CTI 华测检测


# 2024 Climate Report

CENTRE TESTING INTERNATIONAL

# Contents



# About This Report

## Report Description

This is the third report on climate change issued by Centre Testing International Group Co., Ltd. (CTI) which mainly reports on the four core contents of climate-related governance, strategy, risk management, indicators and targets. This report reviews the progress of our major work in addressing climate-related risks, grasping climate-related opportunities, and contributing to green and low-carbon development.

This report was reviewed by the Strategy and Environmental, Social & Governance Committee before publication.

## Reporting Scope

This report covers Centre Testing International Group Co., Ltd. and all our wholly-owned and controlled subsidiaries. For the convenience of expression, Centre Testing International Group Co., Ltd. uses the terms "CTI", "the Group", "the Company", and "We" in the report. The timescale of the data in the report is from 1 January 2024 to 31 December 2024 unless otherwise stated. Unless otherwise specified, the currency units mentioned in the report are RMB.

## Reporting Standards

This report has been prepared in accordance with the IFRS S2 Climate-related Disclosures issued by the International Sustainability Standards Board (ISSB) in 2023, the Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), the Guidance on Climate Disclosures of the Hong Kong Stock Exchange and other standards.

## Publication and Access

You can download an electronic copy of this report and obtain more information from the website of CTI (www.cti-cert.com).

## Contact Information

Centre Testing International Group Co., Ltd.

Address: Room 101, Building 1, CTI Building, Xingdong Community, Xin'an Street, Bao'an District, Shenzhen

Postal code: 518101

Contact: Jin Ou

Tel: 86-755-3368 2137

Email: esg@cti-cert.com

# About Us

Centre Testing International Group Co., Ltd., as a pioneer and leader in third-party testing and certification services in China, is a comprehensive third-party organization integrating testing, calibration, inspection, certification and technical services, providing one-stop solutions on a global scale.

The Company was founded in 2003 and listed on the Shenzhen Stock Exchange in 2009 (stock code: 300012). As the first publicly listed TIC (Testing, Inspection and Certification) institution in China, and the first company in Shenzhen to be listed on the ChiNext Market, CTI has maintained a leading position in the industry. With a global presence spanning over 90 cities in more than 10 countries and regions, we have established over 160 laboratories and more than 260 service networks. Each year, the Company delivers more than 4 million authoritative testing and certification reports and nearly 1.5 million certificates, serving a global client base of over 100,000 organizations.

# 01

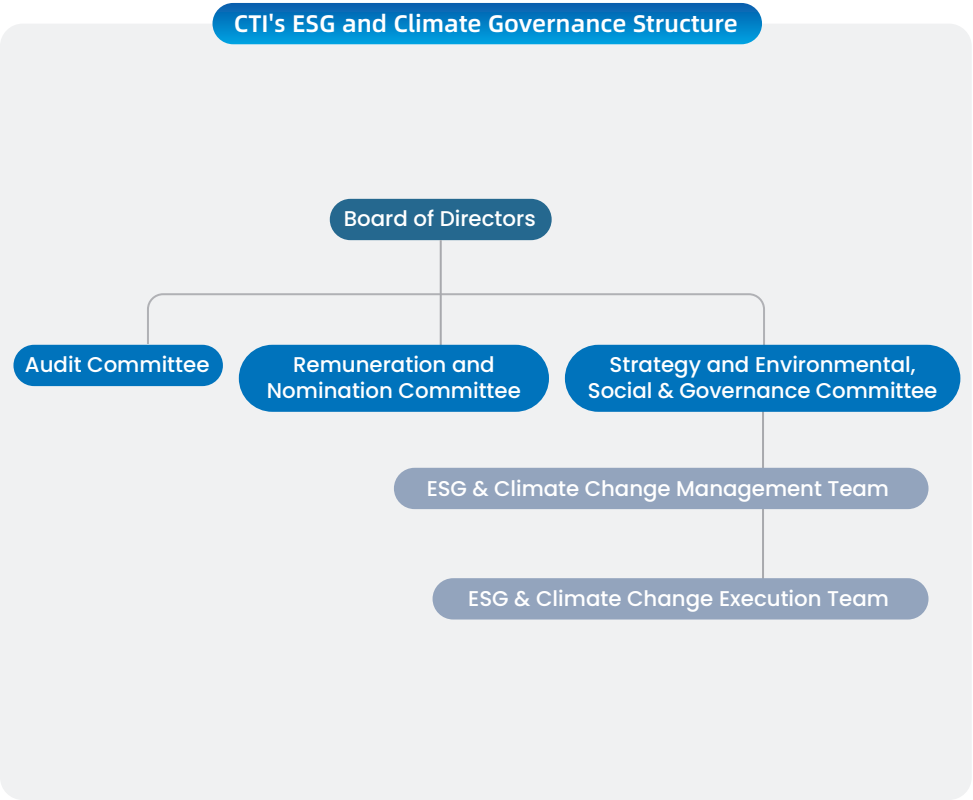
# Coordinated Planning to Strengthen the Governance System

- Governance Structure and Responsibilities
- Operational Mechanisms
- Disclosure Mechanisms

# Coordinated Planning to Strengthen the Governance System

## Governance Structure and Responsibilities

We actively fulfills our commitment to addressing climate change by incorporating climate-related issues into its overall sustainable development governance framework and promoting the implementation of its green transition strategy. The Board of Directors serves as the highest decision-making body for climate-related matters. The Company has established a three-tier climate governance structure, comprising the Strategy and Environmental, Social & Governance Committee, the ESG & Climate Change Management Team, and the ESG & Climate Change Execution Team. This structure forms an efficient governance loop that integrates oversight, management, and execution. We have formulated and implemented the *ESG and Climate Change Management Policy*, which clearly defines the roles, responsibilities, and workflows across different levels of the governance system, ensuring that climate management is embedded in both daily operations and long-term strategic planning.




| Climate governance bodies | Responsibilities |
|---|---|
| Board of Directors | • Holds the highest supervisory authority and ultimate decision-making power on matters related to climate change and sustainable development;<br>• Reviews the Company's climate strategy and key targets, and oversees the effectiveness of their implementation;<br>• Provides strategic direction through the Strategy and Environmental, Social & Governance Committee to ensure alignment between climate-related issues and overall corporate strategy;<br>• Receives regular climate briefings and conducts final reviews and decisions on climate-related initiatives. |
| Strategy and Environmental, Social & Governance Committee | • Authorized by the Board of Directors to lead the overall management and review of the Climate Change Strategy and its annual and long-term objectives;<br>• Monitors the progress of climate-related performance and evaluates the effectiveness of climate management measures;<br>• Participates in regular climate reporting meetings and provides recommendations for improving climate governance practices. |
| ESG & Climate Change Management Team | • Led by the Group President, with the Vice President in charge and the President of the Technical Services Division serving as key leaders;<br>• Establishes implementation mechanisms for ESG and climate change at the operational management level, defines organizational structure and role assignments, and facilitates cross-functional collaboration;<br>• Coordinates with corporate leadership, relevant departments, and the Execution Team to plan and drive the implementation of climate-related policies and systems;<br>• Develops monitoring and evaluation mechanisms for ESG and climate-related indicators, promotes emissions reduction and climate adaptation actions, and ensures the achievement of performance targets;<br>• Consolidates climate risk research & implementation progress, and reports regularly to the Board of Directors and the Strategy & ESG Committee, providing climate-related updates and recommendations for continuous improvement. |
| ESG & Climate Change Execution Team | • Comprised of key personnel from functional departments and business divisions;<br>• Assists the ESG & Climate Change Management Team in implementing climate and ESG-related initiatives;<br>• Continuously enhances the quality of ESG disclosures and reporting processes to align with international standards and widely recognized indicator frameworks, ensuring standardized communication of the Company's climate-related performance;<br>• Organizes the collection, consolidation, and analysis of climate and ESG-related data and information, ensuring accuracy, timeliness, balance, and consistency in disclosure to support effective identification and management of climate risks and opportunities;<br>• Reports regularly to the ESG & Climate Change Management Team on progress and participates in climate briefing sessions as appropriate;<br>• Responds in a timely manner to stakeholder concerns and feedback related to climate and ESG matters.. |

## Operational Mechanisms

The Group Board of Directors is the highest management supervisory body for issues such as ESG and climate change. The Strategy and Environmental, Social & Governance Committee is responsible for managing climate-related issues and holds at least one meeting per year on climate-related matters.

During the reporting period, the The Strategy and Environmental, Social & Governance Committee regularly received briefings on climate-related topics, reviewed and approved the publication of the ESG report and the Climate Change Response Report, and closely followed the climate risks and opportunities facing the Company. It also reviewed and guided the implementation of ESG strategies and plans, including those related to climate change, analyzed the progress toward greenhouse gas reduction targets, implementation pathways, and key performance indicators, and ensured the effective integration of climate strategies into the Company's overall operations and development plans. Through the coordination of the Strategy and Environmental, Social & Governance Committee and the efficient collaboration between the ESG & Climate Change Management Team and the ESG & Climate Change Execution Team, the Company ensures effective linkage from the Board level to the execution level. This enables the continuous operation and improvement of the climate governance system, driving CTI's ongoing progress and innovation in climate action and contributing to the global transition toward a green, low-carbon, and sustainable future.

## Disclosure Mechanisms

We follow internationally recognized climate disclosure frameworks and requirements, including IFRS S2, the TCFD recommendations, and the Guidance on Climate Disclosure issued by the Hong Kong Stock Exchange. We also refer to the disclosure standards and questionnaire requirements of leading global rating agencies such as the Carbon Disclosure Project (CDP) and the S&P Global Corporate Sustainability Assessment (CSA). Based on these frameworks and standards, we systematically consolidates climate-related data and progress on climate actions, and regularly discloses carbon emissions, reduction targets, implementation progress, and performance outcomes to stakeholders, ensuring that climate-related information is transparent, accurate, and timely.

Through Sustainability Reports, Climate Change Response Reports, the Company's website, and various communication channels, we actively respond to the concerns of customers, investors, and the public regarding carbon management and emissions performance. These efforts continue to strengthen CTI's transparency, accountability, and credibility in climate action, while further enhancing the Company's professional influence and brand image in the field of green and low-carbon development.

# 02

# Low-carbon Strategy and Blueprint for Transformation

- Setting Climate Scenarios
- Risk and Opportunity Analysis

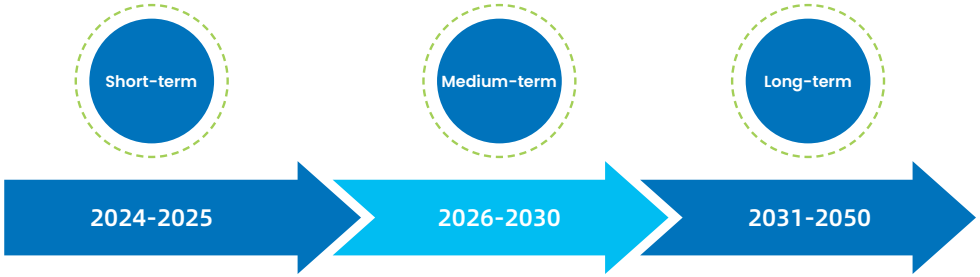
# Low-carbon Strategy and Blueprint for Transformation

## Setting Climate Scenarios

Against the backdrop of increasingly severe global climate change, scientifically addressing climate risks and seizing transition opportunities have become core issues for corporate sustainable development. In light of this, we have selected climate scenario models appropriate to our business characteristics and defined short-, medium-, and long-term time horizons at the group level, laying a solid foundation for assessing climate resilience and formulating targeted strategies. We have selected IPCC's (the Intergovernmental Panel on Climate Change) the Synthesis Report of the Sixth Assessment Report (AR6) SSP1-2.6 and the NGFS (Network for Greening the Financial System) Net Zero 2050 as low-emission scenarios, and SSP5-8.5 and the NGFS Disorderly Scenario as high-emission scenarios. The specific scenario assumptions are as follows:

| Applicable Scenario | Scenario Selection | Scenario Assumptions |
|---|---|---|
| **Low GHG Emissions Scenario** | Physical Risk: SSP1-2.6<br><br>Transition Risks and Opportunities: NGFS Net Zero 2050 | SSP1-2.6: Global temperature is projected to rise by 1.3–2.4°C by the end of this century, with $CO_2$ emissions reaching net zero around 2070.<br><br>NGFS Net Zero 2050: Through stringent climate policies and technological innovation, global warming is limited to below 1.5°C, with net-zero $CO_2$ emissions achieved globally around 2050. |
| **High GHG Emissions Scenario** | Physical Risk: SSP5-8.5<br><br>Transition Risks and Opportunities: NGFS Disorderly Scenario | SSP5-8.5: Global temperature is projected to rise by 3.3–5.7°C by the end of this century, with $CO_2$ emissions doubling by 2050 compared to current levels.<br><br>NGFS Disorderly Scenario: Annual emissions do not decrease until after 2030. Strong policy interventions are required to limit warming to below 2°C. Negative emissions ($CO_2$ removals) are limited. Under this scenario, decarbonization policies are introduced abruptly and with delay, resulting in unpredictability and significant transition shocks. |

To better manage the identification and management of the Group's climate-related risks and opportunities, we have defined the following timescales for climate-related risks and opportunities:




| 2024-2025 | 2026-2030 | 2031-2050 |
|---|---|---|
| Develop energy management plans and energy conservation plans to effectively reduce carbon emissions by optimizing energy efficiency. | Take proactive measures to reduce emissions and promote the use of renewable energy to achieve carbon peaking. | Commitment to carbon neutrality by 2050 (Scope 1, Scope 2 and Scope 3), promotion of sustainable business, achieving carbon neutrality in all aspects of the Group's upstream and downstream operations, and strengthening cooperation and support for our customers and suppliers in relation to climate change. |

# Risk and Opportunity Analysis

With reference to IFRS S2 and TCFD climate framework, we have built a climate risk factor library with 13 climate risks and 5 climate opportunities to ensure the comprehensiveness and standardization of climate risk identification. Regarding physical risks, we distinguish acute risks (e.g., typhoons, heavy rainfall) and chronic risks (e.g., rising temperatures, sea level rise) to assess their potential impact on asset impairment, operational disruption, and cost structure. Regarding transition risks and opportunities, we focus on policies and regulations (e.g., carbon pricing), technological shifts, and market signals, assessing their spillover effects on capital allocation, supply chain resilience, and competitive positioning. We extend our risk factors to upstream and downstream climate exposures, considering the impact of climate risks and opportunities on the value chain, and conduct penetrating analysis to support strategic decision-making and investor communications.

Based on CTI's operational model and value chain characteristics, and in alignment with the four selected climate scenarios, we carried out a comprehensive assessment of climate-related risks and opportunities. We incorporated ESG expert insights and industry benchmarking data, gathering peer companies' assessments of predefined risk factors' likelihood and potential impact to inform our analysis. As a result, CTI developed a prioritized list of 10 climate risks—including typhoons and product/service-related risks—and 5 climate opportunities. In response to these prioritized risks, we have formulated targeted climate resilience enhancement measures to strengthen the Company's adaptive capacity.

## Physical Risk

By analyzing a set of key risk parameters, we conducted a comprehensive assessment of the physical risks to our key asset portfolios in China, Singapore and Germany. The assessment process is based on acute and chronic physical risks under a low-carbon scenario and a high-carbon scenario. Historical data and future climate projections were utilized to ensure that each type of risk was identified. Acute risks include event-driven hazards that could lead to immediate disruption of operations, while chronic risks arise from long-term changes in climate patterns that could affect the resilience of our operations over the longer term. The results of the assessment of the entity's climate risks are set out below:

### SSP1-2.6 Scenario

| | Acute Physical Risks | | | | | | | | | | | | Chronic Physical Risks | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Typhoon | | | Heavy Rainfall | | | Dust Storm | | | Earthquake | | | Increased Severity of Extreme Weather | | | Sustained High Temperatures | | | Sea Level Rise | | | Changes in Wind Patterns | | |
| Location | Short-term | Mid-term | Long-term | Short-term | Mid-term | Long-term | Short-term | Mid-term | Long-term | Short-term | Mid-term | Long-term | Short-term | Mid-term | Long-term | Short-term | Mid-term | Long-term | Short-term | Mid-term | Long-term | Short-term | Mid-term | Long-term |
| China | | | | | | | | | | | | | | | | | | | | | | | | |
| Singapore | | | | | | | | | | | | | | | | | | | | | | | | |
| Germany | | | | | | | | | | | | | | | | | | | | | | | | |

### SSP5-8.5 Scenario

| | Acute Physical Risks | | | | | | | | | | | | Chronic Physical Risks | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Typhoon | | | Heavy Rainfall | | | Dust Storm | | | Earthquake | | | Increased Severity of Extreme Weather | | | Sustained High Temperatures | | | Sea Level Rise | | | Changes in Wind Patterns | | |
| Location | Short-term | Mid-term | Long-term | Short-term | Mid-term | Long-term | Short-term | Mid-term | Long-term | Short-term | Mid-term | Long-term | Short-term | Mid-term | Long-term | Short-term | Mid-term | Long-term | Short-term | Mid-term | Long-term | Short-term | Mid-term | Long-term |
| China | | | | | | | | | | | | | | | | | | | | | | | | |
| Singapore | | | | | | | | | | | | | | | | | | | | | | | | |
| Germany | | | | | | | | | | | | | | | | | | | | | | | | |

Low Impact | Medium Impact | High Impact

We refer to the Coupled Model Intercomparison Project Phase 6 (CMIP 6) global climate model data and combine with authoritative regional climate research results, including the China Blue Book on Climate Change and the Singapore Meteorological Department's Climate Variability Report, to conduct a comprehensive physical risk analysis for the three operational locations in China, Singapore and Germany. In terms of geographical distribution, operational locations show differentiated risk characteristics, with climate risk factors having a greater and broader impact on operations in the high carbon scenario compared to the low carbon scenario. The Chinese region is mainly exposed to the combined impacts of typhoons, heavy precipitation, increased severity of extreme weather and sustained high temperatures under both scenarios, as well as the risk of sea level rise in coastal cities. Singapore, surrounded by sea on three sides, is a major threat from sea level rise and extreme rainfall - especially facing higher impacts under high carbon scenarios. Germany, located in the center of Europe, would be more vulnerable to the potential impacts of climate extremes and sustained high temperatures under a high-carbon scenario, but less in a low-carbon scenario.

According to the analysis above, it is concluded that the acute physical risks of typhoons and heavy rainfall and the chronic physical risks of increased severity of weather extremes, sustained high temperatures, and sea level rise could have an impact on the Company's business and operations. The following is a specific analysis of the risks:

| Physical Risk Parameter | | Scope of Impact | Impact Pathway | Financial Impact |
|---|---|---|---|---|
|  Acute Physical Risks | Typhoon | CTI Group's operational scope<br><br>CTI's upstream value chain<br><br>CTI's downstream value chain | • Typhoons may directly damage laboratories, testing equipment and office space, leading to suspension of operations.<br>• Typhoons and heavy rainfall may trigger power outages and logistical stoppages, affecting testing progress and sample transportation.<br>• Service delays or interruptions may trigger liquidated damages and harm customer relationships.<br>• Increased occupational health and safety risks for Group employees during daily commuting and business travel.<br>• The upstream supply chain is impacted with untimely deliveries. | • Impairment losses on assets<br>• Increase in operating costs (e.g., increased employee safety-related expenses)<br>• Decrease in operating income |
| | Heavy Rainfall | | | |
|  Chronic Physical Risks | Increased Severity of Extreme Weather | | • Extreme weather exacerbates equipment corrosion, building deterioration, and increases lab and office maintenance costs.<br>• Prolonged heat, drought or flooding affects supplier stability, leading to delays or price increases in testing consumables. | • Impairment losses on Assets<br>• Increase in operating costs |
| | Sustained High Temperatures | | • Prolonged high temperature environment increases the probability of heat stroke, affecting work safety and attendance.<br>• More investment in heat stroke prevention materials (e.g., cooling equipment, protective gear) and high temperature allowance drive up labor expenses.<br>• Extreme heat may affect the precision of instruments or sample stability, causing the reliability of test results to decrease.<br>• High temperature restricts the duration of outdoor work (e.g. sampling), which slows down the progress of testing and increases the pressure on contract fulfillment.<br>• High temperature operation plan and training are required, taking up additional management resources. | • Increased operating costs (e.g., increased employee safety-related expenses) |
| | Sea Level Rise | | • Sea level rise may threaten the Company's laboratories or offices in low-elevation coastal areas, resulting in loss of assets or the need for relocation.<br>• Seawater backup or salt spray erosion accelerates equipment aging, increasing maintenance and replacement costs.<br>• Flooding of ports and logistics hubs may affect the transportation of testing consumables and delay project schedules.<br>• High-risk attributes of coastal assets push up property and business interruption insurance premiums.<br>• Sea level rise may trigger stricter coastal construction standards, increasing facility retrofit costs. | • Impairment losses on assets<br>• Increase in operating costs<br>• Decrease in operating income |

In response to the above risks, the Company is addressing the challenges under acute and chronic physical risks by enhancing the climate resilience of the building and improving the risk tolerance of the workforce. The following are physical risk response measures:

## Physical Risk Response Measures

### Acute Physical Risk Response Measures:

- Formulate an emergency plan to mitigate economic and operational risks caused by extreme weather;
- Designate a person to obtain and keep track of meteorological disaster early warning information, and transmit the information to all departments of the Company in a timely manner, as well as to make timely emergency response according to climate change;
- Reserve necessary flood and earthquake prevention materials and emergency supplies, such as sandbags, tarpaulins, emergency power supply, food and water, etc.;
- Enhance employee safety training and carry out regular emergency drills to minimize the risk of occupational health and safety;
- Important documents, archives, and electronic data are backed up to prevent damage to the information due to extreme weather;
- Conduct timely assessments of the damage after the disaster and resume normal operations as soon as possible.

### Chronic Physical Risk Response Measures:

- Use energy-saving heating and cooling equipment;
- Strengthen the heat preservation capacity of buildings, such as adding insulation materials to cope with hot weather;
- Carry out special heat preservation treatments for equipment susceptible to high and low temperatures;
- Reasonably adjust employees' working hours to reduce their exposure to high temperature environments.;
- Optimize energy use to improve energy efficiency and reduce greenhouse gas emissions;
- Invest in green technologies, such as the use of renewable energy sources like solar and wind power.;
- Conduct regular climate risk assessments to identify potential impacts and develop appropriate response strategies;
- Purchase appropriate insurance to cover potential climate-related losses.

## Transition Risks

In the process of addressing climate change and promoting green transition, the Company may face a series of transition risks due to factors such as policy changes, technological innovations, shifts in market and customer preferences, and adjustments to business models. To comprehensively assess the potential impacts, we have selected two NGFS scenarios—"Net Zero 2050" and "Disorderly Transition"—to analyze the transition risks that may arise under different climate policy pathways and formulate targeted response strategies accordingly.

| Transition Risk Parameter | | Scope of Impact | Impact Pathway | NGFS Net Zero 2050 | | | NGFS Disorderly Pathway | | | Financial Impact |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Short-term | Mid-term | Long-term | Short-term | Mid-term | Long-term | |
| Policy | Carbon Pricing Mechanisms | CTI Group's operational scope | • Customers in high-carbon industries may curtail other testing needs, affecting revenue;<br>• The tightening of carbon regulation may increase the risk of audit, and the Company may face compliance pressure;<br>• In the long term, the convergence of regulatory standards after the carbon market matures may intensify competition in the industry, squeezing profit margins, and the Company may need to continue to invest in technology research and development and compliance costs. | | | | | | | • Increase in operating costs<br>• Decrease in operating income |
| Liability | Regulatory Compliance | | • If the Company fails to meet carbon emissions, environmental regulations or green certification standards, we may face the risk of regulatory penalties, suspension of qualifications or even market ban;<br>• As policies tighten, companies that fail to meet emission standards will need to bear the costs of compliance. The increasing demands from customers for climate/ESG compliance may cause non-compliant companies to lose orders and damage their brand credibility;<br>• If there are data deviations or certification errors in carbon verification, environmental testing and other businesses, it may lead to legal proceedings or reputation crisis, further affecting market competitiveness. | | | | | | | • Increased operating costs |
| Market | Changes in Consumer Behavior | CTI Group's operational scope<br>CTI's Downstream value chain | • As the importance of addressing climate change and sustainable supply chain management continues to rise, customers are increasingly inclined to choose to work with companies with high levels of climate change management and good ESG performance, and the Group may face a reduction in market share as a result of climate change performance that does not meet customer preferences. | | | | | | | • Decrease in market share<br>• Decrease in operating income |
| Technology | Investment in New Technologies | CTI Group's operational scope | • Technological lag in emerging areas such as environmental testing, carbon accounting, and ESG certification will cause the Company to miss market opportunities and allow competitors with first-mover advantages to capture market share;<br>• Profit margins in the traditional testing business may continue to decline due to insufficient technological upgrades; at the same time, the inability to meet the needs of international customers (e.g., the European Union) will weaken customer stickiness, limit the scope for business expansion, and affect operating income. | | | | | | | • Increase in operating costs<br>• Increase in capital expenditures |
| Reputation | Public Opinion Impact | | • If the Company is involved in climate compliance issues, it will have a direct impact on the Company's credibility, leading to loss of customers and shrinking orders;<br>• Festering public opinion may trigger regulatory scrutiny, increasing compliance costs or even facing penalties;<br>• Volatility in share price and loss of investor confidence could increase financing costs;<br>• Long-term damage to brand value will also weaken our competitiveness in emerging markets such as low-carbon testing and affect our opportunities for cooperation with international organizations. | | | | | | | • Decrease in operating income |

Low Impact | Medium Impact | High Impact

From the scenario analysis of transition risks, the degree of impact of climate-related transition risks is closely related to the time dimension and transition path and shows significant dynamic changes in the core areas of policy, market and reputation. Under the NGFS Net Zero 2050 scenario, the impact of transition risks intensifies over time. In the short term, the risks are mostly low impact, but in the medium to long term, carbon pricing mechanisms at the policy level, changes in consumer behavior at the market level, and the impact of public opinion at the reputational level will become key pressure points. The main manifestations are the squeeze in revenues from customer demand changes in high-carbon industries, market share erosion due to insufficient ESG performance, and potential damage to compliance and brand credibility. Under the NGFS disorderly path, risk release is relatively flat-paced. Regulatory compliance risks at the liability level perform similarly under both scenarios, with medium impact over the medium to long term - highlighting the continued importance of compliance cost investment and business practice discipline.

In response to these risks, we have responded to the risk challenges under different transformation paths by strengthening our investment in technology research and development, optimizing our compliance management system, and enhancing ESG performance with brand credibility. The following are transformation risk response measures:

### Policy Risk:

- Strengthen compliance teams to ensure review processes align with the latest carbon regulatory requirements and mitigate regulatory risk.
- Continuously invest in technological research and development to enhance the competitiveness of carbon market-related services, such as the development of standardized carbon verification tools.
- Collaborate with industry associations and regulatory bodies to participate in standard-setting and gain advantages in policy adaptability.

### Reputational Risk

- Establish a media monitoring mechanism to detect and respond to negative publicity in a timely manner.
- Regularly publish sustainability reports to showcase the Company's achievements in climate compliance and ESG.
- Obtain certifications from authoritative institutions and improve credibility through third-party verification.

### Liability Risk

- Establish a rigorous internal compliance review mechanism to regularly assess conformity with carbon emission laws, environmental regulations, and green certifications.
- Strengthen employee training to ensure the accuracy of data and reliability of certification in carbon verification and environmental testing services.
- Actively promote photovoltaic development to increase the share of renewable energy usage.
- Disclose ESG performance regularly to enhance transparency and customer trust.

### Technology Risk

- Increase research and development investment in emerging technical fields such as environmental testing, carbon accounting, and ESG certification.
- Regularly assess technology upgrade needs to avoid profit margin decline in legacy services due to technological lag.
- Proactively deploy technical solutions that comply with international standards to meet the needs of global clients (e.g., the EU market).

### Market Risk

- Optimize ESG and climate-related service offerings to meet client demands for sustainable supply chain management.
- Conduct customer research to understand downstream value chain preferences and adjust service offerings accordingly.
- Enhance brand communication to highlight CTI's strengths in low-carbon testing and ESG certification.
- Explore partnerships with green enterprises or international institutions to expand into emerging markets.

## Climate Opportunities

In the global response to climate change, different transition scenarios present both opportunities and challenges for businesses and markets. According to the scenario analysis by the NGFS, if the global community collectively advances the "Net Zero 2025" target, a rapid and orderly low-carbon transition will create a window of opportunity for technological innovation, green investment, and the reshaping of industrial chains. In contrast, if the world faces a "disorderly transition," fragmented policies and technological lag may lead to short-term fluctuations. However, they may also force resilient companies to seize the initiative in adaptive and resilient development. Against this backdrop, we leverage our forward-looking climate service capabilities to help clients identify transition risks and capture emerging opportunities, and building sustainable competitiveness across multiple scenarios.

| Opportunity Parameter | | Scope of Impact | Impact Pathway | NGFS Net Zero 2050 | | | NGFS Disorderly Scenarios | | | Financial Impact |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Short-term | Mid-term | Long-term | Short-term | Mid-term | Long-term | |
| Source of energy | Renewable energy adoption | CTI Group's operational scope | • Actively adopting green energy sources such as photovoltaics and energy storage reduces the carbon footprint of our operations and minimizes operating costs;<br>• Also, we can improve our ESG rating and strengthen our brand image as a "green testing organization" to attract sustainability-conscious clients. | | | | | | | • Reduced operating costs |
| Products & Services | New product or service development | CTI Group's operational scope<br>CTI's Downstream value chain | Carry out new service/product development through R&D innovation, including:<br>• Develope new testing services such as carbon footprint accounting and green product certification to seize market gaps under the low-carbon economy and cultivate performance growth points;<br>• Expand service offerings through technological breakthroughs (e.g. CCER methodology);<br>• Turn innovation results into patent barriers to enhance differentiated competitive advantages;<br>• Carry out forward-looking technology layout, lead or participate in the formulation of industry standards, further expand market influence and international business opportunities. | | | | | | | • Asset appreciation<br>• Increase in market share<br>• Increase in revenue |
| | Increased sales of existing products and services | | • With the tightening of carbon regulation and the rise of green consumption, demand for climate-related services such as environmental testing, carbon verification and ESG consulting is surging, which may increase the Company's revenue;<br>• Increased repurchase rate of stock customers will optimize the stability of customer structure and create entrances for cross-selling carbon verification and other emerging services. | | | | | | | |
| Reputation | Improved sustainability/ ESG ratings | CTI Group's operational scope | • Optimizing our own ESG performance, the Company can strengthen its brand image and attract corporate and listed Company clients who focus on sustainable development;<br>• Higher ESG ratings can help obtain international green financing support, reduce capital costs, and make it easier to gain recognition from governments and international organizations, giving priority to participation in green standard-setting and demonstration projects;<br>• The internalization of sustainable management practices also drives operational efficiency and creates a long-term competitive advantage. | | | | | | | |

Low Impact | Medium Impact | High Impact

In the opportunities brought by climate change, under the NGFS Disorderly Transition scenario, the impacts of various opportunities are generally low. However, under the NGFS Net Zero 2050 scenario, there are significant opportunities to develop new products/services, increase sales of existing businesses, and enhance ESG ratings over the medium to long term. If we can seize opportunities in energy, product services, and reputation, we will be more likely to achieve business growth and enhance its competitiveness, thereby laying a solid foundation for long-term sustainable development. The following are measures to address the climate opportunity:

## Climate Opportunity Response Measures:

In the face of new opportunities brought by climate change, CTI will deepen the research on policies and regulations and climate-related consulting services, provide customized compliance consulting services for enterprises, and help them build a perfect climate change management system. Meanwhile, CTI is actively promoting services to assist in green product development, joining hands with customers to transform and upgrade in the direction of low-carbon and environmental protection, and enhancing market competitiveness. CTI will utilize its existing technology and service advantages to develop new business and expand the market in areas such as green product certification and sustainable information disclosure, forming an all-round sustainable development business system to achieve revenue growth.

By actively reducing carbon and increasing efficiency, optimizing travel paths, promoting green buildings, and purchasing low-carbon equipment, CTI will reduce energy consumption and carbon emissions in multiple dimensions, gradually increase the proportion of renewable energy use, and reduce operating costs.

CTI is actively involved in the research, development and application of CCER methodology, which provides enterprises with scientific quantitative basis for emission reduction and helps them accurately assess the effectiveness of emission reduction and participate in carbon market trading. CTI will also promote the optimization and upgrading of the energy structure of enterprises in other industries through renewable energy certification and testing services.

CTI actively responds to climate change, establishes a good corporate image, continuously improves the Company's ESG rating in mainstream institutions, further wins the trust of investors and partners, and lays a solid foundation for the Company's long-term development.

# 03

# Risk Management and Building a Climate-Resilient Defense

- Climate Risk Identification and Assessment Process
- Climate Risk Management

# Risk Management and Building a Climate-Resilient Defense

## Climate Risk Identification and Assessment Process

CTI has established a systematic climate risk management process covering risk identification, assessment, scenario analysis and response strategies. The process is designed to enhance the Company's resilience in an increasingly volatile climate environment, capitalizing on transition opportunities and mitigating potential risks. We start by gathering and screening external policy, market and climate-related information to help conduct a joint cross-departmental assessment of the potential impact and probability of different climate factors. Based on this information, we conducted scenario analyses to model how different climate paths would affect CTI's financial and operational performance. Ultimately, we developed a targeted response strategy and long-term management mechanism - creating a closed-loop process to integrate climate risk factors into our strategic planning, business operations, and investment decisions.

### CTI's Climate Risk Management Process

**Risk Identification**

Systematically collect and screen external information such as global and regional policy and regulatory changes, market trends, technological updates, climate disasters, and extreme weather events. In combination with industry benchmarks and expert consultation, CTI identifies and refines key climate elements affecting Company operations and business development, establishes a list of climate-related risks and opportunities, and defines specific climate-related events with potential business implications.

**Risk Assessment**

Through cross-departmental interviews and expert analysis, we conduct an in-depth analysis of the potential impacts and transmission pathways that various risks and opportunities may have on the Company's assets, supply chain, operations, and finances. We also assess the likelihood and severity of these impacts and develop a climate risks and opportunities assessment matrix.

**Scenario Analysis**

We have established a simulation framework that covers different emission scenarios and global warming pathways. We analyze the scope of financial and operational impacts that transition risks and physical risks may bring, and prioritize the most relevant and significant risks to clarify the supervisory priorities for risk events.

**Risk Response and Management**

Based on the results of identification, assessment, and scenario analysis, CTI develops and continuously refines specific strategies and action plans to respond to climate-related risks and opportunities. We have clarified management responsibilities and response mechanisms, and promoted the application of low-carbon technologies and enhanced operational adaptability.The Company has established a long-term climate risk management mechanism that regularly updates risk inventories and assessment results, ensuring the integration of climate risk management into corporate strategy, operations, and investment decision-making. This approach helps strengthen the Company's climate resilience and long-term competitive advantage.

# Climate Risk Management

CTI places great importance on the management of climate-related risks, actively integrating climate risks into its strategic management and daily operations to continuously improve business resilience and market competitiveness. The Company has established a robust climate risk management system driven by a dual approach of "internal risk control" and "external risk coordination." Through a sound organizational structure, process-based management, and technological empowerment, CTI embeds climate risk management into the overall risk control system and value chain management process, ensuring that climate risk identification and response measures are effectively integrated into corporate strategy formulation, decision-making processes, and operational execution.

## Internal Climate-related Risk Management

We continuously improve our internal climate risk management processes. Through systematic process development, integration at the group level, and capacity and culture building, we incorporate climate risks into the Company's overall risk management system. This integration ensures the effective implementation of risk management in daily operations, enhancing our ability to identify, respond to, and adapt to climate risks. Climate risk management serves as a critical enabler in our response to climate change and our pursuit of a green transition, strengthening both our resilience and long-term competitiveness.

### Integrating Climate Risks into the Group's Overall Risk Management System

The Company integrates climate risks and environmental issues such as energy and carbon emissions management into regular administrative reporting and the annual comprehensive risk assessment process, ensuring deep integration with the overall risk management system. We regularly review and refine our climate risk strategies through group-level risk assessments and resource allocation decisions to ensure effective alignment with strategic planning and business goals, driving stable operations and sustainable growth.

The Company collaborates with the QHSE department to incorporate climate risk identification, assessment, and response measures into the environmental impact assessment and environmental risk control processes, thereby integrating climate risk considerations into broader environmental management practices and improving management efficiency and responsiveness.

### Promoting Capacity Building and Cultural Integration

We place strong emphasis on building awareness and capabilities across the organization for effective climate risk management. Leveraging our internal E-learning platform and regular offline training sessions, we continuously provide all employees with knowledge and skills related to climate change and risk management, covering areas such as carbon management, energy conservation and emission reduction, and practical case studies of climate risk identification and response. Through the combination of flexible online learning and practical business application, we enhance employees' ability to identify, analyze, and address climate risks in their day-to-day work. This initiative helps cultivate a culture of climate risk management across the Company, fostering a proactive, fully engaged approach characterized by early identification and timely response. Together, we support CTI's steady journey toward a green, low-carbon, and sustainable future.

## External Climate-related Risk Management

CTI promotes climate risk management through both internal and external coordination. With respect to our suppliers, customers, and other external stakeholders, we continue to proactively reduce the potential impacts of climate change on supply chain and business continuity through sustainable procurement, supply chain resilience building, supplier ESG management, and empowering clients to decarbonize through digital services. We also actively guide upstream and downstream value chain participants toward a green transition in order to jointly address the challenges posed by climate change.

### Sustainable Procurement

In the procurement process, we actively implement a sustainable procurement policy, prioritizing the selection of laboratory equipment and office facilities with low energy consumption and emissions. Key indicators such as energy efficiency, environmental compliance, and carbon performance are incorporated into supplier evaluations and procurement decision-making. We assign energy consumption weightings in bidding evaluations to prioritize the procurement of green products and services, and carry out environmental impact verification throughout the cooperation process. The Company also uses FSC-certified printed materials to support sustainable forest management and biodiversity conservation, thereby reducing carbon emissions and minimizing environmental damage across the supply chain.

### Products and Services

The Company actively applies digital technologies to strengthen both our own and clients' carbon management capabilities and reduce emissions across the value chain. We have independently developed and operate the CTI MALL e-commerce platform and a big data analytics system. Through digital connectivity, data visualization, structured data storage, and intelligent algorithm-based process optimization, we enable clients and their upstream and downstream partners to build integrated multi-end management systems. These platforms support standardized service packages, full-process visibility, and automated report verification, allowing for traceability from order to final report. This improves operational efficiency and maximizes synergies in carbon reduction efforts.

### Supplier Management

We strictly implement management systems such as the Supplier Management Policy, incorporating ESG performance into the supplier performance evaluation framework. Requirements related to carbon emissions, environmental compliance, and workplace safety are enforced. Suppliers with outstanding ESG performance are given procurement preference and increased purchase shares, while those failing to meet requirements or with significant environmental violations are subject to written rectification orders and follow-up within a set timeline. Persistent non-compliance may result in reduced procurement volumes or termination of cooperation.

To mitigate the risk of supply chain disruption from climate risks, we adopt diversified sourcing strategies to enhance supply stability and resilience: 1 to 5 qualified suppliers with different quality tiers are designated for functionally similar equipment and consumables; 1 to 3 backup suppliers are retained under framework agreements; and for high-frequency consumables, an A/B sourcing model is implemented to avoid over-reliance on a single supplier, thus mitigating regional disruption risks caused by extreme weather.

# 04

# Quantifying Targets and Anchoring Emission Reductions

- Setting Climate-Related Indicators
- Carbon Reduction Target Setting
- Climate Actions

# Quantifying Targets and Anchoring Emission Reductions

## Setting Climate-Related Indicators

CTI regards the development of a robust climate-related indicator system as a key lever for advancing the Company's climate actions and emission reduction strategies. Guided by a methodology of "Five Principles + Four Implementation Methods," we ensure that the indicators are scientific, comparable, applicable, and operable. This system provides a strong foundation for addressing climate change, enhancing operational resilience, and achieving long-term sustainability goals.

### 5 Principles

The Company follows the five core principles below when formulating climate-related indicators:

#### Decision-Useful

Indicators should help the Company understand the potential impacts of climate risks on financial performance, business continuity, and operations over specific timeframes. They support management in identifying key risks and opportunities, and in making well-informed decisions for low-carbon transition and adaptive management.

#### Easy to Understand

Indicators should be presented in a clear and concise manner, avoiding complexity and ambiguity. Definitions, calculation methodologies, and scope boundaries should be explicitly stated, along with assumptions and limitations, to ensure full understanding and accurate interpretation.

#### Verifiable

Indicators must support internal control processes and be quantifiable and data-verifiable, allowing for validation of accuracy and completeness through internal audits and third-party assurance.

#### Objective

Indicators should minimize subjectivity and the influence of non-quantifiable factors to ensure results are objective, consistent, and reproducible.

#### Comparable

Indicators should enable both longitudinal (time-series) and cross-sectional comparisons. This includes tracking the Company's internal performance over time and benchmarking against industry peers or best-in-class performers.

## 4 Implementation Methods

Building on the five principles, we adopt the following four implementation methods to ensure the effectiveness of our climate-related indicators:

### Strategic Integration

Climate indicators are embedded into corporate strategy, business operations, and annual planning processes to ensure they become an internal driver of sustainable development.

### Alignment with International Standards

The indicator system references leading global frameworks such as IFRS S2, TCFD, CDP, and SBTi to ensure international comparability and alignment with investor expectations.

### Scientific Quantification and Adaptive Updating

Indicator values and baselines are determined through scientific methodologies and industry benchmarking. Updates are dynamically adjusted based on local regulatory developments, technological advancements, and market trends to maintain relevance and forward-looking applicability.

### Enterprise-Wide Engagement and Accountability

Indicator implementation is cascaded through the Board of Directors, Strategy and Environmental, Social & Governance Committee, and management teams, ensuring closed-loop management from strategy to execution and fostering a culture of shared responsibility.

# Carbon Reduction Target Setting

CTI actively responds to global climate initiatives and China's dual-carbon strategy, demonstrating commitment to corporate social responsibility and driving a green, low-carbon transformation of operations. Through technological innovation, CTI empowers carbon reduction in the testing and certification industry, contributing to society's transition toward a net-zero future.

Based on verified GHG emissions data from 2020 to 2022, forward-looking business forecasts, and emission reduction scenario modeling, CTI has established phased targets for achieving carbon peaking and carbon neutrality. These targets are supported by clearly defined implementation pathways and priority actions, ensuring the coordinated advancement of sustainable development and high-quality growth.


### Near-Term Targets: Carbon Peaking by 2030

- Achieve peak carbon emissions across the Group by 2030, with a 40% reduction in carbon intensity per 10,000 yuan of revenue compared to the baseline year.
- Improve the carbon accounting system and data management framework to steadily demonstrate the effectiveness of green and low-carbon efforts.
- Continue optimizing the energy structure and implementing energy-saving retrofits; gradually increase the use of renewable energy, aiming for 55% of total electricity consumption from renewable sources.
- Promote the electrification of company-owned vehicles and progressively phase out fossil fuel usage.
- Establish and refine a green supply chain management system to control the growth rate of emissions while enhancing climate resilience and resource efficiency.

### Long-Term Targets: Carbon Neutrality by 2050

- Achieve carbon neutrality (scope 1, scope 2 and scope 3) across the Group by 2050 as scheduled.
- Reach 100% renewable electricity usage.
- Increase the proportion of new energy vehicles in the Company's fleet to 70%, significantly reducing transportation-related emissions.
- Drive green and low-carbon transformation across the upstream and downstream value chains, substantially lowering carbon intensity in logistics, procurement, and other segments.
- Continuously strengthen process management and performance tracking for climate actions, ensuring steady progress towards net-zero transformation.

During the reporting period, CTI actively promoted the use of green energy, with renewable electricity accounting for approximately 35% of total electricity consumption. The Company's greenhouse gas emissions are presented in the table below:

| Category | Year 2024 ($tCO_2e$) | Emission Intensity ($tCO_2e$/ million RMB revenue) |
|---|---|---|
| Scope 1 | 7,797.14 | 0.01 |
| Scope 2 | 99,253.21 | 0.16 |
| Scope 3 | 44,834.26 | 0.07 |
| Scope 1+2+3 | 151,884.61 | 0.25 |

# Climate Actions

To achieve the carbon peak and neutrality targets, CTI Testing comprehensively advances climate actions by deeply integrating green and low-carbon concepts into strategy, operations, and value chain management. The Company has developed "Ten Key Action Plans and Support Paths," established "Target Monitoring and Execution Mechanisms," and implemented "Specific Measures and Actions," thereby creating a systematic climate change response framework spanning from top-level design to detailed execution, and from internal operations to value chain collaboration.

## Ten Key Action Plans and Support Paths

To realize the carbon peak and neutrality goals, ten key emission reduction action plans have been developed and implemented to systematically drive green and low-carbon transformation:

### Energy Saving, Carbon Reduction, and Efficiency Improvement

Continuously promote green laboratory construction and energy-efficient renovations of existing buildings; enhance energy efficiency in new buildings; optimize operation of HVAC, lighting, and other systems; extend equipment lifespan; and strengthen whole lifecycle energy consumption management. Actively apply energy-saving technologies and equipment in new and retrofit projects; explore digital energy management and intelligent operations models to achieve refined energy use management and a full closed-loop process for energy saving and carbon reduction, steadily advancing the green low-carbon strategy.

### Green Electricity Usage Plan

Accelerate distributed photovoltaic deployment; promote integrated rooftop photovoltaic and energy storage projects; conduct feasibility assessments and reserve photovoltaic base sites; explore coordinated renewable energy usage models combining photovoltaics and storage. Commit to gradually increasing renewable electricity procurement starting in 2025, aiming for 55% renewable electricity utilization by 2030; explore medium- and long-term contracts to secure renewable energy projects, steadily raising green power share, supporting the 2050 target of 100% renewable electricity use.

### Green Low-Carbon Mobility Plan

Develop a roadmap for green replacement of Company vehicles; accelerate replacing fuel vehicles with new energy vehicles, targeting 70% new energy vehicle fleet by 2050. Continuously optimize vehicle operation and transportation routes to reduce fuel consumption and emissions, improving operational efficiency. Plan to introduce green commuting incentives encouraging public transit, cycling, and walking; for cross-region travel, strengthen flight management, promote video conferencing to replace onsite visits, implement differentiated emission reduction strategies, and optimize business travel processes and frequency to reduce overall travel-related emissions.

## Resource Recycling Actions

Strengthen waste management in offices and laboratories; promote waste sorting and resource recycling; increase reuse rates of office supplies and paper; reduce landfill and incineration emissions, targeting significant reduction of waste disposal carbon intensity by 2030. Establish comprehensive waste recycling and circular reuse mechanisms; enhance water resource management by upgrading water-saving equipment and introducing advanced technologies; reduce water waste in labs, offices, and campuses; optimize water usage structure to coordinate water conservation and emission reduction, driving continuous improvement in resource utilization efficiency.

## Low-Carbon Capability Building

Strengthen professional capabilities in carbon management; regularly conduct training on carbon management and low-carbon operations to enhance knowledge and practical skills of carbon teams and key personnel. Actively participate in industry green low-carbon seminars, standards development, and policy discussions to promote standard system improvements and industry sustainability capacity building. Establish strategic low-carbon partnerships with upstream and downstream enterprises; explore cooperation on standards, certifications, technologies, and international mutual recognition in new energy and green low-carbon fields to boost CTI's and the industry's global competitiveness and influence.

## Digital Transformation Actions

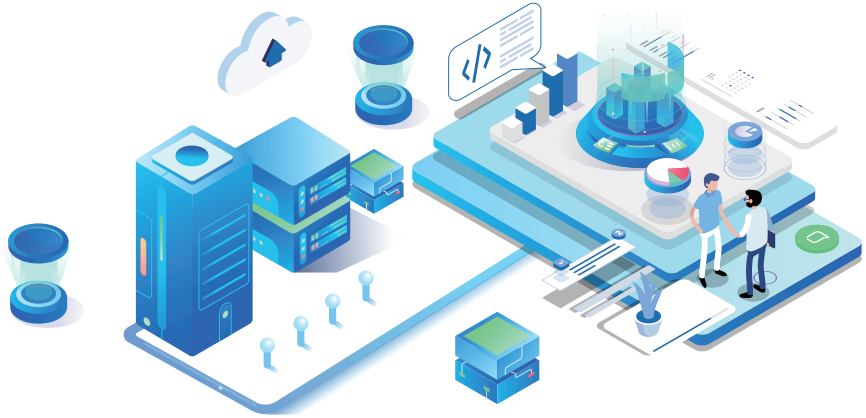
Advance the adoption of electronic test reports and digital signatures to enhance report delivery efficiency and reduce reliance on paper-based documentation. Leverage ERP systems, the CTI MALL e-commerce platform, Huawei digital robots, and automation management tools to optimize operational workflows and resource allocation, thereby improving operational efficiency and service quality while reducing carbon emissions. Explore and drive the development of smart automated laboratories by integrating advanced technologies such as unmanned water quality testing and software robotics, fostering intelligent, automated, and low-carbon operations in laboratory business processes.

## High-Quality Carbon Offset Plan

Following the principle of "priority on emission reduction, authentic offset," treat high-quality carbon offsets as an essential supplement to the "reduce—offset—net zero" pathway. Steadily promote carbon credit offset plan development and implementation to compensate for "hard-to-avoid" emissions. Leverage the experienced GHG project validation and verification team to rigorously select high-quality carbon credits compliant with international standards (e.g., VCS, CDM, CCER), ensuring funding supports projects with real carbon reduction impacts, avoiding "greenwashing." Offset plans will be adjusted based on business growth and emission trends to gradually increase offset ratios, balancing scientific management with actual emission reductions.

## Low-Carbon Culture Building

Establish multiple low-carbon information-sharing channels; showcase Company achievements and cases in digital transformation and low-carbon initiatives via digital platforms. Continuously promote green office initiatives; create green office demonstration sites; enhance energy saving and carbon reduction education and low-carbon awareness; organize low-carbon themed events encouraging employee participation in emission reduction. Explore internal carbon pricing mechanisms to internalize carbon reduction costs; apply green office benchmarking evaluation systems; set energy-saving targets; and regularly recognize outstanding departments with notable low-carbon office achievements to foster sustainable green office practices.

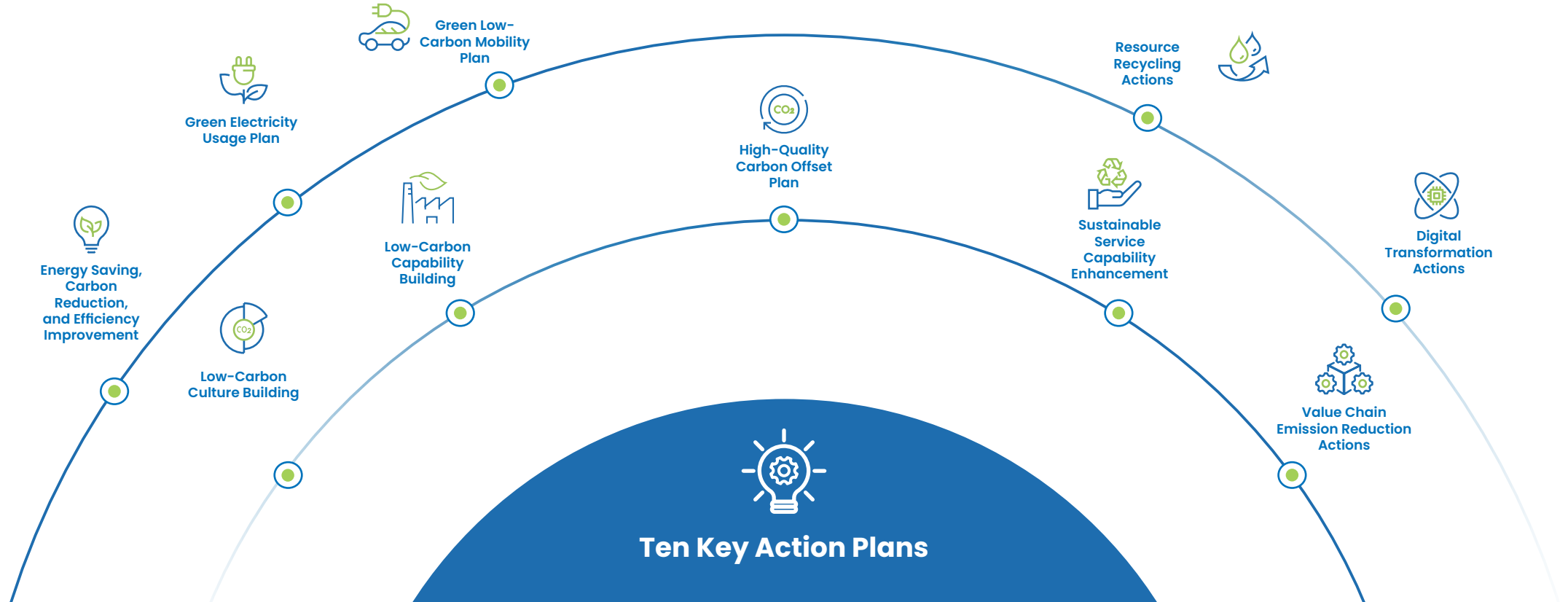


## Sustainable Service Capability Enhancement

Build on long-standing expertise in testing and green certification to continuously strengthen service capabilities in carbon peak, neutrality, and green finance. Provide clients and value chain partners with one-stop green low-carbon transformation solutions, including zero-carbon factory certification, carbon footprint calculation, CBAM accounting, battery carbon footprint evaluation, green finance ESG assessment, and low-carbon training. The Company holds qualifications such as third-party zero-carbon factory evaluation, official ISCC cooperation certification, green express packaging and furniture certification, and carbon management system evaluation, significantly expanding service scope and professional influence. Future plans include expanding sustainable development qualifications to empower client low-carbon transformation and enhance industry international competitiveness, creating new sustainable value for partners.

## Value Chain Emission Reduction Actions

Promote high-quality, healthy, safe, and green sustainable development across upstream and downstream value chains by implementing sustainable procurement policies. Integrate ESG and low-carbon indicators into supplier management evaluation systems, setting clear core criteria for green and low-carbon suppliers. Complete supplier evaluation system construction by 2030 to strengthen assessment and supervision of suppliers' environmental and carbon performance. Encourage logistics and transportation partners to participate in low-carbon transformation; promote low-carbon logistics services, aiming for 70% of leased new energy sampling vehicles by 2050 to reduce carbon intensity in logistics. Guide supply chain partners to transparently disclose carbon emissions via CDP questionnaires, ESG reports, etc., jointly promoting carbon reduction and sustainable development, building a green low-carbon ecological supply chain system.



## Specific Measures and Actions

To achieve carbon peak and carbon neutrality targets, CTI implements a comprehensive green transformation across its operational management chain through six key initiatives: green offices, green transportation, sustainable buildings, water resource management, materials management, and value chain engagement, systematically integrating low-carbon principles into daily operations and service systems.

### Green Office

CTI Testing continuously promotes paperless office practices through LIMS, ERP, and other systems to reduce paper printing and document circulation. Printers are configured for duplex printing and preview confirmation; use of the reverse side of paper is prioritized (except for confidential documents). Paperless meetings are encouraged to reduce paper consumption. Reuse of product packaging and consumables is actively promoted. The Company strengthens procurement of energy-efficient office equipment and manages high-energy devices. Lighting, power, and office equipment are turned off or set to low-power mode during lunch breaks and after hours to avoid unnecessary energy waste, enhancing energy efficiency management. Wastewater reuse is promoted alongside green office assessments and low-carbon incentive mechanisms to foster a culture of energy conservation and emission reduction.

### Green Buildings

The Company fully integrates green building principles throughout the construction of our facilities and the design of laboratory spaces. In developing company-owned facilities, extensive landscaping coverage reaching 20% of total area is implemented alongside vertical greening systems to minimize thermal absorption and direct solar exposure, resulting in reduced operational energy use and lower carbon emissions.The facilities extensively utilize high-performance energy-saving materials including Class A fireproof foam glass and autoclaved aerated concrete blocks, ensuring both energy efficiency and structural safety. Water fixtures meet Grade II water efficiency standards for conservation, while lighting in daylight areas automatically adjusts brightness according to natural light levels - collectively creating energy-efficient, environmentally friendly, low-carbon, and safe working environments that advance green building adoption across the group.During construction and laboratory renovation phases, variable-frequency automatically controlled exhaust systems are installed to simultaneously meet dual requirements for variable air volume and constant face velocity at ventilation terminals, achieving 50-70% energy savings. Additionally, variable air volume (VAV) valves are implemented to further reduce non-essential energy consumption.

### Green Travel

The Company prioritizes business travel arrangements for employees closest to project sites to reduce travel distances and frequencies. Online meetings are actively promoted to cut travel-related carbon emissions and energy use. Employees are encouraged to choose green commuting options such as public transport, cycling, and walking. Electric sampling vehicles and new energy vehicles are gradually promoted to replace conventional fuel vehicles, reducing fossil fuel dependence. Green travel management mechanisms are continuously improved to reduce carbon footprints in transportation, supporting environmental protection and fostering low-carbon lifestyle.

### Water Resource Management

The Company rigorously implements water conservation and emission reduction measures by continuously upgrading water-saving equipment and adopting advanced water-efficient technologies. We actively promote wastewater recycling for equipment cleaning and landscape irrigation to reduce total water consumption and wastewater discharge. Comprehensive water efficiency assessments and optimization improvements are conducted for high water-consumption equipment and production processes, addressing water waste through enhanced management protocols, technical upgrades, and operational standardization to eliminate continuous water flow incidents. Ongoing monitoring of water resource utilization reinforces these conservation measures, with sustained efforts to minimize water consumption impacts .

## Material Management

The Company drives the greening of material management processes by implementing paperless operations in testing, inspection, certification and reporting through its LIMS system. The Company expands the application of electronic test reports and digital signatures while deploying electronic labor contract systems to minimize paper-based contracts and material waste. The Company enhances material recycling efficiency through rigorous consumables management and standardized disposal procedures, reducing carbon footprint and environmental impact. The Company actively develops a green supply chain management system to decrease carbon emissions across the entire value chain via sustainable material management practices.

## Value Chain Empowerment

CTI integrates sustainability principles throughout business operations and value chain management, continuously strengthening capabilities in green inspection & testing, carbon footprint accounting, emissions management, green certification, and ESG services. We provide clients with end-to-end solutions spanning carbon emission verification to reduction pathway design and green financial services, empowering customers and supply chain partners to achieve low-carbon transitions. By establishing green supply chain management practices, we incorporate carbon performance metrics into supplier evaluations, promote emissions disclosure among vendors, and advocate for sustainable procurement and low-carbon operations. Furthermore, CTI actively disseminates climate policy updates, low-carbon technologies, energy efficiency knowledge and solutions through online courses, seminars, and digital platforms to drive deep adoption of sustainability practices across value chains. These initiatives support partners in collectively reducing scope 3 emissions and realizing green, high-quality development under the dual-carbon framework.

# Appendix

## Index Table

| IFRS-S2 Climate Disclosure Recommendations | | Index |
|---|---|---|
| Governance | Governance bodies (including the board of directors, committees, or other equivalent governance bodies) or individuals responsible for overseeing climate-related risks and opportunities. | P04 |
| | The role of management in governance processes, controls, and procedures used to monitor, manage, and oversee climate-related risks and opportunities. | P05 |
| Strategy | Climate-related risks and opportunities | P07-15 |
| | Business model and value chain | P07-15 |
| | Strategy and decision-making | P07-15 |
| | Financial position, financial performance, and cash flows | P07-15 |
| | Climate resilience | P07-15 |
| Risk Management | Processes and related policies used to identify, assess, prioritize, and monitor climate-related risks | P07、P17 |
| | Processes used by the entity to identify, assess, prioritize, and monitor climate-related opportunities, including whether and how the entity uses climate-related scenario analysis to support the identification of climate-related opportunities. | P18-19 |
| | The extent to which and how the entity integrates the processes for identifying, assessing, prioritizing, and monitoring climate-related risks and opportunities into its overall risk management processes and how this affects its overall risk management. | P21-22 |
| Metrics and Targets | Climate-related metrics | P21-22 |
| | Industry metrics | P21-22 |
| | Climate-related targets | P21-22 |

CTI 华测检测

CTI is Always by Your Side