2024

Environmental, Social, and Governance (ESG) Report

CUBIC

Contents

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Report Preparation Instructions

Cubic Sensor and Instrument Co., Ltd. presents its inaugural **2024 Environmental, Social, and Governance (ESG) Report**, providing a comprehensive disclosure of the Company's sustainability strategies, governance practices, and performance across ESG dimensions. This report highlights key achievements in 2024, reinforces Cubic's commitment to sustainable development, and outlines its strategic actions for the future.

Report Scope and Boundaries

▸ **Reporting Scope**

This report encompasses ESG-related information from Cubic Sensor and Instrument Co., Ltd. and its subsidiaries (hereinafter referred to as "Cubic" or the "Company"). The financial reporting boundary aligns with the Company's annual report (stock code: 688665.SH). The policies, statements and information in the report cover the actual scope of the Company's business and are consistent with the Company's Annual Report 2024. Relevant ESG data from non-wholly owned subsidiaries is disclosed where information is available and applicable.

▸ **Reporting Period**

The reporting period is from January 1, 2024, to December 31, 2024. Any information that falls outside this timeframe is clearly noted.

▸ **Data Description**

Unless specified otherwise, data and case studies in this report are sourced from the Company's internal systems and official records. In the event of discrepancies with annual financial reports, the latter shall take precedence.

Basis of Preparation

This report has been prepared according to Guidelines No. 14 for Self-Regulation of Listed Companies on the Shanghai Stock Exchange – ESG Reporting (Trial) (2024), and Global Reporting Initiative (GRI) Standards (2021 edition).

Principles of Preparation

This report aims to comprehensively reflect the ESG performance of the Company and its subsidiaries. It adheres to the principles of accuracy, transparency, balance, and completeness, ensuring that both positive and negative information is disclosed, and that the data is comparable and verifiable.

The report is presented in both Chinese and English and combines qualitative and quantitative disclosures. It adopts a structured and standardized format to support informed decision-making by stakeholders.

Access and Contact Information

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Message from the Chairman

Chairman of the Board

Dr. Youhui Xiong

In the context of a "once-in-a-century transformation" in the global landscape, establishing a high-standard ESG framework is not only a passport for companies seeking to build an international brand, but also a crucial path toward long-term competitiveness.

Over the past 20 years of development, Cubic has become a key representative enterprise in China's gas sensors and gas analysis instruments industry and has successfully entered the capital market. With continuous business expansion, the name "CUBIC" has gained increasing global recognition. As we stand at the starting point of a new journey toward high-quality development, we must seriously consider how to realize the long-term sustainable growth of Cubic.

Sensors are fundamental to intelligent manufacturing and industrial advancement. With Europe and North America accounting for about 25% of the global sensor demand, these regions are not only key markets for high-end manufacturing but also major consumer markets for sensors. As the world's largest manufacturing hub and second-largest economy, China represents an enormous market for sensor applications and a strategic highland for sensor development. Whether from domestic industrial upgrading or global industrial layout perspectives, or from the standpoint of future international operations, sensor companies must take the initiative to participate in global market competition. Looking ahead to the next 5–10 years, China's manufacturing industry, especially in the field of sensors, will face both great opportunities and challenges. Enterprises must keep pace with global standards and seize the dual demands of market and compliance.

We have observed that in recent years, under the evolving international market landscape, ESG has become a universal language for how international enterprises manage relationships with stakeholders. ESG indicators—including environment, social responsibility, and corporate governance—are now increasingly valued by leading international companies during their developmental transformation. Enterprises are being required to disclose ESG-related data in areas such as operations, employees, customers, suppliers, and public services. These disclosures have gradually evolved from voluntary to mandatory. Companies that perform well in ESG tend to enjoy more long-term development advantages and gain higher competitiveness.

At Cubic, we believe ESG represents a new management concept and governance approach. By integrating ESG principles into business operations and decision-making indicators, we can form a sustainable development framework and management mechanism that shapes our corporate philosophy. ESG will serve as the driving force for business transformation and value enhancement. Ultimately, through this framework, we will internalize ESG values into our corporate culture and realize the vision of sustainable development and international brand building under the name of CUBIC.

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About Cubic

Company Profile

Development Journey

Key Awards and Recognitions

Contribution of the Gas Sensor Industry to Global Sustainability

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Company Profile

Cubic Sensor and Instrument Co., Ltd. was established on May 22, 2003, and was successfully listed on the STAR Market of the Shanghai Stock Exchange in 2021 (Stock Code: 688665.SH). The Company is headquartered in the East Lake High-Tech Development Zone in Wuhan, Hubei Province, with four major business segments and R&D Centers under its umbrella: Cubic Headquarter, Cubic R&D Center, Cubic Jiashan Factory, and Cubic Hungary Factory, and has extended its industrial value chain in South China by holding controlling interests in Guangdong Fengxin, LOPE, and Jingding Electric."

Company Business

Cubic specializes in the R&D, production, and sales of intelligent gas sensors and high-end gas analysis instruments. Its products are widely applied across HVAC, industrial safety, automotive electronics, healthcare, smart metering, scientific instruments, and low-carbon thermal engineering. The Company has established a comprehensive gas sensing technology platform based on diverse detection principles, including optical (infrared, ultraviolet, light scattering, laser Raman), ultrasonic, MEMS metal oxide semiconductor (MOX), electrochemical, and high-temperature solid electrolyte with ceramic thick-film processes. Cubic's products are exported to over 80 countries and regions, as the Company advances toward becoming a globally recognized brand in the sensor and scientific instruments industry.

Global Footprint

▸ **Domestic Operations**

Cubic's domestic operations are centered in Wuhan, which serves as the headquarters and the primary R&D and manufacturing base for its gas sensors and analytical instruments. Additional facilities across East China have strengthened its full-stack industrial chain from core components to finished products.

In addition, the Company's production base in Jiashan, Zhejiang province further strengthens its capacity layout in the Yangtze River Delta region, focusing on the large-scale production of gas sensors and gas analyzers. R&D hubs are also being built in Suzhou to attract top-tier talent and innovation in the Yangtze River Delta region . The Company continues to invest in subsidiaries in Guangdong, focusing on precision instruments and low-carbon technologies.

▸ **International Operations**

As part of its response to the Belt and Road Initiative, Cubic launched a new production base in Hungary (Budapest) at the end of 2023. This facility marks a significant milestone in the Company's internationalization strategy. It is designed to enhance global supply capacity, reduce response time, and better serve European customers with localized delivery.

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Global Footprint Map

Cubic Hungary Factory
Budapest, Hungary

Cubic Headquarter
Wuhan, China

Cubic R&D Center
Wuhan, China

Cubic Jiashan Factory
Jiashan, China

Guangzhou
Jingding Electric

Dongguan
Guangdong Fengxin

Zhongshan
LOPE

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Development Journey

2003
Established in Wuhan on May 22

2004
NDIR gas sensor; recognized as a provincial scientific achievement

2005
Named "Outstanding Enterprise" in Wuhan East Lake High-tech Zone

2006
Inspected by Yu Zhengsheng, then Member of the CPC Central Political Bureau and Party Secretary of Hubei Province

2007
Developed micro-flow NDIR flue gas sensors;

Biogas analyzers adopted in the national biogas service system

2008
NDIR gas analyzers recognized as "National Key New Products" obtained advanced technical certification

2009
Developed real-time gas monitoring systems and ultrasonic gas flow sensors, and obtained ISO certification

2010
Launched low-concentration CO_2 and PM2.5 laser sensors

2011
Cubic Industrial Park officially completed

2012
Led key national R&D projects in scientific instruments

2013
Recognized with two provincial innovation platforms: Enterprise R&D Center and Engineering Research Center

2014
Commercialized PM2.5 laser and infrared gas sensors for air quality monitoring;

Certified by major international brands

2015
Began automated mass production of proprietary gas sensors

2016
Established Gas Sensing and Analysis Research Institute (Cubic R&D Center).

2017
Achieved IATF 16949 certification and implemented GB/T 29490-2013 IP management system

2018
Certified supplier to leading global automotive clients;

Obtained ISO14001; selected for major national science project

2019
Completed corporate restructuring and officially renamed Cubic Sensor and Instrument Co., Ltd.

2020
Recognized as a demonstration enterprise in MIIT's Industrial Internet project

2021
Listed on the STAR Market; launched construction of Cubic industrial park and R&D Center

2022
Recognized as a MIIT "Little Giant" enterprise;

Awarded JR202 Global Procurement Certification

2023
Established Cubic Jiashan Factory and Cubic Hungary Factory subsidiaries to support global manufacturing expansion

2024
Expanded investments in precision instruments and smart energy;

Obtained UL Solution certification for A2L-compliant gas sensors

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Key Awards and Recognitions

Technology Innovation

Cubic focuses on research and innovation in core sensor technologies, actively advancing its independent innovation capabilities. The Company has established numerous technology innovation platforms, including the Hubei Provincial Engineering Technology Research Center, the Hubei Provincial Enterprise R&D Center, the Hubei Provincial Enterprise-School Joint Innovation Center, and the Ministry of Natural Resources' Carbon Sink Intelligent Monitoring and Spatial Regulation Technology Innovation Center.

The National Enterprise Technology Center designation

The Company applied for the National Enterprise Technology Center designation. It passed the review in December 2024 and received official approval in March 2025. This accreditation is jointly granted by five ministries, including the National Development and Reform Commission and the Ministry of Science and Technology.

Company Honors and Certifications

National Major Scientific Instrument Development Project

National "Little Giant" Enterprise

Hubei Provincial Technology Innovation Project

Top 10 Growth Enterprises in Optics Valley of China

Industrial Internet Demonstration Enterprise – "One Industry, One Solution" Pilot Program

Hubei Provincial Leading Sci-Tech Project

IoT Development Project

Certified A2L Low-GWP Gas Sensor by UL Solutions
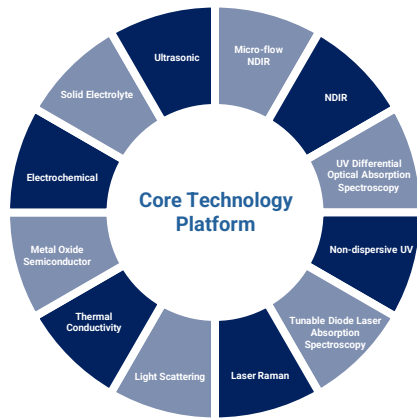
Automotive SPICE

ISO 14001:2015

ISO 9001:2015

IATF 16949:2016

GB/T 45001:2020

Technical Achievements

Core Technology

Core Technology Platform

(Ultrasonic, Micro-flow NDIR, Solid Electrolyte, NDIR, Electrochemical, UV Differential Optical Absorption Spectroscopy, Metal Oxide Semiconductor, Non-dispersive UV, Thermal Conductivity, Tunable Diode Laser Absorption Spectroscopy, Light Scattering, Laser Raman)

Years of Technology Development and Application

22 years Non-Dispersive Infrared (NDIR)

18 years Micro-flow Infrared

15 years Laser Raman Spectroscopy (LRD)

15 years Light Scattering Detection (LSD)

10 years MEMS Metal Oxide Semiconductor

7 years Tunable Diode Laser Absorption Spectroscopy (TDLAS)

Intellectual Property

By December 31, 2024, the Company has been granted a total of **233** patents (including **61** invention patents, **137** utility model patents, and **35** design patents), as well as **89** software copyrights.

▸ **Cubic's gas analysis multicomponent online detection and calorific value detection technology included in the "2024 applicable technologies for smart chemical parks"**

In July 2024, the Company's self-developed "Gas Analysis Multicomponent Online Detection and Calorific Value Detection Technology" based on laser Raman spectroscopy, was included in the "2024 Applicable Technologies for Smart Chemical Parks". The Company was awarded a certificate of honor by the Chemical Parks Working Committee of the China Petroleum and Chemical Industry Federation.

▸ **Cubic's engine emission reduction technology receives "outstanding contribution award"**

In October 2024, the Company received the "Outstanding Contribution Award" at the 30th Anniversary of the China International Internal Combustion Engine and Power Equipment Expo. This award acknowledges the Company's exceptional expertise in engine emission detection technology and its active efforts in controlling pollution from mobile sources.

▸ **Cubic's low-carbon thermal technology business has achieved a significant breakthrough, offering innovative industry solutions**

During the reporting period, the Company significantly increased R&D investment in the low-carbon engineering field and independently developed the C210 and C220 smart combustion control systems for wall-hung boilers, achieving first-ever standardization and mass application. Additionally, the Company expanded the product line by launching a range of innovative products, including the V100 stepper motor gas proportional valve, the C240 combustion control chip, a gas calorific value sensor, and a commercial gas boiler smart combustion control system. These advancements further solidify the Company's position in the low-carbon thermal industry sector.

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Contribution of the Gas Sensor Industry to Global Sustainability

Core Technologies Empower Environmental Monitoring and Emission Reduction

Company has developed a multi-gas detection platform leveraging technologies such as non-dispersive infrared (NDIR), ultrasonic, and MEMS. The platform enables real-time monitoring of temperature, gas concentrations (e.g., CO_2, methane), and particulate matter levels, offering data support for industrial process optimization and environmental management. These efforts help drive the Company's progress toward energy conservation, emissions reduction, and digital environmental governance, for example:

▸ **Transport Emissions Management**

The Company develops and promotes vehicle emission monitoring solutions and core technologies to support green mobility and cleaner transportation systems.

▸ **Carbon Monitoring Solutions**

The Company continues to advance carbon monitoring products aligned with China's "Dual Carbon" goals, providing technical support for national strategic carbon reduction pathways.

Multi-Sector Applications Accelerating Green Transition
 (* Selected product applications)

▸ **Environmental Monitoring**

With over 20 years in gas sensor technology, the Company ranks first globally in the PM sensor market, according to Yole Intelligence's *Gas and Particle Sensors 2024 Report*.

Outdoor Particulate Matter Monitor OPM-6303Q

Leveraging light scattering principles and Cubic's patented smart dust - source recognition tech, offers real - time detection and output of PM2.5, PM10, and TSP mass concentrations.

Application: Dust Monitor, Networked MicroStation

GHG Gas Sensor Gasboard-2006

Equipped with high-performance probes and advanced gas processing chambers, this sensor ensures accurate readings under fluctuating temperature conditions. It is particularly suited for complex environments requiring precise measurement.

Application: Greenhouse Gas Emission Monitoring, Combustible Gas Detection

TDLAS Methane Sensor Gasboard-2502

This sensor is designed for stable performance in harsh environments. It supports a wide range of applications including emissions monitoring and industrial process control.

Application: Urban Pipelines, Gas Municipal/Underground Utility Tunnel, Natural Gas Extraction, Petrochemical Energy

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▶ **Green Transportation**

Automotive Carbon Dioxide Sensor ACDS-1002

Cubic provides Automotive Carbon Dioxide monitoring sensor, which are widely adopted by major automakers worldwide. These solutions support the transition toward sustainable mobility.

Application: Vehicle Air Conditioning Systems, Rail Transportation

NOx Sensor

NOx sensor is designed to monitor the concentration of oxygenated compounds in vehicle exhaust emissions, ensuring compliance with regulatory thresholds. To enhance diesel vehicle emission management and road safety, Cubic has launched a range of oxygen sensors tailored to diesel engines.

Application: Diesel Vehicle Emission Testing

Battery Thermal Runaway Monitoring Sensor ATRS-1021

Designed to detect early-stage thermal runaway in batteries, these sensors accurately measure gases such as CO_2, CO, and hydrocarbons, as well as key indicators like temperature and pressure, enabling timely safety interventions.

Application: Power Battery / Hydrogen Energy / Energy Storage Station

▶ **Industry and Safety**

Refrigerant (R1234YF) Leak Detection Sensor AM4204-ZE

These sensors have been supplied to several leading HVAC (Heating, Ventilation, and Air Conditioning) enterprises, helping to enhance system safety and reduce the greenhouse effect caused by refrigerants.

Application: HVAC systems monitoring

SF_6 + O_2 Gas Sensors

These sensors are developed for industrial environments to monitor SF_6 and oxygen concentrations, supporting fault prevention and improved energy usage safety.

Application: Substations/GIS Switchgear/Medium-voltage Electrical Equipment, Urban Pipelines

SF_6 Gas Leakage Monitoring Sensor

It is suitable for real-time monitoring of SF6 gas concentration and is widely used in gas analysis, gas-insulated switchgear, industrial process control, power plants, and high-voltage transformers.

Application: Urban Pipelines, Substation/GIS/medium voltage cabinet

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Sustainable Development

Sustainable Development Strategy

Materiality Topics
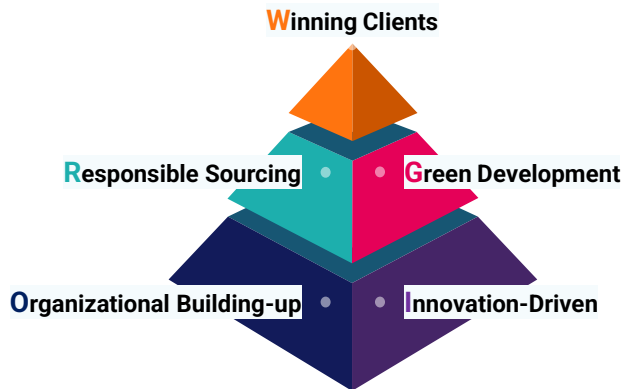
Key Material Topics

Stakeholder Engagement

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Sustainable Development Strategy

As Cubic enters a new growth phase, ESG principles guide the Company in building sustainable capabilities. This is essential to achieving long-term growth and its billion-level market target.

Enablers of Long-Term Growth

- **Upgrading management and refining operations**

- **Preparing for stricter ESG requirements from global clients**

- **Preparing for partial mandatory ESG (CSR) disclosures by 2026**

Cubic's Sustainable Growth Structure – IGROW

Through internal-external input, cross-functional alignment, and a clear focus on stakeholder value, Cubic has built the IGROW Pyramid to define its sustainability strategy across five pillars:

Winning Clients

Responsible Sourcing   **G**reen Development

Organizational Building-up   **I**nnovation-Driven

Innovation-Driven
Enhance R&D Management to Support Product Strategy
Strengthen R&D systems to support product strategy, enhance competitiveness, and drive long-term growth.

Green Development
Drive green transformation and reduce climate impact
Promote green transformation and mitigate climate impact through circular economy practices, waste recovery, and energy transition.

Responsible Sourcing
Build a Responsible Supply Chain to Reduce Upstream Emissions
Build a responsible supply chain by reducing upstream emissions and improving procurement sustainability.

Organizational Building-up
Foster Talent Growth to Strengthen Organizational Capabilities
Develop talent pipelines and organizational resilience through occupational health, training, and culture-building.

Winning Clients
Client Collaboration and Service
Enhance customer satisfaction, quality, and safety to ensure long-term value creation.

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Sustainable Development Governance Structure

To implement sustainability comprehensively, Cubic has established a complete ESG governance structure, enhancing strategic alignment and management efficiency.

The Strategy & ESG Committee, chaired by the Chairman, oversees ESG governance and ensures effective implementation by aligning Company-wide initiatives with regulatory and operational requirements.

An ESG Task Force, led by the Chairman and coordinated by the Board Office, serves as the executive body responsible for driving ESG initiatives, allocating resources, and developing implementation plans. It also supports ESG decision-making through coordination, communication, and execution across key focus areas.

Strategy & ESG Committee	Lead: Chairman of the Board

ESG Task Force	Lead: Chairman Office: Board Office

Employee Rights and Development	Client Service Optimization	Sustainable Innovation
Enhance employee engagement through career pathways, training, and satisfaction initiatives.	Strengthen feedback mechanisms, product and service satisfaction, and experience.	Improve R&D systems, encourage technical innovation, and accelerate green product development.
Environmental & Climate Action	**Sustainable Supply Chain**	**Stakeholder Engagement & Communication**
Implement emission reduction strategies and promote green operations.	Improve supplier management aligned with ESG standards and promote green transformation of supply chains.	Enhance transparency and brand value through proactive outreach.

ESG Implementation Measures

To ensure effective ESG execution, Cubic has established a Company-wide implementation mechanism. Under the leadership of the Chairman and Executive Management, ESG efforts are driven across all levels—from strategic understanding to goal setting, organizational structure, systems, and digital infrastructure—ensuring alignment with the Company's sustainable development objectives.

▸   **Cultural Enablement**

Embed ESG principles across all levels through continuous learning and annual planning. ESG is positioned as a strategic focus to drive long-term organizational alignment and sustainability integration.

▸   **Organizational Enablement**

Led by the Chairman and senior executives, cross-departmental ESG teams are structured with clearly defined responsibilities, forming a layered and coordinated ESG governance system.

▸   **Periodic Feedback Mechanism**

Conduct semi-annual ESG progress reviews and evaluations. Reports are integrated into internal governance and disclosed via bilingual ESG reports to ensure compliance and transparency for stakeholders.

▸   **Digital & Technical Enablement**

Accelerate ESG execution through digital infrastructure, data analytics, and decision-making tools. Collaborate with external partners to support ESG delivery with advanced technology and industry expertise.

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Materiality Topics

Material Topic Identification and Assessment Process

Material topics are critical to strengthening ESG governance and aligning stakeholder expectations with Cubic's long-term development. To ensure relevance and responsiveness, Cubic regularly engages stakeholders and follows a structured process to identify and evaluate material issues.

Internal Identification

• Based on strategic priorities and senior leadership input, key material issues are identified through cross-functional discussions. Topics are assessed by relevance to the organization and actual/potential impact.

Stakeholder Engagement

• Identify ways and channels of communication through discussions between stakeholders and them.
• Engage internal and external stakeholders to validate and prioritize material topics.
• Use multiple formats to collect feedback, ensuring broad participation and effective communication channels.
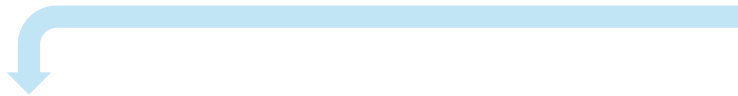
Consolidation and Disclosure

• Analyze and consolidate findings to confirm or adjust material topics and refine ESG focus areas.
• ESG leadership reviews and validates results, incorporating feedback into ESG reporting and internal governance improvements.

Materiality Matrix
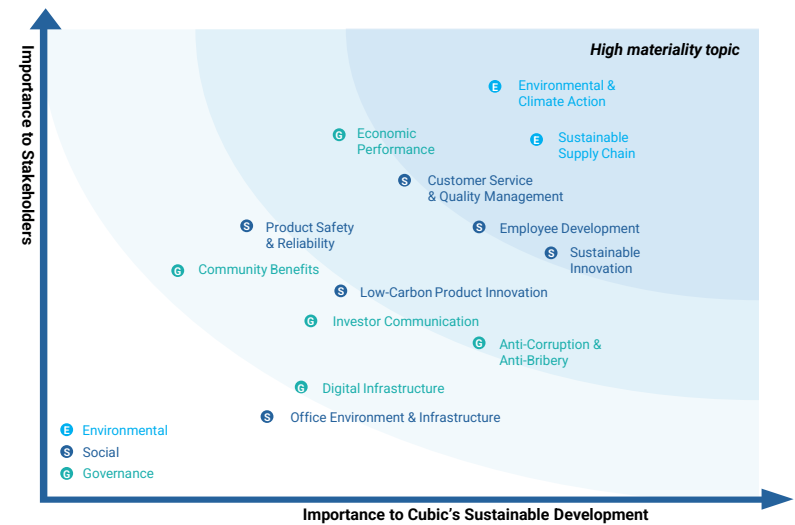
During the reporting period, Cubic referenced the latest exchange regulations and sustainability-related policies, both domestic and international, to reassess material ESG topics. Through stakeholder analysis and internal-external consultation, the Company identified the most critical topics based on both relevance to Cubic's development and importance to stakeholders.

Final prioritization, validated through engagement with internal teams and external stakeholders, confirmed the following as high-priority material issues: Environmental and Climate Action, Sustainable Supply Chain, Employee Development, Sustainable Innovation, and Customer Service and Quality Management.

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Key Material Topics

During the reporting period, Cubic integrated ESG goals into its business operations and identified five key material topics through a materiality assessment. For each topic, specific sub-issues and corresponding management approaches were defined to ensure clear accountability, promote ESG integration across departments and enhance the Company's knowledge and influence of ESG.

Employee Sustainable Development	Environmental and Climate Action	Sustainable Innovation	Sustainable Supply Chain	Customer Service & Quality Management
Sub-topics: • Occupational health and safety • Equal opportunity and career growth • Labor rights and benefits • Employee satisfaction • Organizational culture • Compensation and incentives	**Sub-topics:** • Environmental protection and green operations • Green power project • Energy reduction action project • Water resource management • Waste and hazardous material control • Recycled materials usage • Circular economy practices	**Sub-topics:** • R&D process • Project setup standards • R&D efficiency • Sustainability impact during development • Intellectual property protection	**Sub-topics:** • Supplier management system • Supplier onboarding standards • Supplier sustainability assessments • Supplier ESG performance	**Sub-topics:** • Product safety and quality • Customer service systems • Customer reception • Customer satisfaction • Complaint and feedback mechanisms
Management Approach Cubic Employee Sustainable Development Management Guidelines Cubic Occupational Health and Safety Commitment	**Management Approach** Cubic Climate and Environmental Action Guidelines	**Management Approach** Cubic Sustainable R&D Framework	**Management Approach** Cubic Supplier Sustainable Development Management Guidelines	**Management Approach** Customer Satisfaction Monitoring & Relationship Control Procedures Customer Relationship Management System Guidelines

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Stakeholder Engagement

Cubic actively engages key stakeholders—shareholders, regulators, employees, customers, suppliers, and the public—through structured communication mechanisms. This ensures alignment with stakeholder expectations, enhances transparency, and supports sustainable development.

Stakeholder Group	Shareholders, Creditors, Investors	Government & Regulators	Employees	Customers	Suppliers & Partners	Public & Communities
Representative Entities	Shareholders, potential investors	Local/regional government, securities regulatory departments	Labor unions, employee representatives	Domestic & international brand clients	Suppliers of structures, electronics, packaging, and materials	NGOs, charities, social orgs, mainstream media
Key Issues of Concern	• Corporate governance • Sustainable operational capacity • Dividend policy • Solvency • Anti-corruption • Sustainable R&D • Information transparency	• Regulatory compliance • Public disclosures • Regional economic development • Legal taxation • Product quality & safety • Environmental protection	• Compensation & benefits • Occupational health & safety • Career development • Diversity & inclusion • Labor rights and benefits	• Product safety • Sustainable supply chain • Customer service • Data privacy • Innovation • Circular economy • Sustainable innovation system	• Procurement compliance • Sustainable sourcing • Innovation partnerships • Fair trade • Circular economy • Workplace safety • Environmental protection	• Environmental protection • Circular economy • Community involvement • Public welfare • Social communication
Current Communication Channels	• Shareholders' meetings • Annual reports & disclosures • Investor Q&As • Roadshows & briefings • Research calls • Internal & external bulletins	• Regulatory inquiries • Policy publicity and implementation • Government-hosted roundtables	• Party building activities • Employee training • Employee appraisal and promotion • Labor unions and staff meetings • Work safety management and protection	• Satisfaction surveys • Factory environment quality research • Product issue resolution	• Supplier Field research • Supplier Digital platforms • Training & incentives • Supplier reviews	• Charity events • Rural development projects • Media interviews • Official websites
New Engagement Channels	• Standalone ESG report • Financial PR & media • Crisis communication	• Regulatory Consultation and Feedback Communication • Public Forums and policy seminars	• Employee satisfaction surveys • Internal communication platforms	• Complaint & feedback channels • PR/media outreach • Crisis communication	• Supplier ESG onboarding & traceability • Quality supervision anti-corruption mechanism	

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Governance

Corporate Governance Structure

Internal Controls

Risk Management

Investor Rights and Protection

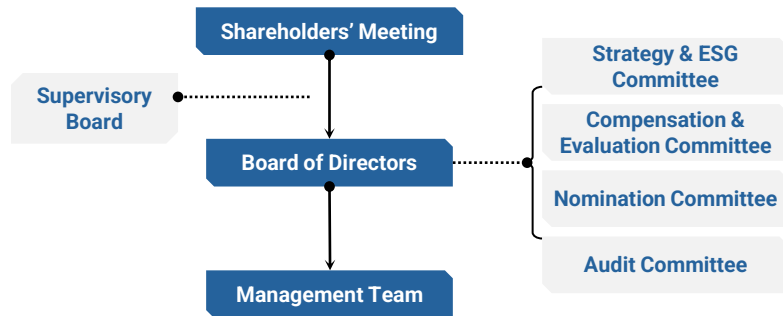Digital Governance

Information Security and Privacy

Intellectual Property Protection

Anti-Corruption and Anti-Bribery

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Corporate Governance Structure

The Company strictly adheres to the *Company Law, Securities Law*, *Code of Corporate Governance for Listed Companies*, the *Governance Rules for Companies Listed on the SSE STAR Market*, and other applicable laws and regulations, as well as its own *Articles of Association*, to continuously optimize its corporate governance structure. This ensures clearly defined responsibilities and standardized operations across decision-making, supervisory, and management bodies. During the reporting period, the General Meeting of Shareholders, Board of Directors, and Board of Supervisors operated in strict compliance with regulatory procedures. All relevant bodies and personnel conscientiously fulfilled their duties, ensuring the Company's governance structure and system operated in a standardized and efficient manner.

number and composition of the board meet statutory and governance requirements, effectively safeguarding the rights and interests of shareholders and mitigating conflicts of interest. During the reporting period, Cubic maintained a diverse board in terms of gender, age, cultural background, education, and professional expertise, with a focus on specialized knowledge and industry experience. Most directors have over five years of experience in key sectors, contributing broad perspectives to corporate decision-making.

As of the reporting period, Cubic's board consisted of six directors, including two female directors. Additionally, there were two independent directors with professional backgrounds in law, finance, and technology. These directors bring deep insights from various sectors, reinforcing sound corporate governance and supporting Cubic's long-term sustainable development.

Governance Structure

The Company appoints its directors in accordance with the *Company Law*, *Articles of Association*, and other relevant regulations, ensuring that the nomination and election processes are lawful and compliant. The

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Internal Control

The Company establishes its internal control system based on the *Basic Standards for Enterprise Internal Control* and related regulations. Tailored to the Company's operational characteristics, a series of internal control systems across various departments have been implemented, forming a standardized and efficient risk prevention and error prevention mechanism. These systems help to reduce potential errors or omissions in business operations. The Board of Directors is responsible for ensuring the sound implementation and continuous improvement of the internal control system, while the management is accountable for its daily operations. The Board of Supervisors and Audit Committee continuously monitor and evaluate the design and implementation of internal controls.

The Board of Directors has established an Audit Committee responsible for internal communication, supervision, review, and assessment of internal control effectiveness. The committee consists of three independent directors, with at least one possessing professional accounting qualifications. Each year, the Audit Committee holds meetings to review the internal control reports, hear internal audit findings, and supervise the execution of internal audit plans.

During the reporting period, Cubic followed the risk management structure and aligned it with Company strategy. Annual management plans were developed referencing listed company supervision requirements and internal audit work plans. The internal audit department conducted evaluations and provided feedback reports to senior management. Audits covered business areas such as production, sales, procurement, finance, R&D, IT, and information security. This

provided effective support for risk mitigation, performance improvement, and strong internal control operations.

The Company also followed the corporate internal control framework standards and the Company's internal control evaluation methods to guide its headquarters, wholly owned and holding subsidiaries in conducting annual internal control evaluations and related training and support.

Based on the identification of material internal control deficiencies, Cubic concluded that there were no material deficiencies in its internal control over financial reporting or non-financial reporting. The Company will continue to strengthen internal control, enhance cost management, improve budgeting supervision, and comprehensively and effectively control operational and management risks.

The Company adheres to the following principles in implementing internal controls

▶ **Comprehensive Principle** - Covers all levels of the organization and the full scope of the internal control environment and business processes, ensuring controls apply to all operations and activities.

▶ **Significance Principle** - Focuses on areas with higher risks and core business processes based on the Company's characteristics.

▶ **Objectivity Principle** - Evaluates the actual situation of internal controls from an independent and objective perspective to ensure authenticity and accuracy.

▶ **Cost-Benefit Principle** - Balances implementation costs and anticipated benefits to achieve efficient management and improve operational effectiveness.

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Risk Management

To identify, evaluate, and monitor various types of operational risks Cubic may face—including but not limited to strategic, operational, financial, compliance, and information security risks—Cubic has implemented a risk management system to safeguard sustainable development. The Company promotes risk awareness, prevention, and control mechanisms and strengthens risk culture across the organization. For key risk areas, Cubic has established policies and regulations such as the *Recruitment Management Policy*, *Production Safety Management Regulations*, *Asset Management Policy*, and *Seal Usage Management Policy*, which are continuously updated and refined to support sustainable operations.

End-to-End Business Process Risk Control Practices

To build a structured risk prevention framework, Cubic has established a dynamic risk management system covering the entire business value chain. This includes a risk " identification–assessment–control–monitoring–response" cycle, incorporating both top-down and bottom-up mechanisms. The system involves three levels of oversight: Company-wide, departmental, and team-level governance, with dedicated personnel responsible for planning, tracking, and evaluating risk points. It focuses on key areas such as R&D, production, data security, and employee safety. Regular risk assessments and audits are conducted by the Internal Audit Department to ensure early warning systems and mitigation strategies are effectively implemented.

Risk Awareness Cultivation Initiatives

The Company promotes a company-wide risk culture, treating risk awareness education as a long-term, ongoing foundational initiative.

Training and communication are conducted through multiple activities, enabling employees to develop strong risk recognition and control abilities. New employees are introduced to basic risk awareness during onboarding. The Company organizes targeted training sessions and themed risk awareness campaigns, helping employees recognize early signs of risk and strengthening their ability to respond effectively. Employees are encouraged to actively identify and report risks, take ownership in managing risks, and work collaboratively to reduce and control them, thereby forming a positive and proactive risk management environment.

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Investor Rights and Protection

Information Disclosure

The Company places great importance on information disclosure, strictly following relevant laws and regulations such as the *Company Law* and the *Securities Law*. The Company has established a comprehensive disclosure management structure consisting of systems including the *Investor Relations Management Policy*, *Information Disclosure Management Policy*, *Material Information Internal Reporting and Registration Policy*, *Information Disclosure Confidentiality and Insider Information Management Policy*, and more. The Company continues to optimize its disclosure procedures to ensure that disclosed information is truthful, accurate, complete, timely, and fair, thus protecting investors' right to know and ensuring compliance with the law.

Investors can access periodic and ad hoc reports through the Shanghai Stock Exchange website, the Company's official website, the *Securities Times*, and the *Shanghai Securities News*. In addition to mandatory disclosures required by law and regulations, Cubic also voluntarily discloses information, further enhancing transparency and strengthening communication and trust with shareholders and the public.

During the reporting period,

55 disclosed announcements	**4** periodic reports	**51** ad-hoc announcements
the inaugural 2024 **ESG Report** for the first time	**2** "Quality Enhancement & Value Return" Special Action Reports	

Investor Relations

The Company prioritizes proactive investor engagement through on-site visits, thematic conference calls, roadshows, and other direct communication channels, enabling investors to gain intuitive and dynamic insights into the operational performance, financial status, and strategic direction. The Company ensures seamless communication via platforms such as SSE e-Interaction, investor hotlines, and public investor email, guaranteeing prompt responses to all inquiries, calls, and correspondence.

Investor Communication Channels

SSE e-Interaction	Investor Hotline & Virtual Calls	Online Earnings Briefings
Email	Periodic Reports	On-Site Field Visits

During the reporting period,

Conducted **3** earnings briefings for investor engagement

Disclosed **12** investor relations activity records

Organized **50** investor communication events

Responded to **95** inquiries via the SSE e-Interaction platform

CUBIC

Investor Return

The Company has always attached great importance to providing reasonable returns to investors. While ensuring that the needs of business development are met, the company aligns its dividend distribution policy with its operational performance and development planning. It gives priority to profit distribution in the form of cash dividends to ensure fair investment returns for all shareholders, including minority shareholders.

Total dividends distributed over the past three years	Total dividends as a percentage of average annual net profit over the past three years
158 million	**121.44** %

Year	2021	2022	2023	2024
Cash Dividend	CNY 12.5 per 10 shares	CNY 9 per 10 shares	CNY 8.6 per 10 shares	CNY 3.5 per 10 shares
Capital Reserve to Share Capital Conversion	/	/	4.3 shares per 10 shares	/
Total Cash Dividend (CNY 10,000)	8,750.00	6,300.00	6,020.00	3,503.50
Net Profit Attributable to Shareholders (CNY 10,000)	17,968.00	14,546.33	13,269.44	11,275.28
Cash Dividend as % of Net Profit	48.70%	43.31%	45.37%	31.07%

CUBIC

Digital Governance

The Company places a high priority on digital development, considering smart digital empowerment as key to upgrading manufacturing and advancing its development strategy. The company has established a comprehensive digital structure with 7 well-structured digital subsystems. The digital construction is led by the Board's Digitalization Steering Group and coordinated by the Information Center. Professional third-party institutions are also engaged for customized technical development.

Corporate Digitalization Initiatives

During the reporting period, Cubic actively advanced digital construction. By increasing its investment in information technology projects, it promoted the digital transformation of workflows and improved business efficiency. The company focused particularly on areas such as CRM, MES, data driving mechanisms, and OA process integration systems to upgrade its core business systems and enable collaborative cross-functional applications, thus providing solid technical support for high-quality and sustainable corporate growth.

▸ **Customer-Centric CRM Transformation**

The Company continuously optimized the functionality of its CRM system, with a key focus on the long-term value brought by customer management:

a. Hierarchical management of business opportunities enables more precise support for project services and customer needs.

b. Streamlined communication and feedback on project progress.

c. Customer data updates and governance ensure traceable cooperation projects and accurate production data.

▸ **MES Upgrade**

During the reporting period, under the leadership of the Information Center and coordination with the production and planning departments, the company successfully launched the new MES version within four months. The upgrade primarily resolved real-time management issues, insufficient upstream IoT connectivity, low capability in managing precision and traceability, among others.

The upgraded MES enhances production monitoring and management across departments, improves the transparency of MES operation and upstream integration, and enables more accurate production capability forecasting.

▸ **Data-Driven Cockpit Construction**

By integrating business data across departments (including finance, sales, production, etc.), the Company built a comprehensive data cockpit. Through visual dashboards, business managers and executives can easily access core business data, monitor work progress and exceptions, estimate risks and deviations, and improve data-based operational precision and efficiency.

▸ **Business Collaboration Optimization**

The Company continues to iterate and upgrade high-frequency cross-functional collaboration scenarios based on real business demands. In various office settings, digital tools have enabled workflow optimization, improved data quality, and enhanced user experience. For example, standardized report templates and OCR-based invoice scanning improve the accuracy and convenience of daily usage by employees.

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Information Security and Privacy

Information Security Management System

The Company has established a comprehensive information security management structure. The Information Center operates as a first-level department, reporting directly to the CEO and supervised by the Board. It provides monthly updates to the Board on the progress of information security initiatives and addresses any challenges.

The Company has developed a full suite of information security policies and procedures, including the *Information Security Management Manual*, *Information Classification Management Procedure*, *Information Security Awareness and Risk Management Procedure*, *Internal Control and Audit Procedure for Information Security*, *Information Security Incident Management Procedure*, *Confidentiality Agreement*, *Access Control Policy*, *Personal Information Protection Procedure*, and *Commercial Information Security Management Guideline*.

In 2024, the company continued to invest in IT infrastructure, enhancing antivirus protection, upgrading cloud services, business software, and achieving TISAX-related certifications. These efforts elevated Cubic's information management maturity to a new level.

Technical Safeguards and Privacy Protection

In line with ISO 27001 standards, Cubic has built a system that spans data collection, transmission, storage, and usage with full-cycle information security control. It regularly conducts internal risk assessments, ensuring the safety of core data related to R&D, manufacturing, and supply chains. For sensitive data such as customer requirements, product drawings, and experimental data, measures like encrypted transmission, restricted access, and physical control methods are employed to ensure confidentiality and integrity. The Company strictly enforces data confidentiality clauses and ensures no unauthorized disclosures, protecting customer privacy and business secrets.

Employee Training and Awareness Enhancement

The Company regularly trains employees on information security and privacy protection, covering legal standards, internal controls, standard operating procedures, and emergency handling. Exams are conducted to ensure training effectiveness. Relevant content is also delivered through an e-learning platform to ensure 100% employee participation. These programs effectively raise awareness and reduce human error risks.

CUBIC

Intellectual Property Protection

Global-Aligned IP Strategy with Optimized Portfolio

The Company has systematically planned and optimized its intellectual property strategy. The R&D Center leads IP management, overseeing IP operations throughout R&D activities and project processes. Based on global patent landscapes and product features, Cubic actively files domestic and international patents and rights. By integrating layout planning with design output and innovation activities, Cubic increases the quantity and quality of patents, reduces risk of infringement, and safeguards hard-earned research results. Meanwhile, it improves overseas recognition by European and U.S. customers.

Sustained Growth in R&D Output and Enhanced Research Return

The Company has consistently increased R&D investments in recent years, accelerating new product development and market penetration across diverse downstream applications. This has driven rapid client acquisition and steady growth in both R&D achievements and intellectual property portfolios.

	2022	2023	2024
R&D Expenditure (CNY 10,000)	5,630.18	8,224.14	11,316.02
R&D Intensity (R&D cost/Revenue)	9.35%	11.89%	12.96%

In 2023, Cubic began laying the groundwork for the introduction of a New Product Introduction (NPI) system, and in 2024, it advanced the program with full lifecycle management covering product planning, project budgeting, execution, acceptance, and investment return. With annual new project spending exceeding 200 million RMB, selection of R&D projects is increasingly aligned with market demands. In particular, efforts are focused on automotive electronics, new energy heating, smart appliances, and other high-value fields. The Company is actively building a forward-looking R&D portfolio to support long-term innovation.

	New Additions		Cumulative numbers	
	Applications (Units)	Grants (Units)	Applications (Units)	Grants (Units)
Invention Patents	20	11	143	61
Utility Model Patents	31	25	206	137
Design Patents	1	2	37	35
Software Copyrights	5	5	89	89
Other IP	19	1	46	18
Total	**76**	**44**	**521**	**340**

CUBIC

Anti-Corruption and Anti-Bribery

The Company strictly adheres to anti-corruption laws and international standards in all regions where it operates. It is committed to maintaining a fair, honest, and transparent business environment. The Company views employee integrity as a fundamental principle of business conduct, and all employees are required to uphold business ethics, abide by regulations, and avoid conflicts of interest. The Company enforces a "zero-tolerance" policy toward bribery and corruption.

Anti-Corruption and Anti-Bribery Management System

The Board of Directors oversees anti-corruption efforts, and the Audit Committee and Board Secretary supervise the process. The Company has established a multi-level oversight mechanism involving the Board, the Audit Committee, internal management, and compliance teams. The Secretary to the Board regularly reviews feedback and reports related to violations and leads investigations or internal audits when necessary to ensure effectiveness and completeness of the anti-corruption effort.

The Company has formulated policies and procedures in line with anti-corruption laws, such as *the Anti-Corruption Policy* and relevant internal guidelines. It also issues anti-corruption legal notices to suppliers and new employees, and signs agreements such as the *Anti-Corruption Compliance Commitment Letter and Supplier Code of Conduct* to strengthen third-party compliance and procurement supervision.

Employee Integrity and Compliance Guidelines

The Company prioritizes the ethical conduct of its employees. To improve business ethics across the workforce, the company has developed a long-term integrity training program. Targeted ethics training is conducted for all employees, covering rules, regulations, and standards. Training formats include public lectures, group education, and online learning platforms. Regular testing ensures learning outcomes. Integrity training is required for all employees—including new hires, interns, and dispatched staff.

Integrity Training 262 times, during the reporting period

▶ **March 2024**: Conducted online integrity training sessions, with 262 employees participating and completing required assessments.

▶ **August 2024**: Executed in-person integrity training at Jingpin/Tap facilities, with post-training feedback collected for continuous improvement.

Reporting Channels

The Company maintains a multi-channel whistleblowing system, including online platforms (recommended), phone, email, mail, and in-person reporting, actively encouraging both real and anonymous disclosures. All cases are investigated by designated personnel in the Internal Audit Department, with strict confidentiality for whistleblowers and ensured impartiality through conflict-of-interest checks between investigators and subjects.

Phone: (027)-81628843 (Internal Audit Department)

Email: report@gassensor.com.cn

Mailing Address: Internal Audit Department, No. 3 Fenghuangyuan 3rd Road, Fenghuang Industrial Park, East Lake High-Tech Development Zone, Wuhan, Hubei Province, China

Online Reporting Platform

Review | Suggest | Report

CUBIC

Employee

Employee Sustainable Development

Occupational Health and Safety

Talent Attraction and Development

Compensation and Promotion

Corporate Culture

Employee Benefits

Employee Rights

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Employee Sustainable Development

The Cubic upholds the principle of "Talent-Driven, Innovation-Driven" growth, positioning Employee Sustainable Development as a Highly material topic of the ESG initiatives. Cubic attracts talented individuals and provide broad development opportunities, assisting the employees in setting career goals and delivering comprehensive on-the-job training to enhance their long-term professional value. This mutual growth strategy ensures shared success between Cubic and the workforce, enabling us to maintain leadership in markets.

Cubic Employee Sustainable Development Management Guidelines

The Company has established the Cubic Employee Sustainable Management Guidelines to safeguard employee rights and facilitate their development at all stages. The Guidelines cover health and safety, career development, benefits, corporate culture, talent acquisition, and training, aiming to cultivate a safe, healthy, equitable, inclusive, and motivating work environment.

The Company prioritizes employee safety and well-being by ensuring secure and stable working conditions, along with comprehensive employee rights and benefits. The Company implements competitive compensation systems and fair promotion mechanisms, while continuously refining the talent development programs to support employees in achieving their professional aspirations.

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Occupational Health and Safety

The Company places strong emphasis on employee health and safety, recognizing it as a core operational principle. The company has released the "Cubic Occupational Health and Safety Policy," promoting a prevention-first approach. It strictly adheres to national occupational health and safety laws and regulations, continuously enhancing safety awareness and fostering a safe and healthy work environment to safeguard employee well-being.

Corporate Safety Management Structure

The Company has established a comprehensive EHS management structure and formed a Safety Production Committee, supported by a dedicated safety office responsible for organizing regular safety meetings and implementing safety protocols.

The Safety Production Committee is the Company's highest-level safety body, guiding overall safety strategies without replacing departmental responsibilities. It consists of cross-functional management and operational leaders responsible for executing safety measures, implementing control systems, and promoting safety education. The committee facilitates proactive hazard identification and risk control to reduce incidents and ensure operational safety.

Safety Production Committee	Cubic Headquarter	R&D Center	Jiashan Industrial Park
	40+	15+	15+

The Company views the committee as a regular body to advance safety policies and lead safety initiatives. It carries out inspections, evaluations, safety reviews, and internal audits, offering strategic advice and decision-making input on corporate safety matters.

Risk Identification and Control

The Company has established a systematic safety management structure encompassing hazard identification and rectification, safety inspections, incident investigation and prevention, as well as fire drills and emergency preparedness. The internally issued EHS Hazard Identification and Rectification System defines comprehensive and systematic requirements for hazard detection and management. These include third-party audits, departmental self-inspections, monthly company-wide reviews, and seasonal and holiday-specific checks—ensuring timely identification and elimination of potential safety risks.

To ensure workplace health and safety, the Company implemented a comprehensive inspection program, including daily on-site equipment checks and regular fire system maintenance. A 24/7 incident response mechanism was established to ensure timely reporting, investigation, and resolution of safety events, enabling rapid injury response and escalation protocols. Through continuous reinforcement of safety management systems and emergency preparedness, the Company effectively mitigated the occurrence of workplace injuries. During the reporting period, a total of 15 incidents were recorded—all promptly addressed, with no major injuries or fatalities.

Monthly safety inspections conducted: 12

Annual hazard rectification completion rate: 97.46%

(Annual target ≥ 95%)

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▶ **Case Study 1: Marking Station Redesign**

   a. Issue Identification

During routine safety checks, it was observed that the marking station posed a burn risk due to unmarked high-temperature areas. The existing enclosure lacked sufficient insulation, and there was a risk of product contamination due to dust exposure.

   b. Resolution Process

Upon detecting a safety hazard, the Company immediately conducted on-site assessments and implemented a structured approach to risk resolution.

Status Analysis	Goal Setting	Solution Evaluation
Assessed temperature fluctuations affecting product stability for laser calibration components and cold media.	Determined optimal power supply requirements and proposed dual power circuit configuration.	Adopted a centralized external power source solution using high-capacity batteries to ensure stable output, fast deployment, and minimal space occupation.

The company promptly upgraded the marking station, standardized insulation and signage layouts, and initiated preventive safety enhancements for other high-temperature zones, significantly improving workplace safety.

▶ **Case Study 2: Gas Cylinder Overstock Improvement**

   a. Issue Identification

During routine hazard inspections, it was discovered that some areas on-site had issues such as gas cylinder overstocking and improper mixing. Given that the company requires large volumes of gas cylinders for industrial use, such storage practices posed significant safety risks.

   b. Resolution Process

Upon identifying the risk, the company promptly updated cylinder usage protocols, conducted specialized inspections, and coordinated departmental rectifications. It adopted a "less volume, more frequency" storage strategy to reduce on-site cylinder quantities, and clearly categorized cylinders by gas type for separate storage, eliminating safety hazards.

Employee Safety Assurance

The Company prioritizes employee occupational health and safety. In strict compliance with legal requirements, the company regularly organizes occupational health and safety training, encourages full employee participation, and ensures safety protocols are embedded in daily work. Managers are required to lead by example and raise awareness of safety among employees, while teams are encouraged to report risks and propose improvements. Training and assessments are conducted regularly, and only employees who pass evaluations may assume their roles.

Additionally, the Company provides certified personal protective equipment (PPE), ensuring 100% compliance with equipment specifications and standards. Regular inspections are conducted to verify PPE availability and suitability. To ensure availability, the company designs targeted procurement and storage systems and conducts risk

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identification for critical job positions, matching PPE to potential hazards. Routine patrols verify proper PPE use and promote continuous improvement.

▶ **Safety Education and Training**

During the reporting period, the Company implemented a comprehensive internal and external safety training program and established a systematic three-level safety education structure. This includes company-wide, department-level, and team-level training, covering legal regulations on production safety, safety management systems, occupational health, fire safety, and emergency response.

▶ **Emergency Drills**

During the reporting period, the Company organized key emergency drills focusing on fire evacuation and fire-fighting operations. These were complemented by scenario-based drills simulating various risks such as mechanical injury, working at heights, electric shock, and hazardous chemical leaks.

Training and Emergency Drills

Internal Training
- Fire Safety Training
- Safety Month Workshops
- Safety Month Competitions
- Occupational Health Training

External Training
- District Safety Officer Certification Programs
- Optoelectronics Park Specialized Training
- Municipal Regulatory Agency Workshops
- Tongxin Fire Safety Collaboration Programs

Drill Scenarios
- Fire Drills
- Burn/Scald Incident Drills
- Emergency Response Drills
- Electric Shock Incident Drills

Employee Occupational Health

The Company is committed to minimizing workplace injuries and occupational disease occurrences. Efforts include hazard identification, occupational disease factor declaration and assessment, annual reporting, and regular employee training.

During the reporting period, the Company completed on-site evaluations of occupational hygiene at its headquarter and Jiashan Industrial Park, including exposure risk assessments and the determination of occupational health examination needs.

In addition, the Company disclosed relevant occupational hazard information publicly in accordance with legal requirements, ensuring employee awareness of potential risks. It also organized occupational health training sessions for employees at headquarters and technical departments to enhance awareness and self-protection.

Hierarchy of Occupational Hazard Control Measures

Cubic rigorously adheres to the prioritized hierarchy of occupational disease prevention, implementing effective measures to eliminate or mitigate hazards. The approach prioritizes eliminating hazards at the source before resorting to less effective controls.

High Effectiveness

1. **Elimination:** Remove hazards entirely.

2. **Substitution:** Replace hazardous materials or processes with safer alternatives.

3. **Engineering Controls:** Isolate hazards through physical barriers or systems.

4. **Administrative Controls:** Modify work practices to reduce exposure.

5. **PPE:** Provide workers with personal protective equipment for safety measure.

Low Effectiveness
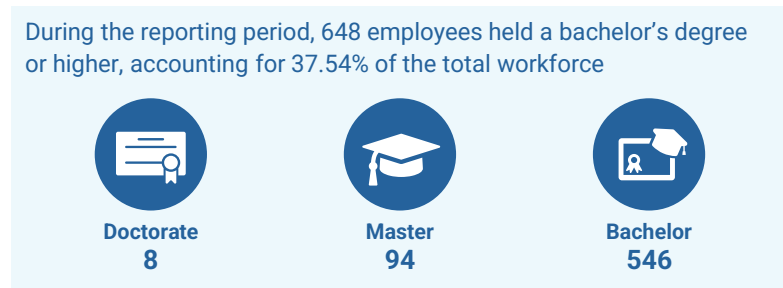
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Talent Attraction and Development

Talent Attraction

The Company continuously refines its recruitment process to attract more high-caliber talent, actively expanding channels and establishing partnerships with numerous universities. It builds platforms for university-enterprise collaboration to recruit outstanding graduates and provide internships, deepening talent pipelines. It also partners with headhunters and labor outsourcing firms to ensure fast hiring and meet urgent production needs.

▶ **Strengthening University Partnerships**

During the reporting period, the Company partnered with Hubei Institute of Fine Arts to sign an agreement and unveil a plaque for a joint internship and training base at the company's R&D Center. Both parties also signed a cooperation agreement for the establishment of the base, with a ceremony held at the institute's research building.

The Company continues to recruit outstanding graduates and interns from the institute, supporting their well-rounded development and promoting high-quality employment outcomes.

During the reporting period, 648 employees held a bachelor's degree or higher, accounting for 37.54% of the total workforce

Doctorate
8

Master
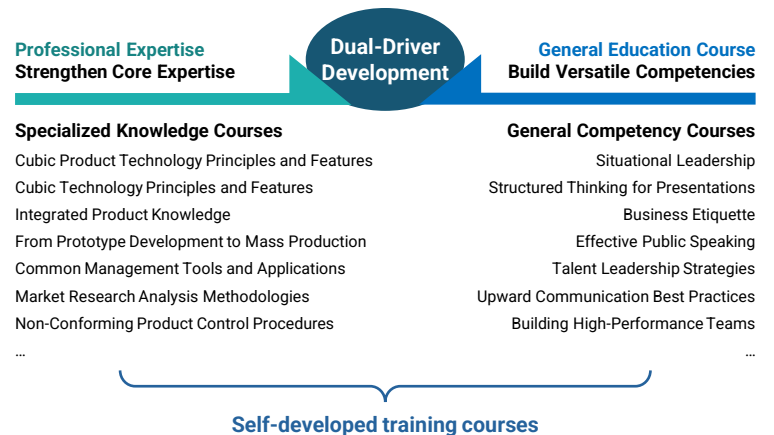**94**

Bachelor
546

Talent Development

The Company regards talent as a core competitive advantage and is committed to building a comprehensive and in-depth employee training system to support sustainable development. Tailored to diverse growth paths, the training program offers professional knowledge and multiple learning formats, along with project-based training and academic advancement opportunities at all levels. These efforts aim to enhance employees' personal qualities and professional skills, supporting the company's long-term stable growth.

Balanced Focus on Core Expertise and Comprehensive Competencies
The Company continuously strengthens internal talent development to support long-term sustainability. It has established a systematic training structure that emphasizes both professional expertise and general capabilities, ensuring practical, effective, and adaptable training delivery.

Professional Expertise
Strengthen Core Expertise

Dual-Driver Development

General Education Course
Build Versatile Competencies

Specialized Knowledge Courses

Cubic Product Technology Principles and Features
Cubic Technology Principles and Features
Integrated Product Knowledge
From Prototype Development to Mass Production
Common Management Tools and Applications
Market Research Analysis Methodologies
Non-Conforming Product Control Procedures
...

General Competency Courses

Situational Leadership
Structured Thinking for Presentations
Business Etiquette
Effective Public Speaking
Talent Leadership Strategies
Upward Communication Best Practices
Building High-Performance Teams
...

Self-developed training courses

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▸ **Employee Training**

During the reporting period, the Company delivered comprehensive onboarding training for new employees. By implementing a diverse set of training formats and guidance systems, new hires were introduced to the Company's culture and responsibilities. A systematic learning structure was designed to ensure clarity and efficiency in knowledge transfer, helping new staff quickly adapt to their roles. In addition, internal evaluations were conducted to collect feedback on training satisfaction, enabling the HR team to refine training content and delivery quality.

Company-level Offline Courses	Online Specialized Learning	Professional Training
80+ sessions	**10+** programs	**150+** sessions
190+ hours	**60+** hours	**250+** hours
3,500+ participants	**4,000+** participants	**2,000+** participants

▸ **Frontline Team Leader Development – Launch Program**

The Company provides equal development and training opportunities for all employees by designing a curriculum focused on frontline team leadership. Guided by the principles of "people-oriented" and "sustainable development," the program aims to build a team of team leaders with strong responsibility, professionalism, and innovation.
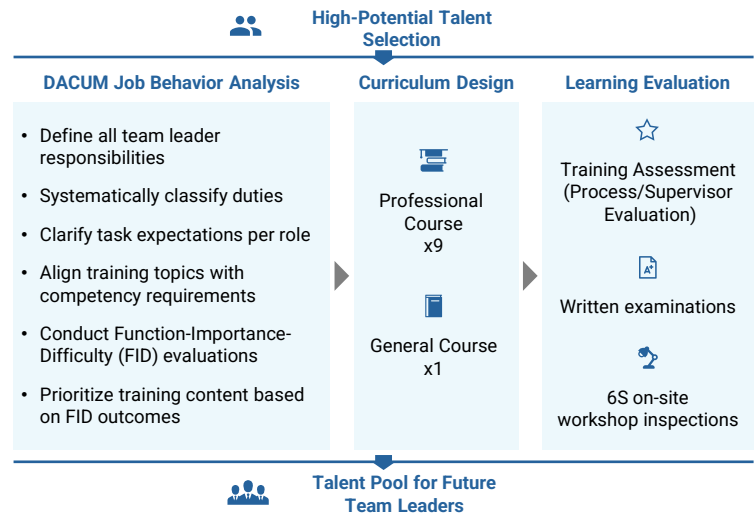
A total of 67 participants enrolled, completing 12 on-site sessions and over 20 training hours, with a 93% attendance rate. The program

included 12 custom trainings, 1 assessment toolkit, 1 training package, 9 in-class quizzes, and 1 final evaluation, achieving an 84% overall pass rate.

As a result, 3 participants received fast-track promotions, and 11 high-potential leaders were identified.

"9+1" Curriculum System for Group Leader Onboarding Program

The onboarding program adopts a "9+1" curriculum structure based on DACUM job behavior analysis, addressing the professional and general competency needs of team leaders. It is jointly developed by the HR department and business departments, with internal instructors leading implementation. The training emphasizes practical scenarios, enabling selected high-potential employees to gain a strong grasp of core job skills and leadership capabilities through comprehensive instruction and evaluation.

High-Potential Talent Selection

DACUM Job Behavior Analysis	Curriculum Design	Learning Evaluation
• Define all team leader responsibilities	Professional Course x9	☆ Training Assessment (Process/Supervisor Evaluation)
• Systematically classify duties		
• Clarify task expectations per role		Written examinations
• Align training topics with competency requirements	General Course x1	
• Conduct Function-Importance-Difficulty (FID) evaluations		6S on-site workshop inspections
• Prioritize training content based on FID outcomes		

Talent Pool for Future Team Leaders

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▸ **R&D Cadre Training Program – "Forging Action"**

To strengthen product innovation among R&D staff, the Company designed a targeted training curriculum focused on innovation. Senior management actively participated, and internal experts shared their experiences and expertise, creating an atmosphere of focused learning and significantly improving training outcomes. This training format not only enhances employees' technical and innovation capabilities but also helps elevate the overall R&D level of the company, providing strong support for sustainable development.

The training content includes:

Identity Recognition
Through this training, participants build a sense of group identity and mission, strengthening cohesion and internal motivation.

Team Management
External professionals taught "Leadership Execution", helping trainee to cultivate more flexible management awareness.

Upward Management
Senior technical managers shared insights on "How to Manage Upwards", emphasizing intent and methods to influence superiors effectively and drive change.

Professional General Course
Senior technical experts from the company delivered lectures on key product development topics to enhance trainees' technical problem-solving abilities and innovation effectiveness.

Practical Workshops
Through scenario-based case analysis, trainees practiced structured problem-solving and collaborative learning to develop real-world solutions.

▸ **Employee Academic Advancement Program**

The Company prioritizes employees' personal and professional development through an academic advancement initiative with universities. This program offers further education opportunities to employees in critical roles and high-potential positions, focusing on motivated individuals eager to enhance their qualifications and skills. Candidates are selected via internal nominations and evaluations, ensuring clear learning objectives and a strong commitment to self-improvement.

Eligibility is based on performance and developmental potential, enabling participants to deepen their expertise, expand career paths, and ultimately strengthen Cubic's core competitiveness and sustainability.

The initiative is available to all core positions, including operations and R&D. It offers pathways like diploma-to-bachelor's and high school-to-diploma programs. In partnership with universities such as Wuhan University of Science and Technology and Hubei University of Technology, the program includes majors relevant to the company's business, like Electronic Information Engineering and Mechatronics, ensuring academic growth aligns with career progression.

Featured Partner Universities

Wuhan University of Science and Technology
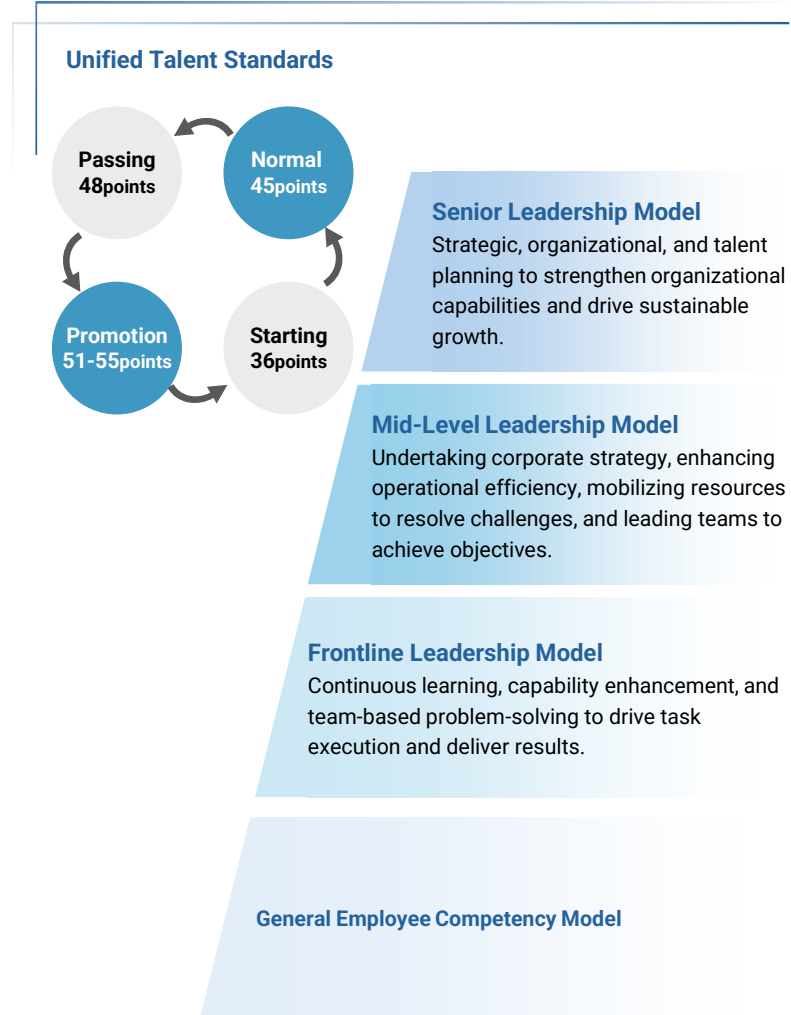
Hubei University of Technology

Jiaxing University

▸ 2.5-year duration with a 75% tuition subsidy through university partnerships;
▸ 55 employees from the Wuhan, 24 employees from the Jiashan are benefiting from this program

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▸ **Employee Competency Model**

The Company has developed a competency model to provide concrete direction and standards for employee growth, supporting everyone's career advancement. The model includes four levels: general employee competencies, frontline leadership, mid-level leadership, and senior leadership. This model is integrated with the company's personal development plan, which offers guidance on short-term and long-term career goals, ensuring that each employee can continuously grow in their suitable field.

✓ **Regular Evaluations & Feedback**

The company encourages employees to regularly assess their progress towards goals and skill development areas, providing timely feedback to help them adjust strategies for better goal achievement.

✓ **Mentorship & Coaching**

The company assigns experienced mentors to provide one-on-one coaching for employees, assisting them in overcoming challenges encountered during goal realization.

✓ **Resources & Tools**

The company offers necessary resources and tools, such as online learning platforms and time management software, to support employees in effectively managing their personal goals.

✓ **Incentives and Communication**

The company rewards and recognizes employees who excel in achieving their personal goals, fostering a supportive and encouraging team atmosphere by sharing their goals and progress.

Unified Talent Standards

Passing 48points
Normal 45points
Promotion 51-55points
Starting 36points

Senior Leadership Model
Strategic, organizational, and talent planning to strengthen organizational capabilities and drive sustainable growth.

Mid-Level Leadership Model
Undertaking corporate strategy, enhancing operational efficiency, mobilizing resources to resolve challenges, and leading teams to achieve objectives.

Frontline Leadership Model
Continuous learning, capability enhancement, and team-based problem-solving to drive task execution and deliver results.

General Employee Competency Model

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High-End Talent Development

▶ **National Postdoctoral Programme**

The company was selected in the second batch of the 2022 National Postdoctoral Programme in Hubei Province to establish a research workstation, showcasing its significant achievements in attracting high-end talent. This platform enhances industry-academia-research collaboration by attracting numerous high-level technical professionals to Cubic, thereby accelerating technological innovation and the transformation of research outcomes.

Establishing the postdoctoral research workstation recognizes Cubic's achievements in technological innovation and research investment. It will attract more PhDs to join the innovation team, strengthening the company's technological R&D and supporting the development of new industries.

▶ **3551 Talent Program**

The company actively engages in the "3551 Guanggu Talent Program" initiated by the Wuhan East Lake Hi-Tech Zone. Launched in 2009, this program aims to accelerate high-tech industrialization by attracting and nurturing pioneering talents with globally leading expertise. Through this initiative, Cubic has recruited exceptional professionals in key sectors such as optoelectronic information, providing robust talent support for technological innovation and sustainable development.

Total of 4 members of the company have been included in the list of the "3551 Talent Plan"

(Selected examples)

● **2010** Xiong Youhui, Chairman of Cubic and President of the Research Institute, was honored as an Entrepreneurial Talent in the "3551 Guanggu Talent Program" by East Lake Hi-Tech Zone.

● **2023** Liu Zhiqiang, General Manager of Cubic, was recognized as an Innovative Talent in the "3551 Guanggu Talent Program" by East Lake Hi-Tech Center.

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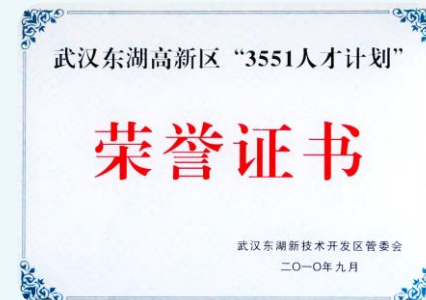
Compensation and Promotion

Compensation Management

The company has implemented a comprehensive performance appraisal system to ensure fairness and transparency in assessments. Performance results are closely tied to compensation and incentive distributions, forming a key part of the company's reward mechanism. Compensation is based on both individual and team performance. The company has adopted a multi-dimensional salary adjustment system that incorporates equity-based incentives and performance bonuses to promote self-driven performance among employees.

In alignment with its business strategy and talent needs, the company regularly adjusts and enhances the competitiveness of average salaries. Flexibility in incentive design is maintained to better align with employee contributions and regional differences.

Promotion and Development

The Company values individual career progression and upholds a fair, transparent promotion process to support mutual growth between employees and the organization. Multiple career development paths are offered to match employees' diverse skills and preferences. A wealth of internal and external training resources supports continuous learning, while structured development programs help meet competency and role-specific needs.

▶ **Scientific Promotion Policy**

Promotion is based on clearly defined criteria and a meritocratic system that identifies high-potential employees. Individuals with outstanding performance and leadership potential are given priority for more challenging roles. Promotions are conducted annually based on objective performance appraisals, with equal access to opportunities regardless of role.

Career Development Pathways

The Company prioritizes talent development from a strategic perspective, using scientific evaluation to identify and nurture high-potential employees across multiple levels. The Company actively cultivates talent pipelines and has established structured internal growth ladders to support career progression. It offers three-dimensional career pathways—Management Track, Technical Track, and Rotational Track—to guide employees toward sustainable personal growth and value realization.

The Company emphasizes internal mobility and rotational training, with over 80 employees participating during the reporting period. These programs provided exposure to departments such as operations, R&D, and sales, fostering multi-dimensional growth and adaptability. This initiative enhanced employees' skill sets and cross-functional capabilities, improving job-role fit and driving synergy across business units, thereby supporting the Company's operational growth.

CUBIC
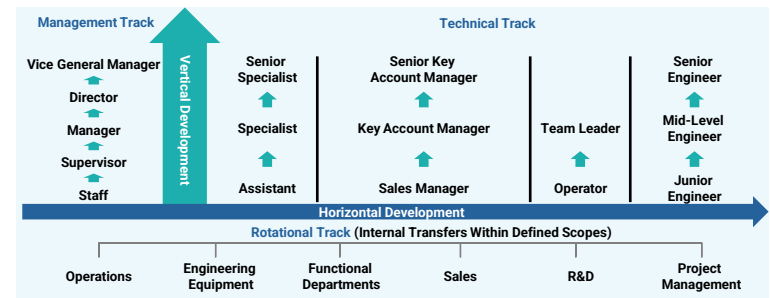
Corporate Culture

The Company places strong emphasis on corporate culture, viewing it as a vital driver of high-quality development. The Company upholds a people-centric cultural philosophy, organizing a variety of cultural and recreational activities to foster a positive, healthy, and dynamic work environment. These initiatives aim to enhance employee well-being and create a space conducive to professional growth and collaboration. By continuously strengthening corporate culture, the Company empowers employees to embrace greater ownership and initiative, while encouraging synergistic development between individuals, families, and the company, ultimately shaping a better future together.

Inheritance of Traditional Cultural Values

The Company regards the preservation and promotion of traditional Chinese culture as an integral part of its corporate mission. As a vibrant and innovative enterprise, the Company integrates the core values of courage, solidarity, and perseverance into its cultural identity. These values form the foundation of a spirited workplace culture and are embedded across all areas of the company. The Company strives to bring traditional cultural values into the modern business setting, thereby revitalizing their relevance and meaning.

Through innovative team-building activities, daily routines, and cultural celebrations, the Company not only cultivates a forward-looking mindset but also encourages employees to adopt traditional cultural values as part of their daily work and collaboration. These initiatives enhance team cohesion and create a people-oriented corporate atmosphere. Cubic remains committed to promoting Chinese traditional values, enriching its cultural ecosystem, and fulfilling its broader social responsibilities.

▶   **The Dragon Boat Race**

During the reporting period, the Company successfully held its third Dragon Boat Race. This annual event has become a signature corporate tradition over the past three years. As one of the most anticipated and widely participated team-building activities, the Dragon Boat Race vividly reflects the Company's spirit of unity and persistence. Every participating team demonstrated extraordinary determination and teamwork, showcasing a culture defined by camaraderie, intense competition, and unyielding resilience.

Core Values Embodied in the Dragon Boat Race

| Courage | Solidarity | Perseverance |

The Dragon Boat Race at Cubic has become a flagship corporate tradition, nurturing a strong team of passionate paddlers. It vividly demonstrates the Company's robust corporate culture, characterized by diligence, bravery, unity, and a competitive spirit. Over time, this event has become a symbolic cultural asset of Cubic's global brand. Beyond showcasing traditional Chinese heritage, the Dragon Boat Race has evolved into a powerful platform for reinforcing teamwork and strengthening corporate cohesion.

"Row ahead of the tide, march toward the future". And all its employees remain united in purpose, moving forward in step to build a brighter future together.

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Highlights of the 3rd Cubic Dragon Boat Race

During the reporting period, Cubic also actively participated in the 2024 National Dragon Boat - Hubei Province Dragon Boat Trials, as well as the

16th Hubei Provincial Dragon Boat Championships. After intense competition, Cubic's dragon boat team won first place in the overall team standings.

▶ **Traditional Lion dance**

During the reporting period, the Cubic Lion Dance Team delivered a traditional lion dance performance at the Company's New Year celebration. Through performance "Spirit Snake Offers Auspices" and "Auspicious Lion Brings Blessings," the team showcased the unique charm of Chinese traditional culture to all employees, also extended well-wishes to the entire staff.

Highlights of the lion dance

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▸ **Traditional Pottery Art**

During the reporting period, the Company organized the pottery experience activity for employees and their families in the Company's pottery studio. Professional instructors provided in-depth explanations of the history, classification, cultural significance, and artistic value of pottery. The activities offered employees and their families the opportunity to experience the traditional pottery art.

Highlights of the Pottery activity

▸ **The art of Chinese Flower Arranging**

During the reporting period, the company organized a flower arranging event for employees. With the guidance of a professional floral artist, employees learned and experienced the essence of traditional Chinese flower arranging art. This helped employees enrich spiritual lives and enhanced the cultural identity.

Highlights of the Chinese Flower Arranging

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Family and Well-beings

Cubic places great importance on the well-being of employees and their families, viewing it as a key factor in building a harmonious, stable, and cohesive corporate culture. The Company firmly believes that employees are its most valuable assets, and that the support and happiness of their families significantly influence job satisfaction and loyalty. The Company has implemented a series of family care initiatives, aimed at creating a warm and caring work environment. These initiatives help employees balance their work and family lives, ultimately enhancing their job satisfaction and overall happiness.

▸ **Cubic Dreamland – Winter Camp for Employees' Children**

During the reporting period, to address the issue of employees' children lacking supervision during the winter holidays, the Company launched the "Cubic Dreamland" Winter Camp, which received an overwhelmingly positive response from employees, quickly reaching full enrollment. Throughout the camp, the Company provided a variety of enriching courses and activities, ensuring the children received excellent care and education during their break. This initiative also contributed to fostering a more harmonious, stable, and cohesive corporate culture.

The Company hired professional teachers with extensive winter camp experience to create a diverse program of courses and activities. The winter camp included a variety of classes, including calligraphy, special reading sessions, drone flying, pottery, painting, imaginative storytelling, and creative design projects. Additionally, the camp featured outdoor activities such as rope skipping, shuttlecock kicking, volleyball, trampoline, bowling, and running.

64 Children of Employees, 3 Weeks of Winter Camp Experience

▸ **"Wise Parenting, Bright Futures" Educational Planning Lectures**

During the reporting period, the Company held two educational planning lectures tailored for employees' children aged 0-6 and 6-12. Renowned external family education advisors were invited to address parenting anxieties and provide guidance on long-term educational planning, the establishment of learning habits, and the cultivation of extracurricular interests. The lectures received active participation and widespread commendation from employees.

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Personal Care and Support

The company actively promotes and practices a culture of personal care, striving to assist employees in overcoming practical difficulties. In challenging times, the company's labor union organizes fundraising events to support employees in need. For example, in 2023, a fundraising campaign for the father of an employee with a serious illness garnered enthusiastic support from the entire company. This effort exemplifies the strong spirit of solidarity and collaboration within the company, and the Company's commitment to fulfilling social responsibilities.

▶ **Mother's Day - "Empowering Her Strength, Achieving Her Future"**

During the reporting period, the company hosted two theme-sharing events for female employees on Mother's Day. These included legal seminars on women's rights protection and discussions about career development, financial status, family life, and self-worth, highlighting the importance of balancing these aspects of life.

Mother's Day Event

CUBIC

Employee Benefits

The Company is committed to providing competitive and comprehensive employee benefits. In compliance with the *Labor Law of the People's Republic of China* and national labor policies, the Company ensures full payment of social insurance and housing provident funds for all employees. Additionally, staff at headquarter receive supplementary health insurance coverage, addressing both routine health needs and unforeseen life events.

During the reporting period, Cubic improved workplace and living conditions by providing safe and clean accommodations. Regular inspections are conducted to eliminate health and safety risks, ensuring compliance with local standards. The Company also operates convenient shuttle services to support employees' daily commutes, ensuring their safe and timely arrival at work.

Furthermore, Cubic guarantees the provision of nutritious and hygienic meals through a well-stocked canteen and food service facilities. A wide range of dietary options is offered to meet employees' nutritional and taste preferences. As an added benefit, the Company celebrates employee birthdays by offering a birthday meal voucher worth RMB 200, allowing employees to enjoy a quality meal with colleagues and friends—fostering a sense of joy and community.

Employee birthday meal

Daily Apple Action: Cultivating health through small daily actions
The Company actively promotes employee wellness through practical initiatives. During the reporting period, the Company continued to implement its "Daily Apple Action," which provides fresh apple each day. The program encourages healthy habits by advocating the idea that "an apple a day keeps the doctor away," supporting employees in adopting a nutritious lifestyle and improving their overall well-being.

To ensure quality and freshness, Cubic adopts a sustainable procurement that sources apples directly from local farms, to minimizes fruit spoilage and waste while supports rural agricultural incomes. The Company has also invested in cold storage facilities to maintain the apples' freshness.

Furthermore, the Company is progressively digitalizing the entire process to improve efficiency and traceability. This initiative reflects the Company's ongoing commitment to employee health and well-being, while also enhancing ESG performance in health-related stakeholder engagement. This program is a concrete embodiment of the Company's long-term commitment to caring for its people, improving internal management capabilities, and reinforcing sustainable development practices.

CUBIC

Employee Rights

Cubic strictly complies with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and other relevant national labor regulations. The Company firmly prohibits any form of forced labor, ensuring that employees' legal rights and benefits are fully protected, safeguarding employees' social security entitlements.

In addition, Cubic has developed a comprehensive HR system that encompasses employment, compensation, and leave applications. The system ensures that employees' lawful rights to rest, leave, and overtime compensation are safeguarded through standardized procedures and equitable oversight.

Diverse and Inclusive Work Environment

Cubic is committed to anti-discrimination policies and promotes a diverse and inclusive workplace, ensuring equal treatment regardless of ethnicity, religion, gender, age, nationality, disability, sexual orientation, marital status, or political affiliation. The Company respects and values the diverse backgrounds of its workforce, supporting career development based on equal opportunity.

Employees are encouraged to join trade unions and participate in collective bargaining activities. Through collaboration with labor unions, Cubic ensures employees' voices are heard and respected, helping them gain a greater sense of dignity and belonging.

Open and Equal Communication

Cubic fosters a culture of open and respectful communication, encouraging employees to voice their opinions and contribute to company growth. To promote understanding and connection between teams and management, the Company has established multiple communication channels, such as regular team meetings, anonymous feedback systems, and suggestion boxes.

Special efforts are made to listen to marginalized groups, including women, young staff, junior employees, and those with disabilities. The Company also organizes regular management-employee roundtables to foster two-way dialogue and continuously improve the workplace environment and governance effectiveness.

▶ **Management-Employee Dialogue**

The Company held open communication sessions with senior management and frontline employees, including HR, operations, EHS, quality, and R&D teams. These sessions covered progress updates, employee feedback, and team development, allowing employees to share ideas openly and helping leadership enhance long-term sustainable development.

Cubic held 10+ Management-Employee Dialogues during the reporting period

▶ **Employee Satisfaction Survey**

During the reporting period, Cubic collaborated with a third-party consultancy to conduct an employee satisfaction survey with 791 participants. The survey covered company values, compensation, career growth, job responsibilities, team collaboration, and work environment. Results showed high satisfaction, leading the Company to implement measures focused on sustainable employee development.

CUBIC

Environment

Environmental and Climate Action Strategy

Greenhouse Gas Emissions Management

Energy Efficiency and Management

Water Stewardship

Emissions and Waste Management

Circular Economy Practices

CUBIC

Environmental and Climate Action Strategy

Cubic positions its environmental and climate action strategy as a key component of corporate development. Sustainability is not only a reflection of corporate responsibility, but also the cornerstone of long-term competitiveness and stable growth. The Company committed to green and sustainable development by proactively addressing climate change, reducing carbon emissions, and improving energy efficiency, thereby maintaining its leadership in an evolving market.

📖 **Cubic Climate and Environmental Action Guidelines**

The guideline covers climate change, energy management, circular economy, water stewardship, air quality monitoring and noise management. Responding to global warming and aligning with sustainable development as the strategic focus, the Company emphasizes low-carbon transition of the Pairs Agreement as a strategic priority.

The guideline extends beyond production to encompass full lifecycle emissions and call for broad collaboration with stakeholders, including suppliers and customers, to foster sustainability across the value chain. Specific actions include setting scientific targets of green gas emission reduction, promoting greener product lifecycle strategies, and optimizing energy and water stewardship to minimize operational environmental impact.

CUBIC

Greenhouse Gas Emissions Management

The Company actively manages environmental and climate risks in operations, aligning with the national "3060 Dual Carbon" goals closely. Emission data is collected and calculated for Scope 1 (direct GHG emissions) and Scope 2 (indirect emissions from purchased energy) during the reporting period. The Company will gradually expand monitoring to Scope 3 emissions and develop appropriate green gas emission reduction and Net-zero emissions roadmaps.

Carbon Emission Accounting

The Company has systematically collected and calculated the carbon emissions data, covering Scope 1(direct emission) and Scope 2 (indirect GHG emissions). This data provides a scientific basis for emission management and decarbonization planning.

Metric	2024	Unit
Scope 1	360.79	tCO_2e
Scope 2	11,293.57	tCO_2e
Total Emissions	11,654.36	tCO_2e

Notes:
(1) Scope 1 includes emissions from fuel combustion (e.g., gasoline, diesel, natural gas). Scope 2 includes emissions from purchased electricity used in production operations. This report currently accounts for CO_2 emissions only.

(2) Emissions were calculated in accordance with the *Accounting Methods and Reporting Guidelines for GHG Emissions of Other Industrial Enterprises (Trial)*. Emission factors were sourced from the *ecoinvent 3.9.1* database.

Green Gas Emission Management

The Company actively promotes sustainable development through technological innovation in carbon emission management. The Company currently has deployed air monitoring systems to collect real-time emissions data, ensuring accuracy and transparency in carbon accounting. It has also launched product carbon footprint assessments, incorporating full lifecycle emissions and production flow analysis to support low-carbon transition of supply chain. These initiatives aim to embed carbon management into the Company's ESG framework, enabling data-driven decisions to support global climate goals.

▶   **Air Quality Monitoring Dashboard**

The Company's air monitoring dashboard utilizes intelligent sensing technologies to gather and display the real-time environmental data and air quality indicators. The system integrates multi-source information with visual LED displays

and cloud-linked geographic tracking, supporting early warnings and pollution forecasting. This provides decision-makers with actionable insights and data to manage environmental risks and meet ESG targets.

▶   **Product Carbon Footprint**

Cubic has completed the carbon footprint assessments for two new products for the first time—marking a critical step in integrating lifecycle environmental impact into green gas emission management. These products are expected to launch in 2025, offering customers low-carbon options and meeting growing market demand for sustainable innovation.

CUBIC

Energy Efficiency and Management

The Company understands the far-reaching significance of energy efficiency as a core part of sustainable development and climate action. In response to dual pressures of energy constraints and climate change, the Company has implemented a comprehensive energy management system aimed at maximizing energy efficiency while minimizing environmental impact.

Energy Structure

Aligned with ISO 50001 and other international advanced practices, Cubic has developed a systematic energy management structure, with detailed standards for energy-related laws and regulations, equipment operations, energy metering, data tracking, energy audits, and procurement reviews. This ensures robust controls over energy use and performance.

> **Primary Energy Types and Use Scenarios**
> ▶ **Non-renewable Energy**
>   a. Natural Gas: used in fixed facilities (e.g., canteens, labs)
>   b. Gasoline: used in mobile equipment (e.g., company vehicles)
>   c. Liquefied Petroleum Gas(LPG): used in canteens
>   d. Diesel: used in large equipment (e.g., buses, generators)
>
> ▶ **Electricity**
>   a. Grid Electricity: full coverage of power demand
>   b. Solar PV Generation: internal production use only (not sold)

During the reporting period, Cubic did not use any renewable energy or any purchased or self-produced heat energy, cooling energy, or steam.

Its electricity demand was met through grid electricity primarily supplied by Hubei Electric Power.

Energy Management

In its practical energy management efforts, the Company actively promotes efficiency improvements at the manufacturing end. During the reporting period, the Company consumed approximately 3,400 m³ of natural gas (mainly for canteen use), 78,330 L of gasoline (for company vehicles), and 8,610 L of diesel (also for company buses), while purchasing 15,029,800 kWh of electricity for production and operations.

Looking ahead, the Company will continue to deepen energy management under the concept of sustainable development, further explore innovative efficiency solutions, and reduce overall energy intensity. These efforts support the Company's long-term goal of becoming a low-carbon benchmark in global sustainable development.

Key Energy-saving Mechanisms

Cubic has revised and upgraded its internal Energy and Resource Management Regulations, establishing a company-wide energy-saving evaluation system. This mechanism defines responsibility for energy management, equipment-level monitoring, and periodic assessments to ensure energy-saving measures are embedded across all business operations systematically.

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▶ **Energy-Saving Projects and Progress**

Equipment Optimization

a. Structural optimization of laser module core components

To address SMT production challenges with lightweight miniature sensors, Cubic optimized component structures, aligned designs with cable types, and implemented precision SMT placement. These adjustments improved assembly efficiency, raised yield rates by 42%, and lowered component temperatures by 192°C, helping reduce carbon emissions and enable sustainable manufacturing.

b. Reflow Soldering Control

In SMT lines, energy-saving is achieved by planning personnel allocation based on demand, maintaining standby energy efficiency, and applying "on-demand production" principles. Reflow ovens now operate in a temperature-drop standby mode, with upgraded temperature controls and reduced heating losses for long-term savings.

c. Workshop Fresh Air System Optimization

To address high energy consumption and over-ventilation in cleanroom systems, Cubic optimized its self-developed sensors (covering indicators like, PM2.5, CO_2, and temperature). Through data analysis and dynamic control during SMT and LD equipment production, the fresh air system now switches intelligently between working and standby modes. Equipment is in dual-fan mode for ventilation and filtering during shifts; and operated in energy-saving mode with reduced airflow off-shits. As a result, the average daily electricity consumption in cleanrooms dropped by 72 kWh per day, achieving noticeable energy savings.

Campus Energy Reduction Measures

a. HVAC Power Management

The combined cooling capacity of the HQ and R&D campus is 2,100 kW. Systems are tested at least once a week during the peak season, with abnormal power consumption tracked. Fault-prone components are flagged for preventive maintenance.

b. Public Area Power Use

Outdoor lighting is controlled based on sunset timing and weather conditions, with inactive equipment and lights shut off during off-hours.
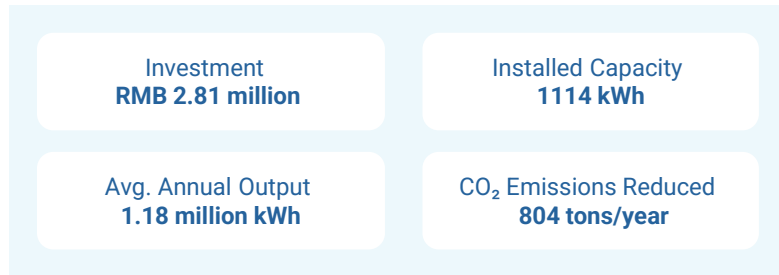
c. Manufacturing Power Use

For key temperature-controlled production equipment, standardized usage practices were adopted (e.g., staggered startup schedules, off-peak shutdowns). This significantly reduced electricity waste and contributed to emissions reduction.

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Energy Transition

▶ **Rooftop Solar Deployment**

Company actively promotes renewable energy use through rooftop PV systems and purchases of external green electricity to achieve lower-carbon operations. As of now, two major sites have installed PV systems.

Investment **RMB 2.81 million**	Installed Capacity **1114 kWh**
Avg. Annual Output **1.18 million kWh**	CO_2 Emissions Reduced **804 tons/year**

By 2025, these projects are expected to contribute significantly to environmental goals.

a. Headquarter

The Headquarter rooftop solar project is currently under construction. With a planned installation capacity of **1,140 kW** and will deliver an estimated **27.7 million** kWh over **25 years**. Upon completion, it will generate around 1.1 million kWh annually, accounting for approximately **20%** of the total electricity consumption at the headquarters.

b. R&D Center

Company deployed a **395-kW** rooftop solar system connected via a low-voltage grid. The system generated approximately **420,000 kWh** in its first year, with a forecasted total output of **10 million** kWh over the next **25 years**.

R&D Center

c. Jiashan Industrial Park

The rooftop photovoltaic system has total capacity of **719kW**. And the system generates an average of **765,000 kWh** annually and is projected to produce over **19 million** kWh across its **25-year** operational life.

Jiashan Industrial Park

CUBIC

Water Stewardship

The efficient use and effective management of water resources are critical to protecting the planet and achieving sustainable development. At Cubic., water consumption primarily occurs in non-production activities. During the reporting period, the Company's total workforce increased from 1,338 in 2023 to 1,726 in 2024, which is a 29% rise. Despite this growth, the Company successfully **reduced total water usage by 500 tons** compared to the previous year through proactive measures to enhance water control and management. This significant improvement in water use efficiency and reduction in wastewater discharge serves as a model of sustainable practice within Cubic.

	Headquarters
Non-production water use ratio	98%
Production water use ration	2%
Water reuse rate	0.35%
Average per capita water use	41 t

Water Consumption/ Discharge in 2024

To standardize water usage across its facilities, the Company continuously monitors and evaluates both industrial and domestic water consumption, as well as discharge volumes and overall water balance.

	Cubic Headquarter	R&D Center	Jiashan Industrial Park
Water Consumption(t)	28,800	17,200	24,800
Water Discharge(t)	23,000	13,800	19,800

Note：*Discharge volume refers to wastewater generated from water use. Domestic sewage is ultimately discharged into municipal pipelines, while canteen wastewater is first treated through a grease trap before entering the separated stormwater and sewage system.

The Company tracks water usage trends across sites to minimize resource waste and ensure timely identification and resolution of abnormal water usage. Additionally, water management enhancement programs have been implemented across various campuses to promote water-saving practices and maximize water reuse efficiency.

Water Resource Control

▶ **Repairing Pipeline Leaks** : During the reporting period, the Company identified and repaired three underground pipeline leaks, saving approximately **20 tons** of water daily. These repairs effectively reduced unnecessary waste and improved water management efficiency.

▶ **Daily Meter Logging**：Maintenance personnel recorded data from **30 water meters** across the park each day. Through real-time monitoring and timely handling of abnormal readings, Cubic ensured the rational use of water resources.

Rainwater Recycling System

The Company upholds sustainable development principles and adopts sponge city planning concepts. In two major campuses, advanced rainwater recycling systems, with an annual collection volume of 250 tons, have been implemented. These systems significantly reduce reliance on municipal water supplies by capturing and reusing rainwater, thereby lowering operational costs. Rainwater recycling has not only improved water use efficiency but also mitigated environmental impacts on surrounding areas, contributing to ecological conservation and sustainable water management.

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Emissions and Waste Management

Cubic strictly complies with relevant environmental laws and regulations, including the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law on the Prevention and Control of Environmental Pollution by Solid Waste, and standards such as Emission Standard of Air Pollutants for Industrial Enterprises, Emission Standard of Odor Pollutants, and Control Standards for Hazardous Waste. Additionally, Cubic has strictly controlled the generation and emission of waste gas, solid waste, noise, etc. during production and operation, and reduce the Company's own environmental impact.

The Company has established a comprehensive internal environmental management system for pollutants generated during operations, such as exhaust gases, boundary noise, and general solid waste. This includes conducting environmental monitoring of key emission sources according to legal requirements and internal standards, with monitoring results consistently meeting compliance targets.

Exhaust Gas Management

In accordance with national laws, the Company conducts regular monitoring of exhaust gas emissions and equipment performance, ensuring effective emission control and striving to reduce air pollutants to the greatest extent possible. The Company also evaluates the comprehensive impact of installed pollution control systems and implements targeted improvement measures to further reduce emission intensity.

▶ **Exhaust Gas Monitoring**

Cubic utilizes self-developed online monitoring devices for real-time air quality tracking in most production areas meeting cleanroom standards, while also commissioning third-party institutions for independent testing, consistently meeting national compliance standards.

▶ **Exhaust Gas Emission Treatment Process**

a. Welding Process Exhaust Gas

Collected by a fume hood, treated with activated carbon, and discharged through a rooftop exhaust stack.

b. Calibration Process Exhaust Gas

A small amount of standard gas is collected and treated, then discharged through an exhaust stack.

c. Coating Process Exhaust Gas and Emission

Exhaust gas from coating is filtered through a filter cotton, combined with drying exhaust gas, cleaning exhaust gas, and welding fumes, and treated with activated carbon adsorption.

e. Purification and Emission

Treated with primary filters and activated carbon adsorption boxes before discharge, with annual maintenance.

Note：All exhaust gases meet the emission limits set by the Comprehensive Emission Standard for Air Pollutants and the Trial Standard for Emission of Cooking Oil Fumes during discharge.

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Noise Management

With the acceleration of urbanization, noise pollution has become a key issue in environmental governance. In Jiashan Industrial Park, Cubic Sensor and Instrument Co., Ltd. has developed a comprehensive noise management strategy, implementing targeted controls for various noise sources to minimize environmental impact and fulfill its environmental responsibilities.

At present, noise emissions primarily originate from welding assembly areas (mainly ultrasonic welding), testing workshops, as well as small chiller units and central air conditioning equipment. These are housed in enclosed rooms or noise-attenuating enclosures to minimize disturbance. According to the noise monitoring data in the Monitoring Report Form for the Completion Environmental Protection Acceptance of the Gas Sensor Production Line Construction Project, the noise at the project's factory boundary can meet the limit requirements of Class 2 standards in the Environmental Noise Emission Standards for Industrial Enterprises at Factory Boundaries (GB12348-2008). This indicates that the Company has effectively controlled the noise emission during normal operation, ensuring that the impact on the surrounding environment is within an acceptable range.

Waste Management

Company maintains strict oversight of waste management, ensuring full compliance with all relevant laws and regulations. The Company has established and implemented a comprehensive waste management policy, conducting regular monitoring and audits to ensure all waste is properly discharged and disposed of in accordance with national standards. Meanwhile, to meet operational needs, the Company has developed waste reduction and classification plans and adopted targeted measures to minimize waste generation, accompanied by corresponding environmental self-monitoring strategies.

The Company actively promotes waste reduction, classification, and resource reuse, ensuring all waste is properly treated and disposed of. Through these measures, Cubic not only improves the standardization of waste management but also effectively reduces its environmental impact and supports the long-term goals of sustainable development.

▸ **Waste Disposal and Collection**

Cubic places a strong emphasis on the management of both hazardous and general solid waste. During the reporting period, the volume of collected waste by category was as follows

♻	Used cardboard boxes	**28 t**	Household waste	**55 t**
	Rubber scraps and plastic waste	**18 t**	Hazardous waste	**3 t**

▸ **Waste Treatment**

Cubic has designated areas for hazardous waste storage and disposal, managing waste circuit boards, waste electronic components, waste activated carbon, waste organic solvents, waste paint buckets, paint slag, and waste filter cotton. All hazardous waste is sorted, labeled, and stored in accordance with regulatory requirements. Waste is then handled by qualified third-party service providers licensed to process hazardous waste, ensuring legal and compliant disposal.

Meanwhile, recyclable industrial waste is recovered and reused where possible. Household waste is handled by municipal sanitation services.

◈ **CUBIC**

These practices help ensure all categories of waste are safely processed, thereby minimizing environmental risks. During the reporting period, all waste disposal and treatment processes met compliance standards, with no incidents of environmental violations.

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▸ **Waste Disposal and Collection**

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a.   Hazardous Waste

Main Types: Paint waste, spent activated carbon, used filter materials, waste oil barrels, rinsing wastewater, discarded circuit boards

Treatment Method: Sorted and collected on-site, temporarily stored in a designated hazardous waste storage area, and then handed over to qualified third-party entities for compliant disposal according to classification

Treatment Outcome: Fully compliant disposal with no environmental impact.

b.   Industrial Waste

Main Types: Lead-free tin slag, used packaging materials

Treatment Method: Sorted and collected, and then transferred to certified companies for recycling or processing

Treatment Outcome: Fully compliant disposal with no environmental impact

c.   General Waste

Main Types: Household waste

Treatment Method: Centralized collection and transfer to local sanitation authorities for processing.

Treatment Outcome: Fully compliant disposal with no environmental impact.

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Circular Economy Practices

The Company committed to promoting circular economy principles by improving resource efficiency throughout the entire product life cycle. From raw material procurement to production and material reuse, the Company integrates circular thinking into every operational link. Internally, it strengthens the closed-loop recycling of materials; externally, it collaborates with suppliers to implement circular supply chain practices. Through refined management, Cubic continuously enhances the effectiveness of its green production initiatives.

▶ **Case Study 1: Recycling and Reuse of Defective Products**
During the production process, Cubic places strong emphasis on the recycling and disassembly of defective and scrapped products. This approach not only reduces raw material waste and production costs but also improves the carbon emission efficiency. It reflects Cubic's commitment to sustainable development and resource conservation.

	Key Component Reuse	Plastic Component Recycling
Condition	No quality defects	Not reusable
Method	Direct reuse in subsequent production	Collected and handed over to qualified third-party recyclers

▶ **Case Study 2: Reusable Turnover Boxes Replacing Cardboard Boxes**
In supply chain management, the Company identified issues with local structural component suppliers using a combination of disposable cardboard boxes and reusable turnover boxes for deliveries. This practice led to cardboard waste and contradicted the principles of circular economy. Additionally, the mismatched dimensions of the turnover boxes caused collisions during warehouse storage, affecting efficiency. To address these issues, the Company collaborated closely with suppliers to promote the shift from disposable cardboard boxes to reusable turnover boxes and adjusted the dimensions of the turnover boxes to replace the existing ones. This initiative successfully eliminated cardboard waste through recycling and improved the efficiency of the automated warehouse, driving sustainable development in the supply chain.

Total saved 21,000 cardboard boxes

Use reusable turnover boxes to replace cardboard boxes

Enhance the efficiency of warehouse storage

CUBIC

Society

Sustainable R&D

Sustainable Supply Chain

Customer Service

Customer Service Optimization

Product Quality and Reliability

Social Contributions

CUBIC

Sustainable R&D

The Company views sustainable R&D as essential to the long-term growth and ensures that ecological benefits and efficient resource utilization are integrated into every stage of technological innovation, driving coordinated economic, environmental, and social progress. By embedding sustainability principles into the R&D, Cubic maintains a competitive edge in rapidly evolving markets, attract and retain top talent, and achieve steady growth.

Cubic Sustainable R&D System Construction Guidelines

The guidelines clarify the strategic positioning and organizational structure of the sustainable R&D system. It includes establishing an innovation-driven R&D system and mechanisms for translating core technologies into market applications. The Company strengthens innovation management processes, builds a standardized technical system, and promotes the transformation of R&D results into productivity. Talent development is a critical part of the system, aiming to cultivate a strong post-R&D workforce. The system also supports iterative optimization of product design and processes to ensure long-term sustainable development.

Cubic Research Institute

The Research Institute serves as the strategic and technical support department for R&D. It oversees product development, sensor innovation, system solutions, and manages over 10 specialized R&D labs in quality, process, testing, and application validation. The institute connects product R&D with marketing, operations, and customer experience to ensure efficient conversion of R&D outcomes into market competitiveness.

▶ **Strategic Significance**

The Institute's mission is to support the Company's sustainable growth through solid technical and innovative capabilities. With a 5-to-10-year vision, it aims to reinforce the company's competitive edge and lays out a strategic blueprint that guides all R&D efforts.

a. Responding to Policy Changes

Improve sensor design precision to meet rising demands under China's dual-carbon policies and stricter environmental regulations.

b. Capturing Market Trends

Focus on smart sensing and IoT development to support rapid industrial transformation and stay ahead of market shifts.

c. Expanding Product Chain

Extend downstream R&D capabilities, broaden the product portfolio, and build a full value chain to enhance competitiveness.

d. Strengthening Upstream Deployment

Deepen layout in materials and core components to improve product reliability, reduce costs, and enhance market performance.

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Optimizing R&D Resource Allocation

Resource allocation is the core of R&D management. It directly affects R&D progress, cost, and quality. A full-system and real-time control approach is needed, leveraging digital tools to ensure rational software and hardware configuration, while also considering current use and future expansion. The Company uses a PLM system to manage the entire product lifecycle, establishing a complete information platform for data sharing and storage. It ensures data accuracy, consistency, and traceability, realizing end-to-end efficiency improvement. Through project progress workflow management and product development control, strict quality management ensures alignment between R&D and production. It strengthens equipment management, builds traceable ledgers, and enhances material and equipment utilization. Through digital visualization, it monitors the usage efficiency of fixed assets and instruments. Specialized personnel maintain technical documents and equipment. Scheduled training helps improve usage efficiency, while statistical cost control ensures sustainable resource support.

Conducting R&D Team Communication and Collaboration

Effective communication is essential for teamwork in R&D. For key stages and cross-department projects, clear communication ensures rapid issue resolution, boosts efficiency, and supports high-quality output. The Company promotes open sharing, encourages cross-functional collaboration, and enhances feedback channels. Key mechanisms include regular technical review meetings, project milestone reviews, and building a closed-loop review process for small project teams. PLM, Ones, and other digital tools are used to support collaboration. Mid- and senior-level leaders participate in evaluations and reviews to drive team collaboration across functions and projects, ensuring overall efficiency and quality.

Knowledge Management and Technical Accumulation

Knowledge and technology are the foundation of R&D. Efficient knowledge management enhances sustainable innovation. A structured documentation system helps capture and standardize knowledge, accelerating knowledge inheritance and on-the-job training. Each department sorts and archives project documentation using standardized templates, aligning with project definitions, classification, and technology iterations.

With advancements in technology platforms, product categories, and professional specialization, the Company has formed a staged development approach. Front-end product definition and backend R&D and verification are closely integrated. Knowledge is shared across platforms and disciplines, contributing to a sustainable working model. Through KPI assessments for researchers and technical managers, technical platform teams collaborate with hardware / software / architecture teams to analyze issues, summarize experience, and provide technical training for continuous improvement.

Digital Management

The R&D management system is a core enabler of sustainable growth for Cubic. To improve management efficiency, the Cubic Research Institute established a comprehensive lifecycle management system during the reporting period, based on the six-phase logic of "initiation-planning-execution-monitoring-closure," refined through digital tools

▶ **Initiation**

The Company optimized its Project Initiation Management System to assess project necessity, feasibility, and input-output ratio. It promotes scientific analysis during early-stage project development, ensuring decision-making is data-based and enhances success rates.

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▶ **Planning**

By using the WBS (Work Breakdown Structure) method, project tasks are broken down and assigned hierarchically. Combined with visual tools, planning is refined for real-time progress control, ensuring accuracy in milestones and advancing project planning.

▶ **Execution**

The execution phase ensures material, personnel, and resource allocation are optimized for timely project advancement.

▶ **Monitoring**

Through the *Project Monitoring System*, key indicators such as progress, key nodes, quality, usage rates, and technical risks are regularly tracked. Visual dashboards support data-driven KPI evaluation to monitor risks, enhance quality, and promote collaboration.

▶ **Closure**

Upon project completion, a summary covering process, results, and performance is compiled. Key lessons are recorded in a knowledge base, forming a closed-loop improvement cycle. Project closure reports and KPI reviews are conducted to support subsequent development work.

Knowledge Repository Process Development

During the reporting period, the Research Institute initiated a special project to build a systematic experience base for R&D, aiming at "knowledge capitalization" and "experience standardization," effectively supporting capability building and organizational governance optimization under the ESG framework.

▶ **Construction Goals**

Transform R&D knowledge, experience, and lessons learned into reusable assets; build a structured experience base as a tool for empowerment to provide high-quality support and enable team growth.

▶ **Structural Model**

Relying on the PLM system, a shared experience platform is established to gather, manage, and share input from new employees. The current work focuses on the "three-level structure" of daily work, capability improvement, and project summaries, integrating documents and technical resources across business domains to form a structured knowledge system.

▶ **Implementation Results**

Through initiatives such as "experience base workshops," more than 30 valuable experience documents were collected, 8 of which were selected as internal training materials or expert courses (e.g., "Cubic Product Overview," "Product Design Principles," etc.).

▶ **Future Planning**

Establish a mechanism for "project closure and knowledge filing" and incorporate experience base construction into the PLM system for structured archiving and classification. This will help advance ESG talent development and maintain differentiated competitive advantage.

CUBIC

Integration of Innovative R&D and Sustainable Development

The Company has established postdoctoral research stations and multi-disciplinary R&D led by Ph.D. holders, covering key sensing chips, advanced algorithms, materials, and packaging technologies. To achieve sustainable design, the company has adopted a modular, lightweight design concept, optimizing product design and layout for better performance, cost-efficiency, and sustainable operation. Additionally, digital twin platforms and automated modeling algorithms are used to reduce dependency on trial-and-error iterations and improve classification accuracy in complex industrial environments.

New Product Innovations

Cubic prioritizes sustainable innovation through a dedicated R&D Center and cross-disciplinary R&D teams in materials, electronics, mechanical engineering, and algorithms. With in-depth independent R&D, the Company maintains technological leadership and co-creates societal value. Committed to sustainable development, Cubic drives environmental protection and social progress with its ESG-aligned products, contributing to a greener, healthier, and smarter future.

New Product Launches by Business Domains (Reporting Period)	
Industrial & Safety Solutions	**19** Items
Automotive Electronics	**4** Items
HVAC Systems	**3** Items
Scientific Instruments	**2** Items
Smart Metering	**1** Items
Healthcare	**1** Items
…	…

Cubic Business Scope

7 **Business Domains**

HVAC

- Integrated Sensor Module
- VOC Sensor
- Electrochemical Formaldehyde Sensor
- HVAC Controller

Industrial & Safety

- A2L& A3 Refrigerant Leak Sensor
- Residential CH4/CO Detector
- Energy Storage Thermal Runaway Sensor
- Optical Particle Counter

Automotive Electronics

- AQS Sensor
- Li-battery Thermal Runaway Sensor
- O2/NOx Sensor

Medical & Healthcare

- Ultrasonic Oxygen Sensor
- Ultrasonic Oxygen & Flow Sensor
- NDIR EtCO2 Sensor
- TDLAS Oxygen Sensor

Smart Metering

- Residential Ultrasonic Gas Meter
- Commercial Ultrasonic Gas Meter
- Laser Raman Gas Analyzer

Scientific Instruments

- Laser Raman Gas Analyzer
- Flue Gas Analyzer
- Exhaust Gas Analyzer

Low-Carbon Thermal Engineering

- Gas Proportional Valve
- Fully Premixed Condensing Wall-Hung Boiler Controller
- Fully Premixed Condensing Heat Exchanger

9 **Core Technologies**

- **Metal Oxide Semiconductor （MOX）**
- **Non-Dispersive Infrared （NDIR）**
- **Ultraviolet （UV）**
- **Ultrasonic**
- **Light Scattering （LSD）**
- **Electrochemical （ECD）**
- **Solid Electrolyte （SE）**
- **Laser Raman （LRD）**
- **Tunable Diode Laser Absorption Spectroscopy （TDLAS）**

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Sustainable Supply Chain

Cubic not only comprehensively integrates ESG principles into its internal management, ensuring that sustainable development goals are achieved across all aspects of its operations, but also manages suppliers to meet corresponding environmental standards. The Company firmly believes that its ESG strategy not only facilitates the company's growth but also has a positive impact on society and the environment at large.

Cubic Supplier Sustainable Development Management Guidelines

Cubic has developed the guideline that cover multiple key aspects of the supply chain to ensure suppliers meet Environmental, Social, and Governance (ESG) standards. The guideline includes methods for supplier management and evaluation, ESG governance and auditing, and ESG training for procurement personnel. The Company aims to drive the green transformation of the entire supply chain and establish a comprehensive sustainable development system.

Supplier Management

The Company has established a relatively comprehensive system and framework for sustainable supplier management, developing documents such as the Qualified Suppliers List and the Supplier Audit Plan. By the end of the reporting period, the Company had **over 100 suppliers** distributed across four major regions: Central China, South China, East China, and Southwest China. Among these, the suppliers in the Central China and South China regions were more numerous, accounting for **42.72% and 23.30%,** respectively.

% of suppliers by years of service

Years of service	%
<1 Year	6.8%
1-3 Years	15.6%
3-5 Years	26.2%
5-10 Years	34.9%
>10 Years	16.5%
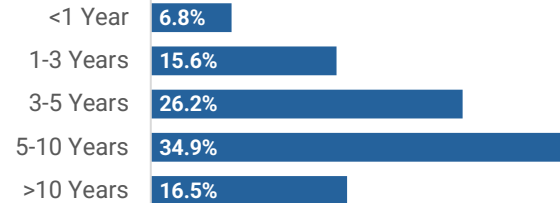
6.8% of newly added suppliers in 2024

Note: Using the duration of supplier partnerships as a classification basis

Supplier Onboarding

The Company conducts thorough evaluations and screenings of potential suppliers to identify partners that meet high-quality standards and sustainability requirements. By employing a weighted scoring system based on audit outcomes, the Company makes informed decisions about supplier eligibility. This process helps to foster a stable and efficient supply chain ecosystem.

▸ **Audit Method**: Supplier audits are conducted using two methods: on-site and remote audits.

▸ **Audit Coverage**: Each audit comprehensively covers three key areas, processes, systems, and information security.

▸ **Participating Departments**: The audit process is a joint effort involving the Quality Management, Procurement, and R&D Departments.

CUBIC

Continuous Supplier Evaluation

The Company's supplier control program requires that every supplier listed in the "Approved Supplier List" undergo an annual audit. This audit is based on purchase volumes, annual performance evaluations, previous year audit ratings, and associated risks, as detailed in the "Annual Supplier Audit Plan." Organized by the Supplier Quality Engineer (SQE), the audit involves the Group Procurement Department, Engineering Department, and R&D Department. All auditors must have internal audit qualifications.

To ensure suppliers meet the agreed-upon standards and requirements, the Company conducts continuous routine inspections. These inspections are planned in the Annual Supplier Routine Inspection Plan, and any ad-hoc audit needs can be flexibly added to the inspection schedule for the following month. Additionally, inspections may occur without prior notice and at intervals deemed necessary by Sifang Optoelectronics to maintain and confirm compliance.

Enhancing ESG Performance Across Partner Suppliers

During the reporting period, the Company issued a Supplier Code of Conduct Initiative, aligning it with sustainability requirements, to all qualified suppliers. Additionally, the Company conducted a survey to evaluate the suppliers' progress in implementing sustainability practices.

- **2023** As of December 31, 2023, the Company is cooperating with a total of over 100 suppliers.

- **2024** The Company issued *'Supplier Code of Conduct Initiative with Sustainability Requirements'* to all qualified suppliers. **43%** of suppliers completed sign-offs for the ESG initiative during the reporting period.

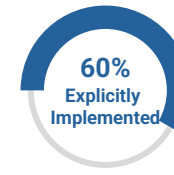▸ **Supplier ESG Comprehensive Survey**

The Company conducts a comprehensive ESG survey of suppliers to gain deeper insights into their ESG activities. 25% of suppliers participated in the comprehensive ESG survey during the reporting period. The survey results will be used for supplier scoring and classification and will serve as a significant reference for selecting outstanding suppliers.

79% Very Satisfied	**54%** Fully Committed	**60%** Explicitly Implemented
Supplier Satisfaction Level	**Support for ESG Initiatives**	**Implementation of ESG initiatives**

Note: The data is based on the responses from suppliers who participated in the survey and does not represent all suppliers. The calculation method involves dividing the total votes for relevant options by the total number of responses to the question.

Supplier ESG Sustainability Survey

The Company prioritizes enhancing the sustainable development capabilities of its suppliers. To ensure both sustainability and compliance within the supply chain and business operations, the Company employs a systematic approach to boost suppliers' sustainability efforts and conducts relevant surveys.

- ▸ **49%** of suppliers are conducting ESG training and education for their employees.
- ▸ **62%** of suppliers regularly audit their supply chain products and services for ESG compliance.
- ▸ **83%** of suppliers have management plans and goals for environmental objectives, assessed based on key focus areas

CUBIC

Customer Service

Cubic upholds a customer-centric philosophy by delivering efficient, competitive, and forward-looking comprehensive solutions. The Company consistently enhances customer satisfaction and loyalty to strengthen its market competitiveness, foster innovation, adapt to market dynamics, and build enduring client relationships. Cubic has developed a multi-tiered client service system designed to optimize product utilization, deepen client engagement, and ensure specialized expertise across the pre-sales, in-process, and post-sales stages. This system guarantees seamless support throughout the entire product lifecycle.
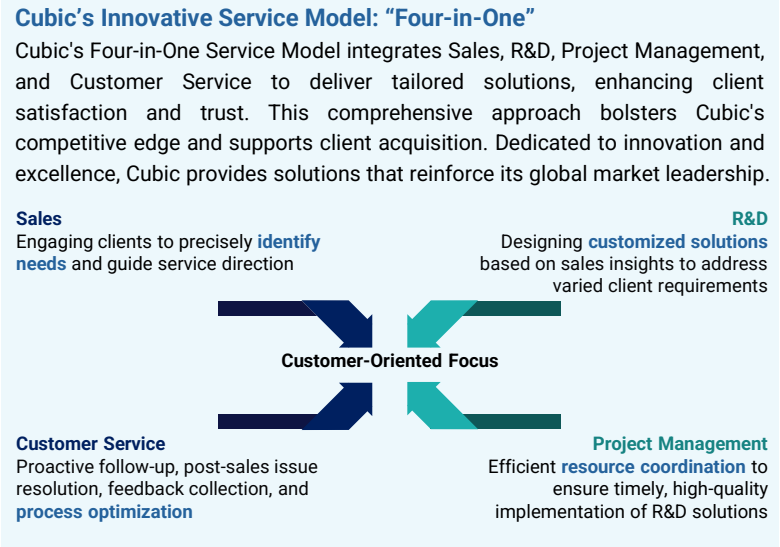
Customer Service Development

Cubic has established a series of standardized management protocols, including pre-sales documents such as the Customer Project Bidding Management Procedure, in-process guidelines like the Sales Order Management Process, and post-sales frameworks such as the Customer Satisfaction Management Procedure and Customer Return/Exchange Handling Procedure. Additional systems include the Customer Relationship Management (CRM) System Governance Protocol and Customer-Related Process Control Procedure, ensuring streamlined workflows, elevated service quality, and robust safeguards for client rights. Cubic guarantees that every service phase adheres to clearly defined, orderly protocols.

The Company rigorously enforce and continuously strengthen the Customer Satisfaction Control Procedure and Non-Conforming Product Control Procedure to ensure delivery quality, post-sales accountability, and long-term client value. The excellence in client relationship

management and service quality has positioned Cubic as a trusted supplier to Fortune 500 enterprises and industry leaders worldwide.

Customer Service System

The Company operationalizes the "customer-oriented" philosophy through a proprietary "Four-in-One" Customer Service Team Structure, ensuring seamless support across pre-sales, in-process, and post-sales stages. This structure enables rapid response to client needs while integrating technical solutions, product design, production delivery, and after-sales service into a unified operational model. Cubic actively expands the footprint in domestic and global markets through this end-to-end excellence.

Cubic's Innovative Service Model: "Four-in-One"

Cubic's Four-in-One Service Model integrates Sales, R&D, Project Management, and Customer Service to deliver tailored solutions, enhancing client satisfaction and trust. This comprehensive approach bolsters Cubic's competitive edge and supports client acquisition. Dedicated to innovation and excellence, Cubic provides solutions that reinforce its global market leadership.

Sales
Engaging clients to precisely **identify needs** and guide service direction

R&D
Designing **customized solutions** based on sales insights to address varied client requirements

Customer-Oriented Focus

Customer Service
Proactive follow-up, post-sales issue resolution, feedback collection, and **process optimization**

Project Management
Efficient **resource coordination** to ensure timely, high-quality implementation of R&D solutions

CUBIC

Customer Service Optimization

Efficient Development and Service for Overseas Customer

In recent years, the Company has intensified efforts to expand in global markets, driving sustained growth in overseas orders and increasing the share of international revenue. For instance, refrigerant sensors and vehicle sensor solutions achieved rapid growth in 2024, bolstering corporate development and unlocking new growth potential.

In reporting period, the overseas division department strengthened capabilities by expanding specialized sales teams from 6 to 8 to better support pre-sales engagement and service for diverse product lines. The Company also established a dedicated Product Department within overseas hubs, staffed with engineering experts to streamline technical communication and ensure accuracy across client interactions.

Cubic actively empowers overseas teams to participate in global industry exhibitions, enhancing brand visibility and client acquisition efficiency. Simultaneously, the Company exploring partnerships with key international customers to establish overseas R&D Centers, further elevating localized technical support and service standards.

During the reporting period, the Company achieved sustained rapid growth in sales leads through integrated online and offline strategies.

|	**2022**	**2023**	**2024**
Foreign main business revenue (in billions of yuan)	1.69	1.69	2.85
The proportion of the company's main business revenue (in %)	28.60%	24.73%	32.61%

Client Factory Audits

The Company views client factory audits as a crucial element of its "customer-oriented" strategy. These audits are not merely meetings or exchanges; they are significant opportunities to showcase the Company's professional image, understand client needs, and build long-term trust. In today's business environment, especially when dealing with large international enterprises, it is crucial for the Company to demonstrate professionalism and avoid any misconceptions related to commercial bribery or unethical behavior

▸ **Deepening Customer Factory Audit Strategy**

Cubic utilizes ESG as a common language during customer engagements to emphasize the sustainability capabilities that are of particular concern to multinational enterprises. Cubic has established standardized script libraries and topic libraries to ensure the seamless presentation of all key points throughout the engagement process.

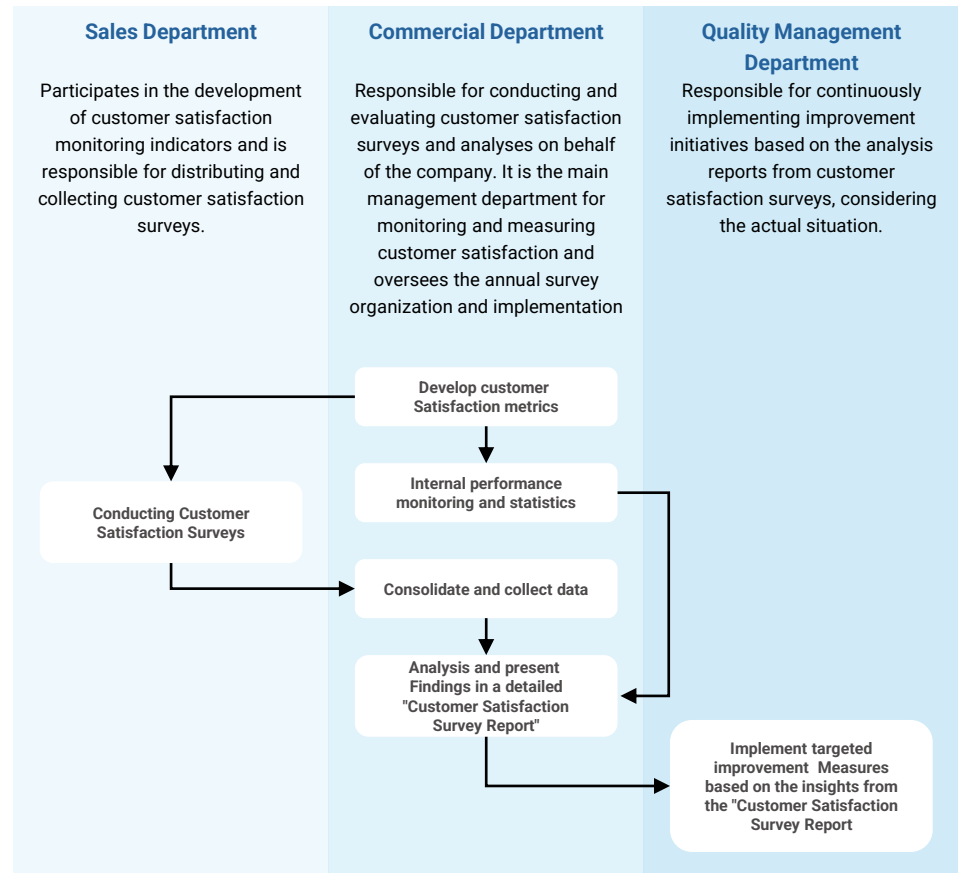**CUBIC**

▶ **Customer Factory Audit Process Design**

The Company employs dedicated hospitality specialists and has meticulously designed a comprehensive tour route encompassing VIP lounges, Party Affairs and Union Rooms, exhibition halls, production line tour routes, automated warehousing and logistics systems, research institutes, conference rooms, a ceramics center, and dining facilities. This integrated experience highlights the soft power in sustainability, including sustainable innovation strategies, ODM integrated solutions, employee sustainability initiatives, project management and client service excellence, business ethics and governance.

Customer Factory Audit Flow Chart
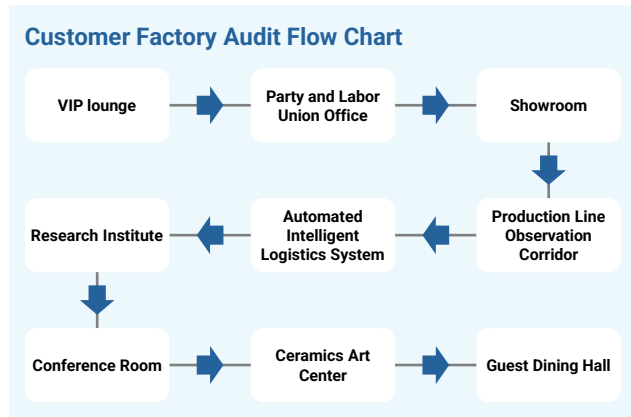
Customer Satisfaction Management

Cubic adheres to a "comprehensive customer satisfaction" business philosophy. Through a systematic evaluation and monitoring mechanism, the company continuously enhances customer satisfaction. At the beginning of each

year, the Sales Department, Commerce Department, Quality Management Department, and management representatives collaborate to analyze specific customer requirements and quality agreements. They establish customer satisfaction indicators, resulting in the "Process Indicator Expansion Table and Annual Quality Objectives," and initiate customer satisfaction management activities.

Sales Department	Commercial Department	Quality Management Department
Participates in the development of customer satisfaction monitoring indicators and is responsible for distributing and collecting customer satisfaction surveys.	Responsible for conducting and evaluating customer satisfaction surveys and analyses on behalf of the company. It is the main management department for monitoring and measuring customer satisfaction and oversees the annual survey organization and implementation	Responsible for continuously implementing improvement initiatives based on the analysis reports from customer satisfaction surveys, considering the actual situation.

CUBIC

Product Quality and Reliability

Quality Management System

The Company is committed to developing high-quality gas sensors and analytical instruments, positioning quality management across the full value chain as a core competitive advantage. The Company promotes excellence in R&D and innovation through robust incentive mechanisms and quality assurance systems. By advancing digital and intelligent capabilities, Cubic drives standardization and safety optimization across the entire product lifecycle. Aligned with domestic and international quality benchmarks, the Company has established a certification-based quality system, supported by rigorous QC protocols and testing mechanisms. These practices span across R&D, procurement, production, warehousing, and logistics, enabling full-process quality control.

Daikin Excellent Supplier Award

Yuwell Excellent Quality Award

During the reporting period, Cubic intensified efforts to enhance product safety and quality management, **allocating increased resources** primarily for **acquiring new testing equipment and securing product quality certifications**. In parallel, to strengthen quality control across all facilities, Cubic implemented multiple safety assurance measures, including team safety training programs, material inspection protocols, and non-conforming product management, establishing a comprehensive quality assurance framework.

Product Inspection and Non-Conforming Product Management

Cubic conducts regular analysis of quality data to precisely identify vulnerabilities, enabling continuous optimization of production and quality control processes. Cubic enhances employee training to elevate operational skills and quality awareness, refine manufacturing techniques to minimize variability, and implement preventive measures to mitigate recurrence of issues, resulting in a marked improvement in product compliance rates. Additionally, the Company rigorously enforce the Non-Conforming Product Control Procedure, establishing detailed protocols for labeling, isolation, review, and disposal. The systematic approach ensures swift resolution and proper handling of non-conforming products at every stage.

Product Qualification Rate Control Process

▸ **Target Setting & Cascade:** Cubic sets product qualification rate targets based on market feedback, client demands, and quality strategies, distributing these targets across departments and production stages.

▸ **Process Monitoring & Data Analysis:** Real-time monitoring on production lines tracks quality metrics, with data collected from raw material inspections to final product evaluations.

▸ **Issue Identification & Corrective Actions:** Data analytics are used to identify the root causes of deviations. Cross-functional teams perform root-cause analysis and implement corrective measures to maintain quality excellence.
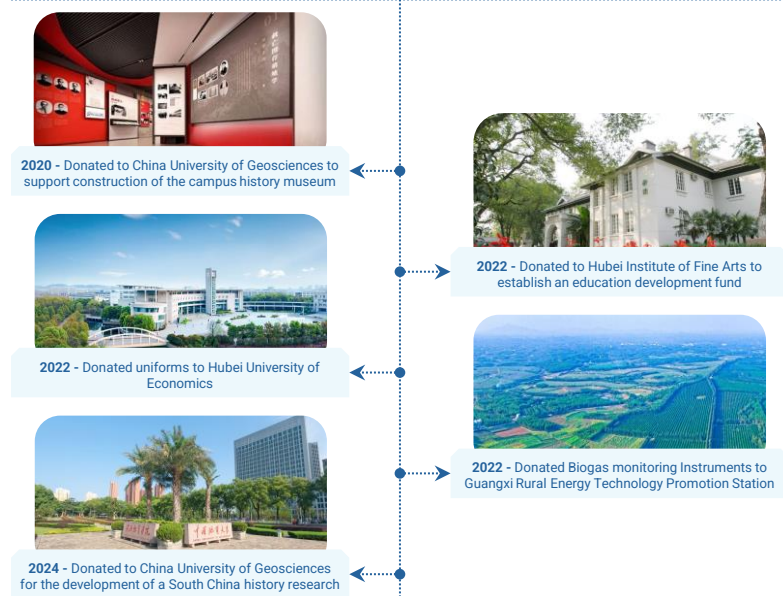
Non-Conforming Product Management

▸ **Labeling & Isolation**: Cubic labels non-conforming products with batch information and defect specifics, isolating them in marked zones to prevent mixing with compliant products. Facilities have designated areas for these items.

▸ **Review & Disposition**: Cross-functional teams evaluate non-conforming products to decide on rework, repair, concession acceptance, or scrapping based on impacts on functionality, performance, and safety.

▸ **Documentation & Traceability**: All handling steps—origins, actions, outcomes—are documented to support quality analysis and process improvement, ensuring accountability and alignment with ESG transparency standards.

CUBIC

Social Contributions

Cubic upholds the belief that "people are the foundation, and culture is the root," actively fulfilling its corporate social responsibilities by promoting education and preserving traditional Chinese culture. The Company supports higher education through donations for school construction, scholarships, and academic programs.

From 2020 to 2022, in response to national initiatives, Cubic also donated high-efficiency medical equipment to enhance healthcare capacity and safeguard public health.

During the COVID-19 pandemic, Cubic actively fulfilled its corporate social responsibilities. In 2020, the Company dedicated its resources to the rapid production and delivery of critical medical equipment. In 2022, Cubic established a specialized task force to ensure timely and effective medical equipment supply, contributing meaningfully to pandemic prevention and control efforts.

Long-Term Commitment to Community

2020 - Donated to China University of Geosciences to support construction of the campus history museum

2022 - Donated uniforms to Hubei University of Economics

2024 - Donated to China University of Geosciences for the development of a South China history research

2022 - Donated to Hubei Institute of Fine Arts to establish an education development fund

2022 - Donated Biogas monitoring Instruments to Guangxi Rural Energy Technology Promotion Station

Donation for Historic Building Restoration and Cultural Communication

During the reporting period, the Company made charitable donations to support public welfare initiatives, primarily aimed at supporting cultural relic protection and restoration, cultural heritage research and education, the digital preservation and services of cultural artifacts, as well as innovative revitalization and utilization of cultural heritage. The company is committed to preserving and promoting traditional Chinese culture, enhancing cultural confidence, and fostering the prosperity and inheritance of ethnic cultures.

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Empowering Green and Low-Carbon Development

The Company actively supports China's national "Dual Carbon" strategy and embraces its corporate social responsibility by participating in major industry expos and forums to showcase its technological innovations. Through advancements in intelligent combustion sensing technology and joint R&D with academic and industry partners, Cubic supports efforts in energy efficiency, emissions reduction, and the digital transformation of combustion systems.

By enabling precision combustion control and scalable, high-efficiency solutions, Cubic helps elevate technological standards across the industry and accelerate sustainable development. These actions reflect Cubic's commitment to delivering both technological value and broader societal impact.

▶ **Contributing to the Combustion Industry's Advancement**

Cubic participated in the "National Symposium on High-Efficiency, Energy-Saving, and Low-Emission Combustion Technology Applications,"

hosted by the China Association for the Promotion of Social Technology in Combustion. At the event, Cubic presented its leading-edge sensor technologies for "smart combustion" and shared innovations in industrial gas analysis and emission monitoring.

The Company also contributed to a roundtable on combustion innovation and policy, jointly exploring strategies for green development with policymakers and peers. This collaboration further strengthens Cubic's leadership in applying sensing technologies and services to advance low-carbon transformation across the combustion sector.

▶ **Participation in the Coal Quality and Utilization Forum**

Cubic participated in the Coal Quality Academic Forum hosted by China University of Geosciences, showcasing gas sensing solutions for the coal chemical industry. The Company shared expert insights on the development of low-rank coal and emphasized the importance of scientific instruments and independent innovation in supporting efficient gas extraction from coal seams. These efforts contribute to the industry's pursuit of high-quality development.

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Local Talent Development

In 2024, Cubic joined the "Wuhan City Science and Technology-Driven Private Enterprise 'Head Goose' Leadership Talent Training Camp," jointly launched by the Wuhan Municipal Party Committee Organization Department, the Municipal Federation of Industry and Commerce, and the High-Tech Industry Association. In August, Cubic's executives participated in the first round of intensive management training designed to develop local business leaders.

The Company will continue to support and participate in follow-up programs, promoting cross-sector collaboration and innovation. With a focus on empowering private enterprise leaders to drive sustainable growth, Cubic is committed to contributing to the long-term development of Wuhan's private sector economy.

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Sustainability Indicators

Environmental Performance Indicators	Unit	2024
Environmental Protection Investment	10,000 RMB	62.42
Water Resource Consumption	tons	70,751.00
Gasoline Consumption	liters	78,329.00
Liquefied Petroleum Gas (LPG) Consumption	cubic meters	11.88
Natural Gas Consumption	cubic meters	34,403.00
Diesel Consumption	liters	8,613.00
Outsourced electricity Consumption	kWh	15,029,787.00
Domestic Waste Discharge	kg	56,680.00
Hazardous Waste Generation	kg	461.8
Recycled Hazardous Waste	kg	15.6
Recycled Non-hazardous Waste	kg	46.13
General Waste Treated via Third Parties	kg	55.1
Scope 1 GHG Emissions	tCO_2e	11,654.36
Scope 2 GHG Emissions	tCO_2e	360.79
Total GHG Emissions	tCO_2e	11,293.57
Environmental Protection Investment	10,000 RMB	62.42
Water Resource Consumption	tons	70,751.00

Note: The 2024 greenhouse gas emissions were calculated using both operational control and equity share approaches, referring to ISO 14064-1:2018 and GB/T 32150-2015. Scope 1 includes direct emissions from combustion (gasoline, diesel, LPG, natural gas, steam); Scope 2 includes indirect emissions from purchased electricity. GHGs are converted to CO_2 equivalents using the IPCC 2006 guidelines. Emission factors are sourced from the China Energy Statistical Yearbook and Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions by Industrial Enterprises (Trial). Waste data are calculated using ecoinvent 3.9.1 where applicable.

Economic Performance Indicators	Unit	2024
Operating Revenue	100 million RMB	1.554
Net Profit	100 million RMB	0.873
Net Profit Attributable to Shareholders	100 million RMB	1.13
Basic Earnings Per Share	RMB/share	1.13

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Sustainability Indicators

Social Performance Indicators	Unit	2024
Total Employees	person	1,726
Female	person	679
Male	person	1,047
Education Background		
Doctorate	person	8
Master's Degree	person	94
Bachelor's Degree	person	546
College Diploma	person	386
High School and Below	person	692
By Job Function		
Production Staff	person	919
Sales Staff	person	234
Technical Staff	person	382
Finance Staff	person	31
Administrative Staff	person	160
Safety Training Hours	hours	14 (per capita)
Number of Safety Activities	times	8
Safety Training Coverage	%	75

Governance Performance Indicators	Unit	2024
Number of Board Meetings	times	2
Number of Supervisory Committee Meetings	times	9
Number of Shareholder Meetings	times	8
Number of Independent Directors	persons	2

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