

# 2024

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



# **Impro**

鷹普精密工業有限公司

Impro Precision Industries Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1286





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# ABOUT THIS REPORT

## SCOPE OF THE REPORT

This ESG Report, issued by Impro Precision Industries Limited (referred to as “the Company,” “Impro,” or “Impro Group”), aims to provide comprehensive disclosure of the Group’s efforts and performance in managing environmental, social, and governance during the period from 1 January 2024 to 31 December 2024 (referred to as the “Reporting Period”). The purpose of this Report is to meet the expectations and requirements of the Group’s stakeholders. The information, policies, and representations regarding ESG included in this Report pertain to the Company and its subsidiaries operating in various regions and countries, i.e., the People’s Republic of China (PRC), Turkey, Germany, Czech Republic, Mexico, United States, Luxembourg, and Hong Kong.

This Report has been independently verified by Hong Kong Quality Assurance Agency (HKQAA) in accordance with the ISAE 3000. The HKQAA verification statement can be found on page 99 of this Report.

## BASIS OF PREPARATION

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Code (formerly named as the Environmental, Social and Governance Reporting Guide) in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the GRI Standards issued by the Global Reporting Initiative (the “GRI”) in 2021, and with reference to the United Nation’s Sustainable Development Goals (the “SDGs”). The contents of this Report are determined by systematic procedures. The relevant procedures include identifying important stakeholders, and identifying and ranking key issues relevant to ESG, determining the boundary of ESG Report, collecting the relevant materials and data, preparing the Report based on the data and reviewing the information contained in the Report.

## RELEVANT ABBREVIATIONS

For the convenience of representation and reading, references made to the “Group”, “Impro Group” and “we” in this Report shall represent Impro Precision Industries Limited and its subsidiaries.

## DATA SOURCE AND RELIABILITY ASSURANCE

The data and cases set out in this Report are mainly from the statistical reports and relevant documents of the Group. The Group undertakes that this Report does not contain any false or misleading statements, and is responsible for the existence, accuracy and completeness of its contents. HKQAA was engaged by Impro to undertake an independent verification for the Environmental, Social and Governance Report 2024. The aim of the verification is to provide a reasonable assurance on the reliability of the report contents.

## CONFIRMATION AND APPROVAL

This Report, after confirmation by the management, has been approved by the Board of Directors (“the Board”) for issuance on 16 April 2025.

## AVAILABILITY AND FEEDBACK OF THIS REPORT

This Report is provided to readers in both traditional Chinese and English version, we recommend the electronic version for reading based on environmental protection considerations, and the electronic version of this Report is made available under the category of “Financial Statements/ESG Information” of the Group on the Stock Exchange website or on the website of the Group. We highly value the opinions from the relevant stakeholders, and welcome readers to contact us through the following contact methods. Your opinions will assist us to further improve this Report and enhance the overall environmental, social and governance performance of the Group.

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# CHAIRMAN'S STATEMENT

I am pleased to share our 2024 ESG Report, a comprehensive overview of our achievements and commitment to responsible and sustainable business practices.

A key highlight of 2024 was continuous progress we made toward our environmental goals. Building upon our previous successes, we accomplished our 2030 intensity reduction goals of greenhouse gas emissions, water consumption and hazardous solid waste well ahead of schedule. Accumulatively as of 31 December 2024, we reduced 40.0% greenhouse gas emission, 55.9% water consumption and 62.4% hazardous solid waste intensities as compared to 2020.

In 2024, we also achieved progress in defining the categories of our Scope 3 emissions assessment. We compiled data on the procurement volume of all metallic raw materials across the Group's plants. Notably, virgin metals accounted for only approximately 30% of the Group's total metallic raw materials procurement in 2024, with the remaining 70% consisting of scrap and recycled metals. With the advice from our external consultants, we have analyzed that carbon emission from scrap and recycled metals is significantly lower than that of virgin metals, suggesting a lower overall carbon footprint. The Group will continue to compile and verify data in 2025 and expand into other categories of Scope 3 emissions data collection to include auxiliary materials and other relevant sources. We aim to expand our disclosure on Scope 3 emissions in the 2025 ESG Report.

With more than 7,700 employees globally, safety is our top priority. We are dedicated to ensuring a safe and secure work environment for our employees. I am pleased to report that we closed the year with no fatalities or serious injuries among our employees. Moreover, in 2024, we introduced a new key target aimed at enhancing workplace safety. We are targeting to reduce the incident rate for direct workforce by 20% in 2030 as compared to 2024.

Our products play a crucial role in enabling fuel efficiency and light weighting, supporting to our customers' success and making a positive impact on the world. To achieve this, we make substantial investments in our R&D and collaborate with academic institutions to explore industry-specific and market-leading features that promote sustainability within our industry and among our peers. In 2024, total R&D expenditures increased 16.1% year-on-year to HK\$261.4 million, or 5.6% of total revenue. In terms of new products development, in 2024, we collaborated with our customers to successfully develop 1,200 Stock Keeping Units ("SKUs"), marking an increase of 100 SKUs compared to 2023. As of December 31, 2024, our extensive product portfolio consisted of over 9,500 active SKUs.

I am proud of the progress we made and confident in our ability to achieve even greater success in the future. We recognize that the ESG landscape is constantly evolving, and we remained committed to continuously improving our practices and disclosures to meet the expectations of our stakeholders.

I would like to express my sincere gratitude to our exceptional management team, employees, and partners for their unwavering commitment to Impro's ESG initiatives. Together, we continued to build a more sustainable and prosperous future for all.

**LU Ruibo**

*Chairman and Chief Executive Officer*



# 2024 ESG HIGHLIGHTS



## ESG AWARDS



In December 2024, EcoVadis, a renowned global provider of corporate social responsibility ratings, honored Impro with the **Bronze Medal** for the third consecutive year. Our score and ranking have improved consistently this year, reflecting Impro's efforts in sustainable development.



In October 2024, Impro achieved the “**Sustainable Corporate (Environmental) – Outstanding Award**” at the Standard Chartered Corporate Achievement Awards for second consecutive year, which recognized Impro's contribution to environmental protection.



## ENVIRONMENTAL HIGHLIGHTS



Increased by **1.8%**  
Greenhouse gas (GHG) emission  
per unit revenue\*

\* Increase mainly due to the new plants in Nantong and Zhenjiang in the PRC. Excluding two new plants, our GHG emissions intensity **decreased by 0.2%**



Increased **10.9%**  
to **87.8%**

Recyclable solid waste as  
a percentage of total  
waste disposal



Increased by **69.5%**  
Recyclable solid waste



Decreased **17.9%**  
Non-recyclable solid waste  
per unit revenue



**11** plants have obtained ISO 14001 Certifications, covering **57.9%** of Impro's operations, increased **5.3%**

VS 2023

# 2024 ESG HIGHLIGHTS



## SOCIAL HIGHLIGHTS



**0** number of work-related fatality,  
and **0%** work-related fatality rate



Training hours reached  
**309,338** hours  
with **39.8** hours  
per employee in average  
**100%** training coverage



**27.5%** female employees with:  
**23.3%** in top executive positions,  
an increase of 1.6%, and  
**28.6%** as the Board of the Company,  
an increase of 3.6% vs 2023



**6** plants obtained ISO  
45001 Certifications, covering  
**31.6%** of Impro's  
operations



## GOVERNANCE HIGHLIGHTS



**105** accumulated new patents  
filed in 2024, covering specific key  
technologies in our production process,  
a year-on-year increase of **11.7%**



**19** plants conducted internal audits on  
business ethics, covering  
**100%** of Impro's operating plants



**207** suppliers  
obtained ISO 14001 Environmental  
Management System certification,  
a year-on-year increase of **32.7%**








**All** employees  
received anti-  
corruption training  
**100%** training  
coverage








**7** plants  
obtained TISAX  
Certifications,  
covering  
**36.8%** of  
Impro's operations



# ESG TARGETS AND PROGRESS

ENVIRONMENTAL					
Topics	Related SDGs			Targets	2024 Progress
Climate Change				Reduce GHG emission intensity by 30% in 2030 as compared to 2020	Achieved: 40.0% decrease in GHG emission intensity compared to 2020
Energy				Reduce energy consumption intensity by 30% in 2030 as compared to 2020	On Track: 28.7% decrease in energy consumption intensity compared to 2020
Resource Stewardship				Reduce water consumption intensity by 40% in 2030 as compared to 2020	Achieved: 55.9% decrease in water consumption intensity compared to 2020
Waste Management				Reduce hazardous solid waste intensity by 50% in 2030 as compared to 2020	Achieved: 62.4% decrease in hazardous solid waste intensity compared to 2020
				Reduce non-recyclable solid waste intensity by 85% in 2030 as compared to 2020	On Track: 80.6% decrease in non-recyclable solid waste intensity compared to 2020

SOCIAL					
Topics	Related SDGs			Targets	2024 Progress
Human Capital	     	100% of employees receive training	Achieved		
Health and Safety		0 work-related death accident	Achieved		
		Reduce incident rate for direct workforce by 20% in 2030 as compared to 2024	New Target: Using 2024 as baseline		
Human Right		100% anti-discrimination and human right training in 2030	On Track: 94.1% employees received training on anti-discrimination and human right		
Stakeholder and Community Engagement		Continuing to expand community involvement	On Track: 101 hours of volunteer participation time		

GOVERNANCE					
Topics	Related SDGs			Targets	2024 Progress
Corporate Governance	<div><div>5</div><div>GENDER EQUALITY</div></div>	<div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div>	<div><div>9</div><div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div></div>	100% of employees receive anti-corruption training	Achieved
Supply Chain	<div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div>	<div><div>17</div><div>PARTNERSHIPS FOR THE GOALS</div></div>		100% contracts include ESG clauses	On Track: 65.0% contracts include ESG clauses

# ABOUT IMPRO

Established in 1998 in Wuxi City, China, Impro Precision Industries Limited has grown to become a global leader in the manufacturing industry. In 2011, our global headquarters was relocated to Hong Kong, China. Our expertise lies in producing high-precision, high-complexity, and mission-critical castings, machined components, and hydraulic orbital motors for a wide range of industries. As one of the top 10 manufacturers globally in this field, we specialize in investment castings and hold the distinction of being China's largest manufacturer in this domain. Additionally, we are the world's third-largest precision machining company in the automotive, aerospace and hydraulics sectors. What sets us apart is our ability to offer comprehensive solutions, encompassing research and development, tooling design and manufacturing, casting, secondary machining, heat treatment, and surface treatment, all under one roof.

Impro Group has established global manufacturing footprint and comprehensive service network and has 21 production plants (among which, 19 are in operation and 2 are under

certification process) in China, Turkey, Germany, the Czech Republic and Mexico, which are supported by 9 sales offices in Mainland China, U.S., Luxembourg, Germany, Turkey, Mexico and Hong Kong as well as warehousing facilities in the PRC, U.S., Luxembourg, Mexico, Germany and Turkey. The Group has established long-term strategic cooperative relationships with globally recognized industry leaders, selling our products to more than 30 countries and regions.

The majority of our sales is targeted at international customers. We have established a large, diverse and stable customer base including global leaders being owners of internationally renowned brands. The renowned and diverse customer base allows us to minimize concentration risk. We have also established stable long-term business relationship with our major customers. In 2024, average years of business relationship with the top 20 customers was 19.4 years (2023: 18.5 years). Top 10 customers in 2024 accounted for approximately 56% of the total sales of the Group (2023: 52%).

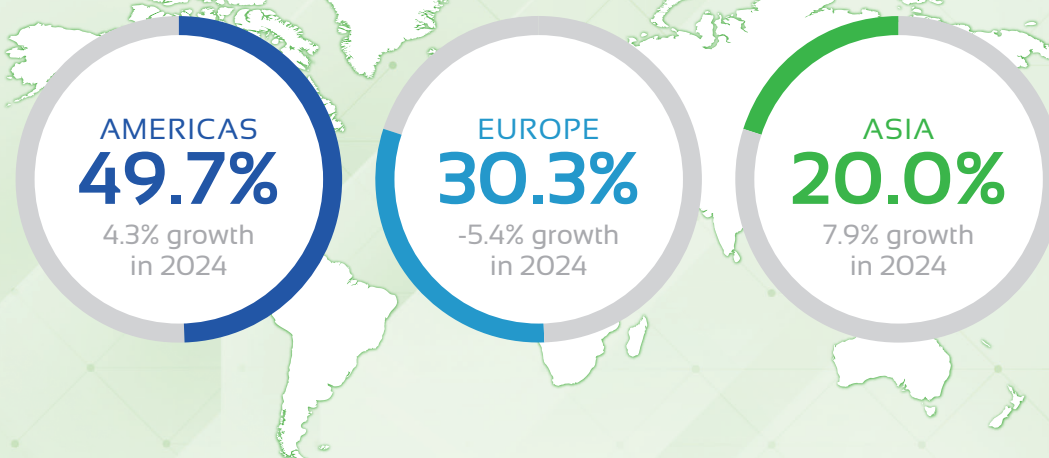




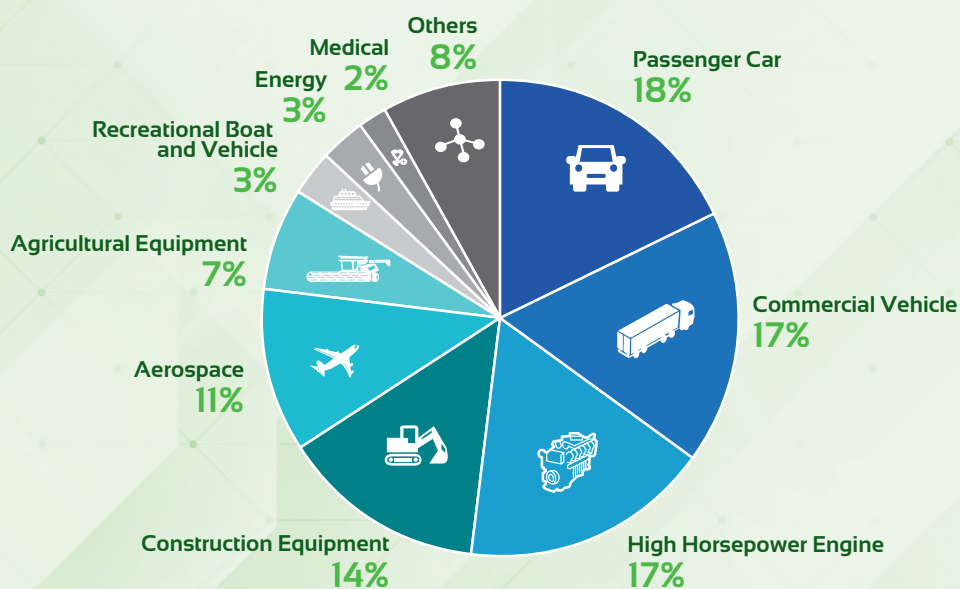
# ABOUT IMPRO

2024 Record High Revenue of HK\$4,686.8 million

## Revenue by Geographical Area



## Revenue by End-market



**Impro**

**Impro**  
Aerotek

**Impro**  
Fluidtek

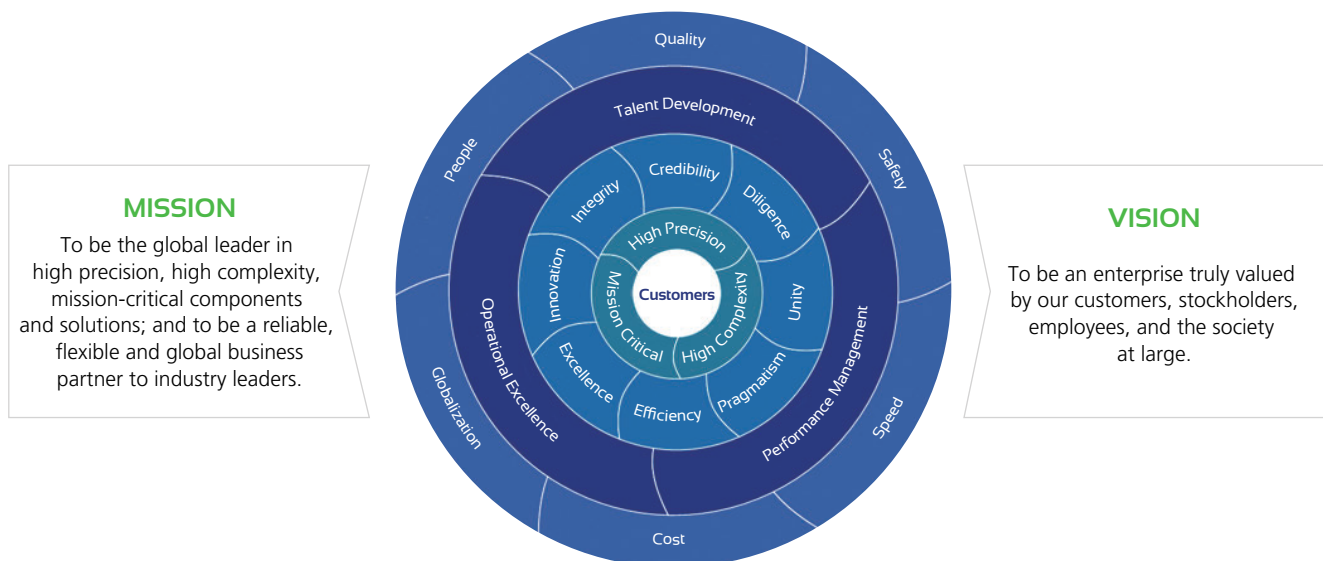
# SUSTAINABLE DEVELOPMENT STRATEGY

Sustainability has always been a top priority for Impro Group, and we are proactive in meeting the requirements and expectations of our various stakeholders. As part of our commitment to sustainability, we are constantly improving our sustainability governance system to ensure that we maintain high standards of environmental, social and governance practices. By focusing on sustainability and engaging our stakeholders, we endeavour to create long-term value and make a positive contribution to the communities in which we operate.

Since 2020, we have established a four-tier, top-down sustainability structure comprising the Board, the Sustainability Committee, the Environmental, Social and Governance (ESG) Working Group and ESG Accountable Officers across all plants and divisions. The Board serves as the leader of Impro Group's sustainability efforts and is ultimately responsible for the Group's sustainability strategy, policies and performance. Under the supervision of the Board, we have established a Sustainability Committee to develop the Group's strategic framework for sustainability. As the highest governance body of Impro, the Board is also ultimately responsible for the implementation and execution of the Climate Risk Management Programme. They guide Impro's key climate governance initiatives and provide direction for the Company's development in this key area.

## Impro's approach to sustainability:

- Through sustainable product development and innovation, customers of Impro can achieve their sustainability goals of reducing fuel consumption and improving efficiency;
- Continuously reduce the environmental footprint by optimizing production plans, investing in renewable energy, improving production processes and other measures;
- Attract and retain outstanding talents, strive to build a safe, healthy, cross-cultural, diverse and inclusive working environment so that employees at all levels can thrive, and fulfill our social responsibilities in the countries and regions where we operate;
- Continue to strengthen our governance system, improve product quality and adhere to the principle of customer centricity; identify and manage internal and external risks in accordance with the actual situation and development needs, integrate the aspirations of various stakeholders, formulate a risk management mechanism and risk prevention system, and integrate sustainable development into the processes and practices of our suppliers.



We are a **Customer-Centric** company.



# SUSTAINABLE DEVELOPMENT STRATEGY







## SUSTAINABLE DEVELOPMENT POLICY AND STRATEGIC FRAMEWORK

### Stakeholders identification and communication

Our unwavering commitment lies in fostering strong and mutually beneficial relationships with both internal and external stakeholders, with the ultimate goal of creating a win-win scenario and maximizing value for

all. Our key stakeholders encompass a wide range, including employees, shareholders, investors, regulators, suppliers, customers, media, and more. Throughout the Reporting Period, we maintained active communication with our stakeholders, ensuring a thorough understanding of their needs and concerns. We responded with concrete actions, demonstrating our commitment to meaningful engagement and responsiveness.

## STAKEHOLDERS IDENTIFICATION AND COMMUNICATION METHODS

Stakeholders	Communication Channel	Communication Frequency
 <b>Employees</b>	Staff training Employee activities Employee satisfaction survey Group internal newsletter	Regular/irregular Regular/irregular Regular/irregular Regular/irregular
 <b>Shareholders/ Prospective Investors</b>	Annual general meeting Interim/annual report Results announcement Monthly investor newsletter Roadshow Press release Plant visit	Regular Regular Regular Regular Regular/irregular Regular/irregular Regular/irregular
 <b>Regulators</b>	Press release/announcement Interim/annual report Regular communication	Regular/irregular Regular Regular
 <b>Suppliers</b>	On-site review Assessment of suppliers Technical training Online/offline communication	Regular/irregular Regular Regular/irregular Irregular
 <b>Customers</b>	Customer satisfaction survey Handling complaints from customers On-site visit Online/offline communication	Regular Regular/irregular Regular/irregular Irregular
 <b>Media</b>	Press release/announcement Press reporting Results announcement meeting	Regular/irregular Regular/irregular Regular

# SUSTAINABLE DEVELOPMENT STRATEGY

## Materiality analysis:

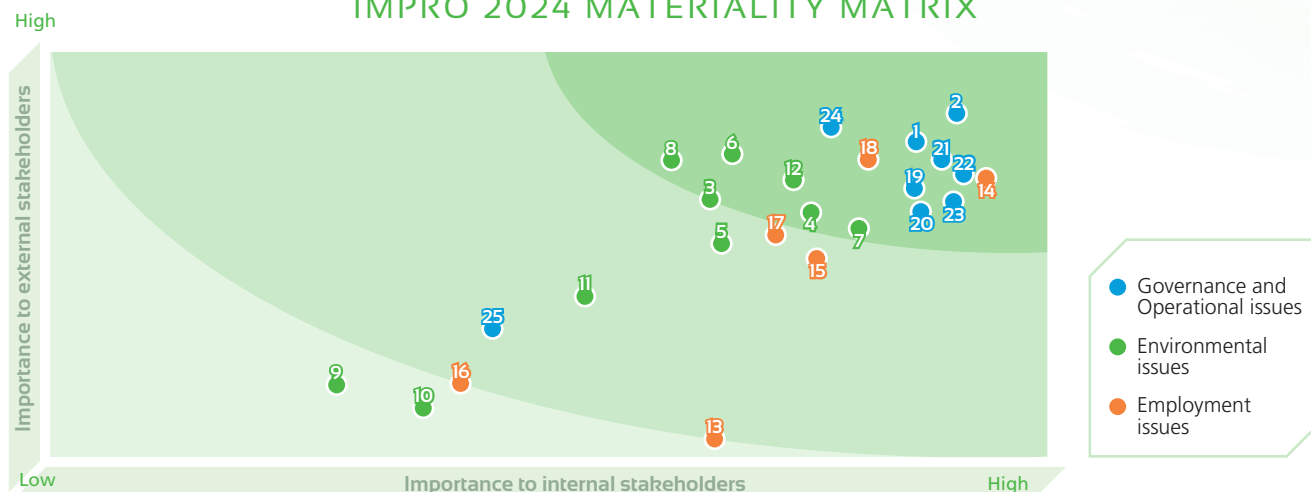
As there were no significant changes in the market, business operation or risks for the Group during the Reporting Period, and considering the Group's business development and the stakeholders' focuses, we have reviewed the list of material issues for 2024 to ensure the continuity and alignment of the Group's

ESG focus. Among these topics, we have identified 16 issues with a high degree of materiality, 7 issues with a medium degree of materiality, and 2 issues with a low degree of materiality. In this report, we provide detailed information on the topics that are of high materiality, reflecting our commitment to transparency and accountability.

## THE METHODOLOGY FOR IDENTIFYING MATERIALITY ISSUES



## IMPRO 2024 MATERIALITY MATRIX



### Governance and Operational issues

- 1 Financial performance
- 2 Corporate governance
- 19 Product quality assurance
- 20 Customer privacy protection
- 21 Maintenance of customer relationship
- 22 Protection of intellectual property
- 23 Anti-corruption management
- 24 Resilience of suppliers
- 25 Stakeholder and community engagement

### Environmental issues

- 3 Utilization of resources
- 4 Discharge of pollutants
- 5 Environmental impact on soil and ground
- 6 Emission of greenhouse gases
- 7 Waste management
- 8 Water stewardship
- 9 Use of packaging materials
- 10 Noise reduction
- 11 Green design
- 12 Climate change risk and actions

### Employment issues

- 13 Employee remuneration and benefits
- 14 Health and safety management
- 15 Career development and training
- 16 Diversity and equal opportunities
- 17 Protection for human rights
- 18 Employee retention and turnover reduction



# PRODUCT AND OPERATIONAL SUSTAINABILITY






Our products and services are widely applied to various end-markets, including diversified industrials (high horsepower engine, construction equipment, agricultural equipment, recreational boat and vehicle, and other end markets), automotive (passenger car and commercial vehicle), as well as aerospace, energy and medical. We have forged enduring strategic partnerships with esteemed industry leaders worldwide. Furthermore, we worked closely with our customers to develop 1,200 new SKUs in 2024, ensuring we meet their evolving demands for new applications in various markets.

As of 31 December 2024, our extensive portfolio consisted of over 9,500 active SKUs. These components are developed in close collaboration with our customers to gain valuable insights into the preferences and demands of end users. Through this process, our goal is to enhance energy efficiency, reduce emissions, promote environmental cleanliness, improve health and well-being, ensure safety, minimize










waste, and optimize product functionality. We are committed to maintaining a forward looking approach in continuously enhancing the sustainability features of our products. To achieve this, we make substantial investments in our R&D and collaborate with academic institutions to explore industry-specific and market-leading features that promote sustainability within our industry and among our peers.

We are a vertically integrated one-stop solutions provider covering the entire precision components manufacturing process including tooling design and manufacturing, casting, secondary machining, heat treatment, surface treatment and precision machining so as to provide customers with ready-to-install products and services. This vertical comprehensive approach not only enables us to offer cost-effective and durable products but also helps minimize the environmental impact associated with transportation and packaging, supporting to our customers in achieving their sustainability goals.

The table below demonstrates the sustainability advantages of our typical products:

Diversified Industrials	Climate change and energy efficiency	Health and safety
<p>High horsepower engine components</p> 	<ul style="list-style-type: none"> <li>Providing high power with low fuel consumption</li> </ul>	<ul style="list-style-type: none"> <li>Key component for reducing emission in the emission system to effectively reduce hazardous emissions of horsepower engines</li> </ul>
<p>Construction equipment hydraulic system components</p> 	<ul style="list-style-type: none"> <li>Highly precise and high quality precision machining to ensure the reliability of the hydraulic system and extend useful life</li> </ul>	
<p>Gas detection components of the oil and gas industry</p> 		<ul style="list-style-type: none"> <li>Safety components mainly used in dangerous occasions including oil fields, refineries, natural gas and liquefied gas to effectively prevent the occurrence of severe fire and explosion incidents</li> </ul>
<p>Hydraulic orbital motor</p> 	<ul style="list-style-type: none"> <li>Valve-In-Rotor Design enabling efficient distribution of oil for higher motor efficiency, resulting in stronger scissor lift ramp climbing capability and longer working hours</li> </ul>	
<p>Fluid Delivery and Electronic Cooling Systems</p> 		<ul style="list-style-type: none"> <li>Key component for minimizing the risk of spills and contamination, preventing equipment overheating and potential hazards to ensure a safer workplace environment</li> </ul>

# PRODUCT AND OPERATIONAL SUSTAINABILITY

Automotive	New energy vehicles	Internal combustion engine vehicles
<p>Fuel system components</p> 		<ul style="list-style-type: none"> <li>Reducing fuel consumption</li> <li>Reducing risk of oil leakage and extending useful lives of vehicles</li> </ul>
<p>EGR system components</p> 		<ul style="list-style-type: none"> <li>Reducing engine emissions</li> <li>Reducing hazardous gas emissions</li> </ul>
<p>Moto components of electric vehicles</p> 	<ul style="list-style-type: none"> <li>Ultra precision machining components only apply to new energy vehicles to extend useful lives of vehicles</li> </ul>	
<p>Automotive Engine EGR System</p> 		<ul style="list-style-type: none"> <li>Reusing of waste gas</li> <li>Reducing hazardous gas emissions</li> </ul>
Aerospace, Energy & Medical	Climate change and energy efficiency	Health and safety
<p>Aerospace fuel nozzles of horsepower engine</p> 	<ul style="list-style-type: none"> <li>Reducing fuel consumption</li> <li>Reducing greenhouse gas emission</li> </ul>	<ul style="list-style-type: none"> <li>Reducing noise</li> <li>Providing outstanding functions, reliability and efficiency</li> </ul>
<p>Aerospace environment control system components</p> 	<ul style="list-style-type: none"> <li>Better managing temperature and air flow of cabins and equipment bays</li> <li>Extending product life cycle</li> </ul>	<ul style="list-style-type: none"> <li>Providing clean and moist air</li> <li>Reducing airflow-generated noise</li> </ul>
<p>CT scanner components</p> 	<ul style="list-style-type: none"> <li>High energy efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Clearer images of patients' bodies for accurate diagnosis</li> <li>Reducing noise, suitable for daily use</li> </ul>
<p>Gas Turbine, Combustion components</p> 	<ul style="list-style-type: none"> <li>High fuel flexibility-can burn a variety of fuel mixtures with high hydrogen content</li> </ul>	<ul style="list-style-type: none"> <li>More power, less emission</li> </ul>
<p>Oil and Gas Drilling and Logging Equipment Shaft Component</p> 	<ul style="list-style-type: none"> <li>Highly energy efficiency</li> <li>Extending product life cycle</li> </ul>	<ul style="list-style-type: none"> <li>Reducing noise</li> <li>Real-time control and monitoring to enhance the safety of drilling operations</li> </ul>





# ENVIRONMENT



# ENVIRONMENT



At Impro, we are dedicated to fostering an environmental conscience and integrating ESG principles into our business model. We actively engage in ongoing research to develop bold, impactful, and innovative solutions that optimize our operations, minimize waste generation, and enhance our energy and water efficiency. Through these efforts, we strive to make sustainable choices that align with our commitment to environmental stewardship and ESG integration.

## 1.1 COMPLIANCE AND MANAGEMENT

The Impro Group acknowledges our responsibility towards the environment and the significance of preserving environmental resources in all aspects of our business activities. We are dedicated to adopting eco-friendly practices and implementing sustainable processes to reduce our environmental impact. We have ingrained environmental compliance and management into our organizational culture and management approach, reflecting our strong commitment to environmental stewardship.

### Management System

We strictly abide by Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on the Promotion of Clean Production, Basic Law of Germany, Environmental Law of Turkey and Waste Prevention and Management Law of Mexico as well as environmental industry standards, in all places of operation. The Impro Group regularly reviews relevant laws and regulations, identifies updated terms and conditions, and shares the results across the company in a timely manner to effectively promote environmental compliance.

Impro's commitment to green development is firmly rooted in a robust environmental management system. Since the release of our Environmental Policy in 2022, which applies to both Impro Group and our subsidiaries, we have actively disseminated this guidance and policy to our colleagues at all levels and across various departments. Our aim has been to enhance awareness and encourage feedback on environmental matters. Adherence to this policy is mandatory for all employees, suppliers, and contractors, as it governs the functioning of our environmental management system. The policy outlines specific targets for energy, water, emissions, and waste reduction. These targets serve as a guide for us to take immediate and sustainable actions towards development. The Sustainability Committee is entrusted with overseeing the implementation of this policy, ensuring its effective execution. Additionally, the Board will review the policy every three years to ensure its alignment with Impro's current situation and the expectations of our stakeholders.

Meanwhile, we have established an execution team for environmental protection management to identify risk factors in the production process that may have a negative environmental impact and set up preventive measures. The team is also responsible for professional treatment of waste, closely monitoring changes in the local environmental laws and regulations and updating the internal production requirements as needed. During the Reporting Period, environmental risk assessments were carried out in 18 plants, accounting for 94.7% of the total operating plants as of 31 December 2024.

# ENVIRONMENT

To continuously raise employees' awareness of environmental compliance, Impro Group has been taking efforts to organize environmental-related trainings. During the Reporting Period, 6,854 staff have been trained on environmental issues, witnessing a 27.5% increase compared to 2023, or equivalent to 88.1% of employees.

## Certification and Recognition

To continuously enhance the level of our environmental management and improve environmental protection performances, the Impro Group encourages our plants to obtain ISO environmental management system certifications and carry out cleaner production.

As of 31 December 2024, 11 plants in China, Turkey, Germany, the Czech Republic and Mexico have obtained the ISO 14001 Environmental Management System (EMS) certification, accounting for 57.9% of the total number of plants.

Impro Group secured two sustainability link 3-year long term loans at an aggregate amount of HK\$350 million from Hang Seng Bank and UOB in 2023. Hong Kong Quality Assurance Agency ("HKQAA"), an independent non-profit-distributing organisation by the Hong Kong Government, performed annual certification of the Group's progress of reduction of GHG emission as well as water consumption intensity in 2024.

## 1.2 CLIMATE CHANGE

Climate change continues to stand as one of the significant challenges we face. To effectively tackle the financial implications that arise from climate change threats, we have implemented rigorous corporate risk management and strategic planning approaches. Simultaneously, we actively identify opportunities associated with these challenges.

In our climate risk management process, we have integrated the Task Force on Climate-related Financial Disclosures (TCFD) framework. This framework allows us to comprehensively address climate risks and make informed decisions. To reduce energy consumption and GHG emissions, we have implemented various energy-saving measures.

In 2024, we engaged a third-party consultant to conduct preliminary research on Scope 3 emissions related to our purchased goods and services. This analysis has enhanced our comprehension of carbon emissions across the value chain, enabling us to develop a more informed strategy for managing these emissions effectively. We are currently outlining our Scope 3 emissions and defining the categories to be disclosed. We anticipate to share the results in 2025.

## ESG and Climate Governance

The Board plays a crucial leadership role in addressing climate-related risks within our organization. They take the initiative to conduct comprehensive analysis and closely monitor these risks to ensure they are effectively incorporated into our overall strategic planning. By prioritizing climate considerations, the Board demonstrates its commitment to sustainable and responsible decision-making.

# ENVIRONMENT

At the operational level, each plant has an assigned ESG supervisor and a dedicated management team. These individuals are responsible for actively monitoring climate data relevant to their respective plants. They gather and analyse information related to climate change, such as greenhouse gas emissions, energy consumption, and other environmental indicators.

Based on their analysis, the ESG supervisor and management team develop and implement specific climate actions tailored to the unique circumstances of each plant. These actions aim to mitigate climate risks, enhance environmental performance, and promote sustainability. Examples of such actions may include energy efficiency measures, renewable energy adoption, waste management strategies, or other initiatives that help reduce our carbon footprint and contribute to a more sustainable future.

Through this decentralized approach, the ESG supervisors and management teams at each plant take responsibility for monitoring and managing climate-related aspects of their operations. This distributed accountability ensures that climate considerations are addressed at a local level and aligns with the Group's broader commitment to environmental stewardship and sustainability.

## CLIMATE MANAGEMENT STRUCTURE





# ENVIRONMENT

## Climate-related Risks and Strategies

Given the complex and ever-evolving nature of climate-related risks, it is crucial for businesses to effectively manage these risks to ensure the continuity of their operations. Various factors need to be considered in this process, including geographic location, local policies and regulations, future government plans, historical records of extreme weather events, and more. Within Impro Group, we recognize the significance of climate-related risks and have developed a comprehensive approach to assess and address them. Our climate-related risk assessment takes into account a range of factors and is designed to provide a detailed understanding of the potential impacts on our business:

Physical Risk		
Risk Types	Implications	Mitigation Measures
<b>Acute Risk</b> <ul style="list-style-type: none"> <li>Extreme weather conditions (flood, storms, drought, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Physical damage to infrastructure, buildings, and equipment due to floods, storms, or other severe weather events.</li> <li>Increased operational costs for repairs, maintenance, and recovery efforts following weather-related damage.</li> </ul>	<ul style="list-style-type: none"> <li>Prioritizing staff safety with local management teams by closely monitoring weather forecasts to ensure employee safety and make necessary preparations.</li> <li>Installing membrane insulation on plant roofs to improve durability against heavy rains.</li> <li>Assessing flood risks for plant locations and determining that no specific measures were required.</li> <li>Installing rope systems to prevent window breakage and ensuring occupational safety during natural events.</li> <li>Implementing an automatic natural gas cutoff system to mitigate hazards during earthquakes.</li> </ul>
<b>Chronic Risk</b> <ul style="list-style-type: none"> <li>Sea level rise</li> <li>Increased temperatures and a linked drop in water availability</li> </ul>	<ul style="list-style-type: none"> <li>Increased coastal erosion, flooding, and damage to infrastructure, including buildings, ports, and transportation systems.</li> <li>Disruption of supply chains, leading to delays in the delivery of raw materials or finished products.</li> </ul>	<ul style="list-style-type: none"> <li>Identifying and mitigating risks by assessing vulnerable areas and take actions, including capital investments, management strategies, insurance coverage, and emergency planning, to minimize the impacts of chronic risks.</li> <li>Monitoring temperatures exceeding seasonal norms and installing automatic cooling systems in critical areas to protect equipment and prevent overheating.</li> <li>Enhancing chiller capacity and efficiency to address production issues caused by rising air temperatures.</li> </ul>

Transition Risk		
Risk Types	Implications	Mitigation Measures
<b>Policy Changes Risk</b> <ul style="list-style-type: none"> <li>Launch of policies in relation to energy conservation and emission reduction</li> <li>More stringent reporting obligations and compliance requirements on emissions</li> <li>Changes in regulatory requirements and standards</li> </ul>	<ul style="list-style-type: none"> <li>Increased regulatory scrutiny by the local regulators may introduce new policies and regulations to address climate change, such as carbon pricing or emission reduction targets. This could lead to stricter compliance requirements and additional costs for businesses.</li> <li>Shift in investment incentives often favor renewable energy and sustainable practices may create opportunities for businesses operating in these sectors, while industries heavily reliant on fossil fuels may face challenges and need to adapt or diversify their operations.</li> </ul>	<ul style="list-style-type: none"> <li>Setting energy conservation and consumption reduction targets and GHG emission reduction targets, actively take relevant measures to reduce GHG emissions, and promote the gradual reduction of GHG emission intensity and total volume.</li> <li>Developing green and low-carbon production techniques, reducing production costs and increasing profit margins.</li> </ul>
<b>Technology Risk</b> <ul style="list-style-type: none"> <li>Costs to transition to low emission product and technology</li> </ul>	<ul style="list-style-type: none"> <li>Climate change mitigation efforts often require the development and deployment of new technologies and solutions. Businesses that invest in and successfully adopt innovative technologies can gain a competitive advantage, while those slow to adapt may face market obsolescence.</li> </ul>	<ul style="list-style-type: none"> <li>Upgrading high energy-consuming equipment to save energy; promoting resource recycling.</li> </ul>
<b>Market Risk</b> <ul style="list-style-type: none"> <li>Customers' demand on environmental protection and green production</li> <li>Surges in electricity fees and fuel expenses</li> </ul>	<ul style="list-style-type: none"> <li>Growing environmental awareness and concerns about climate change can influence consumer behavior. Businesses that fail to align with evolving consumer values and expectations may experience reduced demand for their products or services.</li> </ul>	<ul style="list-style-type: none"> <li>Paying close attention to market signals and energy policy changes to ensure timeliness of information.</li> </ul>
<b>Reputation Risk</b> <ul style="list-style-type: none"> <li>Customers' attention to corporate responsibilities</li> <li>Stakeholders' concern on negative news</li> </ul>	<ul style="list-style-type: none"> <li>Investors, employees, and other stakeholders are increasingly scrutinizing companies' environmental performance. Negative publicity or stakeholder activism related to unsustainable practices can harm a company's reputation, leading to financial consequences such as reduced investment or difficulty in attracting top talent.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening energy conservation and emission reduction management, training and publicity in the overall production and operation process, and raising employees' awareness of energy conservation.</li> </ul>

# ENVIRONMENT

## Targets and Metrics

In our ongoing efforts to minimize our environmental impact and combat climate change, we have embedded energy conservation and emission reduction practices across all our operations. To guide our actions, we established our initial climate goals in 2022. We are fully dedicated to achieving a significant reduction in both GHG emission intensity and energy consumption intensity by 30% by the year 2030, compared to our baseline year of 2020. By integrating energy conservation measures and implementing strategies to reduce emissions, we aim to make substantial progress towards our climate goals. Through the adoption of innovative technologies, operational improvements, and the engagement of our employees, suppliers and partners, we are confident in our ability to drive meaningful change and contribute to a more sustainable and resilient future.

In 2024, our GHG emissions intensity increased by 1.8% as compared to 2023. Taking out the two newly completed China plants in Nantong and Zhenjiang during the Reporting Period, our GHG emissions intensity decreased by 0.2% compared to 2023. On an accumulated basis in 2024, the Group has accomplished the 2030 greenhouse gas emission and water consumption intensity reduction goals and reduced these intensities by 40.0% and 55.9% respectively. We have made progress in defining the scope of our Scope 3 emissions. Specifically, we have compiled the purchase volumes of all metallic raw materials for each of our group's plants. Our analysis reveals that virgin metal materials account for approximately 30% of the Group's total metallic raw material purchases in 2024, with the remainder comprising scrap and recycled metals. Following an analysis of this data, our preliminary assessment indicates that the carbon emission factors associated with scrap and recycled metals are significantly lower than those of virgin metal materials. In 2025, we will continue to verify the data already collected and expand the scope of our Scope 3 emissions data to include auxiliary materials and other relevant sources. We aim to expand our disclosure on our Scope 3 emissions in the 2025 ESG Report.

### Our 2030 Goals:

- GHG emission intensity  
↓ 30% as compared to 2020
- Energy consumption intensity  
↓ 30% as compared to 2020



GHG emissions  
per unit revenue of the Group\*

↓ 0.2%

\* taking out the two newly completed China plants in Nantong and Zhenjiang during the Reporting Period

## Implementation

In order to accomplish our energy and emission reduction objectives and facilitate the Group's transition towards sustainability, Impro has implemented strategic initiatives throughout our production operations. These initiatives encompass various pathways to achieve our energy and GHG emission targets, including enhancing energy efficiency, facilitating the transformation of our energy mix, and promoting a heightened awareness of energy consumption. These measures are aimed at driving positive change and aligning our operations with our sustainability goals.



# ENVIRONMENT

## Pathway 1: Improve Energy Efficiency

Strictly complying with local regulations and drawing inspirations from international and local best practices within the industry, Impro Group consistently seeks innovative ways to conserve energy and enhance efficiency. We actively explore the adoption of energy-saving equipment and optimize our processes to reduce our reliance on energy sources. Additionally, we invest in utility infrastructures and integrate smart technologies from the outset of our business operations to minimize resource consumption. These proactive measures align with our commitment to sustainability and reflect our dedication to responsible resource management.

### Heat Recovery and Recycling

Wuxi Xishan Base, Yixing plant and Zhenjiang plant implemented advanced heat recovery and recycling technology. By upgrading the air compressor unit with a heat recovery module, waste heat generated during operations was successfully captured and reused in the cafeteria and delivered to the employee shower area, establishing a closed-loop system for efficient resource management.

During 2024, the waste heat recovery project achieved a total recovery over 22,868 tons and saved approximately 15% in steam consumption compared to last year.

By introducing advanced heat recovery and recycling technology at our China plants, Impro has demonstrated a strong commitment to sustainable development. This initiative has significantly improved energy efficiency while reducing energy waste, further mitigating the environmental impact.



# ENVIRONMENT

## Implementation of the SCADA system for tracking energy consumption in Turkey

Impro's Turkey plant has launched an investment program in SCADA (Supervisory Control and Data Acquisition) system. This system enables real-time monitoring and analysis of energy consumption across operations. The SCADA system aggregates data from various machines, allowing us to monitor energy consumption and identify equipment with the highest energy usage.

This capability is crucial for making informed decisions about energy efficiency. It allows us to identify which machines should be turned off when not in use. By optimizing energy consumption, we aim to reduce costs and minimize our environmental impact, demonstrating our commitment to sustainable practices and operational efficiency. This proactive approach not only enhances our competitive advantage but also supports our long-term sustainability goals.

## Replacing outdated air compressors to enhance efficiency

Replacing outdated air compressors is a strategic move to significantly enhance operational efficiency and sustainability. In 2024, we upgraded two old air compressors in the Yixing plant to modern, energy-efficient models. This initiative also reduces energy consumption and lowers greenhouse gas emissions, contributing to our environmental goals.

## Implementation of Lighting Control Automation System in China

We have installed 1 set of air conditioning control system and 15 sets of intelligent lighting controllers in the office building in the Zhenjiang plant in China, and 1 set of HVAC control system in the workshop to realize automatic control of HVAC and lighting.

Intelligent lighting has saved 1500kwh of electricity per month while the office building air conditioning control system can turn off the air conditioner on time to prevent leakage off after work and set the maximum temperature for heating and the minimum temperature for cooling at 24 degrees in order to control energy consumption. Workshop HVAC control system is mainly to optimize the power-on time and fresh air flow control.

## ***Pathway 2: Accelerate Energy Mix Transformation***

Impro has undertaken significant initiatives to explore a wide range of solutions for utilizing diversified clean energy sources and integrating clean and renewable energy into our energy infrastructure.

### **Energy Storage Power Station at Impro China's Headquarters Officially Starts Operations**

The Energy Storage Power Station at Impro China's Headquarters officially commenced operations on 2 December 2024. This marks the second energy storage station for Impro China, following the one in Yixing plant that commenced operations in April 2024. This new facility, with a maximum output of 20MW and energy storage capacity of 40MWh, is the largest user-side energy storage power station in the Wuxi area. The energy storage power station operates by storing electricity at off-peak electricity hours and discharging power during the peak hours. This strategy not only reduces the corporate energy costs but also helps balance grid supply and demand, ensuring the continuity and reliability of corporate power usage. Moreover, these stations enhance the utilization of renewable energy, promote transitioning to a green economy, and contribute to low-carbon emission.





# ENVIRONMENT

## Solar Energy Projects

Following the successful installation of grid-connected photovoltaic power generation systems on the roofs of some of its production plants in China in 2022 and 2023, Impro has continued to utilise solar energy as part of its commitment to green and low-carbon development.

In 2024, Impro Zhenjiang successfully installed a solar energy system, which currently provides 21.6% of the plant's electricity needs. With a total installed capacity of 2,200 kW, this system contributes approximately 200,000 kWh of clean energy each month. The project was officially put into operation on 21 July 2024, and has generated a total of 602.34 MWh of electricity since then and up to 31 December 2024.

The roof top of car parking lot is fully covered with photovoltaic panels, generating electricity while significantly improving the parking environment during extreme weather conditions.



Photovoltaic power generation systems on the roofs



Car parking lot fully covered with photovoltaic panels



Photovoltaic solar power generation

2024

3,189,419 kWh

2023

2,792,830 kWh



% of total electricity consumption

2024

1.2%

2023

1.1%

# ENVIRONMENT

## Pathway 3: Enhance Awareness

At Impro, we prioritize the enhancement of employee awareness regarding energy conservation as part of our Environmental Policy. We are committed to organizing annual training sessions that focus on energy-saving practices. These trainings aim to educate and engage our employees in sustainable energy management initiatives.



Designing posters on energy awareness and presenting video on energy saving in canteens



Adding content relating to natural resources consumption to new staff trainings



Promoting energy saving concept in festivals relating to environmental protection, such as the World Environment Day

### Energy Conservation Training

Impro China consistently conducts energy-saving training sessions to promote efficient energy usage among employees. During peak electricity consumption periods, specialized training is organized to focus on strategies for reducing energy consumption. By fostering a culture of energy awareness, Impro China is dedicated to educating staff on best practices for managing energy use, including optimizing air conditioning settings, utilizing energy-efficient appliances, and adopting simple behavioral changes that can lead to substantial savings.

### Installing Cooling and Dehumidifying System

In June 2024, Impro Yixing plant installed a cooling and dehumidifying system in the electrical equipment of medium-frequency furnaces. The dehumidifier has an air volume of 4,000 m<sup>3</sup>/h, a supply air distance of 22 m, and a 3:1 energy efficiency ratio. It can fully circulate the air in the operational space within a short period of time, thereby rapidly cooling electrical equipment such as medium-frequency furnaces and electrical cabinets. This enhances the safety and stability of the equipment, slows down aging of equipments, and reduces maintenance costs. Operating for 8 hours daily, the system saves 248 kWh of electricity each day.



# ENVIRONMENT

## 1.3 RESOURCE STEWARDSHIP

At Impro, we recognize the importance of resource conservation and responsible management. Through the implementation of innovative technologies, process improvements, and responsible usage practices, we aim to minimize our water consumption and reduce our overall water footprint. At the same time, we are dedicated to promoting the economical use of packaging materials. We understand that packaging plays a vital role in product delivery and protection.

### Our 2030 Goals:

- Water consumption intensity **↓ 40%** as compared to 2020

By setting reasonable and ambitious targets for reducing water intensity and implementing sustainable packaging practices, we are actively working towards our resource-saving goals. We believe that these actions will not only minimize our environmental impact but also contribute to a more sustainable and responsible approach to resource management.

### Water Stewardship

The responsible management of water and the protection of water resources are vital for the long-term health and prosperity of our local systems and communities. Protecting water resources and promoting the efficient use of water are key priorities for Impro. We place a significant emphasis on enhancing our resource management practices and have established targets to guide our resource-saving efforts.

## PRACTICES OF WATER RESOURCE MANAGEMENT

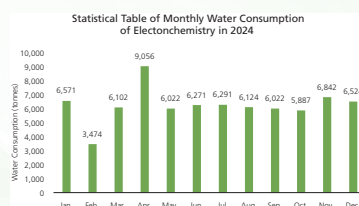
### Cooling water circulation

- Impro's production plants in China have installed self-draining closed cooling towers. They enable fully closed circulation of cooling water, which protects the circulating cooling water from leakage, or being polluted.



### Precise management

- Impro conducts water meter reading on a daily basis. We evaluate the consumption pattern of each production line and adjust the use correspondingly.
- Infrared sensors are installed in the washroom. The sensor can automatically adjust the flushing time according to the frequency of use and the length of time of each use, so as to save water more effectively. With these sensors, the plant is expected to save 19,989 tons of water per year.



### Concentrated water reuse

- The 3-ton capacity pure water station discharges concentrated water, which is treated through the reuse system and sewage treatment equipment. Up to the end of the Reporting Period, a total of 5,039 tons of water has been saved.





# ENVIRONMENT

In 2024, our total water consumption was 902,310 tons, with a consumption intensity (tons/HK\$'M) of 192.5, an increase of 4.7% as compared to 2023. This increase was primarily attributed to a higher number of employees staying in the Impro China dormitories, and the increased water consumption at the new completed Zhenjiang plant. When comparing to 2020, our total water consumption intensity decreased by 55.9%, exceeding our 2030 goal. The significant improvement was mainly attributable to our continuous improvement in production process to reduce water usage, increase water reuse proportion and also partly due to the significant lower production of our surface treatment plant in Nantong as a result of the fire accident in June 2022.

Starting from this year, we have begun disclosing the total amount of water recycled and reused as part of our enhanced sustainability practices in Data Summary in Appendix I. This initiative reflects our commitment to responsible water management and our continuous efforts to minimize environmental impact.



↓ **55.9%** Water Consumption Intensity of the Group as compared to 2020

## Packaging Management

Impro Group places a high priority on minimizing the environmental impact of packaging materials. Striving for increased circularity, we have implemented initiatives focused on reducing, reusing, and recycling these materials. By adopting these sustainable practices, we aim to enhance our commitment to environmental stewardship and contribute to a more sustainable and responsible approach to packaging. Our comprehensive packaging management aims to minimize our environmental impact through three key facets: recycling, reusing, and returning.

### Reuse of Europallets and Euro Gitter-boxes in Germany

Impro Germany plant implemented a robust system to maximize the reuse of packaging materials, specifically Europallets and Euro Gitter-boxes. Europallets, commonly used for transporting goods, and Euro Gitter-boxes, durable wire mesh containers, are essential components in the logistics industry.

To minimize waste and promote circularity, Impro established a comprehensive process to ensure the 100% reuse of Europallets and Euro Gitter-boxes. This involved meticulous inspection, repair, and maintenance of the packaging materials to extend their lifespan and optimize their usability.

By prioritizing the reuse of Europallets and Euro Gitter-boxes, Impro reduces the demand for new packaging materials, conserves resources, and minimizes waste generation. This sustainability strategy is in line with our corporate commitment to environmental responsibility and will help drive the economy towards a more circular model.



**Euro Gitter-boxes in Germany**

# ENVIRONMENT

## Improvements in Packaging Material Management in PRC

At the melting and casting packaging division in the Yixing plant, packaging material consumption represents one of the largest costs. To address the challenge, the Company implemented several strategic improvements:

- **Elimination of Bubble Wrap:** This change reduced material costs while maintaining product protection, contributing to a more sustainable packaging approach. The removal of bubble wrap resulted in a 63% increase in packaging efficiency.
- **Transition from Large to Small Boxes:** By downsizing packaging, the division minimized material usage and improved storage efficiency.
- **Simplification of Packaging:** Streamlining packaging processes led to quicker assembly and waste reduction, resulting in a 28.6% increase in efficiency.

The above three improvements, though in different ways, have greatly reduced the use of packaging materials and increased packaging efficiency.



**Simplification of Packaging — Before**



**Simplification of Packaging — After**

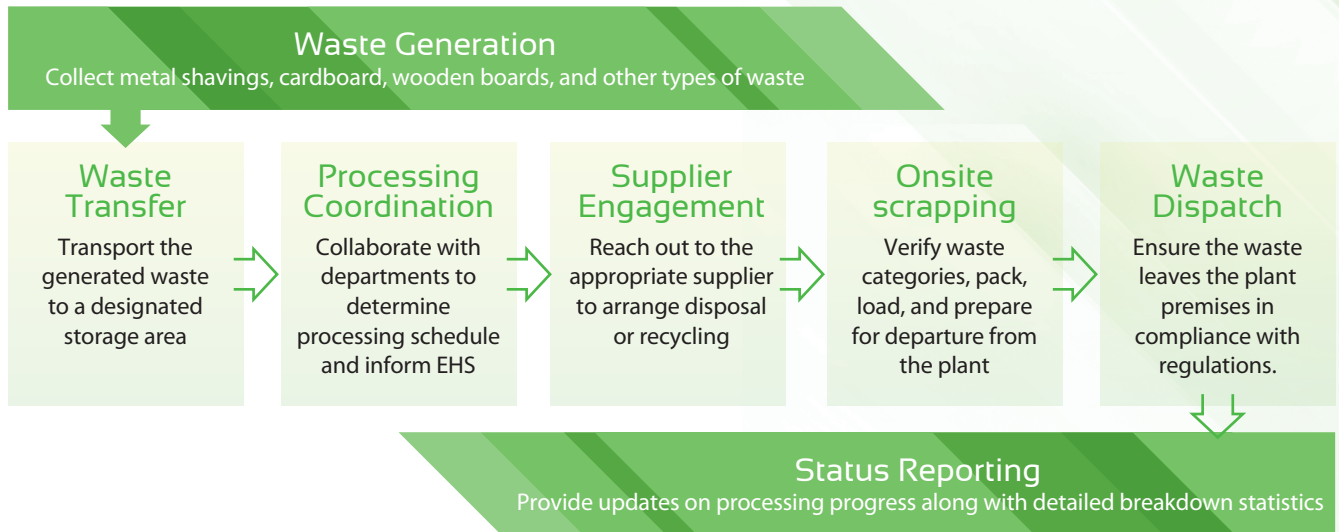
## 1.4 WASTE MANAGEMENT

In line with the principles of the circular economy, Impro Group is dedicated to minimising both hazardous and non-hazardous waste generated through our production processes. We adhere to the guiding principles of “maximum reduction and reuse, classification and recycling, centralised storage, and unified treatment” to ensure proper handling and disposal of waste. Our Group-wide environmental policy outlines that each department is responsible for reducing waste generation at the source through process improvements, standardized operations, and employee awareness. We have also provided trainings for our employees to achieve better waste management and make full use of all the resources.

# ENVIRONMENT

## Non-hazardous Solid Waste

### WASTE DISPOSAL FLOWCHART



To ensure robust waste management, we maintain strict oversight of the collection, classification, storage, and transfer of all waste streams arising from our facilities and daily operations. We categorize our non-hazardous waste into distinct groups, including recyclable materials, general industrial solid waste, and household waste. By implementing comprehensive internal waste management policies and conducting employee training on effective waste segregation methods, we ensure the proper handling and responsible disposal of non-hazardous solid waste generated from our plants.

There is a significant increase in non-hazardous solid waste disposal compared to 2023 due to robust customer demand for sand casting products. The sand used in these products is recyclable solid waste. The Group has recycled 66,083 tons of non-hazardous solid waste in 2024, accounting for 87.8% of the total solid waste disposal. During the reporting period, the total amount of non-recyclable solid waste has declined by 16.4% and the intensity decreased by 17.9% excluding recyclable solid waste. When comparing to 2020, our non-recyclable solid waste intensity decreased by 80.6%.

Through these proactive measures, we strive to promote sustainable practices, minimise waste generation, and actively contribute to environmental preservation and regulatory compliance.

#### Our 2030 Goals:

- Non-recyclable solid waste intensity ↓ **85%** as compared to 2020



**17.9%**

**YoY of Non-recyclable Solid Waste Intensity**



# ENVIRONMENT

## MEASURES OF WASTE REDUCTION

### Waste Collection and Segregation

- Dual Collection System for Waste Collection
- Separate Collection of Waste Batteries, Waste Vegetable Oils, and Waste Engine Oil
- Separate collection of biodegradable household waste and reuse through composting



### Compliance, Training and Communications

- Legislation Compliance for Waste Electrical and Electronic Equipment
- Information on Waste Type for Collection Equipment
- Training on Zero Waste Management System



Zero Waste Certification from Turkey

### Hazardous Waste Management

Impro Group has a robust system in place for the comprehensive management and responsible disposal of hazardous waste. The Group adheres to the classification, labelling, and storage requirements set out in the national standard GB18597-2001 in China, as well as other local standards, to ensure regulatory compliance across all production plants.

Throughout our production processes, we maintain strict control over the handling of hazardous substances. Unauthorized disposal, discharge, or transfer of these materials is strictly prohibited. All hazardous materials are used in accordance with designated container and packaging standards. We clearly mark storage locations and ensure proper identification to maintain safety and traceability.

During operations, hazardous waste is categorized and collected by the relevant departments and immediately stored in designated hazardous waste storage areas. Qualified contractors are appointed to collect and transport the waste. Additionally, we provide specific training for employees to ensure they understand their obligations regarding waste management standards and procedures, preventing hazardous materials from ending up in landfills.

The hazardous waste intensity decreased significantly by 41.7% as compared to 2023, mainly due to higher waste emission following the relocation of machinery and equipment within Wuxi Xishan Base in China and rehabilitation of the Nantong plant in 2023. When comparing to 2020, our hazardous waste intensity decreased by 62.4%, exceeding our 2030 goal.

#### Our 2030 Goals:

- Hazardous waste intensity  
↓ 50% as compared to 2020



41.7%

YoY of Hazardous Waste Intensity

# ENVIRONMENT

## Wax recycling

Impro China has installed advanced hot melt material purification equipment to effectively purify, refine, and recover waste wax or used wax generated during the production process. This initiative enables us to recycle valuable resources, transforming waste materials into reusable products. By employing cutting-edge purification techniques, we ensure that the recovered wax meets strict quality standards for reuse in our operations. This process not only reduces waste but also aligns with our sustainability goals by minimizing the environmental impact associated with wax disposal.

## Strictly handling hazardous waste

- Collection of Hazardous Wastes Separately
- Separate Collection and Management of Medical Waste



## 1.5 POLLUTANT EMISSIONS

We have formulated the Waste Gas Emission Management Rules and the Waste Water Discharge Management Rules to suit our production processes. We are determined to regularly monitor, measure and analyse the waste gas emission and waste water discharge. In 2024, our waste water emission recorded a 4.1% increase compared to 2023, due to the increase of revenue in surface treatment business.

### Wastewater Management

We are consistently striving to enhance our wastewater treatment facilities, aiming to improve the efficiency of the pollutant treatment process and reduce the concentration of pollutants in the discharged wastewater. Our ongoing efforts focus on upgrading the wastewater treatment stations to ensure optimal treatment results and minimize our environmental impact.

## Real-time Monitoring

In our production plant in China, we have installed monitoring systems at the effluent outfalls with real-time statistics on the amount of effluent discharged, improving our timeliness in identifying, thus handling of abnormal situations, and reducing the risk of environmental pollution.

In addition, our plant has installed monitoring systems for total chromium and total nickel discharges, and implemented strict monitoring requirements. Our system is connected with the local environmental protection bureau's monitoring systems and will notify the bureau if abnormal values are detected.



# ENVIRONMENT

## Gas Emissions Management

We continuously improve emissions management and reduce the amount or intensity of emissions through process innovation and facility retrofitting.

### Installation of Spray Dust Removal System

Impro implemented a spray dust removal system on the equipment of our mold shell recycling system, effectively controlling dust emissions and meeting emission standards. The spray system functions to moisten, agglomerate, reduce suspension, and capture dust, thereby minimizing airborne pollutants and preventing them from entering the atmosphere.

Through these efforts, Impro demonstrates its commitment to sustainable practices and actively contributes to reducing emissions, ultimately enhancing the overall air quality and environmental health in the surrounding community.

### Installed smog hog systems in Turkey

As a precision machining processing plant utilizing CNC machines, we recognize the importance of maintaining air quality during our operations. Our machining processes involve cutting oil, which can generate oil smoke. To address this issue, smog hog systems are installed in our chimneys to effectively capture airborne oil particles, ensuring a cleaner working environment.

In Turkey, we comply with the legal requirement to conduct chimney measurements every two years so as to monitor emissions and evaluate compliance with environmental standards. These assessments help gauge the performance of the smog hog systems, ensuring they effectively reduce harmful pollutants released into the atmosphere.

This proactive approach demonstrates our commitment to regulatory compliance and highlights our dedication to sustainable practices and the well-being of our employees and the surrounding community.



## 1.6 BIODIVERSITY

Impro's plants do not have a significant impact on biodiversity and ecosystems. Nevertheless, we have implemented several practices aimed at protecting local biodiversity. These initiatives include the establishment of green spaces, the use of native plant species, and the creation of habitats for local wildlife in our industrial parks located in Germany. By integrating sustainable landscaping and biodiversity-friendly practices into our facilities, we strive to enhance the ecological value of our sites.

### Promoting Biodiversity in Industrial Parks in Germany

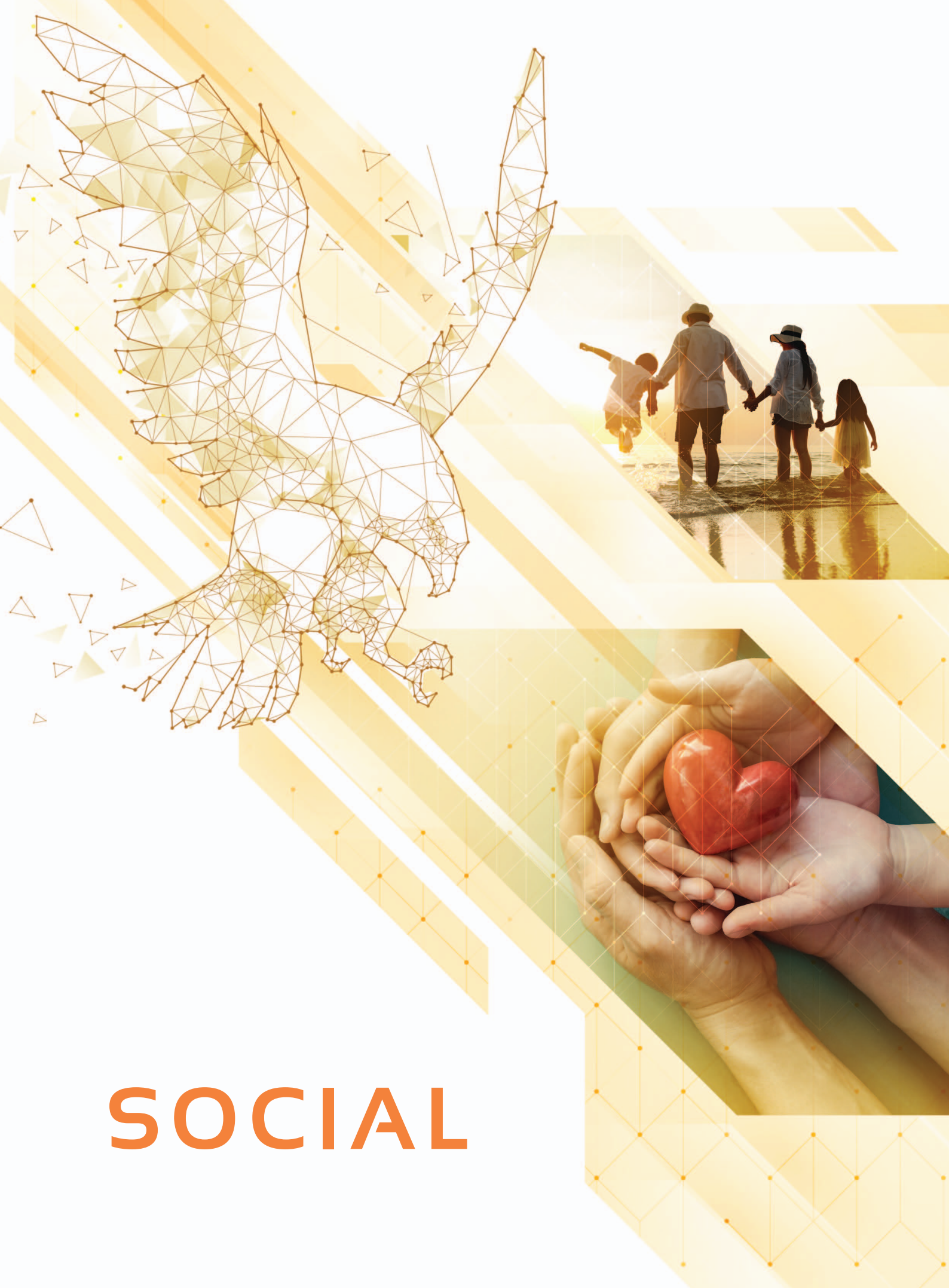
The Impro plant in Germany spans 110,000 square meters, with 30,000 square meters allocated for industrial production and 50,000 square meters dedicated to preserving the natural environment. This green space is used to support local biodiversity and enhance the ecosystem. The plant fosters collaboration with nearby livestock farmers and beekeepers, promoting sustainable agricultural practices and benefiting the local economy.

By maintaining a balance between industrial operations and environmental stewardship, Impro is dedicated to minimising its ecological footprint while contributing positively to the surrounding community.



Bee house





**SOCIAL**



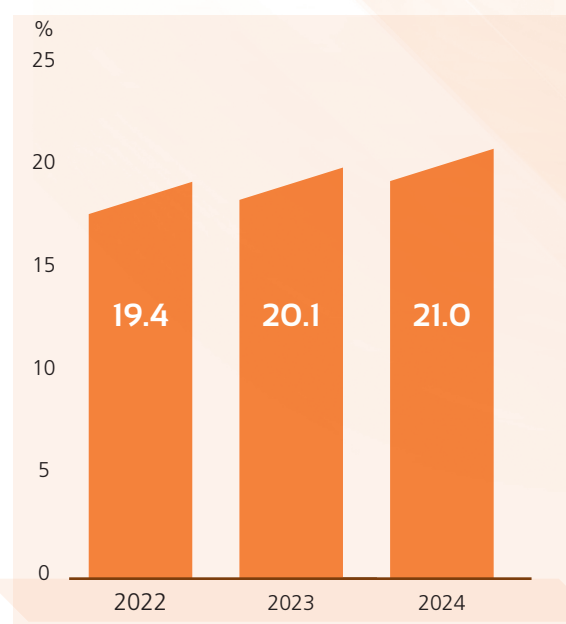
As a responsible business and employer, Impro Group strives to build an equitable, diverse and safe environment for our employees and communities. We are committed to create a supportive workplace for our employees and bring positive impact to our communities.

## 2.1 HUMAN CAPITAL

We uphold our value of “Integrity and Credibility, Diligence and Unity, Pragmatism and Efficiency, Pursuit of Excellence and Innovation”. Our employees are of utmost importance to us and are considered our strategic priority. By safeguarding their rights and fostering their professional growth, we aim to cultivate a fair and equitable working environment that nurtures a sense of belonging within the Impro Group’s culture.

During the Reporting Period, the Group’s employee turnover rate was 21.0%, comprising a voluntary turnover rate of 11.3% and an involuntary turnover rate of 9.7%. Compared to 2023, the voluntary turnover rate decreased by 2.9%, while the involuntary turnover rate increased by 3.8%. Geographically, employee turnover rate in Asia decreased by 1.7% to 12.9%. Employee turnover rate in Europe increased slightly by 0.8% to 16.8%. However, the employee turnover rate in the Americas region increased by 3.3% to 54.1%, primarily due to the ramp-up phase of the Mexico plants, which necessitates a large number of new hires. Furthermore, a tight local labor market contributed to the increased turnover rate. Management will implement a series of

## EMPLOYEE TURNOVER RATE\*



measures to strengthen and review the onboarding process for all new employees, improve recruitment and selection processes, and enhance various employee benefits to attract and retain talent. In the second half of 2024, the Group commenced the second phase construction of the Mexico SLP Village, adding two employee dormitories. Together with the existing two dormitories in Phase I, these will accommodate over 500 employees, while also providing various employee leisure facilities to improve employees’ quality of life and overall well-being.

# SOCIAL

## Talent Development

Impro Group recognizes the importance of career development of our employees and continuously invest in different programs and activities aimed at nurturing talent, ensuring that our staff can achieve optimal performance.



During the Reporting Period, Impro's total training hours reached **309,338**; the average training hours per staff were **39.8 hours** and **93.8%** employees received skill development trainings in all sites.



During the Reporting Period, four of the Impro Group's production plants in China were awarded certificates for production safety standardisation and six production plants obtained ISO 45001 certification.

### Workplace safety training by certified external safety engineers

The plants took proactive measures to enhance workplace safety by inviting certified external safety engineers to conduct an in-depth training session on practical safety management practices in 2024. This training aimed to reinforce the knowledge and skills of our staff, ensuring they are well-equipped to identify and mitigate potential risks in daily operations. By leveraging the expertise of external specialists, we underscored our commitment to fostering a culture of safety and compliance with industry standards.



## Talent Empowerment

Impro has also established a comprehensive multi-category training system covering internal, external, and self-training. We offer onboarding training, skill training, safety training and quality training. At our Turkish plants, we prioritize talent empowerment through diverse training programs such as AS9100, ISO50001, and IATF16949 Quality Management System training. Our white-collar personnel benefit from a dedicated program, where potential candidates are identified by department managers and a tailored training plan is created through collaboration with senior management. In 2024, two employees were recognized as talents and are being supported through this program.



Our Mexico Plant prioritizes talent empowerment through strategic collaborations with local universities, such as Monterrey Institute of Technology and Higher Education (Instituto Tecnológico y de Estudios Superiores de Monterrey), Higher Education and Investigation, C.A. (Enseñanza e Investigación Superior, A.C.), and Bank and Commercial School, L.P. (Escuela Bancaria Comercial, S.C.). These partnerships offer significant discounts on tuition fees for our employees. Additionally, Impro offers internships to senior students, helping them gain practical experience and offering scholarships.

## Crane Operation Training for Plant Personnel

Equipment and Energy Department conducted training for crane operators, followed by assessments that led to the issuance of electronic certificates. With their newly acquired skills and certifications, the crane operators are now better equipped to perform their duties efficiently and safely.



## Discussing mainstream high-horsepower engines and sharing the latest application scenarios

Impro invited senior engineers and clients to share insights on mainstream high-horsepower engines to plant technical personnel and sales & customer service teams, and the latest application scenarios both domestically and internationally. This event aims to equip our team with the most up-to-date technical knowledge and market trends, helping us better understand and anticipate the direction of industry development.



## Talent Promotion

Impro Group places a strong emphasis on empowering its talent. We have established the Corporate Position Management Policy, which governs the application, approval, and overall management process of positions and their adjustments.



# SOCIAL

To enhance talent management and drive business performance, the Company regularly conducts skill matrix evaluations and talent inventory analyses. By utilizing skill matrix evaluations, employees can identify skill gaps and determine suitable skill development programs available at Impro plants. The evaluation encompasses various factors, such as leadership, risk management, occupational health and safety management, and computer skills. Benefiting from the performance evaluation system, our Turkish plants identified career development opportunities for 32 individuals , with 13 white collar and 12 blue collar employees receiving promotions, 5 undergoing a job transfer, and 2 recognized as talents.

Middle management personnel undergo annual performance appraisals, and the results play a crucial role in considering contract renewals for the following year. The company conducts talent inventory analyses twice a year to assess young employees and skilled personnel against existing vacancies or new job demands. Promotions are offered to deserving candidates identified through the analysis. Throughout the Reporting Period, 86.6% of employees across all sites received regular individual performance and career development evaluations.

## EMPLOYEE DEVELOPING CHANNELS

Young Eagle Plan	Employee First Year Consultation Plan	Star Mechanician and Star Technician
<ul style="list-style-type: none"><li>Impro has proposed the “Young Eagle Plan” for the training of university graduates.</li><li>During the Reporting Period, a total of 21 university students participated in the “Young Eagle Plan” .</li></ul>	<ul style="list-style-type: none"><li>Employees who have been employed for less than one year are required to regularly summarize their work content and reflect on their work achievements and problems in the second week, first month, third month, sixth month and the end of the first year of employment respectively.</li><li>We will communicate with them based on their personal review, answer questions, and assist them with their career development plans.</li></ul>	<ul style="list-style-type: none"><li>We formulated a skill set for major technical work to encourage technicians to continuously upgrade their skills and smooth their career development paths.</li><li>During the Reporting Period, 146 technicians were selected as the star technicians after the appraisal in the China region of Impro.</li></ul>

### Talent Retention

To protect the legal rights of employees and ensure our compliance, Impro Group strictly abides by the Labor Law of the People’s Republic of China, Labor Contract Law of the People’s Republic of China, Law of the People’s Republic of China on the Protection of Minors, Provisions on Prohibition of Child Labor and The Labor Law of Turkey as well as the other applicable laws and regulations of countries and regions

in which we operate. We adhere to the principles of compliance, fairness and equality. We have also updated and implemented internal procedures including the Corporate Entry Policy, Child Labor Rescue Procedures and Impro Child Labor, Forced Labor and Human Trafficking Policy etc. to govern our recruitment process. We have also updated our Code of Conduct and Business Ethics, and continue to have zero tolerance regarding child labor, forced or slave labor.

Child Labor Rescue Procedures and Impro Child Labor, Forced Labor and Human Trafficking Policy are applied in our requirement process to avoid any form of child and forced labor. Impro Group does not permit the employment of individuals aged below 16 years. During the Reporting Period, there was no litigation in relation to labor rights. We have also set a comprehensive remediation procedure.


**The following measures will be taken immediately when child labor is found in our plants:**

- Cease the work of child laborer and provide special protection as required by regulations.
- Report the situation to local labor departments, arrange a free health examination for the child laborer to ensure his/her well-being. If any issues, such as illness are identified during the examination, the Company will arrange treatment until the child laborer is fully recovered, and will bear the relevant costs.

- Contact the legal guardian of the child laborer and ensure his/her safe return to his/her guardian as soon as possible.
- If the child laborer is the family's primary source of income, provide appropriate financial assistance to the family as a reflection of corporate social responsibility.
- Properly retain all relevant documents, including the physical examination report of child laborer, the handling opinions of the labor department, and the Company's payment for his/her treatment and continuing education expenses.

To gain a deeper understanding of our employees' knowledge and attitudes towards child labor, as well as its current situation in business and society, we conducted a survey about how to address child labor in 2024. This initiative aims to emphasize the importance of child labor issues in the minds of our employees and deepen their awareness and commitment to this critical matter.

## MEASURES TO PREVENT THE CHILD AND FORCED LABORS

Training on avoiding child and forced labor	Mitigation procedure	Reporting channel	Corrective measures
<ul style="list-style-type: none"> <li>• We conduct regular trainings for employees to improve the awareness and understanding on child and human trafficking.</li> </ul> 	<ul style="list-style-type: none"> <li>• We strictly follow Impro Child Labor, Forced Labor and Human Trafficking Policy to mitigate any violation found.</li> <li>• The identities of new employees are verified through various compliant methods, including document collection and verification.</li> <li>• The HR and the employment department carry out annual verification to check the personnel information.</li> </ul>	<ul style="list-style-type: none"> <li>• Employees are encouraged to use established channels to report violations or suspected violations.</li> <li>• We promise to keep the whistle blower's information confidential and always protect the informer from any form of retaliation.</li> </ul>	<ul style="list-style-type: none"> <li>• Once any use of child labor or forced labor is found, we will terminate the employment immediately and report to local government.</li> <li>• On the condition of ensuring the health and wellbeing, the child workers will be sent back to the place of custody.</li> <li>• Serious treatment measures will be implemented towards the relevant personnel.</li> </ul>

# SOCIAL

Impro Group continuously expands our talent pool and balances our staff structure through enriching our recruitment channels, including Young Eagle Plan and cooperation with universities and colleges.

During the Reporting Period, Impro hosted a training camp for 21 college student talents as part of the esteemed Young Eagle Plan. This training programme not only provided them with intensive training, but also offered valuable insights into Impro's rich history, culture, production processes, and operational systems. By immersing these students in Impro's environment, the program aimed to foster a deep understanding of the Company's culture while empowering them to seize opportunities and unleash their full potential.

Impro has investigated the labor needs of its Yixing plant and engaged in discussions with educational institutions to understand the employment needs of students. And during the Reporting Period, the Human Resources Department of the plant has connected with a vocational college to be established opposite to its Yixing plant. Both parties engaged in in-depth discussions and negotiations regarding the plant's labor needs and students' employment requirements, followed by an analysis of data to assess the degree of alignment between them, so that more talents can be directly recruited from the college to further facilitate school-enterprise cooperation. Over the past seven years, the Yixing plant's school-enterprise cooperation has cultivated a large pool of

talent for the Company and established a stable channel for recruiting technical professionals.

Impro recognizes and incentivizes talent through a reward system that includes monetary rewards for former employees upon re-joining based on their previous rank. Internal employees are also encouraged to recommend qualified candidates and receive corresponding monetary awards. Impro further promotes diversity and synergistic development by offering generous incentive payments to employees in China who choose to relocate and work in Mexican plants. These initiatives attract and retain top talent, foster collaboration, and contribute to the Company's success.

As at the end of the Reporting Period, Impro Group had a total of 7,778 employees worldwide, with male and female employees accounting for 72.5% and 27.5% respectively.

## Employee Care

Impro Group is committed to cultivating an inclusive and motivating working environment where every employee feels valued and empowered. We place a strong emphasis on fostering diversity and inclusion, actively promoting employee well-being, and fostering open and effective communication channels. By prioritizing these aspects, we aim to build a solid foundation for the Company and create a workplace culture that nurtures success and innovation.

### Provide Psychological Trainings to Manage Stress and Wellbeing of Employees

In line with our Talent Management Program, we provide a minimum of six coaching sessions to determined talents at the end of their training each year. This program is designed to manage stress, psychological health, and wellness at work. Additionally, we organize annual trainings conducted by psychologists and expert trainers on various topics related to stress management and psychological health.

### Sponsoring Impro's Female Workers with 'Two Cancers' Screening

In 2024, Impro China Trade Union and Guangyi Community Hospital jointly conducted free screening activities for about 300 women of the appropriate age for "two cancers" in Impro. The screening activities mainly included gynecological examinations such as cervical cytology test (TCT), breast palpation, breast ultrasound and so on.

## Diversity, Equity and Inclusion

Impro Group is fully committed to eradicating all forms of bullying, discrimination, and harassment based on gender, age, sexuality, marital status, physical health, religious belief, and other personal attributes. Our dedication to promoting equality and inclusivity is reflected in the inclusion of anti-discrimination policies within our Code of Conduct and Business Ethics. We staunchly support the fundamental rights of our employees, aiming to eliminate any form of injustice or inequity. This commitment extends to providing equal employment opportunities, promotion prospects, as well as fair compensation and benefits for all individuals. Furthermore, the Company actively identifies human rights risks across its various sites, ensuring a proactive approach to addressing potential issues.

### Our Target:

**100%** employees trained in both anti-discrimination and human right before 2030

To actively combat prejudice and discrimination, the Company organized comprehensive anti-discrimination and anti-harassment training for employees in 2024. This training was designed to enhance awareness regarding the importance of respecting others and safeguarding one's own rights, fostering a workplace culture of mutual respect and inclusivity. During the Reporting Period, the employees trained in anti-discrimination and human right account for 94.1% among all sites; the percentage of workplace that have undergone a human rights review or human rights impact assessment reached 26.3%; the percentage of workers from minority and/or disadvantaged groups employed in the Company is 0.4%; the percentage of female employed in the Company is 27.5% with 23.3% in top executive positions and 28.6% as directors of the Company.

Discrimination of any kind is prohibited and will not be tolerated. Employees are encouraged to report workplace discriminations to their supervisors, Human Resources representatives, any member of management or contact Audit & Supervision Department through email ([speakup@improprecision.com](mailto:speakup@improprecision.com)).

We have implemented a Remedial Procedure for Discrimination and Harassment cases to facilitate reporting and complaints on these issues. This procedure is detailed in our Compilation of Human Resource Management Systems for the China Region, Version 2023.

## Facilities for employees with disabilities

Impro has installed accessible elevators and parking lots for people with disabilities in their plants. These accommodations have improved their daily mobility and enhanced their overall work experience.

The accessible elevators have made it easier for employees with disabilities to move between floors, enabling them to access all areas of the plant.

In addition, the specialized parking lots have provided a safer and more convenient parking option for employees with disabilities. These parking spaces are located closer to the entrance of the plant, reducing the need for long walks or navigating through crowded parking lots. The parking lots have saved time for the disabilities and eliminated potential safety hazards associated with navigating through busy parking areas.





# SOCIAL

## Competitive Remuneration and Benefits

At Impro Group, we recognize the importance of providing fair and equitable compensation to our employees. To ensure this, we have implemented a range of internal policies, including the Corporate Remuneration Policy, Corporate Benefit Policy, Corporate Reward and Reprimand Policy, and Corporate Overtime Policy. These policies have been developed to establish standardized guidelines for managing compensation and benefits across the organization, taking into account market standards and best practices.

We value the dedication and hard work of our employees by offering a competitive compensation and benefits package that aligns with market norms. The compensation structure for our staff consists of three main components: basic salary, position salary, and performance bonuses. Additionally, we provide supplementary pay and bonuses to further recognize and appreciate our employees' contributions.

At our Turkey plant, we implemented a policy to reward white-collar personnel for completing higher education, resulting in two employees receiving a wage increase after completing a higher education in 2024. Additionally, we provided social allowance payments to blue-collar personnel for each child continuing their education.

## REMUNERATION AND BONUS STRUCTURE



### Basic salary

We comprehensively consider the market compensation level, Impro's ability to pay, the relative value of employees' positions in Impro, the contribution of employees and other factors in the salary distribution management.

### Position salary

We check and verify Impro's economic benefits regularly to determine and modify the position salary based on the position responsibilities.

### Performance bonus

Performance bonus occupies 1/3 of the employee salary and adjusts upward or downward according to the monthly performance evaluation results.

### Employee equity plan

Senior management and certain employees were granted Pre-IPO Share Options to incentive value creation and align the long term interest of management with those of shareholders.

### SIP bonus

SIP bonus is applicable to product development managers, engineers, and sales account managers when the new project achieved mass production with the production rate, qualified rate and other indicators meet the targets set during the product planning.

### KPI bonus

We treat the plants as units and evaluate them based on the indicators such as this and next year revenue and profits, new product development, quality loss amount, scrap rate, monitored inventories amount, reduction in GHG and water intensity, etc. The KPI bonus is then calculated and distributed to the middle and senior managers and relevant key employees.

### Overtime pay

We formulate reasonable work plan and encourage staff to improve the efficiency to avoid unnecessary overtime. For any approved overtime, the overtime pay should be made according to the Corporate Overtime Policy.

Impro also provides a wide range of benefits that are tailored to specific groups of employees, such as commuting bus services and nursing rooms.



## Employee Engagement and Communication

Impro Group respects and highly values employees' opinion. We have designed various platforms for employees to share suggestion without pressure, and receive timely feedback. We conduct employee satisfaction survey regularly. Employees' advices on the Company's culture and policies, workload and training, compensation and benefit, team collaboration are collected.

Impro Group is committed to guaranteeing the right of employees to join labor unions or other collective bargaining organizations. Impro maintains a neutral stance on union selection and respects employee choice of organization. Labor unions in various Impro plants protect employee rights and benefits, and hold regular meetings to promote staff wellbeing. Our inclusive

wellness programs further promote collaboration and are non-discriminatory with regard to gender, race, sexual orientation, disability, or union affiliation. In Turkey and Mexico plants, union representatives and the HR Director hold weekly meetings to discuss employee events and issues, and take reasonable measures to tackle the problems. Meanwhile, collective agreements have been signed across different operating sites with topics covering from health and safety, working conditions, training and career management to discrimination. During the Reporting Period, employees in all plants eligible for employee representatives election accounted for 16.5%, the collective agreement related to working conditions covered 19.2% employees in all plants.

The Company has organized various events to enrich employees' lives and enhance corporate cohesiveness.

# SOCIAL

## 10-10-10 Report: Empowering New Employees for Success

Impro prepares the “New Employee 10-10-10 Report” for new employees in order to allow new employees to fully express their new insights, while also allowing them to demonstrate their observation, logical thinking and other comprehensive abilities, it also allows management to have the opportunity to discover and tap into the abilities and insights, potential and value of new employees, which helps them evaluate both the company and themselves during the first ten months. The report aims to facilitate employees in showcasing their achievements, defining their career goals, and providing valuable suggestions for improvement.

## Cycling Team-Building Activity at Longchishan Park

Wuxi plant organized a vibrant cycling team-building activity at Longchishan Park, which helped our employees gain fitness, create fun and strengthen friendship. This event brought together employees from various departments, fostering a sense of unity and teamwork outside the regular work environment.

By organizing such events, the Company highlights its commitment to employee well-being and the importance of fostering a positive and cohesive work culture.





### Impro Family Day: Fostering Well-being and Happiness

To reward employees' hard work and express gratitude to their families, the Yixing plant organised a family day event with the theme "Sharing Happy Time" at the Yixing Ink Garden Hot Spring Resort Hotel.

The event was attended by 117 families and provided a wonderful opportunity for employees to enjoy quality time with their loved ones. This activity has proved Impro's commitment to employee well-being and happiness.



### Impro's 26th Anniversary Open Day in China

To commemorate Impro's 26th anniversary, and to express gratitude for the dedication of our employees and the support of their families, Impro held a China Open Day in September 2024. In alignment with our commitment to openness and transparency, we invited 50 employee families (over 150 individuals, including employees, spouses, children, and parents) to tour our Xishan Base and Jiangyin plant in China. Each family received a specially curated gift set. The event provided insights into Impro's history and demonstrated how we navigate market challenges while identifying and capitalizing on opportunities. Looking ahead, Impro and its employees will continue to work together to build a brighter future.





# SOCIAL

## 2.2 HEALTH AND SAFETY

Impro Group is dedicated to fostering a secure and healthy work environment through enhanced governance, comprehensive inspections, and equipment updates. We are committed to raising employee awareness regarding production health and safety, while actively promoting the principles of 7S management.

During the past three years including the Reporting Period, there were 0 work-related fatalities, the total number of days lost due to work-related injury reached 1,781, lost time incident rate for direct workforce\* was 0.104 and the incident rate for direct workforce# was 7.09. All indicators were stable as compared to 2023. The Group has analysed the root causes of each accident and coordinated a series of safety measures including daily safety inspections, weekly machine and tool safety checks and occasional reviews of personal safety equipment to ensure the safety of employees. Workplace safety remains our paramount concern. To further solidify our commitment to protecting our employees, we are establishing a new target to reduce our incident rate for direct workforce by 20% by 2030 as compared to 2024. This ambitious goal reflects our dedication to fostering a safe and healthy work environment for every employee.

\* *Lost time incident rate for direct workforce = (Days lost due to work-related injuries) X (1,000/Total hours worked)*  
# *Incident Rate for Direct Workforce = (Total Lost Time Incidents) X (1,000,000/Total hours worked)*

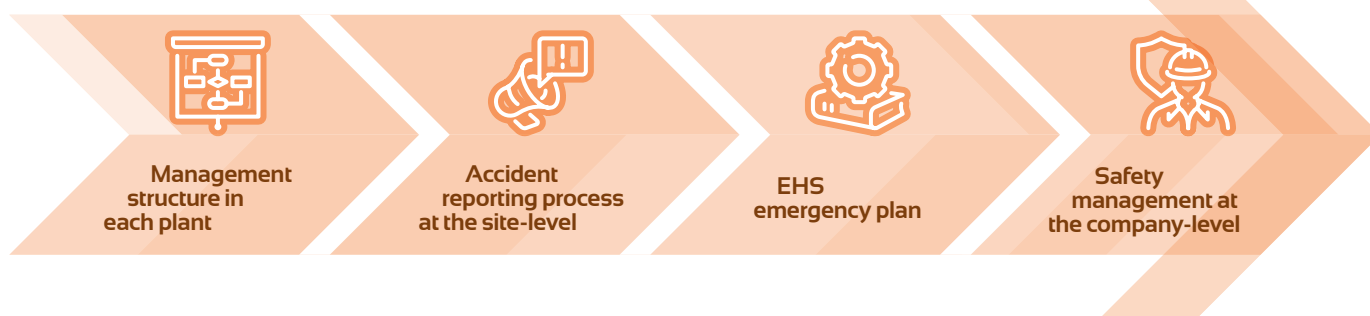


### Safety Governance

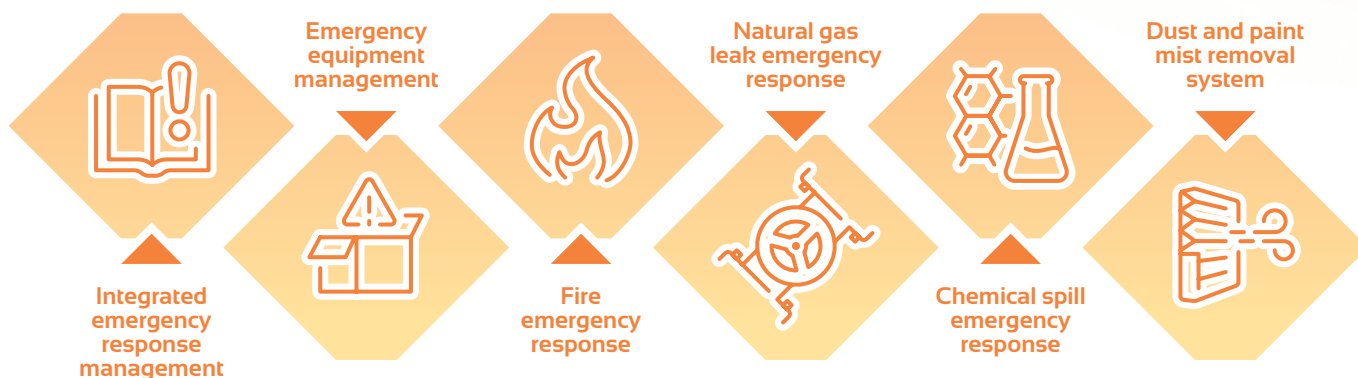
In strict adherence to the Production Safety Law of the People's Republic of China, the Law on Prevention and Control of Occupational Diseases, the Regulation on Work-Related Injury Insurance, and other relevant laws and regulations across all our operational sites, Impro Group prioritizes safeguarding employees from occupational hazards. We have implemented internal policies throughout our facilities to clearly define the scope of our EHS (Environmental, Health, and Safety) management system, governing day-to-day production and operations. Additionally, our Code of Conduct and Business Ethics includes a safety commitment that applies to both employees and suppliers.

Impro Group has established a robust EHS management system to ensure effective safety management in our production plants in China. This system encompasses an EHS Control Framework and a well-defined process for managing work-related injuries. The managing director of Impro Group holds ultimate responsibility for production safety. Furthermore, we have formed an EHS Committee, which convenes regularly to coordinate EHS initiatives and review the progress made in addressing EHS-related concerns.

## EHS MANAGEMENT SYSTEM OF IMPRO GROUP



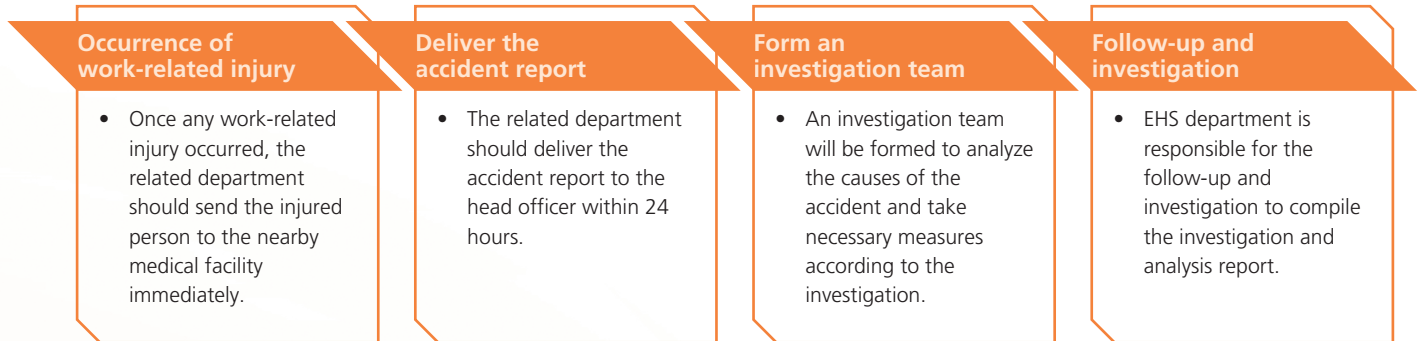
To strengthen the accident response capabilities and minimize the impacts on the Company, Impro Group has also formulated a EHS risk management emergency plan covering the following aspects:



Impro Group has implemented a comprehensive system for managing and reporting safety incidents. Every plant is mandated to promptly establish a safety incident log, enabling random inspections and oversight by accountable managers. Regardless of the severity, all accidents are required to be documented in the log. Moreover, we have established a standardized mechanism for handling work-related injuries, ensuring consistent investigation, analysis, and processing of reportable incidents.

# SOCIAL

## SAFETY ACCIDENT MANAGEMENT AND REPORTING PROCESS OF IMPRO GROUP



Our efforts on safety at work have been recognized. During the Reporting Period, four of the Impro Group's production plants in China were awarded certificates for production safety standardisation and six production plants obtained ISO 45001 certification.



Sample of Impro Group obtained ISO 45001

Impro Group's production plants in China were awarded certificates for production safety standardisation

The Group have established an internal whistleblower management system to effectively promote internal controls, timely monitor and report the company's internal operation deficiencies or irregularities, prevent and detect the occurrence of undesirable, to ensure that the company's operation is in compliance with the law and sound.

With the system, employees can report issues and incidents related to health and safety. Detailed information can be found in our Code of Conduct and Business Ethics.



## Safety Mitigation

To cultivate a workplace that is free from hazards, Impro Group incorporates a wide range of safety precautions into our daily operations. The organization consistently conducts risk assessments in conjunction with regular inspections of our sites and equipment. Prompt corrective actions are promptly implemented to address any safety risks that are identified.

### Regular assessment and inspections



Conducting health and safety risk assessment for existing and new business, and implementing hierarchical controls according to the risk assessment results. During the Reporting Period, 18 of our plants already conducted employee health and safety risk assessment, equivalent to 94.7% of our total workplaces.

Regular inspection or audit to ensure equipment safety

Regular noise exposure level studies were carried out, and protective gear such as earplugs were distributed once the noise was exceeds the level permitted by law

On site detection of occupational hazards caused by chemical and physical hazards

The Company has also implemented various measures to strengthen employees' safety and health. During the Reporting Period, our EHS targets were mainly achieved.

## EHS ASSURANCE MEASURES OF IMPRO GROUP



### Compulsory physical examination

Organize physical examination for employees annually, inform them the results of health checkups.



### Distribution of labor protection appliances

Equip employees with the personal protective equipment, and carry out daily inspections to ensure proper usage.



### Working environment and equipment optimization

Apply noise reduction dedusting equipment and expansion joint sound insulation cotton. Update some occupational hazard notification cards, and post the results of the latest occupational health reviews on the public notice board.



### Monthly EHS meetings

Plant EHS personnel should attend the monthly EHS meetings to review the EHS issues, report accident number, analyze the causes of accidents, and take the initiative to share the valuable prevention and error correction mechanisms.

# SOCIAL

## Environmentally friendly spray booth

We have replaced the original activated carbon adsorption system with a catalytic combustion system which could monitor the saturation of activated carbon.

This upgrade significantly enhances our ability to manage emissions effectively. The catalytic combustion system allows for continuous monitoring and efficient processing of emissions ,reducing the risk of carbon saturation and ensuring optimal performance.

## Occupational Health and Safety Measures at the Plant

- The plant carries out periodic testing of occupational hazards in the workshop every year;
- Evaluation of the current situation of occupational hazards every 3 years;
- The plant carries out employees' occupational health checkups every year, establishes guardianship files for employees and issuing signatures;
- Labor insurance is issued to employees on a monthly basis, with the EHS department monitoring it regularly.

## Safety Culture

Impro Group has recognized the importance to raise the safety and health awareness of employees as well as suppliers. The Company has designed detailed safety training programs for the plants together with rich and diverse safety training courses covering employees and suppliers.

## EHS TRAINING FOR EMPLOYEES AND SUPPLIERS



### For employees

- Daily training for all employees, e.g. fire safety training
- Safety themed Training Courses for our Management
- Security awareness promotion activities
- ISO 45001 OHS management system training
- Safe production month activities



### For suppliers

- Supplier safety training when entering the plants
- Prohibiting the bringing of dangerous goods into the plant

### Limited Space Operation Emergency Drill in PRC Plant

In June 2024, as part of the 23rd National “Safety Production Month” with the theme “Safety Awareness for Everyone, Emergency Response for Every Individual,” Impro’s plant in China region conducted a simulated emergency rescue drill. The drill focused on confined space operations in a sewage treatment station. Through the drill, employees received training on safety procedures and emergency measures.



## 2.3 STAKEHOLDER AND COMMUNITY ENGAGEMENT

Impro Group highly values the relationships and perspectives of our key stakeholders, including employees, customers, suppliers, shareholders, regulators, and the media. We continuously engage with them to ensure that our operations have positive impacts on the community. Through active promotion of local economic development and organizing charitable events, we strive to establish a harmonious society.

Supporting and investing in our communities lies at the heart of our corporate responsibility strategy. Impro Group actively drives the development of the local economy by implementing a range of community-focused initiatives. We make strategic investments in multiple plants, generating new employment opportunities and attracting foreign investment to benefit the community. We also collaborate closely with local universities and schools, actively contributing to education and talent cultivation.

Impro Group is dedicated to help the underprivileged and actively organize activities to integrate with the society.



# SOCIAL

## Facilitating social development

### Promote local employment

- Through the new plant capacity climb, the Mexican plants increased the local full-time employees by 18.4% to approximately 900 staff.
- The first phase of a 26,720 square metre plant in Zhenjiang, China, specialising in the production of orbital motor and other fluid power components and assemblies, was completed in early 2024 and employs more than 170 staff.

### Increase local capital investment

Capital expenditure of HK\$633 million has been incurred in 2024, mainly focusing on the new plant and investment of new machinery equipment, with approximately HK\$290 million in Mexico, remaining HK\$343 million mainly in China and Turkey. This expanded the scale of global footprints of the Group.

## Supporting underprivileged Children Charity Activities in Xishan

Impro organized a heartwarming charity event in collaboration with the Chunlei Community in Xishan District, Wuxi. Our representatives visited families with underprivileged children, offering them educational scholarships, school supplies, daily necessities, and fresh fruits. This event reflects Impro's commitment to social responsibility and our heartfelt dedication to supporting and uplifting our community.



## Holding World Day Against Breast Cancer Commemoration

On 19 Oct 2024, Impro Mexico plants held an activity for the World Day Against Breast Cancer. This day serves as a heartfelt reminder of the incredible strength, resilience, and courage of those who have battled this disease. Impro is deeply committed to emphasizing the importance of ongoing support and awareness, standing firm in our dedication to this vital cause.



## Book donation event to Wenlin Central Kindergarten

The co-general manager of Wuxi Impro-Bees Precision Hydraulics Co., Ltd. represented the company in a heartfelt visit to Jiangyin Wenlin Center Kindergarten. They carried out the "Donate a Wisp of Books, Plant Countless Hopes" activity, ensuring local children have greater access to a wide range of reading materials. This initiative reflects our dedication to fostering education and planting the seeds of hope for the future.





# GOVERNANCE



# GOVERNANCE



Impro Group remains committed to strengthening its governance system, driving innovative development, promoting sustainable supply chain practices, delivering high quality products to every customer, and continuously enhancing customer value.

## 3.1 INNOVATION

### Innovation Management

At Impro Group, we place great emphasis on our robust R&D capabilities and foster a collaborative approach. We remain dedicated to exploring cutting-edge technologies and driving industry advancements. To achieve this, we have invested in building strong R&D teams and forging mutually beneficial partnerships with industry peers, enabling us to develop ground-breaking and innovative products. Throughout the Reporting Period, we have made continuous investments in R&D. The total R&D expenses increased 16.1% year-on-year to HK\$261.4 million, accounted for 5.6% of total revenue. As part of our commitment to enhancing research and development, we have established dedicated teams in both China and Turkey. These teams are instrumental in driving our innovation efforts and propelling us towards future success.

To further incentivize and recognize innovative individuals, Impro Group has implemented an additional layer of motivation through corporate awards and monetary rewards, supported by our in-house Intellectual Property Incentive System. Authors of accepted patent applications receive rewards upon patent approval, while employees who publish in scientific journals are also eligible for additional recognition based on the authority and rank of the journal. These awards and monetary incentives aim to motivate and acknowledge the contributions of individuals within the Company who actively pursue innovative ideas, generate intellectual property, and contribute to the advancement of technology and knowledge in the industry. By providing tangible rewards, Impro Group aims to foster a culture of innovation and recognize the value of intellectual property and research publications created by its employees.

Impro Group has set up an internal corporate innovative platform and launched innovative schemes of "Innovative Ideas", "3C" and "Brilliant Thoughts" to expand Impro Group's production lines. As at the end of the Reporting Period, Impro Group had a total of 81 qualified innovative projects.

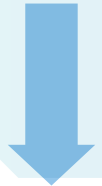
In 2024, we applied 22 invention patents and 83 utility model patents. Besides, we possessed a total of 142 invention patents and 404 utility model patents at the end of the Reporting Period.



## R&D MECHANISM



### Project initiation



- Cross-functional project teams have been formed to organize and coordinate the entire product pre-planning (APQP), prepare product development plans (Gantt charts), ensure effective product quality planning, and ensure the exchange of information and communication between relevant personnel.



### Early stage of the project



- We identify customer needs, evaluate proposed design, performance requirements, and assess the feasibility of the manufacturing process.



### Supervision and contingency

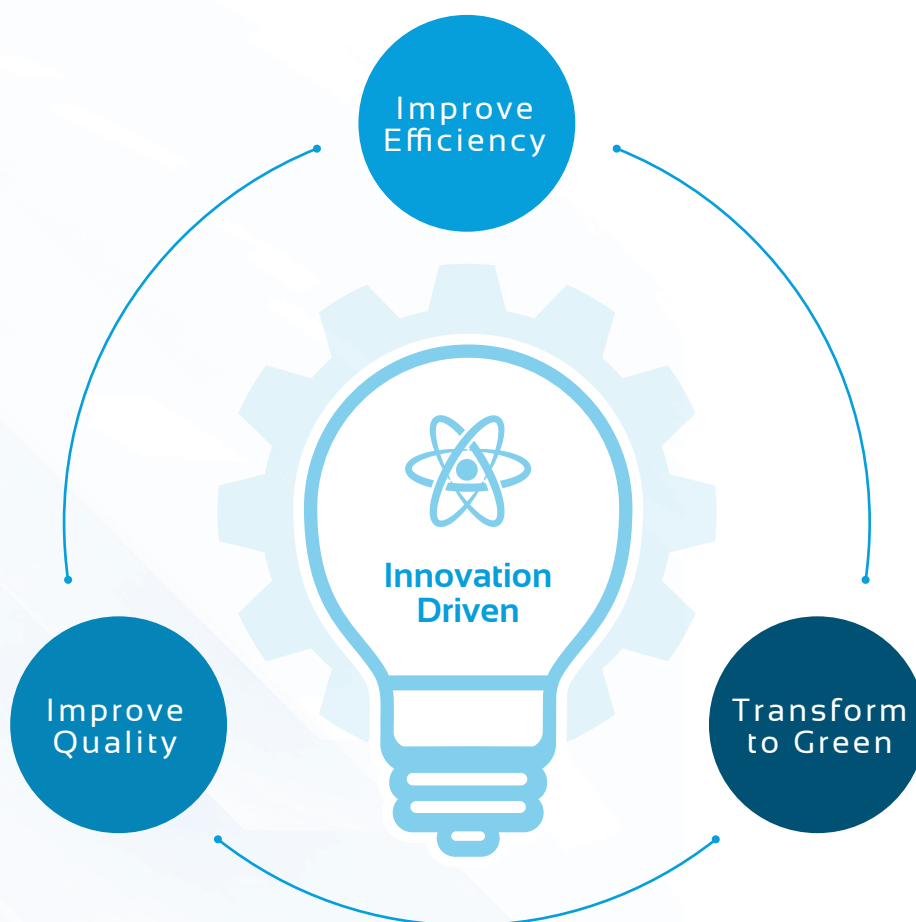
- We coordinate with production and inspection teams to supervise the process and results of the execution.
- We make timely and effective emergency prevention measures for various processing technical problems and emergencies that occur during the actual processing, and make continuous improvements to the problems.

# GOVERNANCE

## Innovation Outcomes

At Impro Group, our commitment to excellence and innovation is deeply ingrained in our values and company culture. We consistently prioritize meticulous attention to details, continuously seek opportunities for improvement, challenge conventional practices, and embrace innovative thinking across all aspects of our operations. It is through the synergy of these three driving forces that Impro Group has achieved notable success throughout the Reporting Period.

### INNOVATION DRIVEN OF IMPRO GROUP

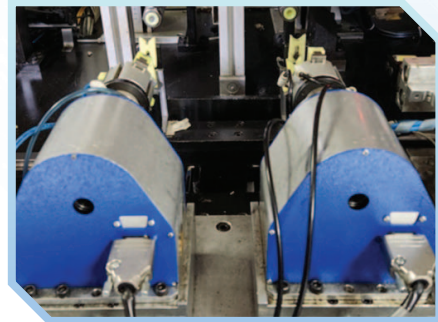


## ***Improve efficiency***

Pursuing maximum utilization and higher efficiency are deeply ingrained in Impro Group's values and culture. We continuously optimize our processes to minimize waste through innovative approaches that eliminate duplicate processing and reduce downtime. These efforts have had a positive impact on the Company, resulting in cost savings, increased efficiency, enhanced product strength, improved manufacturing processes, energy conservation, and environmental benefits. Our commitment to sustainable growth and success drives us to explore various initiatives that have proven to be beneficial in terms of cost reduction, improved efficiency, and environmental sustainability.

### **Filter Assembly System Automation**

Impro has implemented a new part transfer system in the filter assembly lines, along with a revised system design to enhance automation processes. This innovative approach has significantly boosted production rates during marking, quality control, and measurements. The implementation of the transfer system has not only increased production speed but also elevated the quality of our products.



### **Optimization of Production Efficiency**

The Company enhanced the efficiency of the wax pattern assembly process in casting through the design of specialized runners and adjustments to the number of assemblies. These enhancements were aimed at optimizing the production rate, which not only boosted efficiency but also achieved significant energy savings and capacity conservation.

These improvements demonstrate the plant's dedication to continuous innovation and efficiency, ensuring that the production processes remain at the forefront of industry standards while supporting the company's long-term goals of sustainability and resource conservation.

## ***Sustainable Innovations***

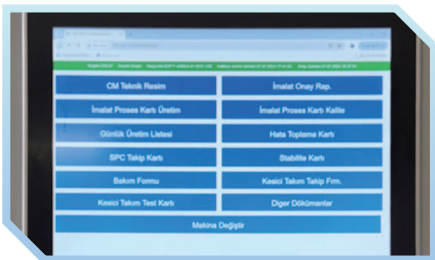
Impro Group takes an active role in spearheading sustainable methods to enhance efficiency through technological innovation. Our focus lies in minimizing energy consumption during the production process, reducing manual labour, and improving the working conditions for our employees. By prioritizing these initiatives, we aim to create a more efficient and sustainable work environment while maintaining a high level of productivity.



# GOVERNANCE

## Development of Paperless Production Software

To demonstrate our commitment to sustainable innovations, we have developed a document management software program for production workshops to address the significant paper waste caused by the previous procedure of revising documents. This system enables operators to access documents on computers on-site, eliminating paper waste and making instant access to production documents possible.



## Improve Quality

Impro Group has made significant strides in quality improvement through a range of initiatives. By adding personnel, implementing training programs, and optimizing processes, the Company has achieved positive outcomes including improved quality monitoring, enhanced training, streamlined development processes, and efficient material management. Through innovation, Impro Group has been able to enhance product quality by adopting suitable raw materials and optimizing operational processes. These efforts have resulted in a reduction in defective products and an overall elevation of quality standards.

## High-temperature alloy nozzle products for aircraft engines

At Impro, our primary R&D focus for high-temperature alloy nozzle products centers on the design plan for the molds and the design process of the gating system. This includes the meticulous design and manufacture of molds, jigs, and fixtures. These innovative products are essential for aircraft engine components, significantly enhancing engine quality and performance.

## Improvement of craftsmanship

We have optimized the production process for water-soluble cores by reducing the amount of core material used, resulting in increased yield. Additionally, we have implemented semi-automatic sprue grinding, significantly enhancing both quality and efficiency.

# GOVERNANCE

## External cooperation and innovation

Impro Group actively engages in collaborations with external institutions and universities to enhance its innovation capabilities and optimize manufacturing processes. By forging partnerships with academic and research entities, Impro Group seeks to bolster its ability to innovate and continuously improve its manufacturing practices. These collaborative efforts serve as a catalyst for fostering knowledge exchange, enabling the Company to stay at the forefront of technological advancements. By actively seeking external collaborations, Impro Group demonstrates its commitment to staying agile and adaptive in an ever-evolving industry.

### Collaboration with Jiangnan University for Advancing Casting Technologies

Impro Group has formed a collaborative partnership with Jiangnan University to explore and advance traditional and new casting technologies. The collaboration includes various research projects and internship programs. This synergistic effort promotes the integration of innovative casting techniques with traditional methods, creating a positive impact on sustainability integration. The partnership facilitates knowledge exchange, fostering innovation in casting technologies and enhancing research capabilities.

### Certification of Compliance from Spectris

Impro proudly obtained certification from Spectris, one of our valued clients, for meeting the stringent criteria of SA8000, ISO45001, and ISO14001. This accomplishment underscores our commitment to high standards in social responsibility, occupational health and safety, and environmental management.



# GOVERNANCE

## Intellectual Property Protection

We strictly abide by the Copyright Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Technology Contract Law of the People's Republic of China and other laws, regulations and regulatory documents. We have formulated the Intellectual Property Management System within the Company, established a sound intellectual property management system, and clarified the requirements of intellectual property application, management and other aspects.

Apart from safeguarding our own intellectual property rights, we actively promote the involvement of our partners, customers, and other stakeholders in the protection of intellectual property. We established a centralized trademark management and actively engage in the signing of Confidentiality Agreements with our customers and suppliers, fostering an environment of mutual trust and ensuring the preservation of each other's intellectual property. By encouraging collaboration and cooperation in intellectual property protection, we aim to create a secure and respectful ecosystem that benefits all parties involved.

## 3.2 QUALITY

Impro Group is committed to delivering products of exceptional quality. We consistently enhance our quality management system, ensuring its seamless integration into our daily operations. By cultivating a culture of quality throughout our organization, we strive for excellence in every aspect of our work. Our dedication to providing high-quality products reflects our unwavering commitment to customer satisfaction and continuous improvement.

## Quality Management

Impro Group strictly complies with the requirements of the Law of the People's Republic of China on Product Quality, the Standardization Law of the People's Republic of China and other laws, regulations and regulatory policies, and has been improving internal quality management processes and systems. During the Reporting Period, we updated the Management Regulations on Advanced Product Quality Planning, the Management Regulations on Equipment and Facilities and other management policies.

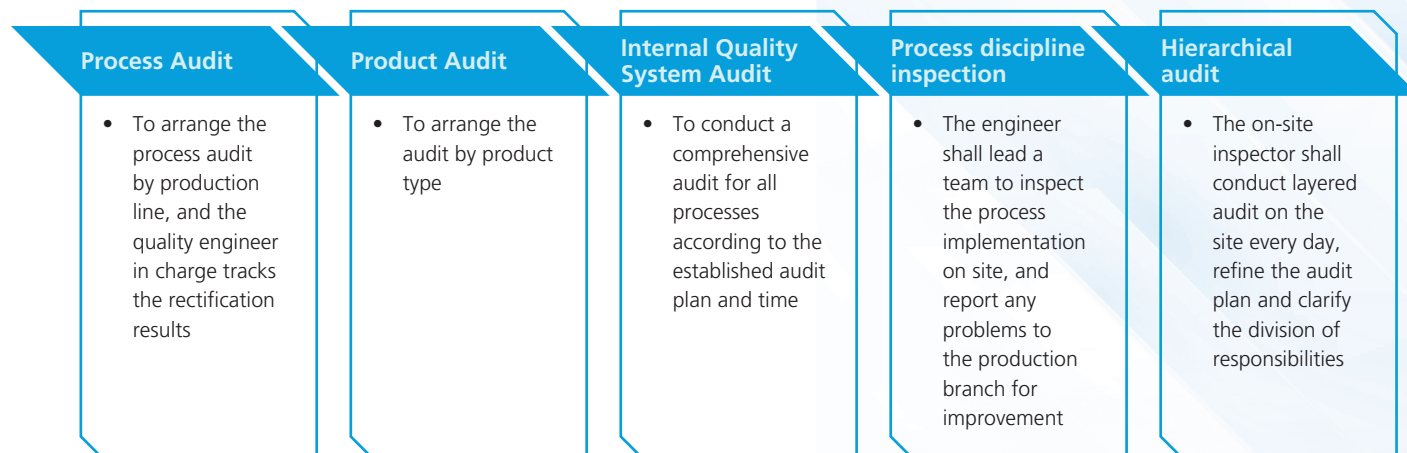
Impro Group takes various measures to ensure production quality, including conducting quality audit to reveal and address product quality issues. During the Reporting Period, we focused on strengthening the internal audit system.

Impro Group actively benchmarks our quality standards against industry standards in many industries and identifies improvement opportunities. During the Reporting Period, we renewed our quality management system certifications. The following are quality management system certifications of Impro at the end of the Reporting Period:

- ISO 3834-2 Welding Quality Management System
- ISO 9001 Quality Management System
- IATF 16949 Automotive Quality Management System Standard
- ISO 13485 Medical Device Quality Management System
- Nadcap US National Aerospace and Defense Contractors Accreditation Program
- AS 9100 International Aviation and Aerospace Quality Management System Standards
- PED EU Pressure Equipment Directive
- Certification for Highest Standards of Quality in Transportation and Power Generation
- Shipping Industry Certification Program of Classification



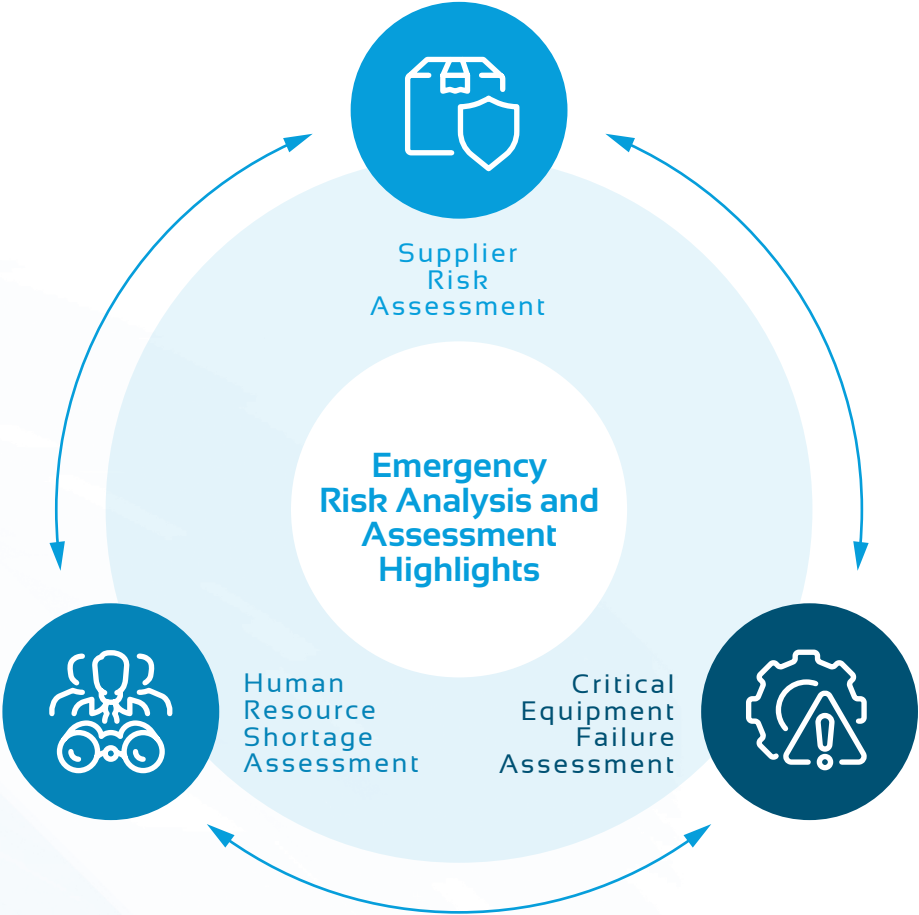
## INTERNAL QUALITY AUDIT SYSTEM



To effectively address production disruptions and mitigate potential quality degradation resulting from unforeseen emergencies, we have recently enhanced our production quality through the revision of our Emergency Plan Management Regulations. Employing statistical methodologies, we now conduct comprehensive emergency risk analysis and assessment to formulate appropriate emergency plans. This involves assessing risk levels associated with various factors, determining test cycles based on the overall risk levels, and devising specific emergency testing methods tailored to the emergency processes. These proactive measures ensure our readiness to handle unforeseen circumstances and maintain the highest standards of production quality.

We adhere to the principles of being responsible for consumers' rights and interests and has formulated a robust product recall policy. This policy ensures swift and orderly action when product quality issues arise. Upon receiving information about such issues — whether through consumer complaints, internal inspections, or regulatory notifications — we immediately assemble professional teams from multiple departments, including quality control and research and development. These teams conduct a comprehensive risk assessment to evaluate the severity and impact of the issue. If the recall criteria are met, the senior management team promptly authorizes the recall and initiates the procedure.

# GOVERNANCE



## Quality Improvement

Based on our quality management system, we aim to make full use of available resources to improve the quality of products, including strict adherence to the quality standards required by each customer. Below are our 2024 key initiatives:

## IMPLEMENTATION OF PRODUCT QUALITY REGULATIONS

### RoHS Directive

To enhance product safety and quality, some of our products shipped to Europe are required to comply with the RoHS Directive. This directive restricts the use of toxic substances, including heavy metals like lead (Pb), mercury (Hg), cadmium (Cd), and other organic compounds containing benzene rings. By adhering to these stringent regulations, we ensure that our products meet high safety and quality standards

### Product Safety Management Regulations

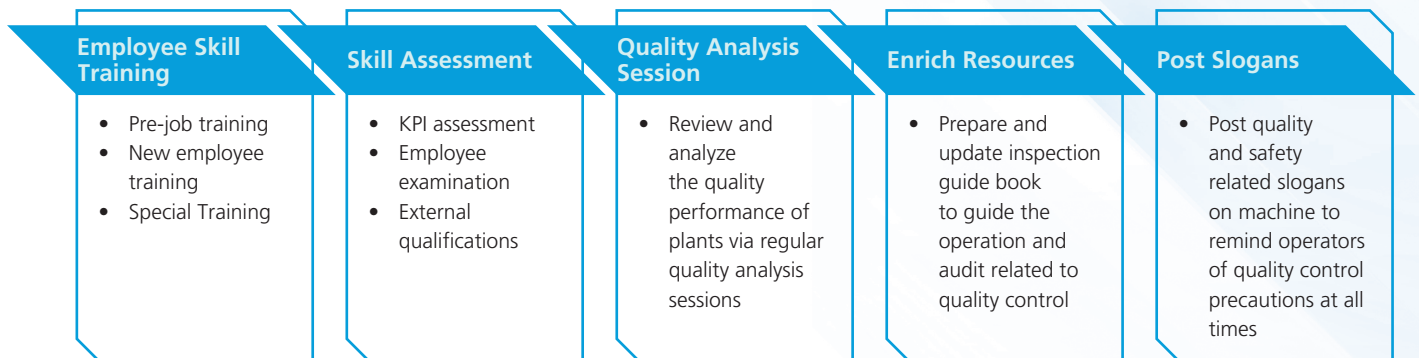
The purpose of these regulations is to identify product and process safety issues, implement appropriate preventive and early warning measures, enhance product and process protection, and reliably avoid accidents and failures or minimize losses. This proactive approach is a testament to our commitment to continuous quality improvement and excellence in safety standards.

# GOVERNANCE

## Quality Culture

Impro Group conducts extensive quality management training and sharing sessions, aiming to promote a quality culture among our employees. Our key initiatives are as follows.

### ESTABLISHMENT OF QUALITY CULTURE



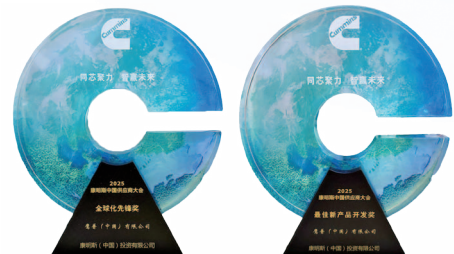
### Product Innovation and Quality Awards



In May 2024, Impro is awarded Emerson MSOL Supplier Recognition Award of Outstanding Performance, Speed, Flexibility and Overall Service during the supplier summit.



In November 2024, Impro Aerotek won Honeywell SQE Supplier of the Year 2024. Impro is the only supplier in APAC region receiving this award for the its excellent quality and effective continuous improvement.



In December 2024, Impro was awarded Cummins' Pioneer of Globalization Excellence and Best New Product Development Excellence.

# GOVERNANCE

## 3.3 CUSTOMER SERVICE

Being a prominent global manufacturer specializing in the production of precise, intricate, and essential casting machined components and hydraulic orbital motors, we are consistently enhancing our customer service offerings. Our commitment to improving customer services underscores our dedication to meeting the diverse needs of our clients worldwide.

### Customer Management

We review our Customer Complaint Handling Management Regulations, the Customer Communication Control Procedures and other policies from time to time and adjust them as needed to guide our employees in delivering better customer experience.

During the Reporting Period, we established a variety of new customers communication channels, to enable us in improving our services according to customer feedback.

### CUSTOMERS COMMUNICATION CHANNEL





# GOVERNANCE

We have developed a set of strict handling procedures to deal with quality complaints.



## Receive complaints

- Fill Customer Quality Complaint Review Form in Impro Operating System (IOS)
- The process will be passed to the quality officer of the related plant and copied to the relevant management level



## Complaint Handling

- Conduct problem analysis, inventory checking
- Provide feedback on containment and short-term measures within 48 hours
- Submit the relevant report after analysis and developing long term measures



## Result Feedback

- Trigger the “External Quality Loss Approval” process automatically to the customer service staff
- Fill in the amount and details of the quality deduction generated by the quality complaint and submit it for approval

Total number of valid product complaints increased by 8.6% to 516 cases in 2024. The increase in the total number of valid product complaints was mainly attributed to the unstable quality of the new products in our Mexico plant in the first half of 2024. The number has been significantly reduced in the second half of 2024 through staff redeployment, placement of more experienced and skilled staffs in key processes for strict monitoring, optimization of production procedures and enhanced staff training. Excluding our Mexico plant, the total number of valid product complaints increased by 3.8% in 2024, which aligned with the increase in our sales value. By implementing comprehensive quality assurance protocols at every stage of the production process, we have been able to identify and address potential issues before they escalate. Our commitment to continuous improvement and regular training for our team ensures that we maintain the highest standards of product quality. Additionally, the use of advanced monitoring systems and thorough inspections has enabled us to deliver reliable and defect-free products, resulting in a substantial reduction in complaints and an overall improvement in customer satisfaction.

# GOVERNANCE

## Customer Privacy Protection

At Impro Group, we place utmost importance on privacy protection and prioritize safeguarding the privacy of our customers, suppliers, and employees. To ensure comprehensive protection, we have implemented a stringent confidentiality system specifically designed for customer information.

Our approach involves conducting thorough audits of business processes and security risks, focusing on areas such as network security, external devices, and document circulation. Through robust access control measures and the utilization of an internal network security platform, we effectively mitigate the risk of confidentiality breaches across various channels.

## MEASURES TO PROTECT CUSTOMER PRIVACY



Signing confidentiality agreements with customers, employees and suppliers.



All customer information is classified as top confidential.



Customers are identified by customer codes internally.



Access to the engineering drawing is restricted to authorized personnel only.



The IT and audit department supervise and ensure the implementation of confidentiality measures through the unified management of computer software installation, computer maintenance and the control of various core meetings and documents.



Corrective actions have been implemented to mitigate security risks identified by regular IT audits.

# GOVERNANCE

## Information Security Protection

In order to protect the information security of the Company and its employees, Impro responds in a timely manner to deploy system patches and anti-virus codes; perform security reinforcement at the borders of each subsidiary, data centre, office and industrial Internet; and set up a traffic threat monitoring and analysis system to detect, in real time, the abnormal behaviour of known advanced cyber-attacks and unknown new cyber-attacks against the mainframe and servers in the network, to achieve manageable information security risks.

In 2024, seven plants of Impro obtained TISAX (Trusted Information Security Assessment Exchange) certification, a very important assessment and exchange mechanism for information security in the automotive industry, covering 7 Impro plants or 36.8% of our operating plants. In addition, we are in the process of conducting certification of ISO27001 Information Security Management Systems in 2024.

Employees have the right to request the deletion of their personal information retained by Impro. However, under certain circumstances, Impro may be required to refuse such requests in accordance with applicable legal or regulatory requirements.

In order to enhance employee awareness of information security and assess their knowledge in this area, our IT center conducted a series of tests using phishing emails. The results of these tests were carefully analyzed, and based on the findings, we created a comprehensive report and training materials for employees to educate them about identifying and handling phishing emails effectively. This initiative serves as a proactive measure to strengthen our overall information security and ensure that our employees are equipped with the necessary knowledge to protect against potential threats.

## 3.4 SUPPLIER CHAIN

At Impro Group, we strongly believe in fostering mutually beneficial partnerships with our suppliers. In addition, we are committed to maintaining strict control over procurement quality and actively managing both upstream and downstream suppliers. By upholding these practices, we ensure that our supply chain operates smoothly and efficiently, ultimately leading to a win-win cooperation dynamic for all parties involved.

### Supply Chain Management

The effective and sustainable management of our supply chain is crucial to the overall success of our manufacturing company. To ensure this, we have recently updated our internal procurement policy, including the Supplier Management Procedure, to establish a comprehensive procurement management system. This system encompasses supplier screening, access, examination, and verification processes.

# GOVERNANCE

## ESG ISSUES CONCERNED TO THE IMPRO GROUP'S SUPPLIERS

### Environmental Issues



- Energy and resource use and conservation
- Emission management
- Waste management
- Green packaging
- Biodiversity
- Climate change risk

### Social Issues



- Labor and human rights
- Business ethics
- Anti-corruption
- Anti-money laundering
- Privacy and security

When selecting suppliers, we prioritize those who possess relevant environmental and labor certifications, or who have demonstrated outstanding performance in environmental and social responsibility areas. By considering these factors, we strive to build a supply chain that aligns with our commitment to environmental and social sustainability.

At the end of the Reporting Period, 207 suppliers have obtained ISO 14001 Environmental Management System certification, an increase of 32.7% over last year.

In our supplier evaluation and management process, we uphold stringent standards to ensure excellence. Suppliers were assessed by a combination of annual supplier performance assessment, supplier on-site review, and supplier social responsibility review. We mandate that all suppliers adhere to our Supplier Environmental Notice and Supplier Code of Conduct, which outline our expectations regarding environmental protection, anti-corruption measures, labor practices, and more. These requirements serve as a foundation for our suppliers to align with our values and commitment to responsible business practices. By implementing these high standards, we aim to maintain a strong and ethical supplier base that reflects our dedication to sustainability and integrity.

During the Reporting Period, 65.0% of suppliers who have signed the Sustainable Sourcing Charter/Supplier Code of Conduct, 64.7% of suppliers contracted with clauses covering environmental, labor and human rights requirements.



## SUPPLIERS SOCIAL RESPONSIBILITY RISK ASSESSMENT



### New suppliers

- Identify risks through Procurement Risk Assessment Form
- Conduct social responsibility audit and follow up the rectification in case of any non-compliance when the supplier is unqualified for the assessment



### Existing suppliers

- Conduct annual social responsibility audit and follow up the rectification in case of any non-compliance
- Closely monitor the supplier's product, figure out the stock condition of its alternative suppliers and inform the relevant department if the rectification is unqualified
- Assess supply capacity and subsequent risks if the final rectification is qualified
- Freeze the payment of the supplier, require the supplier to supply in a normal manner before the new supplier is in place, and develop new suppliers if the final rectification is still unqualified

### For emergency risks, in addition to the above processes

- Communicate with the supplier for onsite audit

### In the case of single source supplier when risks are identified

- Develop new suppliers
- Freeze the payment of the supplier and require the supplier to supply in a normal manner until the new supplier is in place

## SUPPLIERS ASSESSMENT

### Performance Assessment

- Assessment of supplier delivery, quality and other performance

### Supplier on-site Review

- The on-site review is conducted in the form of information review and site inspection

### Social Responsibility Review

- The supplier social responsibility review covers child labor, forced labor, labor abuse, occupational health and safety, environmental policies, laws and regulations, and business ethics

# GOVERNANCE



148 targeted suppliers have gone through a Corporate Social Responsibility ("CSR") assessment, covering 3.2% of our suppliers.



201 targeted suppliers have gone through a CSR on-site audit, covering 4.3% of our suppliers.

## Enhancing Supplier Engagement and Social Responsibility

### Continuous Improvement in Sustainable Procurement Training

Impro has conducted training for procurement employees on social and environmental issues within the supply chain to enhance their awareness and understanding of sustainability practices. This initiative aims to improve their ability to address and manage these critical issues effectively.

### Incentive policies for suppliers

Clarification in the supplier notification letter that suppliers with higher scores in social responsibility audits will be given priority under equal conditions. Internally, the development of suppliers with ESG certifications and procurement activities from relevant suppliers are integrated into the performance assessment of procurement personnel.

### Supplier Diversity

When selecting suppliers, we prioritise cooperation with the following groups under the same conditions:

- Disabled persons' enterprises, veterans' enterprises and other enterprises composed of members of vulnerable groups;
- Business owned by women

During the reporting period, we have cooperated with 5 enterprises owned by vulnerable groups in China region, the majority of which are owned by women or veterans.

## 3.5 CORPORATE GOVERNANCE

Impro Group actively practices the concept of sustainable corporate development, continuously improves our corporate governance structure and risk management system, and continuously promotes our ESG governance.

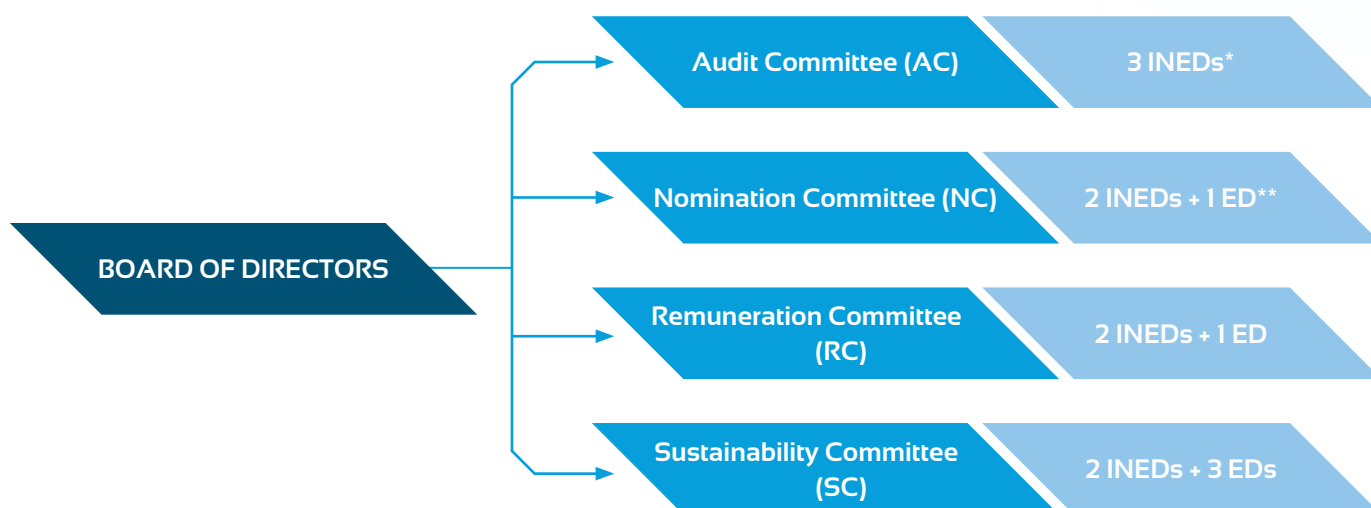
### Basic governance information

Impro Group continuously enhances the governance system and procedures to safeguard the interests of shareholders, as well as enhance the corporate value. We have strictly complied with the principles and code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange. The Board has established four Committees with clear and complementary responsibilities.

For more details about the governance structure, please refer to our 2024 Annual Report or official website (<https://www.improprecision.com/investors/corporategovernance/>). In order to drive the Group's ESG performance, the assessment basis for the annual bonus to Executive Directors and management from 2022 onwards, in addition to the Company's and the Group's financial targets, is also linked to performance against certain sustainability performance targets.

Committee comprehensively considered the candidates in terms of gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of service and time devoted to performing the duties of directors. Currently, female members account for 28.6% of the Board.

### THE STRUCTURE OF THE BOARD



\* INED refers to Independent Non-executive Director

\*\* ED refers to Executive Director

# GOVERNANCE

## Risk Oversight

Our strict adherence to applicable laws and regulations has enabled us to establish a robust risk prevention and control system. This involves conducting thorough risk audits and regularly reviewing and creating risk prevention documents. These initiatives have significantly bolstered our internal control mechanisms and effectively reduced corporate risks.

### KEY FACTORS RELATED TO ESG IN RISK INVENTORY

Operation	Compliance	Strategy	Finance
<ul style="list-style-type: none"><li>• Accepting commercial bribery</li><li>• R&amp;D management and return on investment risk</li><li>• Supply chain planning risk</li><li>• Product quality risk</li><li>• Talent risk</li></ul>	<ul style="list-style-type: none"><li>• Employee conflict of interest</li><li>• Anti bribery and corruption</li><li>• Business ethics</li><li>• Personal data and privacy protection</li></ul>	<ul style="list-style-type: none"><li>• Corporate governance risk</li><li>• Employee health and safety</li><li>• Risk management system risk</li><li>• Natural disaster</li><li>• Information disclosure risk</li></ul>	<ul style="list-style-type: none"><li>• Tax compliance risk</li><li>• Transfer pricing</li></ul>

During the Reporting Period, Impro carried out a number of specialized audits, which assess the effectiveness of internal controls in the procurement processes.

## Ethics & Compliance

At Impro Group, our commitment to operating responsibly is unwavering. We consistently adhere to the stipulations set forth by relevant laws and regulations, including the Anti-Unfair Competition Law, Interim Provision on the Prohibition of Commercial Bribery, Criminal Law, Criminal Procedure Law, Civil Code, and Company Law of the People's Republic of China. To ensure strict compliance, we have implemented robust operational systems such as the Compliance Evaluation Management System, Code of Ethics and Business Conduct, Global Tax Policy, and Code of Conduct for suppliers. These systems align with the legal requirements of every jurisdiction in which we operate.




Throughout the Reporting Period, we have taken significant steps to enhance our code of conduct, extending its applicability to encompass all employees, including part-time and temporary workers, dispatch workers, outsourced workers, suppliers, and other business partners associated with the Company. The updated code of conduct now explicitly outlines our requirements regarding fraud prevention, anti-money laundering measures, and combating unfair competition practices.



# GOVERNANCE

Furthermore, we have supplemented our labor management and human rights policies to ensure comprehensive coverage. At Impro Group, we have established a robust anti-corruption system built upon our Code of Conduct & Business Ethics Policy. This system encompasses various aspects of our operations, including procurement, human resources, finance, and sales. Moreover, we maintain stringent controls over sensitive transactions to prevent any potential ethical issues. To reinforce our commitment to integrity, our CEO has issued a directive mandating that employees report any involvement in sensitive transactions, such as receiving gifts, money, or securities, to the Audit and Supervision Department for proper records.

## ANTI-CORRUPTION AWARENESS-RAISING MEASURES

Anti-corruption training	Anti-corruption exam	Anti-corruption activity
<ul style="list-style-type: none"><li>During the Reporting Period, we carried out many anti-corruption trainings, covering all employees including directors.</li></ul> 	<ul style="list-style-type: none"><li>In order to improve efficiency, in 2024 we use the system Online Exam Maker (優考試在線培訓系統) to provide employees with flexible training and exam, either online or offline.</li></ul> 	<ul style="list-style-type: none"><li>During the Reporting Period, Impro launched an essay writing activities under the theme of "Anti-corruption and Integrity, Never Forget the Beginning", and received essays from employees in plants.</li></ul> 

During the Reporting Period, Impro Group did not have any corruption-related litigation cases, and did not receive any reports generated by the whistleblower process. Internal audits on business ethics issues covering 19 plant locations (representing 100% of total plant locations) were conducted. 100% of employees received training on business ethics issues.

# GOVERNANCE

## Policy Review Process

The Group review all related policies, including Human Resource, Procurement, Ethics & Compliance at least annually.

**1st  
Step**

**Tracking Legal and Regulatory Developments:**

We monitor laws and regulations from multiple sources, such as government websites, industry associations, and case databases.

**2nd  
Step**

**Compliance Gap Analysis:**

We analyze the current documents and policies against the latest legal requirements, with particular attention to high-risk areas.

**3rd  
Step**

**Policy Evaluation and Revision:**

We define the scope of revisions and update relevant documents accordingly.

**4th  
Step**

**Multi-Level Decision-Making:**

This involves legal department, relevant stakeholders, and the Sustainability Committee with approvals from company management.

**5th  
Step**

**Publication, Interpretation, and Dynamic Monitoring:**

We ensure closed-loop management by publishing and interpreting updates, followed by continuous monitoring.

## CORRUPTION INCIDENT HANDLING MECHANISM



### Investigation

- Organize an internal team independently to follow up the investigation according to the significance of the reported matter
- Issue an investigation report, submit to the Company's management level for review
- HR will take actions according to the results based on the related policy



### Reassessment of critical control point risks

- Re-evaluate the risks of the corresponding critical control points.
- Reorganize the business processes and update the Risk Identification, Assessment and Control Form

# GOVERNANCE

## Reporting Management

Impro has established a comprehensive reporting management policy that enables employees to report instances of internal corruption and fraud. To ensure ease and accessibility, we have implemented various reporting channels, including email, mail, telephone hotline, and WeChat. When employees report such incidents to the management, they are promptly forwarded to the Audit and Inspection Office for thorough investigation. This ensures that all reports of corruption and fraud are taken seriously and undergo a specialized examination by the Audit and Supervision Office. Our commitment to maintaining a robust reporting system underscores our dedication to transparency and accountability within the organization.

At Impro Group, our aim is to cultivate an environment where employees feel encouraged to communicate openly and honestly, without any apprehension of reprisal. To further strengthen this commitment, we have implemented enhanced measures in 2024 to provide greater protection and support for whistleblowers. These measures serve to foster a culture of transparency and ensure that concerns can be raised without fear, ultimately promoting a safe and open working environment for all employees.

## THE PROTECTION AND REWARD SYSTEM FOR WHISTLEBLOWER



The whistleblower's name, contact information and all other relevant information are strictly confidential, these reported information are centrally kept by the Audit and Supervision Office, and are only accessible by specialized staff.



Strictly prohibit to transfer the reported information to the reported department or the person who is being reported.



When the whistleblower sends a help request, the auditors must take actions and deal with it on a timely basis.



The whistleblower who reports a major misconduct and successfully prevents its occurrence shall be rewarded after the case is handled.



The whistleblower of a major case may change to another workplace or position which is not less favorable than the original working and living conditions if he/she voluntarily accepts such arrangement.

# APPENDIX I DATA SUMMARY

## INDICATORS OF THE STOCK EXCHANGE

	2024	2023	2022	Unit	Indicators of the Stock Exchange
<b>Operating Results</b>					
Revenue	4,686.8	4,604.4	4,354.7	HK\$ million	N/A
Adjusted profit attributable to shareholders of the Company	615.5	532.0	649.1	HK\$ million	N/A
Number of Active SKUs	9,500	9,300	8,500	Number	N/A
Number of New SKUs during the year	1,200	1,100	1,100	Number	N/A
Average Years of Business Relationship of Top 20 Customers	19.4	18.5	17.7	years	N/A
Top 10 Customers Revenue as a % of Total Revenue	56	52	52	%	N/A

## ENVIRONMENTAL PERFORMANCE

	2024	2023	2022	Unit	Indicators of the Stock Exchange
<b>Greenhouse Gas Emission</b>					
Scope 1 Greenhouse Gas Emissions <sup>1</sup>	11,246	10,538	12,094	tons carbon dioxide	A1: Emission
Scope 2 Greenhouse Gas Emissions <sup>2</sup>	149,587	144,434	152,451	tons carbon dioxide	
Total Greenhouse Gas Emissions	160,833	154,972	164,545	tons carbon dioxide	
Greenhouse gas emission per unit revenue	34.3	33.7	37.7	tons carbon dioxide/ HK\$ million	
<b>Waste Disposal</b>					
Hazardous Waste	1,649	2,742	2,382	tons	A1: Emission
Non-hazardous waste	73,587	47,957	47,618	tons	
— Non-recyclable solid waste	7,504	8,975	28,479	tons	
— Recyclable solid waste	66,083	38,982	19,139	tons	
Total waste disposal	75,236	50,699	50,000	tons	
Hazardous waste disposal per unit revenue	0.35	0.60	0.55	tons/HK\$ million	
Non-hazardous waste disposal per unit revenue	15.70	10.42	10.95	tons/HK\$ million	
— Non-recyclable solid waste disposal per unit revenue	1.60	1.95	6.55	tons/HK\$ million	
— Recyclable solid waste disposal per unit revenue	14.10	8.47	4.40	tons/HK\$ million	
Total weight of hazardous waste diverted from disposal <sup>3</sup>	1,318	N/A	N/A	tons	
Total weight of non-hazardous waste diverted from disposal <sup>3</sup>	59,155	N/A	N/A	tons	

<sup>1</sup> Scope 1 greenhouse gas consists of greenhouse gas emissions from natural gas, diesel and gasoline. Scope 1 Calculation is made with reference to AIIIB Carbon Footprint Report 2021 and CDP Technical Note: Conversion of fuel data to MWh.

<sup>2</sup> Scope 2 greenhouse gas consists of purchased electricity and purchased steam. Scope 2 Calculation is made with reference to IEA emission factors 2021 and China's national grid average emission factor.

<sup>3</sup> According to the requirements of GRI 306, the total weight of hazardous and non-hazardous waste diverted from disposal has been disclosed since 2024.



## APPENDIX I DATA SUMMARY

	2024	2023	2022	Unit	Indicators of the Stock Exchange
<b>Exhaust Gas Emission<sup>4</sup></b>					
Nitrogen oxides	3,937	3,784	2,500	kg	A1: Emission
Sulphur dioxide	756	997	983	kg	
Particulates	6,728	6,504	8,002	kg	
<b>Wastewater Emission</b>					
Total amount of wastewater	220,147	211,438	443,667	tons	A1: Emission
Chemical oxygen demand	11	13	14	tons	
Ammonia nitrogen	1,158	1,042	991	kg	
<b>Energy Consumption</b>					
Direct energy consumption	6,735	6,274	6,996	tons of coal equivalent	A2: Use of Resources
— Natural gas	459	418	478	10,000 normal cubic meter	
— Diesel	355	413	369	tons	
— Gasoline	75	74	68	tons	
Indirect energy consumption	38,739	35,996	38,214	tons of coal equivalent	
— Purchased electricity	26,862	24,467	24,935	10,000 kWh	
— Purchased steam	44,528	46,045	58,855	tons	
Total energy consumption <sup>5</sup>	45,474	42,270	45,210	tons of coal equivalent	
Total energy consumption per unit revenue	9.7	9.2	10.4	tons of coal equivalent/ HK\$ million	
<b>Water Resources Consumption</b>					
Fresh water consumption <sup>6</sup>	902,310	846,531	1,082,236	tons	A2: Use of Resources
Water consumption per unit revenue	192.5	183.9	248.9	tons/HK\$ million	
Total amount of water recycled and reused	11,906	18,125	41,069	tons	
<b>Packaging Materials Consumption<sup>7</sup></b>					
Cardboard	729	761	690	tons	A2: Use of Resources
Wood box	1,549	1,371	1,145	tons	

<sup>4</sup> Discharge hatches are examined once a year. There are changes and fluctuations in relation to products manufactured during different periods, and data would fluctuate accordingly.

<sup>5</sup> Direct energy consumption consists of natural gas, diesel and gasoline consumption. Indirect energy consumption refers to purchased electricity and consumption of purchased steam. Calculation is made with reference to GB/T 2589-2020 General rules for calculation of the comprehensive energy consumption and GHG Protocol issued by WRI and WBCSD.

<sup>6</sup> Fresh water comes from municipal pipe network and natural water body.

<sup>7</sup> The packaging material consumption in 2023 and 2022 has been recalculated and the consumption in 2024 is calculated according to the same standards.

## APPENDIX I DATA SUMMARY

	2024	2023	2022	Unit	Indicators of the Stock Exchange
<b>Environmental Risk Assessment</b>					
Number of plants completed environmental risk assessment	18	17	13	number	N/A
<b>Environment-related Training</b>					
Number of staff trained on environmental issues	6,854	5,376	6,560	number	N/A
<b>EMS Certification</b>					
Number of plants received EMS Certification	11	10	10	number	N/A

## SOCIAL PERFORMANCE

	2024	2023	2022	Unit	Indicators of the Stock Exchange
<b>Staff Employment</b>					
Number of staff	7,778	7,681	7,762	number	B1: Employment
<b>Number of Employees by Gender</b>					
Male	5,640	5,537	5,543	number	B1: Employment
Female	2,138	2,144	2,219	number	
<b>Number of Employees by Age</b>					
Below 30	1,717	1,745	1,777	number	B1: Employment
30–39	2,966	2,838	3,058	number	
40–49	2,080	2,207	2,097	number	
50 or above	1,015	891	830	number	
<b>Number of Employees by Academic Qualification</b>					
Master and bachelor degree	78	79	66	number	B1: Employment
Tertiary and undergraduate	2,142	1,851	1,717	number	
Below tertiary education	5,558	5,751	5,979	number	

## APPENDIX I DATA SUMMARY

	2024	2023	2022	Unit	Indicators of the Stock Exchange
Number of Employees by Type of Employment					
Full time	7,774	7,681	7,762	number	B1: Employment
Part time	4	0	0	number	
Number of Employees by Job Function					
Production	5,550	5,418	5,465	number	B1: Employment
Quality management	819	814	828	number	
Research and development and engineering	678	667	691	number	
Sales and marketing, customer service, supply chain and warehousing	365	373	388	number	
Legal, finance, human resources and administration	366	409	390	number	
Number of Employees by Geographical Region					
Asia	6,008	5,933	5,994	number	B1: Employment
Europe	857	984	1,069	number	
Americas	913	764	699	number	
Staff Retention					
Staff Turnover Rate <sup>8</sup>	21.0	20.1	19.4	%	B1: Employment
Voluntary	11.3	14.2	14.2	%	
Involuntary	9.7	5.9	5.2	%	
Staff Turnover Rate by Geographical Region <sup>8</sup>					
Asia	12.9	14.6	16.5	%	B1: Employment
Europe	16.8	16.0	7.8	%	
Americas	54.1	50.8	46.3	%	
Staff Turnover Rate by Gender <sup>8</sup>					
Male	21.3	20.2	19.0	%	B1: Employment
Female	19.9	19.9	19.4	%	
Staff Turnover Rate by Age <sup>8</sup>					
Below 30	32.2	29.3	29.5	%	B1: Employment
30–39	19.3	17.0	15.9	%	
40–49	13.4	15.5	12.0	%	
Over 50	10.8	13.5	16.9	%	

<sup>8</sup> Starting in 2024, the Group has enhanced its disclosure of employee turnover rate by separately disclosing voluntary and involuntary turnover rates. Comparable 2023 and 2022 data has been restated accordingly.

## APPENDIX I DATA SUMMARY

	2024	2023	2022	Unit	Indicators of the Stock Exchange
<b>Occupational Health and Safety</b>					
Number of work-related fatalities	0	0	0	number	B2: Health and Safety
Work-related fatality rate	0	0	0	%	
Recordable work-related incidents	122	121	98	number	N/A
Incident rate for direct workforce <sup>9</sup>	7.09	7.04	5.47	rate	N/A
Lost days due to work-related injury	1,781	1,817	1,546	days	
Lost time incident rate for direct workforce <sup>10</sup>	0.104	0.106	0.086	rate	N/A
Number of plants conducted employee health and safety risk assessment	18	18	11	number	N/A
<b>Staff Training</b>					
Total staff training hours	309,338	327,146	283,397	hours	B3: Development and Training
Total number of trained staff	7,778	7,681	7,762	number	
Training coverage	100	100	100	%	
Average training hours per staff	39.8	42.6	36.5	hours	
Proportion of total employees with vocational or skills-related training	93.8	83.2	85.2	%	N/A
Proportion of employees who have undergone regular performance and career development reviews	86.6	82.8	85.1	%	N/A
<b>Percentage of Trained Staff by Gender</b>					
Male	72.5	72.1	71.4	%	B3: Development and Training
Female	27.5	27.9	28.6	%	

<sup>9</sup> Incident rate for direct workforce = (Total recordable work-related incidents) X (1,000,000/Total hours worked)

<sup>10</sup> Lost time incident rate for direct workforce = (Days lost due to work-related injuries) X (1,000/Total hours worked)



## APPENDIX I DATA SUMMARY

	2024	2023	2022	Unit	Indicators of the Stock Exchange
Percentage of Trained Staff by Job Function					
Production	71.4	72.7	70.4	%	B3: Development and Training
Quality management	10.5	10.0	10.7	%	
Research and development and engineering	8.7	7.4	8.9	%	
Sales and marketing, customer service, supply chain and warehousing	4.7	5.3	5.0	%	
Legal, finance, human resources and administration	4.7	4.6	5.0	%	
Average Training Hours per Staff by Gender					
Male	39.3	40.5	35.1	hours	B3: Development and Training
Female	41.1	33.0	39.7	hours	
Average Training Hours per Staff by Job Function					
Production	48.2	45.2	36.1	hours	B3: Development and Training
Quality management	24.5	26.0	36.5	hours	
Research and development and engineering	13.2	19.3	41.1	hours	
Sales and marketing, customer service, supply chain and warehousing	6.7	10.8	32.7	hours	
Legal, finance, human resources and administration	28.6	20.8	37.1	hours	
Human right					
Proportion of employees trained in anti-discrimination and human right	94.1	96.3	87.6	%	N/A
Proportion of workplace that have undergone a human rights review or human rights impact assessment	26.3	10.5	21.1	%	N/A
Proportion of employees who have duly elected employee representatives	16.5	24.5	25.6	%	N/A
Proportion of all employees who covered by a formal collective agreement on working conditions	19.2	20.2	20.2	%	N/A

## APPENDIX I DATA SUMMARY

	2024	2023	2022	Unit	Indicators of the Stock Exchange
<b>Social Contributions</b>					
Total number of staff who have taken part in charitable activities	173	307	218	staff	B8: Social Investment
Total number of hours of participation in community events	101	703	2,676	hours	
Social donations	0.2	0.1	0.4	HK\$ million	

### GOVERNANCE PERFORMANCE

	2024	2023	2022	Unit	Indicators of the Stock Exchange
<b>Equality and Diversification</b>					
Proportion of female members in the Board	28.6	25	25	%	N/A
The percentage of female employed in top executive positions	23.3	21.7	18.8	%	N/A
<b>Commercial Ethics Performance</b>					
Corruption litigation cases	0	0	0	incident	B7: Anti-corruption
Number of directors and employees who have participated in anti-corruption training	7,778	6,528	5,362	number	
Number of plants which have been conducted internal audits on business ethics issues	19	15	14	number	N/A
Proportion of employees who have been trained on business ethics issues	100.0	85.0	70.4	%	N/A

## APPENDIX I DATA SUMMARY

	2024	2023	2022	Unit	Indicators of the Stock Exchange
<b>Product Innovation</b>					
Total invention patent newly applied	22	25	11	number	B6: Product Responsibility
Total existing invention patents	142	124	100	number	
Total utility patent newly applied	83	69	57	number	
Total existing utility patent	404	432	348	number	
Research and development costs expenses	228.3	225.1	211.2	HK\$ million	
<b>Product Quality</b>					
Total number of valid product complaints	516	475	394	number	B6: Product Responsibility
Percentage of product recall due to safety and health reasons	0	0	0	%	
<b>Supplier Performance</b>					
Total number of suppliers	4,653	3,971	4,208	number	B5: Supply Chain Management
<b>Number of Suppliers by Geographical Region</b>					
Asia	1,249	1,142	1,139	number	B5: Supply Chain Management
Europe	2,411	2,006	1,972	number	
Americas	993	486	1,097	number	
<b>Suppliers' Environmental and Social Considerations</b>					
Total number of suppliers obtaining ISO14001 certification	207	156	140	number	B5: Supply Chain Management
Suppliers who have signed the Sustainable Sourcing Charter	65.0	55.0	26.1	%	
Suppliers who have contracted with clauses covering environmental, labor and human rights requirements	64.7	30.9	28.7	%	

## APPENDIX II HKEX

ESG aspects and general disclosure and key performance index (KPI)			Chapter
<b>Environment</b>			
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	1.1 Compliance and Management
	A1.1	The types of emissions and respective emissions data.	Appendix I Data Summary
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix I Data Summary
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix I Data Summary
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix I Data Summary
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	1.2 Climate Change 1.5 Pollutant Emissions
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	1.4 Waste Management
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	1.2 Climate Change 1.3 Resource Stewardship
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Appendix I Data Summary
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix I Data Summary
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	1.2 Climate Change
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	1.3 Resource Stewardship We do not encounter any problems in sourcing water for our daily operations, hence is not material to the Group.
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Appendix I Data Summary



## APPENDIX II HKEX

ESG aspects and general disclosure and key performance index (KPI)			Chapter
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	1.1 Compliance and Management
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	1.1 Compliance and Management 1.5 Pollutant Emissions 1.6 Biodiversity
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	1.2 Climate Change
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	1.2 Climate Change
<b>Social</b>			
<b>Employment and Labour Practices</b>			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	2.1 Human Capital
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	2.1 Human Capital Appendix I Data Summary
	B1.2	Employee turnover rate by gender, age group and geographical region.	2.1 Human Capital Appendix I Data Summary
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	2.2 Health and Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	2.2 Health and Safety Appendix I Data Summary
	B2.2	Lost days due to work injury.	Appendix I Data Summary
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	2.2 Health and Safety

## APPENDIX II HKEX

ESG aspects and general disclosure and key performance index (KPI)			Chapter
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	2.1 Human Capital
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix I Data Summary
	B3.2	The average training hours completed per employee by gender and employee category.	2.1 Human Capital Appendix I Data Summary
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	2.1 Human Capital
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	2.1 Human Capital
	B4.2	Description of steps taken to eliminate such practices when discovered.	2.1 Human Capital
Operating Practices			
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	3.4 Supplier Chain
	B5.1	Number of suppliers by geographical region.	Appendix I Data Summary
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	3.4 Supplier Chain
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	3.4 Supplier Chain
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	3.4 Supplier Chain Appendix I Data Summary

## APPENDIX II HKEX

ESG aspects and general disclosure and key performance index (KPI)			Chapter
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	3.2 Quality
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Appendix I Data Summary
	B6.2	Number of products and service related complaints received and how they are dealt with.	3.3 Customer Services Appendix I Data Summary
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.1 Innovation Appendix I Data Summary
	B6.4	Description of quality assurance process and recall procedures.	3.2 Quality
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	3.3 Customer Services
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	3.5 Corporate Governance
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	3.5 Corporate Governance Appendix I Data Summary
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	3.5 Corporate Governance
	B7.3	Description of anti-corruption training provided to directors and staff.	3.5 Corporate Governance Appendix I Data Summary
<b>Community</b>			
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	2.3 Stakeholder and Community Engagement
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	2.3 Stakeholder and Community Engagement
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Appendix I Data Summary

# APPENDIX III GRI STANDARD

## GRI 1 Foundation 2021

Statement of use

Impro Precision Industries Limited has reported in accordance with the GRI Standards for the period from 1 January 2024 to 31 December 2024

Disclosure	Location	Requirement(s)	Omission	
		Omitted	Reason	Explanation
Organization and Reporting Practices				
2-1:	Organizational details	Headquartered in Hong Kong. Impro Precision Industries Limited is listed on the Main Board of The Stock Exchange of Hong Kong (stock code: 1286) Impro Global Locations		
2-2:	Entities included in the organization’s sustainability reporting	About this Report		
2-3:	Reporting period, frequency and contact point	About this Report		
2-4:	Restatements of information	Appendix I Data Summary		
2-5:	External assurance	About this Report Appendix V Verification Statement		
Activities and Workers				
2-6:	Activities, value chain and other business relationships	About Impro Markets- Impro Market Overview		
2-7:	Employees	2.1 Human Capital Appendix I Data Summary		
2-8:	Workers who are not employees	Appendix I Data Summary		



## APPENDIX III GRI STANDARD

		Omission		
Disclosure	Location	Requirement(s) Omitted	Reason	Explanation
Governance				
2-9:	Governance structure and composition	List of directors and their roles and functions 3.5 Corporate Governance		
2-10:	Nomination and selection of the highest governance body	3.5 Corporate Governance		
2-11:	Chair of the highest governance body	List of directors and their roles and functions 3.5 Corporate Governance		
2-12:	Role of the highest governance body in overseeing the management of impacts	Sustainable Development Strategy		
2-13:	Delegation of responsibility for managing impacts	Sustainable Development Strategy		
2-14:	Role of the highest governance body in sustainability reporting	Sustainable Development Strategy		
2-15:	Conflicts of interest	3.5 Corporate Governance		
2-16:	Communication of critical concerns	3.5 Corporate Governance		
2-17:	Collective knowledge of the highest governance body	Sustainable Development Strategy		
2-18:	Evaluation of the performance of the highest governance body	3.5 Corporate Governance		
2-19:	Remuneration policies	2.1 Human Capital		
2-20:	Process to determine remuneration	2.1 Human Capital		
2-21:	Annual total compensation ratio	Limited disclosure on annual total compensation ratio	Limited data	Incomplete assessment on annual total compensation ratio
Strategy, Policies and Practices				
2-22:	Statement on sustainable development strategy	Sustainable Development Strategy		
2-23:	Policy commitments	3.5 Corporate Governance		
2-24:	Embedding policy commitments	3.5 Corporate Governance		
2-25:	Processes to remediate negative impacts	3.5 Corporate Governance		
2-26:	Mechanisms for seeking advice and raising concerns	3.5 Corporate Governance		
2-27:	Compliance with laws and regulations	3.5 Corporate Governance		

## APPENDIX III GRI STANDARD

Disclosure	Location	Requirement(s)	Omission	
		Omitted	Reason	Explanation
Stakeholder Engagement				
2-29:	Approach to stakeholder engagement	Sustainable Development Strategy		
2-30:	Collective bargaining agreements	2.1 Human Capital		
GRI 3: Material Topics 2021				
3-1:	Process to determine material topics	Sustainable Development Strategy		
3-2:	List of material topics	Sustainable Development Strategy		
3-3:	Management of material topic	Sustainable Development Strategy		
GRI 201: Economic Performance 2016				
201-2:	Financial implications and other risks and opportunities due to climate change	1.2 Climate Change		
201-3:	Defined benefit plan obligations and other retirement plans	2.1 Human Capital		
GRI 205: Anti-corruption 2016				
3-3:	Management of material topic	3.5 Corporate Governance		
205-1:	Operations assessed for risks related to corruption	3.5 Corporate Governance		
205-2:	Communication and training about anti-corruption policies and procedures	3.5 Corporate Governance		
205-3:	Confirmed incidents of corruption and actions taken	3.5 Corporate Governance		
GRI 302: Energy 2016				
3-3:	Management of material topic	1.1 Compliance and Management		
302-1:	Energy consumption within the organization	Appendix I Data Summary		
302-2:	Energy consumption outside of the organization	Appendix I Data Summary		
302-3:	Energy intensity	Appendix I Data Summary		
302-4:	Reduction of energy consumption	1.2 Climate Change		
302-5:	Reductions in energy requirements of products and services	1.2 Climate Change		

## APPENDIX III GRI STANDARD

Disclosure		Location	Omission		
			Requirement(s) Omitted	Reason	Explanation
GRI 303: Water and Effluents 2018					
3-3:	Management of material topic	1.1 Compliance and Management			
303-1:	Interactions with water as a shared resource	1.3 Resource Stewardship 1.5 Pollutant Emissions			
303-2:	Management of water discharge-related impacts	1.3 Resource Stewardship 1.5 Pollutant Emissions			
303-3:	Water withdrawal	Appendix I Data Summary			
303-4:	Water discharge	Appendix I Data Summary			
303-5:	Water consumption	Appendix I Data Summary			
GRI 304: Biodiversity 2016					
3-3:	Management of material topic	1.1 Compliance and Management			
304-1:	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	1.6 Biodiversity			
304-2:	Significant impacts of activities, products and services on biodiversity	Limited disclosure on significant impacts of activities, products and services on biodiversity	Limited data	No significant impact on biodiversity and ecosystems	
304-3:	Habitats protected or restored	Limited disclosure on habitats protected or restored	Limited data	No significant impact on biodiversity and ecosystems	
304-4:	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Limited disclosure on IUCN Red List species and national conservation list species	Limited data	No significant impact on biodiversity and ecosystems	

## APPENDIX III GRI STANDARD

			Omission		
Disclosure		Location	Requirement(s) Omitted	Reason	Explanation
GRI 305: Emissions 2016					
3-3:	Management of material topic	1.1 Compliance and Management			
305-1:	Direct (Scope 1) GHG emissions	Appendix I Data Summary			
305-2:	Energy indirect (Scope 2) GHG emissions	Appendix I Data Summary			
305-3:	Other indirect (Scope 3) GHG emissions		Limited disclosure on other indirect Scope 3) GHG emissions	Limited data	Incomplete data on indirect GHG emissions
305-4:	GHG emissions intensity	Appendix I Data Summary			
305-5:	Reduction of GHG emissions	1.2 Climate Change			
305-7:	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Appendix I Data Summary			
GRI 306: Waste 2020					
3-3:	Management of material topic	1.1 Compliance and Management			
306-1:	Waste generation and significant waste-related impacts	1.4 Waste Management			
306-2:	Management of significant waste-related impacts	1.4 Waste Management			
306-3:	Waste generated	Appendix I Data Summary			
306-4:	Waste diverted from disposal	Appendix I Data Summary			
306-5:	Waste directed to disposal	Appendix I Data Summary			
GRI 308: Supplier Environmental Assessment 2016					
308-1:	New suppliers that were screened using environmental criteria	3.4 Supplier Chain			
308-2:	Negative environmental impacts in the supply chain and actions taken	3.4 Supplier Chain			



## APPENDIX III GRI STANDARD

		Omission		
Disclosure	Location	Requirement(s) Omitted	Reason	Explanation
GRI 403: Occupational Health and Safety 2018				
3-3:	Management of material topic	2.2 Health and Safety		
403-1:	Occupational health and safety management system	2.2 Health and Safety		
403-2:	Hazard identification, risk assessment, and incident investigation	2.2 Health and Safety		
403-3:	Occupational health services	2.2 Health and Safety		
403-4:	Worker participation, consultation, and communication on occupational health and safety	2.2 Health and Safety		
403-5:	Worker training on occupational health and safety	2.2 Health and Safety		
403-6:	Promotion of worker health	2.2 Health and Safety		
403-7:	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	2.2 Health and Safety		
403-8:	Workers covered by an occupational health and safety management system	2.2 Health and Safety		
403-9:	Work-related injuries	2.2 Health and Safety Appendix I Data Summary		
403-10:	Work-related ill health	Limited disclosure on work-related ill health	Limited data	Incomplete assessment on work-related ill health
GRI 405: Diversity and Equal Opportunity 2016				
3-3:	Management of material topic	2.1 Human Capital		
405-1:	Diversity of governance bodies and employees	2.1 Human Capital Appendix I Data Summary		
405-2:	Ratio of basic salary and remuneration of women to men	Limited disclosure on ratio of basic salary and remuneration of women to men	Limited data	Incomplete assessment on basic salary and remuneration of women and men
GRI 414: Supplier Social Assessment 2016				
414-1:	New suppliers that were screened using social criteria	3.4 Supplier Chain		
414-2:	Negative social impacts in the supply chain and actions taken	3.4 Supplier Chain		



## APPENDIX III GRI STANDARD

Disclosure		Location	Requirement(s) Omitted	Omission Reason	Explanation
GRI 416: Customer Health and Safety 2016					
3-3:	Management of material topic		Limited disclosure on management of customer health and safety	Limited data	No significant impact on customer health and safety
416-1:	Assessment of the health and safety impacts of product and service categories		Limited disclosure on health and safety impacts of product and service categories	Limited data	No significant impact on customer health and safety
416-2:	Incidents of noncompliance concerning the health and safety impacts of products and services		Limited disclosure on noncompliance concerning the health and safety	Limited data	No significant impact on customer health and safety
GRI 418: Customer Privacy 2016					
3-3:	Management of material topic	3.3 Customer Service			
418-1:	Substantiated complaints concerning breaches of customer privacy and losses of customer data		Limited disclosure on substantiated complaints concerning breaches of customer privacy and losses of customer data	Limited data	Incomplete assessment on customer privacy-related complaints

## APPENDIX IV



# UN SUSTAINABLE DEVELOPMENT GOALS

Impro Group integrates ESG's goal formulation, management system and governance model into the United Nations sustainable development goals. During the Reporting Period, we identified 9 sustainable development goals closely related to Impro Group, the environment and the community.

SDG Goals	Descriptions of Relevant Goals	Our Actions	Our Report
 <p>Good health and well-being</p>	To significantly reduce the number of deaths, diseases and incident rate caused by hazardous chemicals and air, water and soil pollutions by 2030	<p>We manage and store hazardous chemicals in strict accordance with relevant rules and regulations to safeguard the life and ensure the safety of employees. We also formulated a EHS risk management emergency plan in terms of chemical spill emergency response and regularly carry out hazardous chemical leakage drills to improve employees' ability to respond to emergencies</p> <p>In 2024, we set a new Health and Safety goal. We are committed to:</p> <ul style="list-style-type: none"> <li>• Reduce incident rate for direct workforce by 20% in 2030 as compared to 2024</li> </ul>	2.2 Health and Safety
	To achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all	We pay social insurance for our employees according to the laws in the operating sites, and provide regular occupational health examinations and physical examinations for all employees	2.1 Human Capital, 2.2 Health and Safety
 <p>Quality Education</p>	To significantly increase the number of adolescents and adults with technical and vocational skills by 2030, so as to promote their employment, decent work and entrepreneurship	We organized various training programs, mainly the "Young Eagle Plan" and "Employee First Year Consultation Plan", for fresh graduates and new recruits to improve their professional skills	2.1 Human Capital
	To ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university	We formed employee development channels for all employees, including "Young Eagle Plan", "Employee First Year Consultation Plan" and "Star Mechanician and Star Technician Program", and implemented skill matrix evaluation to ensure employees improve the corresponding skills and knowledge	2.1 Human Capital

## APPENDIX IV




# UN SUSTAINABLE DEVELOPMENT GOALS

SDG Goals	Descriptions of Relevant Goals	Our Actions	Our Report
 Gender Equality	To ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	Currently, female members account for 28.6% of the Board	3.5 Corporate Governance
	To realize gender equality by empowering women and girls	We strictly follow labor laws and regulations in all operating sites and unequivocally support the fundamental rights of employees to eliminate injustice and inequity, and provide equal employment, promotion opportunities as well as the compensation and benefits to all individuals regardless of gender	2.1 Human Capital
 Decent work and economic growth	To focus on high value-added and labor-intensive sectors to achieve a higher level of economic production by way of diversification, technical upgrading and innovation	We improve production efficiency through innovation and introduction of new equipment	3.1 Innovation
	To take immediate and effective measures to eradicate forced labor, secure the prohibition and elimination of the worst forms of child labor	We strictly follow labor laws and regulations in all operating sites, and updated and implemented internal procedures including the Impro Child Labor, Forced Labor and Human Trafficking Policy etc. to govern our recruitment process to avoid any form of child and forced labor. We have established a comprehensive remediation procedure to address any instances where child labor is identified	2.1 Human Capital
	To reduce substantially the proportion of youth not in employment, education or training	We continuously expand our talent pool and balance our staff structure through enriching our recruitment channels, including "Young Eagle Plan", and contribute to local education and talent fostering by actively cooperating with local universities or schools	2.1 Human Capital
	To protect labor rights and promote safe and secure working environments for all workers	We respect the rights of employees and have formulated a well-established EHS management system. We also implement numerous measures to ensure the occupational health and safety of employees	2.1 Human Capital, 2.2 Health and Safety



# APPENDIX IV

## UN SUSTAINABLE DEVELOPMENT GOALS

SDG Goals	Descriptions of Relevant Goals	Our Actions	Our Report
 <p>Industry, innovation and infrastructure</p>	<p>To support technology development, research and innovation in developing countries to ensure a favourable policy environment for industrial diversification and adding value to commodities</p>	<p>We continuously increase our investment in various sites, enhance the R&amp;D strength, improve the R&amp;D mechanisms, and stimulate the innovation potential of talents. In 2024, the Impro Group's total investment in innovation ups to HK\$261.4 million. Also, we have around 700 R&amp;D staff as of 31 December 2024</p>	<p>3.1 Innovation 2.3 Stakeholder and Community Engagement</p>
	<p>To upgrade infrastructure and retrofit industries by 2030 to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes</p>	<p>We are dedicated to reducing our energy consumption and improving our efficiency through various energy saving measures including promoting clean energy and equipment retrofitting</p>	<p>1.3 Resource Stewardship</p>
 <p>Sustainable Cities and Communities</p>	<p>To reduce urban per capita environmental impact, with a special focus on air quality, municipal and other waste management by 2030</p>	<p>We continuously promote technological improvement to reduce air emissions and strictly manage wastewater and waste discharge</p>	<p>1.4 Waste Management 1.5 Pollutant Emissions</p>
 <p>Responsible consumption and production</p>	<p>To encourage companies to integrate sustainability information into their reporting cycle</p>	<p>We have established Sustainability Committee and hold regular meetings to discuss Impro's performance on ESG issues</p>	<p>1.1 Compliance and Management</p>
	<p>To realize the sustainable management and effective use of natural resources by 2030</p>	<p>Impro Group actively leads low-carbon development through technological innovation. We strive to reduce energy consumption in the production process, develop low energy consumption products, and reduce pollution through innovation</p>	<p>3.1 Innovation</p>
	<p>To substantially reduce waste generation through prevention, reduction, recycling and reuse by 2030</p>	<p>We continue to promote waste management by improving our waste classification and recycling efforts</p>	<p>1.4 Waste Management</p>

## APPENDIX IV

# UN SUSTAINABLE DEVELOPMENT GOALS

SDG Goals	Descriptions of Relevant Goals	Our Actions	Our Report
 <p>Climate Action</p>	<p>To incorporate climate change measures into national policies, strategies and plans</p>	<p>We established our environmental policy and set our first climate goals. We are committed to:</p> <ul style="list-style-type: none"> <li>• Reduce GHG intensity by 30% in 2030 as compared to 2020</li> <li>• Reduce energy consumption intensity by 30% in 2030 as compared to 2020</li> <li>• Reduce water consumption intensity by 40% in 2030 as compared to 2020</li> <li>• Reduce hazardous solid waste intensity by 50% in 2030 as compared to 2020</li> <li>• Reduce non-recyclable solid waste intensity by 85% in 2030 as compared to 2020</li> </ul> <p>Please see Environmental section to get more actions we have taken</p>	<p>1.1 Compliance and Management</p> <p>1.2 Climate Change</p> <p>1.3 Resource Stewardship</p> <p>1.4 Waste Management</p> <p>1.5 Pollutant Emissions</p>
 <p>Partnerships for the goals</p>	<p>To significantly increase the exports of developing countries, especially to double the share of the least developed countries in global exports</p>	<p>We invest in various plants to create more employment opportunities for the sites while attract more foreign investment for local government</p>	<p>2.3 Stakeholder and Community Engagement</p>
	<p>To enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries</p>	<p>We continuously increase our investment in various sites all over the world and actively cooperated with local universities or schools to contribute to local education and talent fostering</p>	<p>2.3 Stakeholder and Community Engagement</p>

# APPENDIX V VERIFICATION STATEMENT



## Verification Statement

### Scope and Objective

The Hong Kong Quality Assurance Agency ("HKQAA") was commissioned by Impro Precision Industries Limited ("IMPRO", Stock Code: 1286) to conduct an independent verification for its Environmental, Social and Governance Report 2024 ("the Report"). The report covered the period from 1 January 2024 to 31 December 2024 and represented the sustainability performance of IMPRO.

The aim of this verification is to provide an independent opinion with a reasonable level of assurance on whether the report was prepared in accordance with the following criteria:

- The Environmental, Social and Governance Reporting Guide ("ESG Guide") set out in Appendix C2 of the Listing Rules of The Stock Exchange of Hong Kong Limited (version effective from 31 December 2023, which remains applicable to annual reports for financial years commencing before 1 January 2025)
- The Sustainability Reporting Standards issued by the Global Reporting Initiative ("GRI Standards")

### Level of Assurance and Methodology

HKQAA's verification procedure has been conducted with reference to the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000") issued by the International Auditing and Assurance Standards Board. The evidence gathering and sampling process was designed to obtain a reasonable level of assurance as set out in the ISAE 3000 by using a risk-based approach.

Our verification procedures included, but not limited to:

- Sampling the sustainability information stated in the Report, e.g. Claims and performance data for detailed verification;
- Verifying the raw data and supporting information of selected samples of the sustainability information;
- Interviewing the personnel responsible; and
- Checking the internal control mechanism.

### Roles and Responsibilities

IMPRO is responsible for their organization's information systems, the development and maintenance of records, the reporting procedures in accordance with the system, including the calculation and determination of sustainability information and performance. HKQAA verification team is responsible for providing an independent verification opinion on the report provided by IMPRO for the reporting period mentioned above. The verification was based upon the verification scope, objectives and criteria as agreed upon between IMPRO and HKQAA.

# APPENDIX V VERIFICATION STATEMENT



## Independence

HKQAA did not involve in collecting and calculating data or compiling the reporting contents. Our verification activities were entirely independent and there was no relationship between HKQAA and IMPRO that would affect the impartiality of the verification.

## Limitation and Exclusion

The following limitations and exclusions were applied to this verification due to the service scope, nature of verification criteria, and characteristics of the verification methodology.

- I. Our verification scope is limited to verifying the transcription/transformation of the raw data or information into the selected disclosures, e.g. claims and performance data stated in the Report. This sustainability information may be subject to inherent uncertainty.
- II. Evaluating the quality of execution and implementation effectiveness of the ESG practices, the appropriateness of the assumptions made, and the estimation techniques applied were outside the scope of our verification.
- III. The verification of raw data or information is based on the use of a sampling approach and relies upon the client's representation. As a result, errors or irregularities may occur and may remain undetected.
- IV. Any information outside the established verification period were excluded.

## Conclusion

Based upon the evidence obtained and the results of the verification process, it is in the opinion of the HKQAA verification team that, with a reasonable level of assurance, the Report has been prepared, in all material aspects, in accordance with the following criteria:

- The Environmental, Social and Governance Reporting Guide ("ESG Guide") set out in Appendix C2 of the Listing Rules of The Stock Exchange of Hong Kong Limited (version effective from 31 December 2023, which remains applicable to annual reports for financial years commencing before 1 January 2025)
- The Sustainability Reporting Standards issued by the Global Reporting Initiative ("GRI Standards")

Signed on behalf of Hong Kong Quality Assurance Agency

A handwritten signature in black ink, appearing to read 'K T Ting', is written over a faint, light blue grid background.

K T Ting  
Chief Operating Officer  
April 2025  
14950955-VER





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