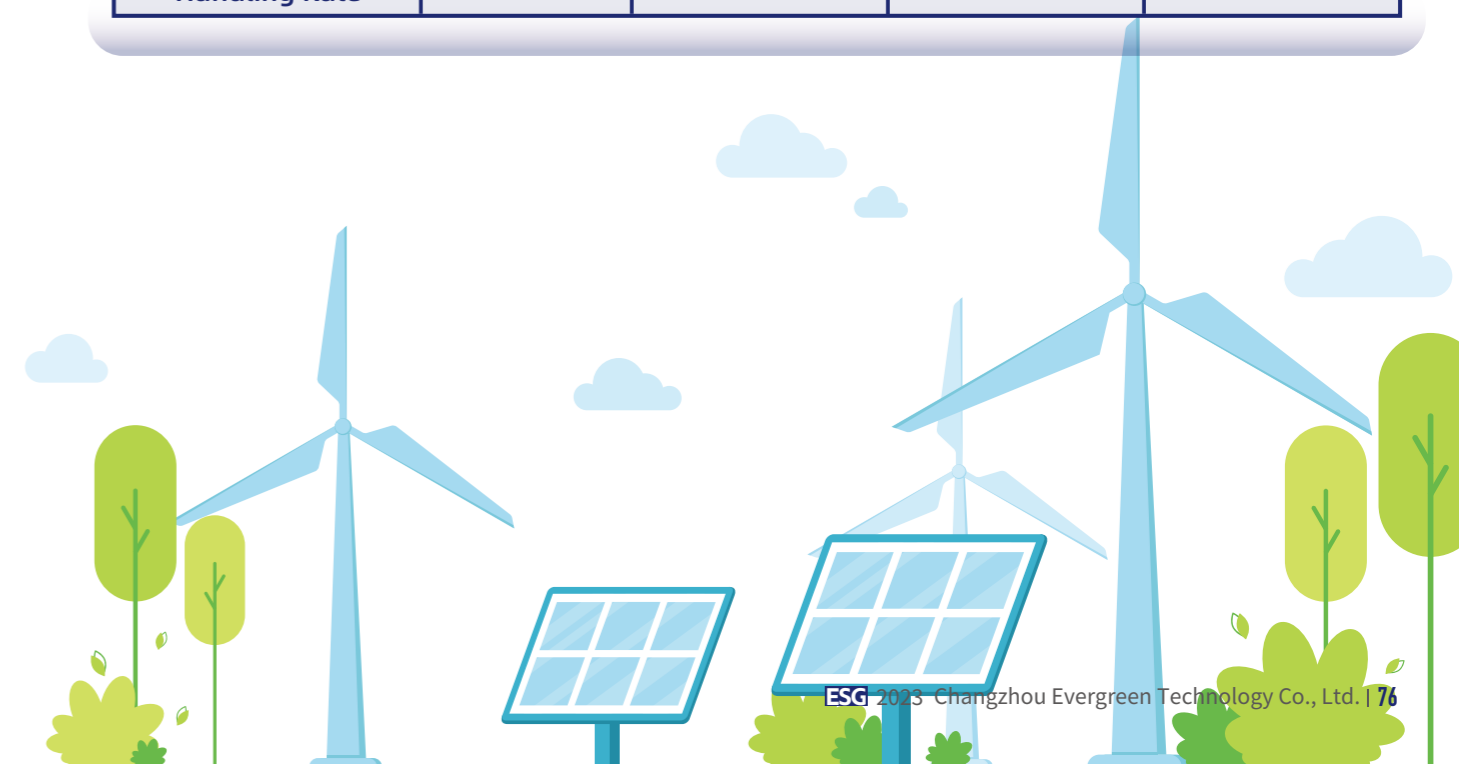
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Appendix ↳ Key Performance

Category	Unit	2023	2022	2021
Governance Performance				
Risk Management Training	Times	18	2	4
Number of Directors	Persons	9	9	9
Number of Female Directors	Persons	5	4	4
Disclosure of Various Announcements	Items	41	/	/
Environmental Performance				
Energy Consumption				
Purchased Electricity	Megawatt-hours	4,298.62	4,113.89	3,669.98
Gasoline	Tons	11.17	12.84	11.49
Diesel	Tons	5.37	5.64	3.36
Natural Gas	Thousand cubic meters	14.88	17.18	14.12
Water Resource Consumption				
Water Usage	Tons	39,016	32,140	59,311
Water Intensity	Tons/million revenue	73.58	62.09	123.51
Greenhouse Gas Emissions				
Scope 1 Emissions	Tons of CO ₂ equivalent	379.12	435.55	356.54
Scope 2 Emissions	Tons of CO ₂ equivalent	2,092.99	2,346.15	2,451.50
Total Emissions (Scope 1 + Scope 2)	Tons of CO ₂ equivalent	2,472.11	2,781.70	2,808.04
Emission Intensity (Scope 1 + Scope 2)	Tons of CO ₂ equivalent/million revenue	4.66	5.37	5.85

Category	Unit	2023	2022	2021
Waste Disposal				
Wastewater Discharge	Tons	7,980.00	8,000.00	8,000.00
Exhaust Gas Emissions (Particulate Matter)	Kilograms	0.17	0.16	0.18
Hazardous Waste Disposal	Tons	77.16	81.48	84.00
Compliance Rate of Waste Disposal	%	100.0	100.0	100.0
Social Performance				
Research and Professional Services				
Total Number of Patents Granted	Items	129	114	91
Invention Patents	Items	21	16	14
Utility Model Patents	Items	108	98	77
Customer Satisfaction	Score	95.6	96.20	94.90
Customer Complaints	Cases	37	45	55
Customer Complaint Handling Rate	%	100.00	100.00	100.00



Appendix ↳ Key Performance

Category	Unit	2023	2022	2021
Employee Employment				
Total Number of Employees	Persons	755	639	689
Total Number of Employees (By Age)	Aged 30 and below	148	83	106
	Aged 31 to 40	224	182	212
	Aged 41 to 50	222	204	201
	Aged 50 and above	161	170	170
Total Number of Employees (By Gender)	Male	601	514	545
	Female	154	125	144
Total Number of Employees (By Education)	Bachelor's degree and above	130	87	116
	Associate degree	116	152	181
	High school and technical secondary school	201	160	157
	Junior high school and below	308	240	235
Total Number of Employees (By Position)	Senior management personnel	59	68	78
	Junior management personnel	37	32	31
	Employees	659	539	580
Recruitment of Social Responsibility	Veterans	5	2	2
	Personnel from poor areas	20	15	12
	Local personnel	221	191	209
Number of Employees Leaving	Persons	183	141	159

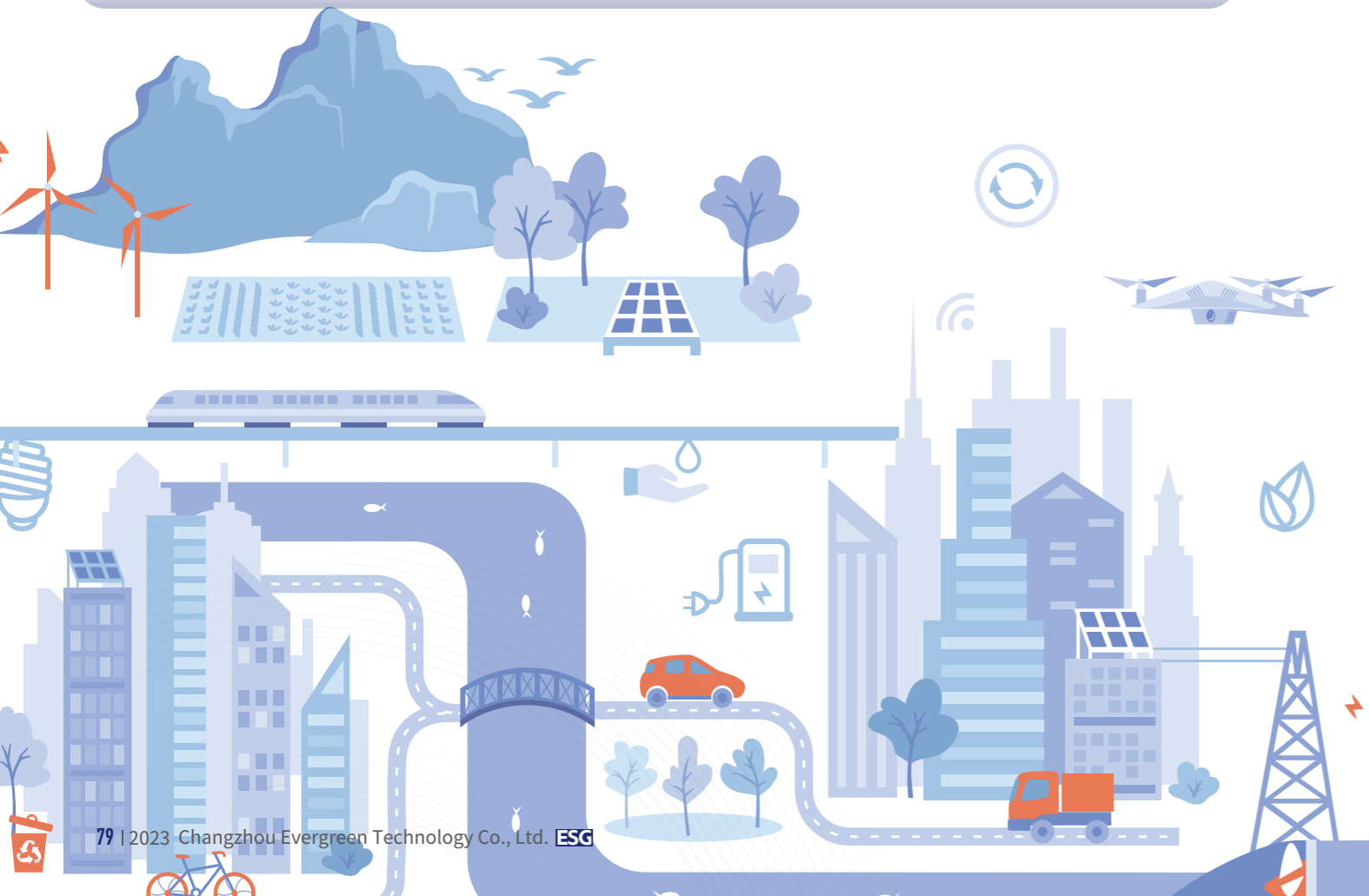
Category	Unit	2023	2022	2021
Employee Employment				
Employee Attrition Rate	/	19.51%	18.08%	18.75%
Employee Attrition Rate (By Age)	Aged 30 and below	31.80%	37.12%	10.17%
	Aged 31 to 40	21.13%	21.55%	11.30%
	Aged 41 to 50	13.28%	12.45%	6.07%
	Aged 50 and above	11.05%	7.10%	38.63%
Employee Attrition Rate (By Gender)	Male	21.54%	18.15%	20.55%
	Female	10.47%	17.76%	11.11%
Employee Training Performance				
Number of Trained Employees	Persons	2,278	718	763
Number of Trained Employees (By Gender)	Male	2,133	577	612
	Female	145	140	151
Total Training Hours	Hours	7,220	3,588	3,816
Total Training Hours (By Gender)	Male	6,729	2,886	3,060
	Female	491	702	756
Product Quality Related	Total training hours	2,180	718	763
	Training participation	728	718	763
Skills Improvement Related	Total training hours	1,144	1,152	1,219
	Training participation	286	288	305

Appendix / Key Performance

Category	Unit	2023	2022	2021
Employee Training Performance				
Safety Production Related	Total training hours	3,612	1,435	1,526
	Training participation	728	718	763
Social Welfare				
Social Welfare Investment	Ten thousand	102.5	2.5	2.5
Special Investment				
Safety Production	Ten thousand	150.91	158.64	100.30
Environmental Protection	Ten thousand	108.49	116.65	208.41
Employee Training	Ten thousand	41.50	1.16	46.48

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Appendix Reader Feedback Form

Dear Reader,

Thank you for reading the Changzhou Evergreen Technology Co.,Ltd. 2023 Environmental, Social and Governance Report. We greatly appreciate your feedback on this report and value your insights. Please take a moment to evaluate the report and provide us with your valuable opinions. You can use the following methods to send us your feedback:

Phone: 0519-68867972

Email: cetstock@cearail.com

Address: No. 300 Hehai West Road, Xinbei District, Changzhou City, Jiangsu Province

《Changzhou Evergreen Technology Co.,Ltd. 2023 Environmental, Social, and Governance Report Feedback Form》

Name: _____

Position: _____

Phone: _____

Email: _____

1/ Overall, how would you rate this report?

Excellent Good Fair Poor Very Poor

2/ How do you rate the accuracy, completeness, timeliness, and clarity of the information disclosed in this report?

Excellent Good Fair Poor Very Poor

3/ Do you find the content arrangement and stylistic design of this report easy to read?

Excellent Good Fair Poor Very Poor

4/ What topics are you most interested in? _____

5/What information do you think should have been included in the report but was not?

6/Do you have any additional comments or suggestions regarding Evergreen Technology's environmental, social, and governance efforts?