



2022
ENVIRONMENTAL
SOCIAL
AND GOVERNANCE REPORT

XTC NEW ENERGY MATERIALS (XIAMEN) CO., LTD.



CONTENTS

About This Report

Reference Guidelines	1
Reporting Scope	2
Explanatory Note	2
External Assurance	2
Report Availability and Feedback	2

Chairman's Statement

Chairman's Statement	3
----------------------------	---

About Us

Production Bases	6
2022 ESG Key Performance Indicators	7
Honors and Awards in 2022	8

Sustainable Development Governance

Sustainable Development Framework	9
Sustainable Development Management Structure	11
Sustainable Development Risk Assessment	13
Stakeholder Engagement	15
Material Issues Assessment	16

Environmental

Green Technology Innovation	20
GHG Emissions Control	24
Water Resources Conservation	31
Pollutants Emission Control	35
Noise Control	40
Biodiversity Protection	40

Social

A Platform for Talent Gathering	43
Occupational Health and Safety	51
Responsible Supply Chain	59
Co-Creating Harmonious Society	65

Governance

Board of Directors	69
Party Building	71
Risk Control and Compliance	73
Business Ethics	74
Tax Compliance	77
Complaint Mechanism and Whistleblower Protection	78
Information Security	79
IPR Protection	81

Data Overview	82
GRI Standards	86
TCFD Recommendations	95
SASB Index	96
Verification Statement of Greenhouse Gases Emissions	98
Independent Limited Assurance Report	99

About This Report

This is the 2022 Environmental, Social, and Governance Report ("this report") released by XTC New Energy Materials (Xiamen) Co., Ltd. (Hereinafter referred to as "XWXN" or "We"). This report aims to provide stakeholders with an overview of the XWXN's Economic, Environmental, and Social Performance in 2022.

Reporting Scope

The reporting period of this report is from January 1, 2022 to December 31, 2022 and some parts of the report are beyond the aforementioned scope. Unless otherwise specified, the data disclosed in this report include all enterprises within the scope of the consolidated statement of XWXN. The financial data in this report is extracted from the audited Annual Report FY2022 of XWXN, the data of GHG emissions is taken from the "2022 Greenhouse Gas Verification Report of XTC New Energy Materials (Xiamen) Co., Ltd." issued by Societe Generale de Surveillance S.A., while other data is sourced from XWXN's internal systems or manually collected.

Explanatory Note

Reference Guidelines

We prepare this report in accordance with the "Global Reporting Initiative Standards" (GRI Standards), and "Sustainability Accounting Standards Board Standards" (SASB Standards). The report also takes into account the disclosure requirements of the "Guidelines No. 1 for Self-regulation of Listed Companies on the Shanghai Stock Exchange STAR Market - Standard Operation", the Climate-related Financial Disclosure Framework published by the Task Force on Climate-related Financial Disclosures (TCFD), and the United Nations Sustainable Development Goals (SDGs).

Abbreviation	Full Name
XWXN, We	XTC New Energy Materials (Xiamen) Co., Ltd.
Sanming XWXN	XTC New Energy Materials (Sanming) Co., Ltd.
Ningde XWXN	XTC New Energy Materials (Ningde) Co., Ltd.

External Assurance

RSM China CPA LLP independently guarantees the environmental, social and corporate governance performance key indicators in this report.

Report Availability and Feedback

This report is published in electronic format in both Simplified Chinese and English. In the event of any inconsistencies between the Chinese and English versions, the Chinese version shall prevail. The electronic version of the report can be accessed and downloaded from our official website (www.xtc-xny.com) and the Shanghai Stock Exchange website (www.sse.com.cn). If you have any comments or suggestions on our economic, environmental, and social performance, please get in touch with us at XNYJC@cxtc.com.



Chairman's Statement

In 2022, China embarked on a new journey towards building a modern socialist country and achieving its second centenary goal. It was an extraordinary year marked by the successful convening of the 20th National Congress of the Communist Party of China, which outlined a grand blueprint for realizing the great rejuvenation of the Chinese nation through a Chinese-style modernization, and opened a new expedition full of glory and dreams.

In 2022, we adhered to the concept of "Undertake the corporate mission, Advocate green and low-carbon" by leveraging advanced international equipment, introducing international advanced manufacturing management systems, continuously iterating and upgrading production line processes, steadily improving the level of intelligent manufacturing, and creating a green and sustainable production mode. Our company and all the subsidiary enterprises have been recognized and awarded the title of "Green Factory" by the Ministry of Industry and Information Technology of the country. To consolidate and enhance our competitive advantage in the field of lithium battery cathode materials, we continued to invest in technological research and development innovation, and successfully achieved breakthroughs in key core technologies in the 3C lithium battery and power lithium battery cathode material fields, promoting the high-quality development of the new energy industry. In 2022, we established a Dual Carbon Office responsible for the overall management of greenhouse gas emissions for the company, and developed a roadmap for the company's "Dual Carbon Goals." In addition to implementing carbon reduction measures within our own operations, the Dual Carbon Office actively participated in the development of industry carbon standards and strengthened cooperation with upstream and downstream companies in the industrial chain. By promoting carbon reduction efforts among major suppliers, we are committed to achieving overall low-carbon development of the industrial chain.

In 2022, we have made sustainable development an important part of our supply chain management, actively practicing responsible procurement and working with our industry partners to build a more stable and sustainable industrial chain. As a permanent member of RCI (Responsible Cobalt Initiative), we have actively participated in international forums and contributed to the development of domestic standards,

such as the supply chain auditing standards for RCI ASM Cobalt ESG Management Framework. We have engaged in multi-stakeholder dialogues with various stakeholders, encouraging upstream and downstream companies in the cobalt supply chain to participate in responsible management activities to effectively address risks at the source of the cobalt supply chain, making a collective contribution to the sustainable development of the industry.

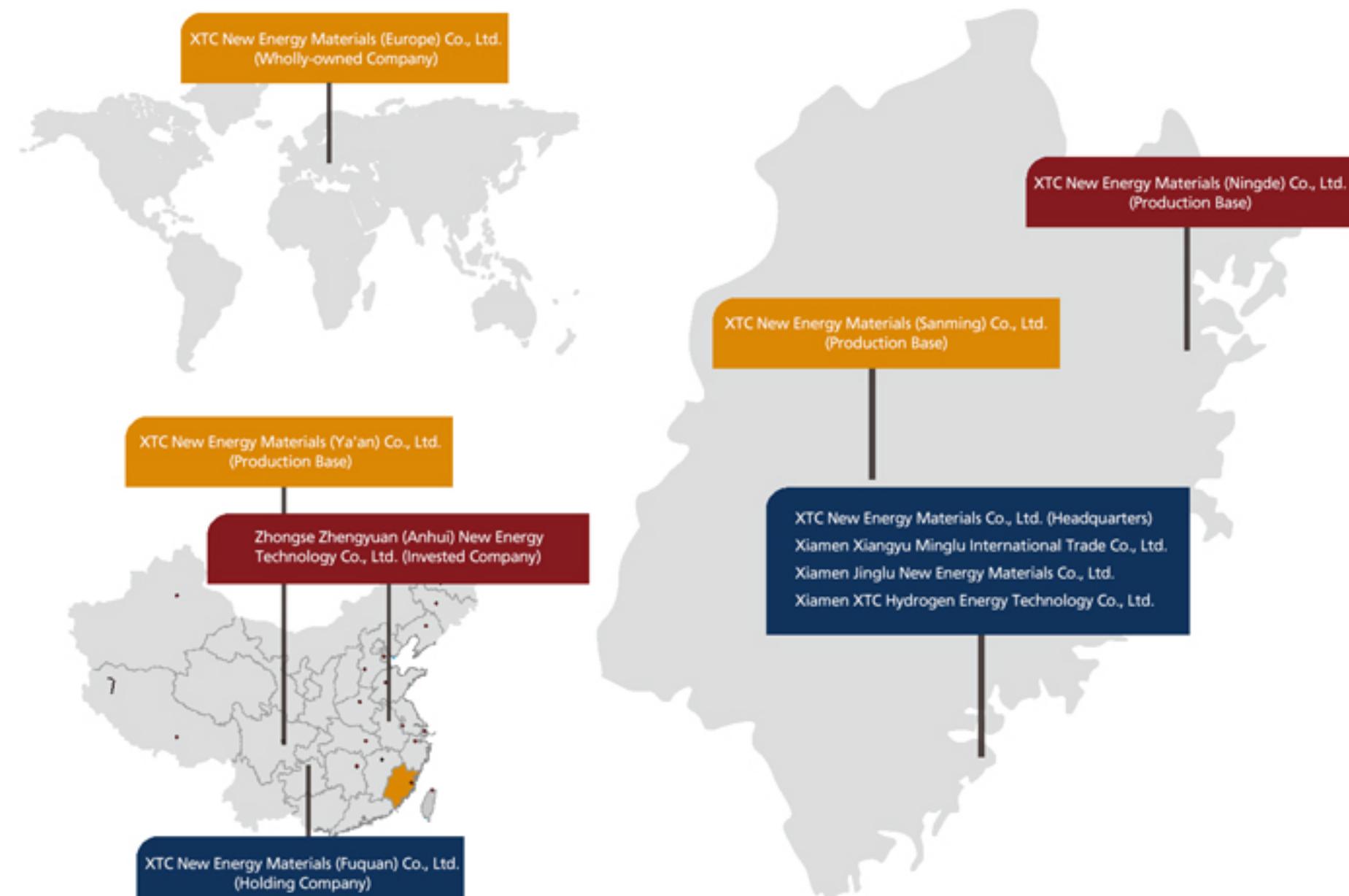
In 2022, we adhered to the development philosophy of "people-oriented", always putting the health and safety of our employees as a top priority. We continuously optimized and improved our occupational health and safety management system, and committed ourselves to providing a safe and healthy working environment for our employees, suppliers, and contractors. We implemented a talent-driven strategy and improved our talent development system, striving to build our company into a platform that attracts talents. We respected the cultural customs and rights of every resident in the communities where we operate, incorporating the spirit of volunteering as part of our corporate culture. We have been conducting long-term public welfare activities with a focus on caring for children and the seniors, actively fulfilling our social responsibilities and promoting the well-being of our communities.

During this historical juncture of the "Two Centenary Goals," XWXN upholds the concept of new development, driving the energy revolution through material innovation, leading excellent growth with green dreams, and pursuing a development path of "high-end product, integrated production-research, and internationalized operation." We are committed to becoming the most internationally competitive new energy material industrial base, providing advanced material solutions for achieving carbon neutrality, and contributing to the harmonious development of economy, environment, and society.



About Us

XWXN mainly engages in the research and development, production, and sales of new energy battery materials, including ternary materials, lithium cobaltate, lithium iron phosphate, and hydrogen storage alloy powder, etc., which are widely used in new energy vehicles, 3C consumer electronics, energy storage, and other fields. We adhere to a development strategy of "market-oriented, research-driven, quality-led", and a development path of "high-end product, integrated production-research, and internationalized operation". We strive to promote energy revolution through material innovation and lead excellent growth with a green dream, aiming to become the most internationally competitive new energy materials industrial base.



Production Bases

During the reporting period, we have four major production bases: Xiamen Haicang, Sanming, Ningde, and Xiamen Haijing. We have also invested in constructing two additional bases, Fuquan Base and Ya'an Base.



2022 At a Glance

Economic	<ul style="list-style-type: none"> Total assets : 15,380.37million RMB Operating revenue : 28,751.31 million RMB Operating costs : 26,277.85 million RMB Net Income Attributable to Shareholders : 1,120.55 million RMB Research and development input : 757.31 million RMB
Social	<ul style="list-style-type: none"> Total social contributions : 31,629.55 million RMB <ul style="list-style-type: none"> Including : Total tax payment : 391.08 million RMB Employee compensation : 336.03 million RMB Dividends paid to shareholders : 125.79 million RMB Payments to suppliers : 30,715.98 million RMB Interests paid to creditors : 60.64 million RMB Community donations: 0.04 million RMB Occupational health and safety input : 17.78 million RMB Safety training hours: 31,879 hours Number of employees : 2,526 persons Occupational fatalities: 0 persons Volunteer service hours : 1,498 hours
Environmental	<ul style="list-style-type: none"> GHG emissions : 52,832 tCO₂e GHG emission intensity : 184 tCO₂e/100 million RMB of operating revenue Green Electricity Consumption: 592,782,864 kWh Total water consumption : 770,362 m³ Energy Consumption Density : 8,385 GJ/100 million RMB of operating revenue

Honors and Awards in 2022

The Winner	Honors and Awards
XTC New Energy Materials (Xiamen) Co., Ltd.	2022 Most Valuable Companies Listed on the SSE STAR Market
XTC New Energy Materials (Xiamen) Co., Ltd.	Pure Lithium Power Charge Award - 2021 TOP 5 Lithium Cobalt Oxide Material
XTC New Energy Materials (Xiamen) Co., Ltd.	Pure Lithium Power Charge Award- 2021 TOP6 Ternary Material
XTC New Energy Materials (Xiamen) Co., Ltd.	Leading Advanced Manufacturing Enterprises in Xiamen City
XTC New Energy Materials (Xiamen) Co., Ltd.	Selected for the Ministry of Industry and Information Technology's 2022 List of Green Factories
XTC New Energy Materials (Sanming) Co., Ltd.	Selected for the Ministry of Industry and Information Technology's 2022 List of Green Factories
XTC New Energy Materials (Ningde) Co., Ltd.	Selected for the Ministry of Industry and Information Technology's 2022 List of Green Factories

Sustainable Development Governance

Facing the enormous impact of climate change on human society and nature, the era of green, efficient, and sustainable carbon-neutral energy is approaching. Clean, safe, and recyclable energy is driving rapid development in 3C electronic products, new energy vehicles, and energy storage. XWXN, guided by the principles of sustainable and healthy development for both people and nature, has established a complete product line of new energy materials, supporting the creation of more possibilities in the fields of 3C consumer electronics, new energy vehicles, and energy storage, providing advanced material solutions for achieving carbon neutrality, and promoting green industry.

Sustainable Development Framework

We take the United Nations' 17 Sustainable Development Goals (SDGs) from the UN's 2030 Agenda for Sustainable Development as action guide, continuously strengthen ESG-related issues management, and are committed to the achievement of the UN's Sustainable Development Goals.

Make XWXN a place for employee to realize personal value, a place for customer to find solutions, a place for shareholder to invest in, and also a place for society to benefit from.	
<p>Environmental</p> <ul style="list-style-type: none"> Through continuous R&D investment, we have successfully achieve breakthroughs of multiple core technologies in 3C lithium batteries and power lithium battery cathode materials, promoting high-quality development of the new energy industry. We utilize advanced international equipment, import leading international manufacturing management systems, continuously upgrade production line process, steadily improve our smart manufacturing level, and create a green and sustainable production mode. We continue to promote environmental management system construction. We and all our subsidiaries have passed ISO 14001 standards, covering 100% of production and operation bases and our primary subordinate companies have also been recognized as Green Factories by the Ministry of Industry and Information Technology. We adhere to the concept of "Undertake the corporate mission, Advocate green and low-carbon" and follow the approach of "systematic planning, seize the opportunities, results-oriented, industry-leading" for emission reduction. And we continuously optimize and improve our greenhouse gas emission management system to minimize greenhouse gas emissions to the greatest extent possible. We actively explore various measures to improve water resources management, increase efforts in water resources protection, enhance water resource utilization efficiency, and strive to create a water-saving enterprise. 	

Make XWXN a place for employee to realize personal value, a place for customer to find solutions, a place for shareholder to invest in, and also a place for society to benefit from.

Environmental	<ul style="list-style-type: none"> We always adhere to green production methods, controlling pollutants generation at source during production, implementing total emission control, and complying with the management requirements of environmental protection departments and internal company regulations. We value biodiversity conservation. Before construction, we conduct soil monitoring and consider whether they will affect protected areas for flora and fauna, production and breeding sites, etc., to ensure that they will not have any impact on local biodiversity. 	
Social	<ul style="list-style-type: none"> We adhere to the "people-oriented" development philosophy, implement a talent-driven strategy, and improve the talent cultivation system. We provide a positive, inclusive, and healthy environment for talent development, and strive to build us a platform for talent aggregation, technological innovation, and industrial development. We comply with international standard documents such as the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social, and Cultural Rights, which uphold human rights and safeguard labor rights. We aim to create a harmonious, diverse, inclusive, equal, and just working environment for our employees. We always prioritize the health and safety of employees, and take "prevention-oriented, comprehensive management, civilized production" as the guiding principles for safety production management. We continuously optimize our occupational health and safety management system, and are committed to providing a safe and healthy workplace for employees, suppliers, and contractors. We actively practice responsible procurement and consider sustainable development an essential supply chain management component. We integrate ESG requirements into our procurement strategy and into production, transportation, and raw material usage, among other business processes. We aim to effectively mitigate environmental and social risks that may arise from upstream and downstream value chains, and work with our suppliers to build a more stable and sustainable industrial chain. We always adhere to the quality management system requirement of "providing different products according to the needs of different customers, ensuring consistent quality for each customer every time, and pursuing higher quality products through high-quality work." We persist in creating higher-quality products through high-quality work and strive to achieve excellence in product quality. We actively participate in international forums and activities related to responsible supply chains, and contribute industry standard revision and development. We respect the local culture & norms and strive to safeguard the rights and interests of local residents. We prioritize local procurement and local employment, which helps generate local jobs and promotes local economic development. We consider volunteerism as an integral part of our corporate culture. We continuously engage in public welfare activities with themes of caring for children and the elderly, striving to fulfill our social responsibilities. 	

Make XWXN a place for employee to realize personal value, a place for customer to find solutions, a place for shareholder to invest in, and also a place for society to benefit from.

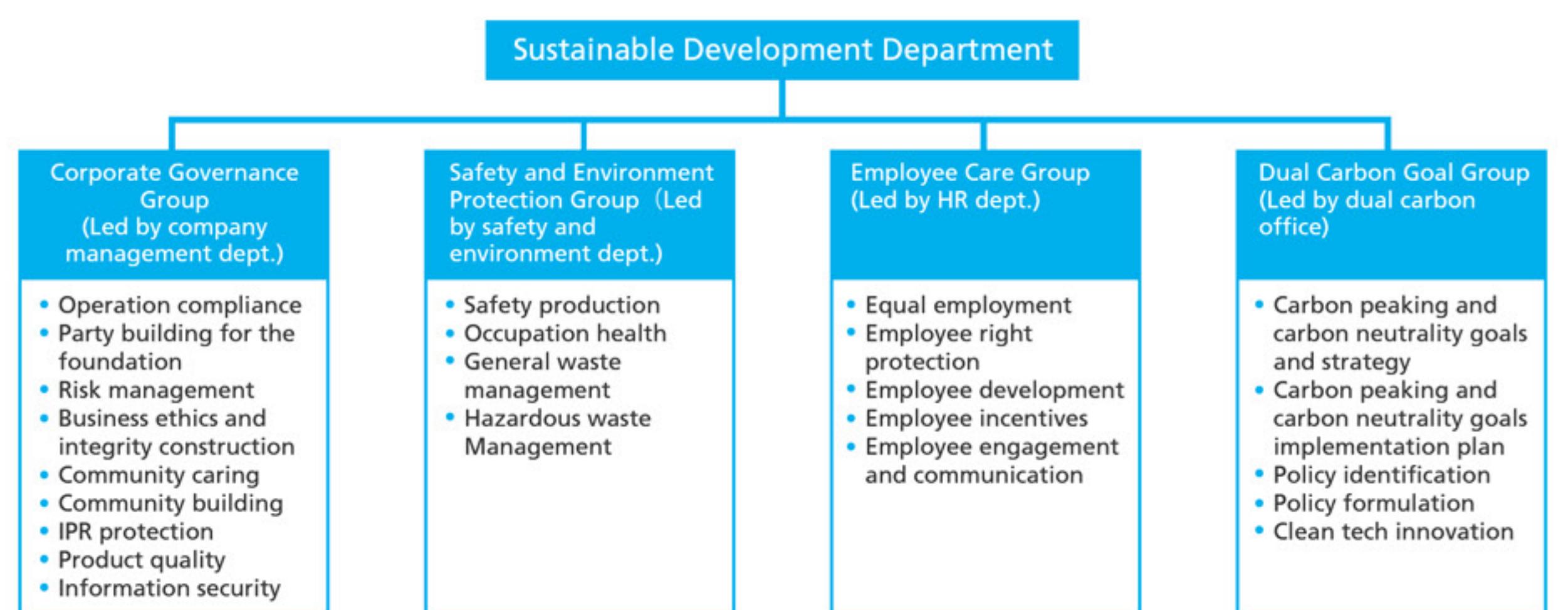
Governance	<ul style="list-style-type: none"> ○ We adhere to the principle of "pay attention to details" in our management approach, and have established a top-down, standardized, and effective ESG management system to continuously improve our level of sustainable development management. ○ We establish and continuously improve a risk management and control system that is risk-oriented, institution-based, process-driven, control-focused, and IT-supported to prevent various risks in our production and operation, and ensure our continuous, healthy, and stable development. ○ We are committed to upholding the highest business ethics standards as our business activities code of conduct. We insist on integrity and fairness in business operations, strictly prohibit corruption bribery and unfair competition, and avoid conflicts of interest. We treat employees, shareholders, customers, suppliers, government representatives, and other stakeholders honestly and fairly. ○ We continuously improve our complaint mechanism and take complainants protection seriously. We encourage stakeholders to provide feedback on any violations of our "Code of Business Conduct". 	 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	 17 PARTNERSHIPS FOR THE GOALS

Sustainable Development Management Structure

We will integrate sustainable development into our corporate strategies and operations, gradually establish a top-down, standardized and effective ESG management system, continuously improve our sustainable development management level, promote high-quality development, and achieve long-term corporate value.

To strengthen the involvement and management of the board on ESG matters, a Strategy and Sustainable Development Committee is established under the board, consisting of 5 directors. The committee is responsible for reviewing ESG related reports, conducting research, and providing recommendations for our sustainable development strategy and ESG issues, guiding and supervising the implementation and improvement of ESG work, and reporting to the board.

In order to effectively implement ESG work, we established a Sustainable Development Department, which is divided into four groups: Corporate Governance, Safety and Environmental Protection, Employee Care, and Dual Carbon Goals. Each group comprises relevant functional departments responsible for specific ESG management work.



Sustainable Development Risk Assessment

Sustainable Development Risk Assessment		
Risk Type	Description of Sustainable Development Risks	Analysis of Corporate Strategy Resilience
Risk Type	Description of Sustainable Development Risks	
Physical Risks	<p>In production, we may face safety accident or environmental incident risks due to force majeure events such as natural disasters. Once a safety or environmental incident occurs, it may result in direct harm to personnel and property losses, which can impact the our daily production and operation activities.</p>	<p>We have established internal management systems such as the "Emergency Plan for Sudden Environmental Accidents" to regulate emergency management work. We regularly organize emergency drills to continuously improve our abilities to respond to environmental risks and prevent environmental incidents, ensuring the safety and health of employees and the lives of surrounding communities. Efforts are made to minimize property losses, environmental damages, and social impacts caused by sudden environmental incidents.</p>
Transformational Risks	<p>Tech Risk:</p> <p>As an emerging industry, the technology updates of 3C lithium batteries, power lithium batteries, and their cathode materials are fast. The development direction is uncertain. If there are significant changes in the mainstream technological for electric vehicle power batteries in the future, or breakthroughs in the core technologies of 3C lithium batteries, power lithium batteries, and their cathode materials, and we fail to grasp the relevant technologies promptly, resulting in unexpected or failure in new technology or new product development, the consequences may adversely affect our market competitiveness and profitability, as we may not be able to meet customer demands.</p>	<p>We have a professional and efficient R&D team, with a majority of members holding high degrees and rich R&D experience. The team covers a comprehensive talent in areas such as high-voltage lithium cobalt oxide, high-performance NCM ternary material, and comprehensive performance testing of products. Through continuous R&D efforts, the team has successful breakthroughs in multiple critical core technologies in the 3C lithium batteries and power lithium battery cathode materials.</p> <p>In order to consolidate and enhance competitiveness in lithium battery cathode materials, we have carried out continuous and in-depth technological R&D efforts, promoting industry technology the upgrade and iteration through independent product upgrade and new product development. In addition to continuously optimizing and upgrading mass-produced products, we also implemented multiple cutting-edge new product development projects, including research on solid-state battery materials and high-capacity functional materials to meet the demand for higher-performance cathode materials from battery companies and economy& society.</p>
Market Risk:	<p>In recent years, the market for lithium-ion battery cathode materials has developed rapidly, attracting new entrants. At the same time, existing cathode material companies have also expanded their production capacity, leading to intensified market competition. If the overall production capacity of the cathode material industry grows too rapidly in the future, the demand for the industry does not increase as expected, or there are significant adverse changes in the market environment, the result may have a negative impact on the our ongoing operations.</p>	<p>The cathode is a critical core material for lithium-ion batteries, and downstream lithium battery manufacturers typically have strict certification mechanisms for suppliers. These certifications comprehensively evaluate the technical capabilities, production stability, scalable supply capacity, logistics capabilities, product quality management, financial stability, environmental investments, and other aspects of suppliers, and the testing period is usually long and stringent, often taking several years from sample submission to mass production. Currently, the downstream lithium battery industry in China is relatively concentrated, and downstream lithium battery manufacturers tend to strongly trust long-term cooperating cathode material suppliers. Unless significant issues harm the cooperation, it is generally difficult for new entrants in the industry to obtain certification from major lithium battery manufacturers.</p>
Supply Chain Risk:	<p>Our primary raw materials include cobalt trioxide, cobalt intermediates, cobalt chloride, cobalt hydroxide, cobalt sulfate, ternary precursor, nickel sulfate, lithium carbonate, and lithium hydroxide. Due to the relatively high prices of these raw materials, direct materials constitute a significant portion of the operating cost. In the future, if there is a shortage of critical raw materials or significant fluctuations in raw material market price, it may impact our production and supply stability.</p>	<p>We have accurately grasped the technological trends and commercial demands of lithium batteries for 3C electronic products and new energy vehicles' power batteries. With the advantages of technology R&D and product quality accumulated over the years in R&D and production practices, we have expanded customer base to include many well-known lithium battery customers both domestically and internationally. In the field of 3C lithium batteries, we have established stable cooperative relationships with well-known battery companies such as Amperex Technology Limited, Samsung SDI Co., Ltd., Laboratory of the Government Chemist Ltd., Murata Manufacturing Company, Ltd., BYD Auto Co., Ltd., Sunwoda Electronic Co., Ltd., and Zhuhai CosMX Battery Co., Ltd. Our lithium cobalt oxide products are widely used in downstream high-end 3C digital products. In the field of power lithium batteries, we established stable cooperation with well-known battery companies such as BYD Auto Co., Ltd., Panasonic group, Contemporary Amperex Technology Co. Limited, CALB Co., Ltd., and Gotion High-Tech Co., Ltd.</p>

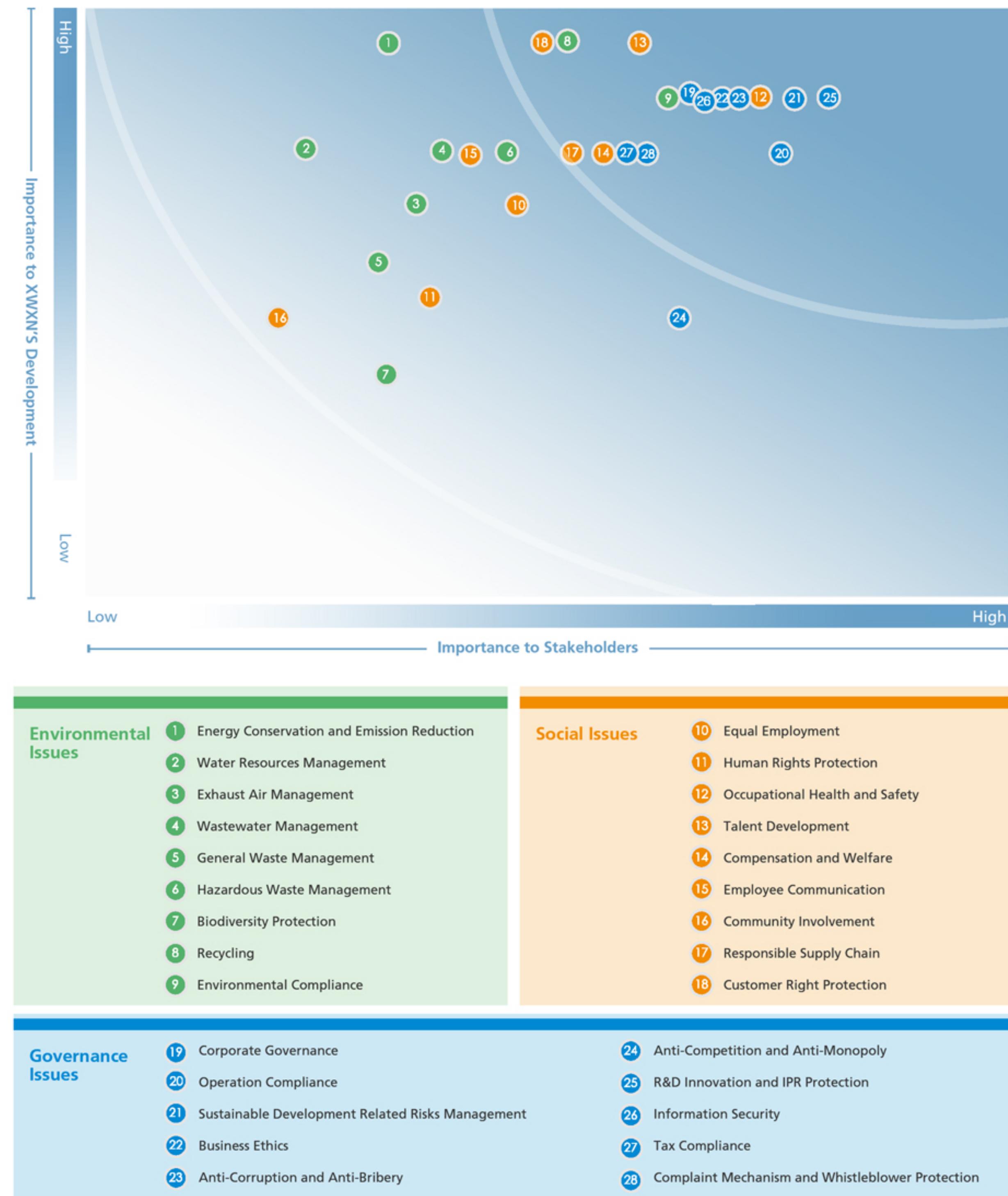
Stakeholder Engagement

We value communication with stakeholders and actively engage and interact with them through diverse channels. We seek to understand stakeholders' suggestions and feedback and incorporate them into company governance.

Stakeholders	Material Issues	Channels
Employees	Human Rights Protection Occupational Health and Safety Compensation and Welfare	Employee Small Talks Labor Union Employee Activities
Customers	Anti-Corruption and Anti-Bribery Responsible Supply Chain Human Rights Protection Occupational Health and Safety Environmental Compliance Operation Compliance	Email, Conference Calls and other Visual Communication Methods On-site Visit
Suppliers	Anti-Corruption and Anti-Bribery Responsible Supply Chain Recycling	Email, Conference Calls and other Visual Communication Methods On-site Visit
Investors	R&D Innovation and IPR Protection Operation Compliance	Investor Relations Column on Official Website Performance Briefing Communication with Investors via Social Media
Banks	Environmental Compliance Operation Compliance Anti-Corruption and Anti-Bribery Anti Competition and Anti-Monopoly R&D Innovation and IPR Protection	Public Listed Information Disclosure Project Cooperation
Media	Environmental Compliance Occupational Health and Safety Operation Compliance Business Ethics	Email, Conference Calls and other Visual Communication Methods On-site Visit
Government and Supervision Departments	Environmental Compliance Operation Compliance Anti-Corruption and Anti-Bribery Anti Competition and Anti-Monopoly	Government Meeting Compliance Inspection On-site Visit
NGOs	Environmental Compliance Waste Water Management Occupational Health and Safety Equal Employment	On-site Visits Public Welfare Service Public Opinion Monitoring

Material Issues Assessment

We invited our management and stakeholders to participate in a questionnaire survey on material issues. Through internal and external research and evaluation, we comprehensively understood the important ESG issues of concern to all stakeholders. We followed the importance principle to conduct a comprehensive analysis and ranks each issue in terms of importance to our development and to stakeholders, forming a materiality matrix.





Environmental



6 CLEAN WATER
AND SANITATION



7 AFFORDABLE AND
CLEAN ENERGY



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



11 SUSTAINABLE CITIES
AND COMMUNITIES



13 CLIMATE ACTION



15 LIFE
ON LAND

We are committed to promoting the energy revolution through material innovation and leading extraordinary growth with green dreams. By utilizing internationally advanced equipment, introducing international advanced manufacturing management systems, continuously iterating and upgrading production line processes, and steadily improving the level of intelligent manufacturing, we are committed to creating a green and sustainable production model, striving to become the most internationally competitive new energy material industrial base, and realizing the sustainable and healthy development of humans and nature.

We have formulated the "Environmental Protection Management System" and promoted the construction of environmental management systems to minimize the negative impact of production and operation activities on the surrounding environment. Our existing production bases have passed ISO14001 standard system certification with 100% coverage rate, and have passed the on-site certification and annual supervision audits of third-party certification bodies registered by the National Accreditation Administration. In 2022, Our existing production bases were all rated as green factories by the National Ministry of Industry and Information Technology.

Environmental Management Goals/Indicators in 2022		
Goals/Indicators	Performance in 2022	Completion
Promote the construction of environmental management systems, with a 100% coverage rate of ISO14001 standard system certification of our existing production bases	Our existing production bases achieve a 100% coverage rate of ISO14001 standard system certification	Completed
Promote green manufacturing, introduce greenhouse gas emission management systems, calculate and account for carbon emissions, and take effective measures to reduce carbon emissions	Establish a greenhouse gas emission management system according to ISO14064, carry out an annual greenhouse gas inventory, calculate and account for carbon emissions, and develop corresponding emission reduction plans	Completed
The non-emission power usage rate is over 99% in the production stage	In the production stage, the non-emission power usage rate is 100%, and the photovoltaic power generation is increased to 1,500 Gkwh/year	Completed
Carry out energy-saving and efficiency-improving improvements to reduce electricity consumption per ton of product	Reduce electricity consumption per ton of product through process optimization and energy-saving equipment retrofitting	In progress
The proportion of new energy vehicles in the transportation fleet is at least 90%, promoting carbon trading among carrier companies	Actively promote the use of new energy vehicles for transportation, and the "Dual Carbon" group actively promotes carbon trading among carrier companies	In progress
Replace all diesel forklifts with electric forklifts	100% of the forklifts in use are electric forklifts	Completed
Supervise suppliers in stages based on the proportion of procurement amount to establish ISO14064/ISO14067 verification, use clean energy, carry out energy-saving and efficiency-improving improvements, and promote carbon trading among suppliers	The "Dual Carbon" group actively promotes the implementation of the dual carbon system to suppliers, supervising suppliers in stages according to the proportion of procurement amount to establish ISO14064/ISO14067 verification; also supervising suppliers in stages to use clean energy, and guiding suppliers in carrying out energy-saving and efficiency-improving improvements, promoting carbon trading among suppliers	In progress



Green Technology Innovation

Green, safe, and recyclable new energy is becoming the core driving force of the carbon-neutral era. We are committed to promoting the energy revolution through material innovation and providing advanced material solutions for achieving carbon neutrality. Since we began researching cathode materials in 2004, we have continuously conquered numerous key core technologies in the fields of 3C lithium batteries and power lithium battery cathode materials through sustained R&D investment. We have successively introduced high-end products such as high-voltage lithium cobalt oxide, high-rate Ni3 series, high-voltage single-crystal Ni5 series, high-voltage single-crystal Ni6 series, Ni8 series, and Ni9 series NCM ternary materials. We have collaborated with numerous domestic battery customers to develop multiple generations of new lithium batteries, empowering the development of 3C consumer electronics, new energy vehicles, and energy storage industries and creating a new pattern for developing new energy materials in China.

In 2022, to consolidate and enhance our competitive advantage in the field of lithium battery cathode materials, we conducted continuous and in-depth technological research and development. In addition to constantly optimizing and upgrading mass-produced products, we have also conducted research and development on solid-state battery materials, lithium supplementation technology, sodium-ion battery materials, and high-capacity functional materials to meet the demands of battery enterprises and society for higher-performance cathode materials. We have conducted in-depth research and development and customized production to address the different needs of different customers for cathode material performance and specification standards, achieving a virtuous cycle of "R&D leading the market and the market driving R&D," promoting the high-quality development of the new energy industry.



NCM Ternary Materials

NCM ternary materials have the advantages of high specific energy density, large discharge capacity, good cycling performance, and relatively stable structure. They are widely used in electric vehicles, electric bicycles, consumer electronics products, and other fields. In 2022, we achieved multiple technological breakthroughs in ternary material innovation and advanced product industrialization in the three subdivided directions of high-voltage, high-power, and high-nickel NCM ternary materials, with product stability and output expected to continue to increase:

● High-voltage Ni7 series ternary materials:

Through continuous technological breakthroughs, multi-dimensional control optimization of material bulk phase and interface has been carried out and successfully applied to 4.45V high-voltage power lithium batteries. Its energy density is on par with Ni9 series high-nickel materials, with significant advantages in safety and cost. The material's cycle stability and storage performance are close to the Ni6 series level. The product is expected to be finalized in the second quarter of 2023, and mass production will be achieved in the third quarter.

● Ni8 series high-safety and high-nickel materials:

Through technological breakthroughs, the materials have preliminary met customer demands for safety performance.

● Ni9 series ternary high-nickel materials:

By achieving uniform doping and coating of the material bulk phase and surface, particle breakage caused by stress concentration is mitigated. The materials have advantages in high-temperature cycling performance and DCR growth. Multiple battery customers have tested them in the power and 3C fields and have entered the certification systems of Japanese, Korean, and European automakers. Small-scale production has been achieved, and it is expected to reach a sales volume of 1,000 tons in 2023.

● Ni92 large and small particle cathode materials:

These materials achieve higher capacity, reaching up to 215mAh/g. We are collaborating closely with major customers for development and continuously optimizing comprehensive performance.



Lithium Cobalt Oxide

Lithium cobalt oxide has advantages such as high working voltage, high compaction density, fast and stable charging and discharging. It is mainly applied in various new consumer electronic products such as mid-to-high-end smartphones, laptops, tablets, drones, electronic cigarettes, and wearable devices represented by TWS earphones. To address the urgent issues in the 4.5V+ lithium cobalt oxide positive electrode material field, such as energy density and fast charging performance improvement, we have improved the material's performance from multiple aspects, including the construction of specific elemental structures at specific sites in the precursor, control of primary particle fusion and specific crystal face-induced growth in the lithium cobalt oxide positive electrode material, composite stability, and surface over potential control at the interface, and process and quality stability performance improvement of lithium cobalt oxide positive electrode materials. This has gradually solved the problem of high-temperature cycling deterioration in 4.5V+ materials and continuously improved product performance.

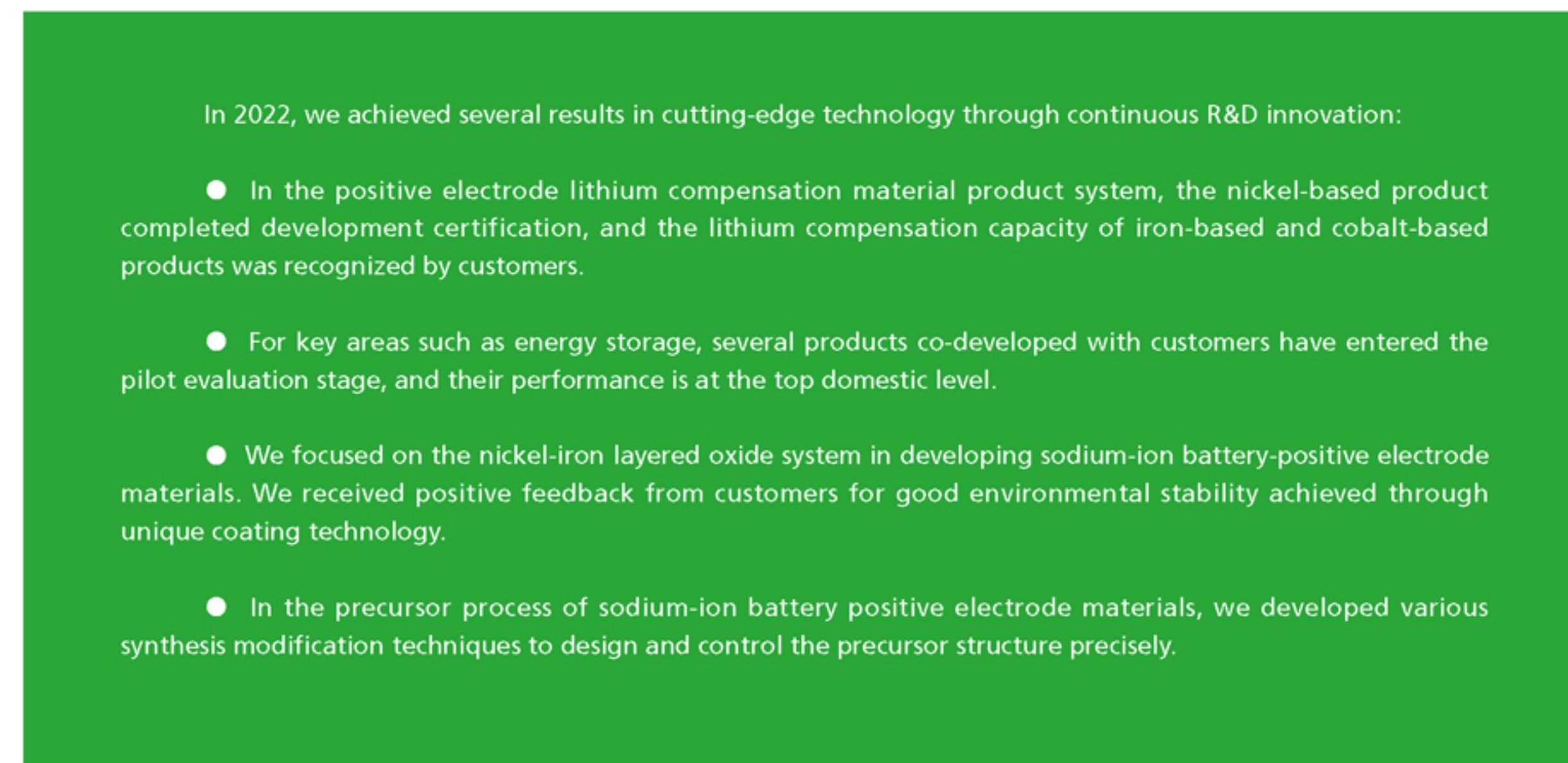


GHG Emissions Control

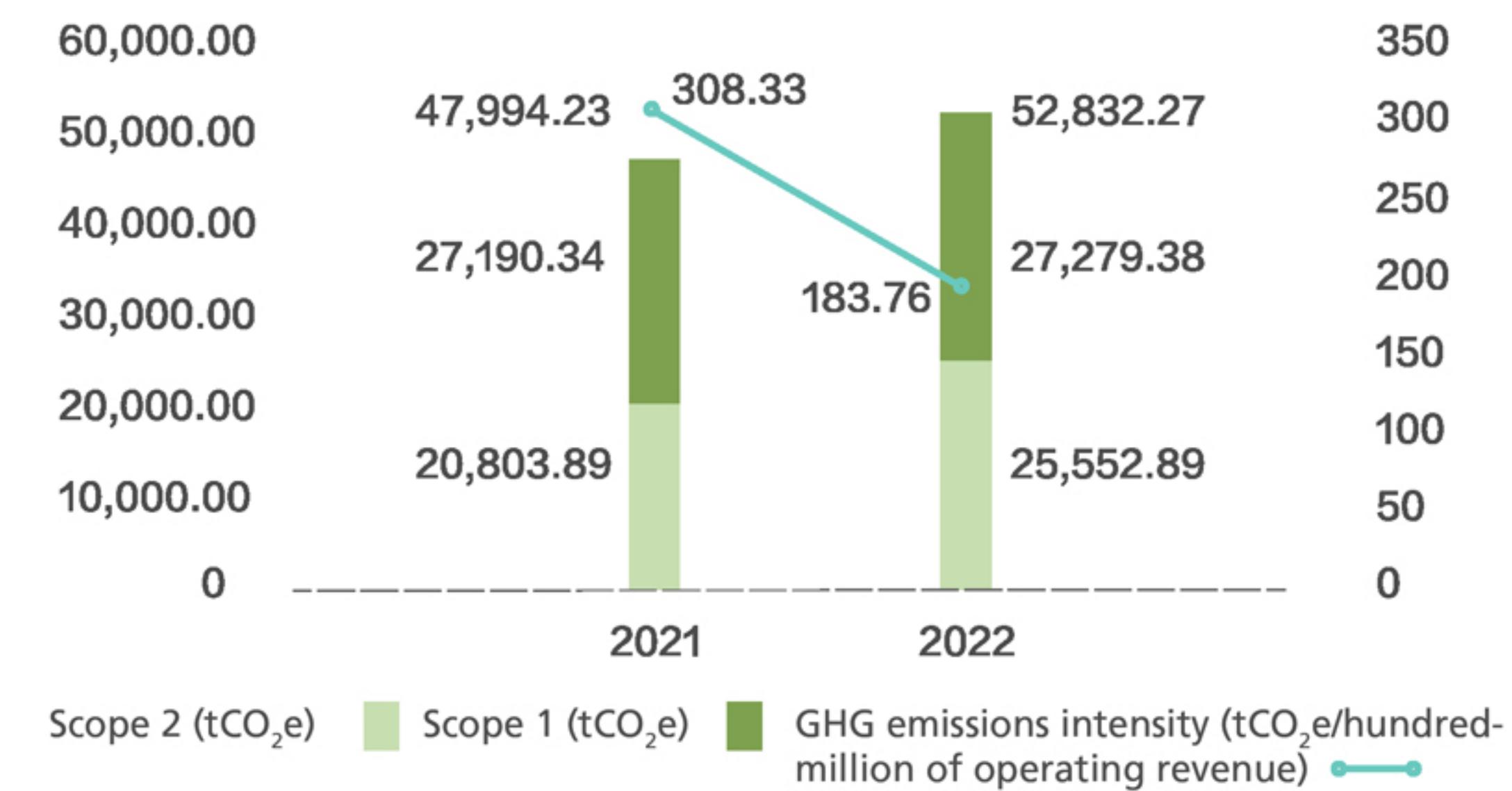
In our production and operation, we adhere to the emission reduction concept of "Undertake the corporate mission, Advocate green and low-carbon" and continuously optimize and improve the greenhouse gas emission management system following the emission reduction approach of "systematic planning, seize the opportunities, result-oriented, and industry-leading." We aim to minimize greenhouse gas emissions and reduce the negative impact of our business activities on the environment and climate change. We have formulated the "Greenhouse Gas Inventory Management System" and continuously carry out greenhouse gas inventory work following the ISO14064 standard. In addition, we audit our product carbon footprint following ISO14040, ISO14044, and ISO14067 standards, covering the entire product lifecycle from raw material acquisition and transportation to production, product use, and disposal, providing data support for the establishment of a greenhouse gas tracking and reduction mechanism within us.

GHG emissions (tCO₂e) in 2022

Category	In 2022	In 2021
Scope 1 : Direct GHG Emissions	25,552.89	20,803.89
Scope 2 : Indirect GHG Emissions	27,279.38	27,190.34
Total GHG Emissions	52,832.27	47,994.23
Intensity of Total GHG Emissions (tCO ₂ e / 100 million RMB of operating revenue)	183.76	308.33

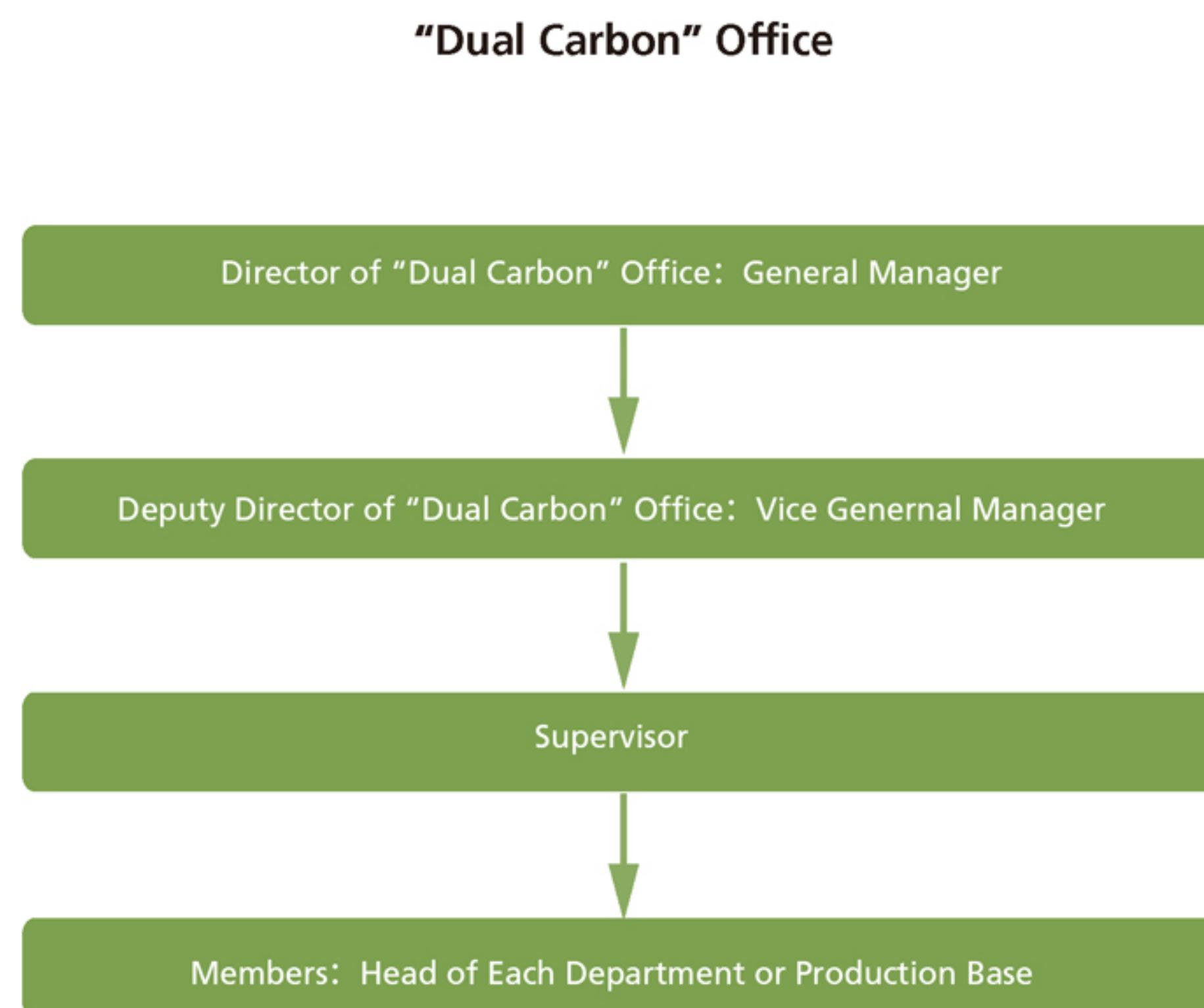


GHG Emissions



Dual Carbon Office

We have established a "Dual Carbon" office to implement carbon reduction work further to coordinate our greenhouse gas emission management. The "Dual Carbon" office is responsible for formulating our "Dual Carbon Goals" roadmap and outputting strategic planning. Based on the "Dual Carbon Goals" strategic planning, the office develops the group's annual emission reduction plan and tracks and promotes the implementation of the emission reduction plan. The office also tracks changes in international and national carbon emission policies, formulates corresponding measures, and adjusts strategic or annual plans when necessary. It establishes the "Dual Carbon" fundamental principles for the new bases' design and construction stage. In addition to implementing our carbon reduction work, the "Dual Carbon" office also actively participates in drafting industry carbon standards, strengthens cooperation with upstream and downstream enterprises in the industrial chain, and promotes carbon emission reduction work among major suppliers, striving to achieve low-carbon development throughout the industrial chain.



The "Dual Carbon" office has formulated a series of carbon reduction targets and measures to promote carbon reduction within us and throughout the supply chain:

At the raw material acquisition stage:

- Actively promote the "Dual Carbon" system to suppliers
- Supervise suppliers in establishing ISO14064/ISO14067 carbon emission verification according to the proportion of procurement amount in a phased manner
- Supervise suppliers in using clean energy according to the proportion of procurement amount in a phased manner
- Supervise suppliers in carrying out energy-saving and efficiency-improving production improvements
- Encourage suppliers to participate in carbon trading
- Use more recycled materials for nickel, cobalt, manganese, and lithium

At the production stage:

- Use clean energy for over 99% of production processes
- Increase photovoltaic power generation to 1,500 GkWh per year
- Continuously improve product recycling rates
- Implement energy-saving and efficiency-enhancing improvements to reduce energy consumption per ton of product
- Increase the proportion of new energy vehicles in our fleet to over 90%
- Gradually replace all diesel forklifts with electric forklifts
- Implement carbon trading

At the distribution stage:

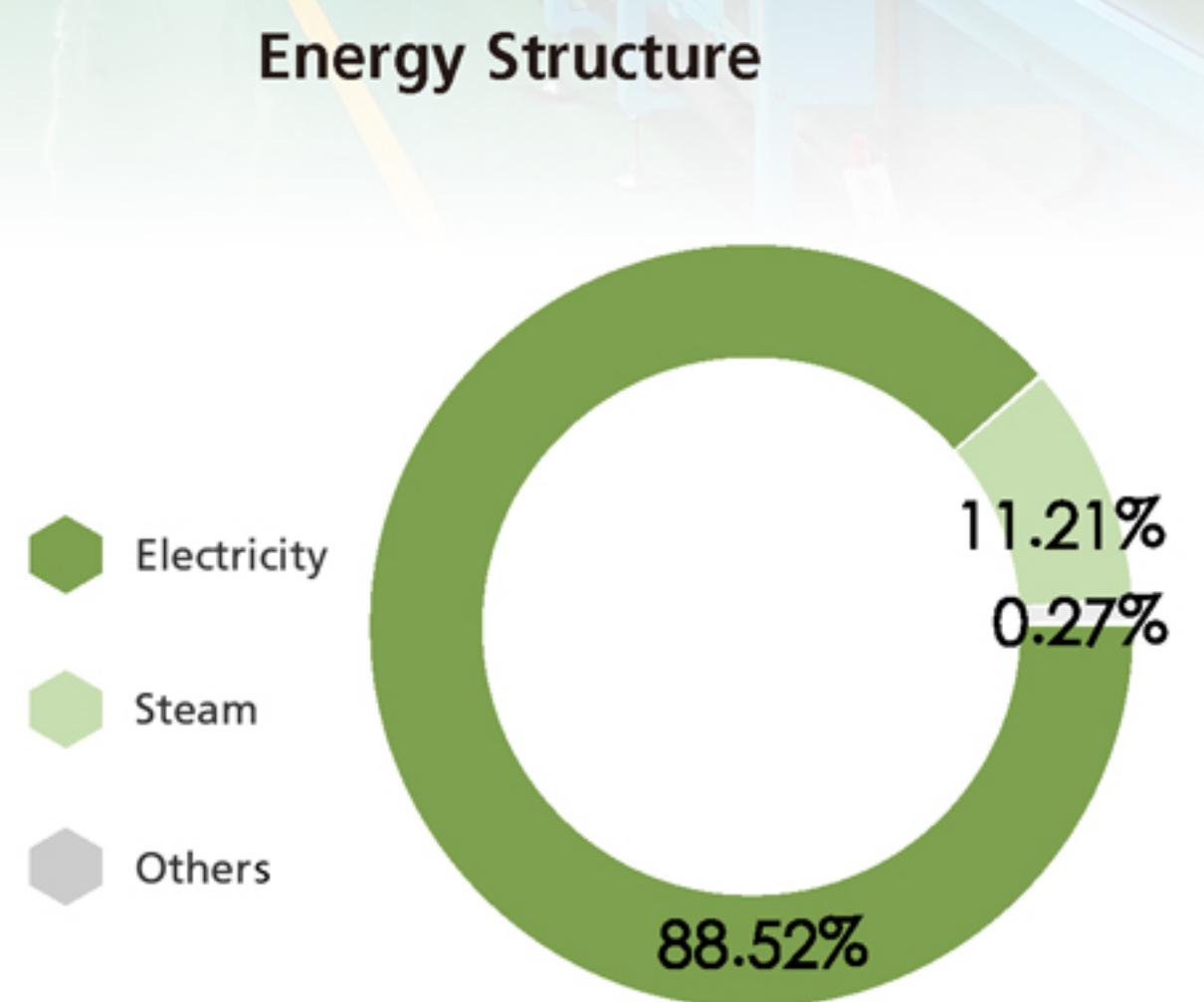
- Increase the proportion of new energy vehicles in the transportation fleet to over 90%
- Encourage carrier companies to participate in carbon trading

In 2022, the "Dual Carbon" office implemented group-level coordination and management of carbon emissions across our production bases in Xiamen, Sanming, Ningde, and other locations. Based on the carbon inventory work, the office has begun formulating our "Dual Carbon" targets, promoting energy-saving and emission reduction measures practically.



Energy Management

We have strengthened energy management, improved energy structure, optimized production processes and energy-saving equipment transformation, increased energy utilization efficiency, and reduced energy consumption per product unit. We have formulated the "Energy Management Manual" to implement energy-saving and consumption-reduction work further. An energy-saving leadership team has also been established, with the general manager serving as the team leader and the deputy general manager as the deputy leader. We set the comprehensive energy consumption per product unit as the performance appraisal target for relevant departments and responsible personnel and decompose the target to each department to ensure the realization of energy-saving goals. During this reporting period, our Ningde production base passed the ISO50001 standard system certification.



Our Energy Structure in 2022

Energy Type	Energy Consumption (GJ)
Electricity	2,134,018.31
Steam	270,355.07
Others	6,518.57



Clean Energy Utilization

We actively introduced nuclear power as a source of electricity for production. We signed a nuclear power purchase contract with China National Nuclear Cooperation (Fujian) Power Service Co., Ltd. to reduce the use of emission-intensive electricity and lower greenhouse gas emissions. Currently, all our production bases use nuclear power for production.

Electricity Consumption in 2022

Type	Consumption (kwh)
Nuclear Power	592,355,590.00
Photovoltaic Power	427,273.60
Total Power	592,782,863.60

Electricity Structure



Energy Saving and Consumption Reduction

We promote production process optimization and energy-saving transformation of production equipment at various production bases, implementing multiple energy-saving and emission-reduction projects. In 2022, we reduced greenhouse gas emissions by approximately 11,491 tCO₂e, and the total energy consumption per unit of production decreased by 3% compared to 2021. We promote using energy-saving lamps in offices, workshops, and public areas, with energy-saving lighting equipment accounting for 100% of the total. We introduced automated equipment in the Sanming production base and carried out energy-saving lamp transformations and workshop lighting control circuit transformations. In the Ningde production base, we achieved heating and cooling energy reductions through intelligent and digital means, committed to continuously reducing greenhouse gas emissions.



Energy Saving and Emission Reduction Project in 2022

Base	Content	Annual Emission Reduction (tCO ₂ e)
	The aging tank in the precursor workshop has been replaced with a permanent magnet motor.	47.16
	Real-time tracking of the current energy consumption status of the reaction kettle motor is conducted, and a direct-drive permanent magnet motor is designed and selected to replace the original asynchronous motor and reduction mechanism based on the actual data obtained from tracking.	1,521.77
Xiamen Base	<p>Energy-saving transformation of centralized gas supply in the lithium material manufacturing center:</p> <ul style="list-style-type: none"> ○ Select a two-stage compression air compressor with a higher energy efficiency ratio and a permanent magnet motor to reduce the energy consumption of the air compressor; ○ Use post-treatment equipment with zero gas loss to reduce the gas supply loss of the air compressor; ○ Introduce an intelligent joint control system for the air compressor room to ensure a moderate load for the equipment, extend its service life, and avoid energy waste caused by frequent switching; achieve step-less adjustment of system gas volume, constant pressure operation, and further energy saving; ○ Introduce a cloud platform energy monitoring system, which uses one system for each station to monitor and warn the enterprise's air compressor station 24 hours a day. Through extensive data trend analysis and intelligent prediction of changes in gas load, timely feedback and adjustment are provided, and lean maintenance concepts of asset management are introduced, ultimately achieving the goal of the smart operation. 	2,932.98
	Replace the drum drying oven with a continuous drying oven.	4,363.23
	<p>Introduce stone grinding production equipment to reduce energy consumption:</p> <ul style="list-style-type: none"> ○ Introduce stone grinding equipment to replace the original mechanical grinding equipment; ○ Convert the mechanical grinding cutter disc line speed to stone grinding speed; ○ Determine the best process to meet production needs through control and comparison of the DOE experiment group. 	835.69
Sanming Base	<p>Isolate the sintering furnace zone from the external circulation operation line with sandwich panels, confining the heat within the furnace zone to reduce the ambient temperature of the on-site operation area.</p>	486.23
	Implement wastewater recycling and reuse transformation.	7.23
	Reduce the speed of the high mixer.	63.47
Ningde Base	<p>Dust collection system linkage transformation:</p> <ul style="list-style-type: none"> ○ Optimize all dust collection system programs in the workshop, place the dust collector in the equipment room for linkage control, modify the equipment's control system using dust collection, and add dust collection linkage lines. 	126.86
	Choose the nearest power substation for power supply, shorten the external power supply line distance, and reduce the external line loss and consumption.	8.80
	Add more fans.	114.64
	Pretreat raw materials, increase the loading capacity of raw materials, reduce the sintering cycle, and monitor energy consumption.	217.94
	Optimize the energy consumption system of dehumidifiers and combined air cabinets: Utilize waste heat recovery from air compressors and reduce the frequency of dehumidifier fans.	93.59
	Reduce the per-ton usage of compressed air in external sintering circulation, and decrease the usage of compressed air per ton of product by 1,700m ³ /ton.	672.38
	Total	11,490.97

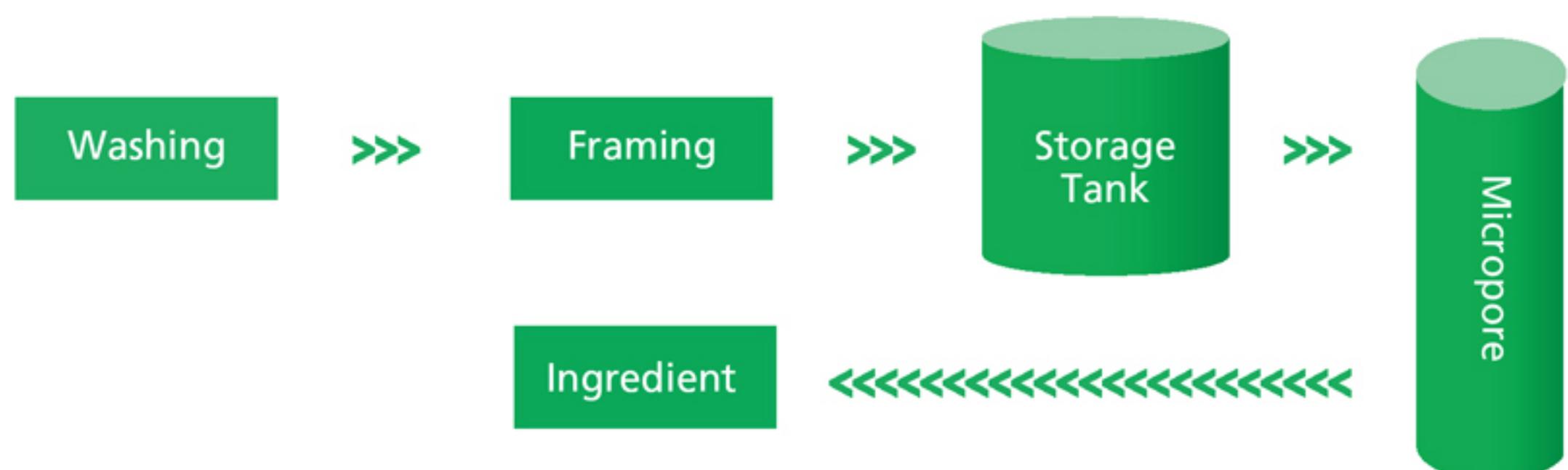
Water Resources Conservation

Scientific management of water resources is a key factor in achieving the United Nations Sustainable Development Goals. We strictly comply with the requirements of the "Environmental Protection Law of the People's Republic of China," the "Water Law of the People's Republic of China," the "Law of the People's Republic of China on Prevention and Control of Water Pollution" and other relevant laws and regulations, actively explore various measures to improve water resource management, increase water resource protection efforts, improve water resource utilization efficiency, and strive to create a water-saving enterprise.

Saving Water

- **Implement water-saving concepts:** Ensure water conservation through water-saving propaganda, monitoring water usage, and comparing with historical data.
- **Promote water-saving appliances:** Water-saving living appliances have covered the entire factory area, including delayed self-closing faucets, toilets, and other water-saving appliances and equipment. Their usage rate has reached 100%, and the water-saving rate is no less than 10%.
- **Water resources recycling:** Through process transformation, the mother liquor in the precursor manufacturing process is recycled internally, thereby reducing the amount of water input at the production front end and reducing water use intensity.

Mother Liquor Recycling Process

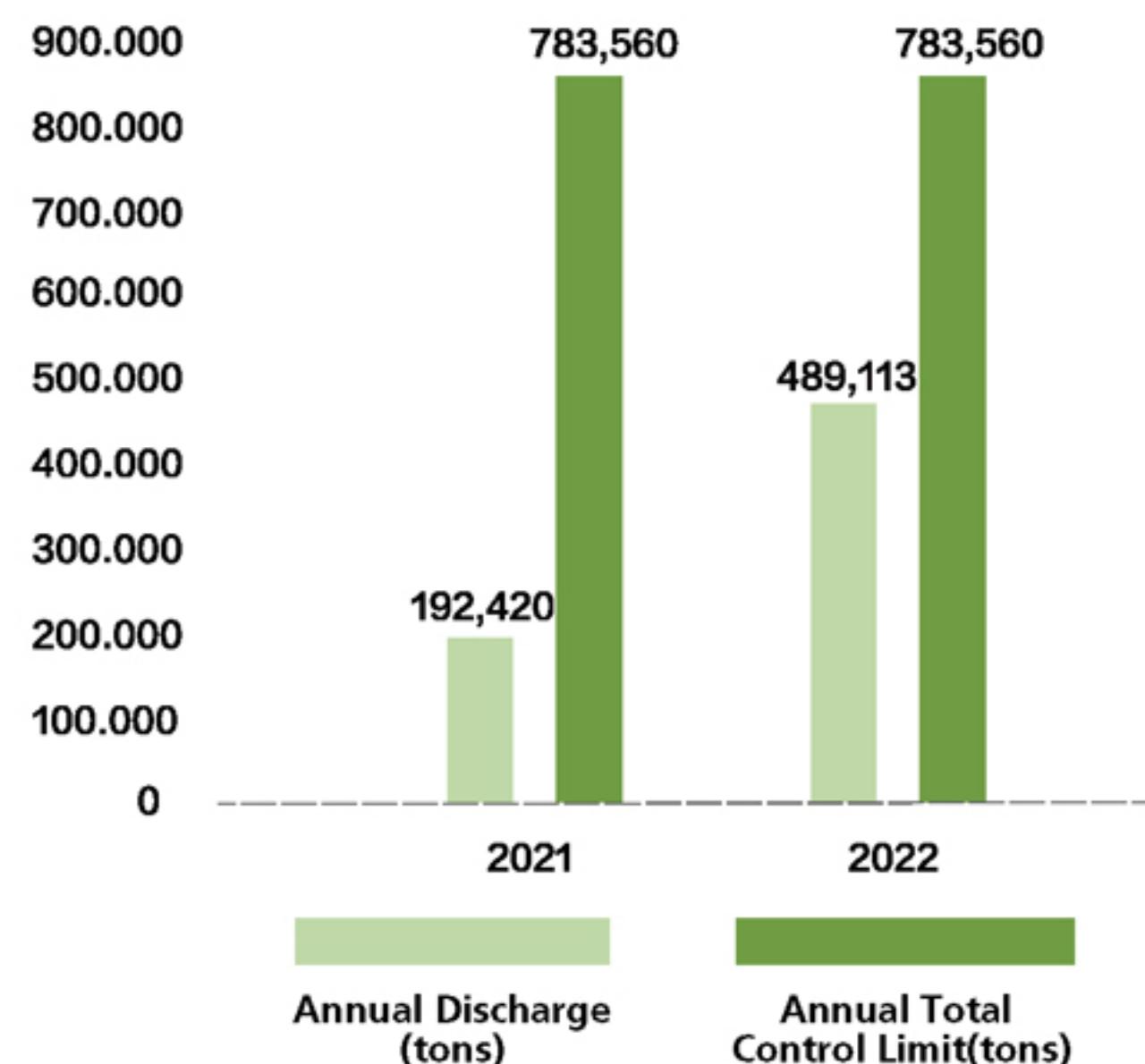


Wastewater Discharge Control

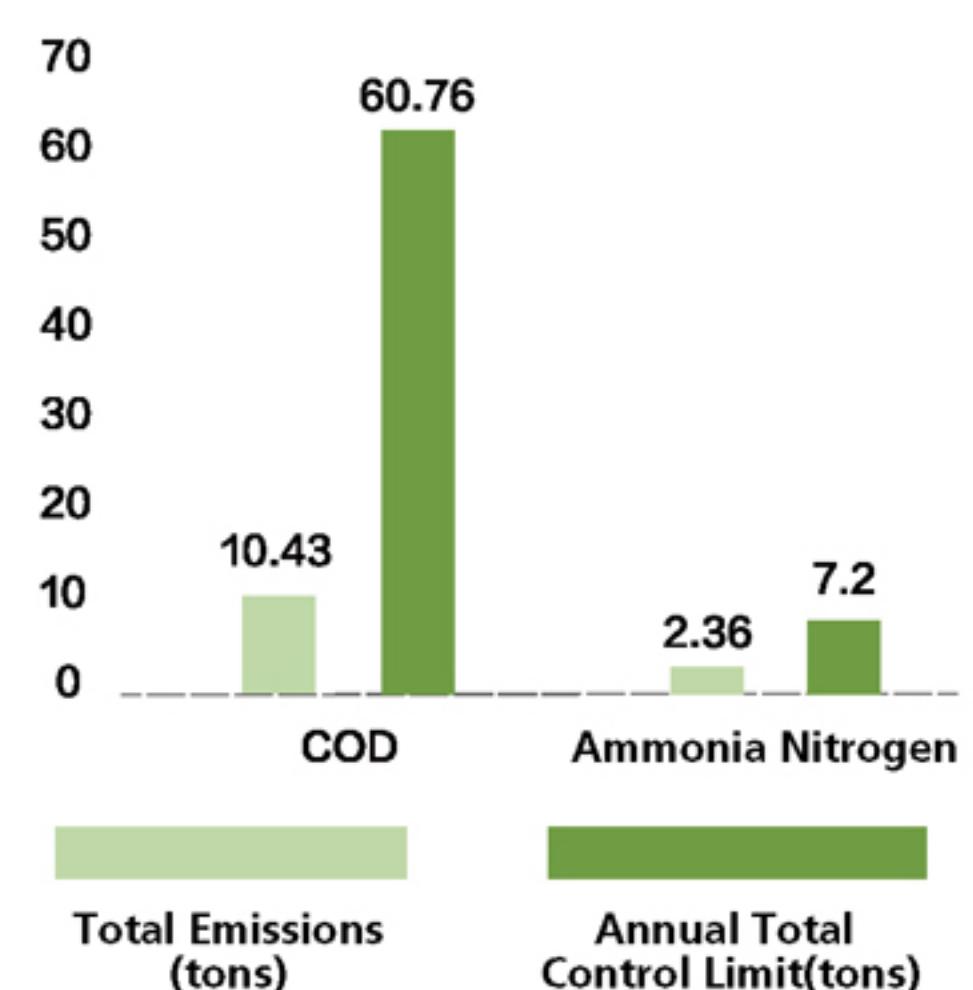
We have formulated relevant systems such as "Wastewater Management Regulations" and "Rainwater Management Regulations" to strengthen our wastewater management, prevent water pollution, and ensure the effective use of water resources. In 2022, our total investment in wastewater management was about 1.02 million RMB.

The primary pollutants in the wastewater generated during our production and operation include suspended solids (SS), chemical oxygen demand (COD), ammonia nitrogen, total cobalt, total nickel, and total manganese. We have formulated a series of environmental indicators related to wastewater according to the "Xiamen Water Pollutant Discharge Standards" (DB35/322-2018) and the "Integrated Wastewater Discharge Standards" (GB8978-1996). We also established a water quality online monitoring system that complies with national standards and has been accepted by government departments to monitor ammonia nitrogen and COD indicators in wastewater and regularly hire third-party testing agencies to test wastewater. In 2022, the wastewater generated by our achieved standard discharge.

Wastewater Discharge in Xiamen Base



Major Wastewater Pollutants Emissions in 2022



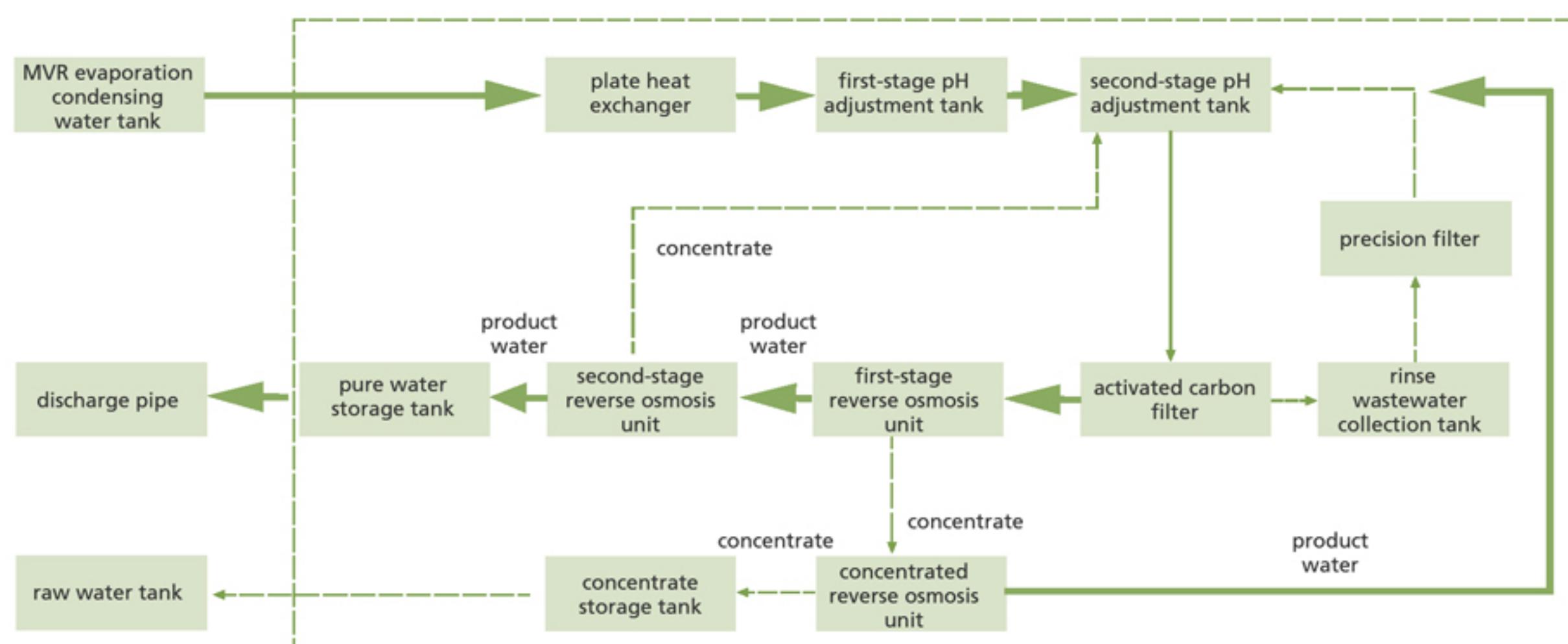
Reverse Osmosis System

We use a reverse osmosis system to treat MVR evaporation condensate. Through the process flow of "activated carbon filter + anti-pollution reverse osmosis + seawater desalination concentration reverse osmosis + purification reverse osmosis + ammonia removal resin tower," the washing and regeneration wastewater is subjected to multi-bag filtration and then sent to the distilled water tank for secondary reuse, achieving a water resource recovery rate of more than 90%.

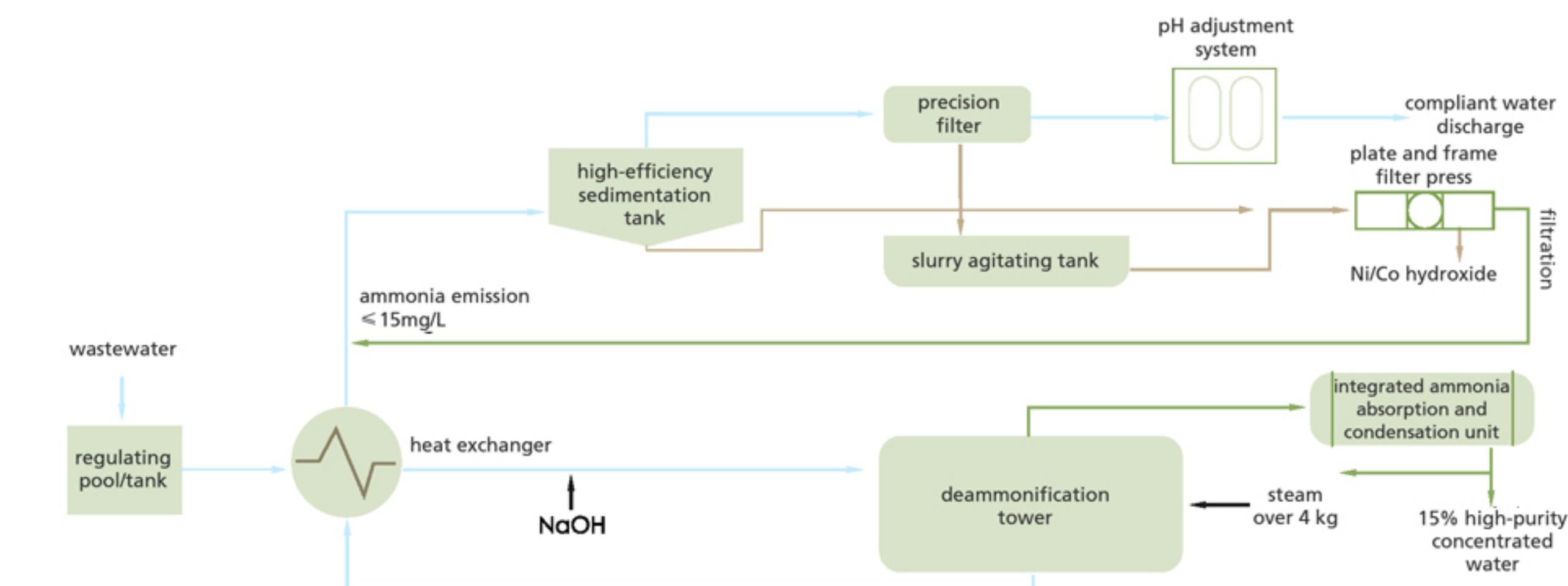
Wastewater Treatment System

We have set up two sets of wastewater treatment systems to treat the production wastewater of cobalt trioxide and ternary precursor respectively. The two wastewater treatment systems have similar processes, with treatment capacities of 1,000 m³/d and 850 m³/d respectively. The workshop wastewater is heated by a heat exchanger from the adjustment tank and enters the steam-stripping ammonia removal tower. Gas-liquid separation is completed in the ammonia removal tower, and ammonia gas is stripped and recovered to form ammonium hydroxide. The waste liquid at the bottom of the tower is discharged after being adjusted to pH by the acid and alkali adjustment system, passing through plate frame pressure filtration, precision filtration, and other equipment.

Reverse Osmosis Purification Process



Wastewater Treatment Process





Pollutants Emission Control

We always adhere to green production methods, controlling pollutant generation at the source and implementing total emission control during production and operation. We have formulated systems such as "Three Simultaneities Management Regulations for Environmental Protection of Construction Projects," "Waste Gas Management System," and "Plant Boundary Noise Management Regulations" and implemented an environmental protection responsibility system in accordance with the requirements of the "Environmental Protection Responsibility Regulations." Our existing environmental protection facilities for waste gas and waste treatment mainly include spray tower devices, ammonia stripping tower devices, various cartridge dust removal devices, and solid waste yards. We require various production departments to keep abreast of the operation of environmental protection facilities and regularly supervise and inspect them, conducting spot checks on key environmental protection facilities at least twice a week to ensure their regular operation and compliance with the requirements of environmental protection departments and our internal regulations.

Waste Gas Emission Control

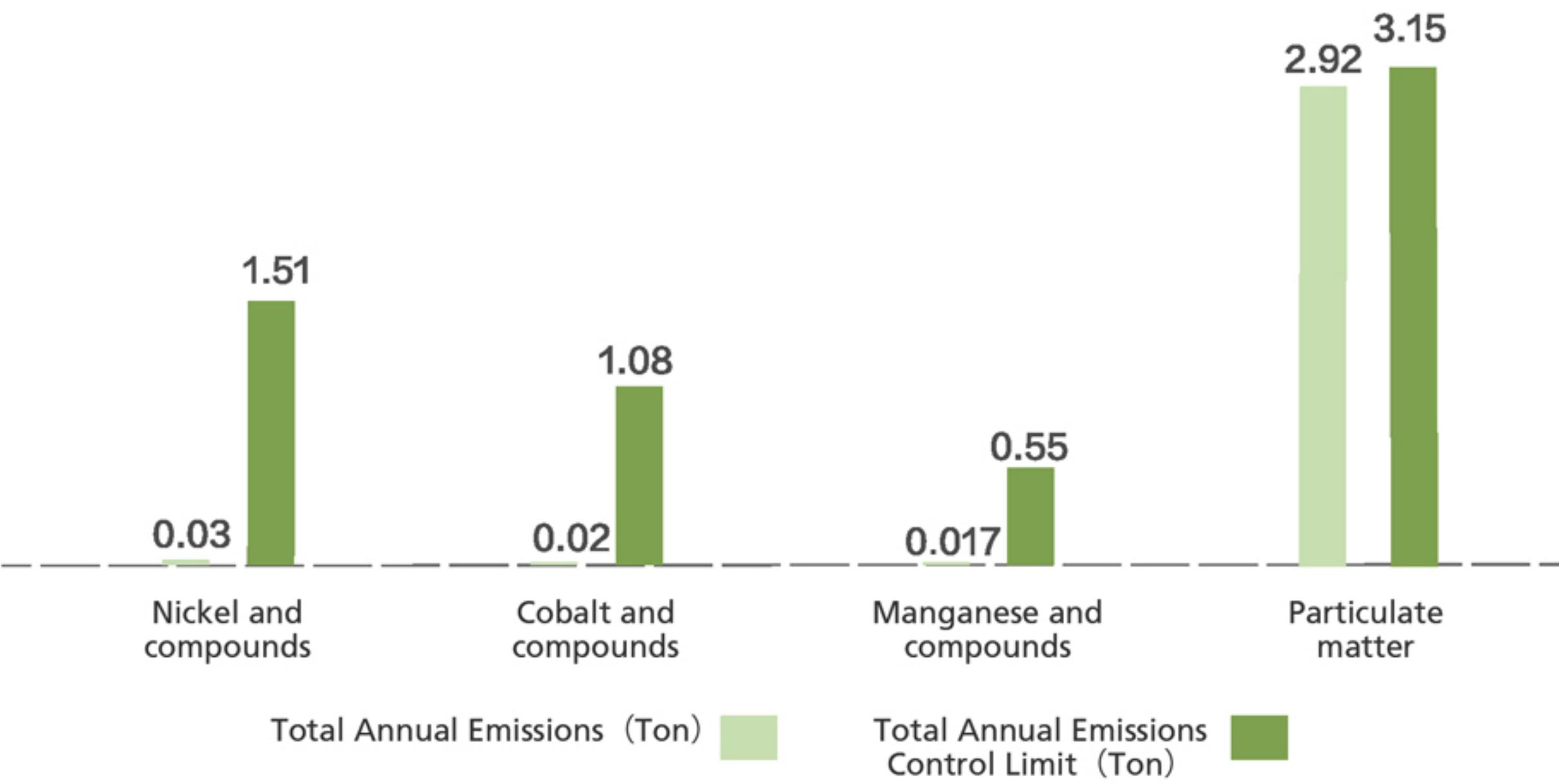
We strictly abide by the requirements of relevant laws and regulations such as the "Air Pollution Prevention and Control Law of the People's Republic of China," formulate "Waste Gas Management Regulations," and implement waste gas emission control in accordance with the principle of reduction and disposal to ensure that waste gas emissions meet the

standards. We continuously promote and optimize the application of real-time waste gas monitoring systems to ensure timely and effective treatment and control measures when harmful gases are detected, avoiding air pollution. In 2022, our total waste gas emission management investment was around 1.88 million RMB.

The primary pollutants in the waste gas generated during our production and operation include particulate matter, ammonia, non-methane total hydrocarbons, nickel and its compounds, cobalt and its compounds, manganese and its compounds, and others. In 2022, we combined the emission limits of "GB16297-1996 Comprehensive Emission Standards for Air Pollutants," "GB31573-2015 Emission Standards for Pollutants in the Inorganic Chemical Industry," and "DB35/323-2018 Xiamen Air Pollutant Emission Control Standards" to formulate internal waste gas emission indicators and entrusted third-party professional institutions to conduct monthly, quarterly, and annual waste gas testing. In 2022, the waste gas generated by us achieved standard emissions.

Waste Gas Type	Emission Target for Xiamen Base in 2022	Completion Status
Nickel and its compounds	Annual emissions not exceeding 1.51 tons	Completed
Cobalt and its compounds	Annual emissions not exceeding 1.08 tons	Completed
Manganese and its compounds	Annual emissions not exceeding 0.55 tons	Completed
Particulate Matter (PM)	Annual emissions not exceeding 3.15 tons	Completed
Ammonia	Annual emissions not exceeding 17.56 tons	Completed

2022 Waste Gas Emission at Xiamen Base



Waste Gas Emission Management Measures

● Online monitoring

Particle matter online monitoring facilities are installed at all PM emission outlets to monitor real-time PM concentration changes;

Ammonia online monitoring devices are installed at the factory boundary, wastewater treatment station, MVR surroundings, and some workshops.

● Establish strict emission standards

Environmental regulations require particle emissions not to exceed 30mg/m³. Our internal management adheres to higher standards for waste gas emissions, requiring no more than 15mg/m³.

● Add waste gas treatment facilities

Increase the unorganized ammonia recovery capacity in the workshop operation environment and strengthen the ammonia treatment capacity in the workshop. An additional ammonia spray absorption tower is added in the precursor workshop to reduce ammonia emissions.

Improve filtering facilities at waste gas outlets to ensure that all production waste gas achieves standard emissions after passing through filtering facilities.

General Waste Management

We follow the principle of sustainable development and pay attention to resource recycling and utilization in production and operation. We are committed to saving resource consumption and reducing general waste emissions:

- Recycle the defective products generated during the production of precursors, extract related reusable metal resources, and process them into primary raw materials.
- Install dust collectors in workshops to collect material dust and reuse it.
- Cooperate with third-party companies to carry out pallet leasing projects, realizing the recycling and use of plastic pallets throughout the entire supply chain.
- Recycling and reusing raw material packaging ton bags: Our product ton bags are made of polypropylene material. After use, they are cleaned and reused, each ton bag can be used 5 times; the ton bags used in the process are recycled 30 times, and the calcination and iron removal ton bags are recycled 10 times.
- At our production base in Ningde, we process the iron slag generated during the production of ternary materials through a wet iron removal process to eliminate magnetic impurities. Then, through three rounds of sintering and mixing, we recycle the iron slag and use it to produce different product models. The recycling and utilization of iron slag solve the problem of solid waste disposal, save raw material resources, and reduce pollution treatment problems caused by raw material production, thereby improving material utilization.

Waste Management

We follow the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste," "Standards for pollution control on the storage and disposal site for general industrial solid wastes," "Standard for pollution control on hazardous waste storage," and other relevant laws and regulations. We have formulated internal management systems such as the "Hazardous Waste Management System," "Hazardous Waste Management Implementation Rules," and "Company Hazardous Waste and Garbage Classification Disposal Management Rules" to strengthen waste management. The general waste generated in our production operations mainly includes waste boxes, waste ton bags, cardboard, and pallets. Hazardous waste mainly includes waste activated carbon, waste mineral oil, waste organic solvents, paint residues, and laboratory waste. We include hazardous waste management in the performance assessment of relevant persons in charge and departments, and the safety and environmental protection management department is responsible for carrying out the assessment work.



Hazardous Waste Management

We regularly identify and update the hazardous waste inventory, establish dedicated warehouses, and periodically entrust qualified hazardous waste treatment units to transfer and dispose of the waste. We reduce the generation and hazard of hazardous waste through the following measures:

- Improve design:
Reduce the generation and harmfulness of hazardous waste from raw materials, energy, equipment, facilities, and management.
- Adopt advanced technology:
Use advanced production equipment in the industry to reduce energy consumption and hazardous waste generation.
- Use clean energy:
Utilize clean energy and raw materials to reduce the generation of harmful substances.
- Improve management:
Install cameras in hazardous waste warehouses to monitor the internal situation in real-time, ensure the safety and reliability of hazardous waste storage, and regularly organize hazardous waste management training.
- Professional disposal:
Entrust qualified units to transfer and dispose of hazardous waste and carry out harmless treatment.
- Zoned management:
Manage different types of hazardous waste in separate areas, apply an anti-seepage layer on the ground of the hazardous waste room, and set up pallets, diversion ditches, and collection pools.

Noise Control

We strictly control noise emissions to minimize the adverse effects of noise generated during production on employees and surrounding communities. The noise generated in our production operations mainly comes from equipment operation in the production workshop. We follow the national "GB12348-2008 Emission standard for industrial enterprises noise at boundary" and the environmental assessment reply of the competent Department of Ecology and Environment, implement the Class III standard for factory boundary noise, and control noise below 65dB during the day and 55dB at night. According to our "Factory Boundary Noise Management Regulations," the safety and environmental protection management department commissions qualified external units to monitor various indicators of factory boundary noise every quarter. In 2022, all production bases under us conducted regular noise environmental monitoring, and our daytime and nighttime factory boundary noise was normal, not exceeding the national "GB12348-2008 Emission standard for industrial enterprises noise at boundary."

Biodiversity Protection

We attach importance to biodiversity protection, and currently, the projects developed and constructed by us are located outside of ecologically sensitive areas. For new project site selection, we include the distribution of rare and endangered animal and plant resources and native, ancient forest communities in the project assessment scope, conduct soil monitoring before the development and construction of projects, and consider whether it affects animal and plant protection areas, production and breeding sites, and others, to ensure that it will not have an impact on the biodiversity of the area.





Social

5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



10 REDUCED INEQUALITIES



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



17 PARTNERSHIPS FOR THE GOALS



As a leading enterprise in the domestic new energy materials industry and a significant manufacturer in the field of lithium-ion battery cathode materials, we integrate the concept of sustainable development into our own operations and the development of our local area, shouldering the responsibility and mission entrusted by the times. We adhere to the development philosophy of "people-oriented" and implement a talent-driven strategy, committed to realizing the corporate mission of "Make it a place for employee to realize personal value, a place for customer to find solutions, a place for shareholder to invest in, and also a place for society to benefit from."

A Platform for Talent Gathering

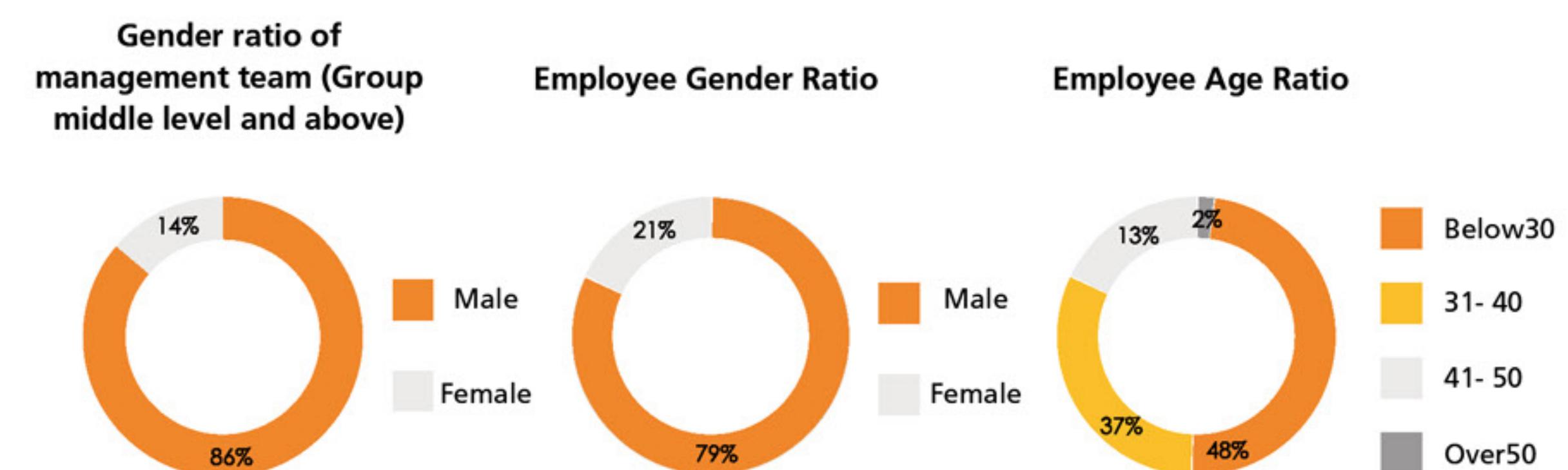
We deeply understand that talent is the most valuable resource and the fundamental driving force behind technological innovation. Following the talent philosophy of "Capability determines position", we gather outstanding talents from the industry, improve our talent development system, and provide a positive, inclusive, and healthy environment for talent growth. We are committed to building our company into a platform for talent aggregation, technological innovation, and industrial development.

Human Rights Protection

We promise to abide by international normative documents such as the "Universal Declaration of Human Rights", "The International Covenant on Economic, Social and Cultural Rights" (ICESCR), and the International Covenant on Economic, Social, and Cultural Rights, in regards to safeguarding human rights and protecting labor rights. We will strictly comply with labor laws and regulations in the locations where our company operates, and we have established a series of regulations and systems, such as the "Human Rights Protection Regulations", "Protection Regulations for Female Workers and Minors", "Human Resources Management Guidelines", and "Labor Management System", aimed at creating a harmonious, diverse, inclusive, equal, and just working environment for our employees, ensuring that all employees are respected and preventing any acts that violate human rights. Currently, our onboarding training includes content related to the "Human Rights Protection Regulations" and other relevant systems, requiring all employees to learn about human rights protection and understand the relevant complaint channels.

Equal Employment

We are committed to the principles of "equality, voluntariness, consensus and legal compliance" and promise that our employees will not be discriminated against on the basis of their ethnicity, race, gender, age, religion, beliefs, color, sexual orientation, marital status, disability, etc. in hiring, compensation, training opportunities, promotion, rewards, training, job assignment, wages, benefits, penalties and termination of employment.



Female Employee Rights Protection

We have established the "Regulations on the Protection of Female Workers and Minors" to ensure equal pay for female employees and protect their rights to rest and leave. Any female employee who experiences unfair treatment can file a complaint with the Human Resources Department verbally or in writing. The company will assign personnel to investigate the complaint within 2 days and provide verbal or written responses to the complainant.

At our Sanming production base, we have also established the "Management Regulations for the Protection of Female Employees" to address the special issues and difficulties faced by female employees and ensure their physical and mental health. We are committed to providing "Five Period" protection for female employees, including regular screening and follow-up on the working conditions of female employees during menstrual period, pregnancy, childbirth, lactation, and menopause (diagnosed with menopausal syndrome by medical departments at or above the city level), and providing appropriate protective measures in response.

Anti-Violence & Forced Labor

We promise to prohibit and not support any form of forced labor, contract labor, corporal punishment, imprisonment, or violence. We have revised the "Security Management Regulations" to clearly state that security personnel are only employed for normal security affairs such as protecting company property and employee safety, and to establish standardized requirements for security management work in order to maintain a positive working environment.

Anti-Abuse & Harassment

We pledge to prohibit the intimidation of employees or subjecting them to cruel or inhumane treatment, including but not limited to verbal abuse, harassment, psychological harassment, mental and physical oppression, and sexual harassment, whether conducted openly or covertly. We have a zero-tolerance policy towards any behavior involving harassment or abuse, and require all employees to comply with the provisions of the anti-harassment and abuse policy and take all feasible measures to prevent harassment or abuse in production areas or other occasions.

If employees encounter harassment or abuse, they can report to their immediate supervisor or file a complaint with representatives from relevant departments. If the complaint involves a direct supervisor, it should be reported directly to higher management or responsible personnel. Upon receiving such complaints, we will conduct an investigation, collect evidence from relevant parties while ensuring confidentiality, and commit to treating the matter fairly and impartially. If the investigation confirms the validity of the complaint, appropriate disciplinary measures will be taken based on the severity of the situation.

Against Child Labor

We attach importance to the protection of the rights and interests of minors and strictly implement Provisions on Prohibition of Child Labour and other laws and regulations, and commit to prohibit the employment of child labor. In our production bases in Sanming and Ningde, we have formulated the "Regulations on the Management of Child Labor and Underage Workers" and the "Regulations on the Protection of Female Workers and Underage Workers", to clarify the requirements of child labor identification and relief, and underage protection.

In 2022, there were no instances of child labor or forced labor that violated employment regulations. There were no reported incidents of workplace harassment, abuse, discrimination, violence, or forced labor.

Employee Communication

We respect and safeguard the democratic rights and freedoms granted to employees by the law, continuously strengthen democratic management, and actively establish effective and diverse employee communication mechanisms.

- Through the development of new employee seminars, follow up the collection of new employees' needs and feedback, and clarify the responsible departments and feedback time and follow up the implementation of the relevant departments to ensure that the solution and reply one by one.
- Each manager is required to talk with his subordinate employees every month to understand their demands and suggestions.
- Provide communication channels such as corporate WeChat to build a bridge between employees and management. Every employee can directly start a two-way dialogue with the company chairman and general manager and put forward their suggestions to the company management.
- We have established a channel for "Employee Rationalization Suggestions", where employees can describe the topic, current situation, improvement direction and expected effect of their suggestions online. We encourage employees to contribute to the development of the company by setting up a mechanism for rewarding their opinions.
- The union establishes teams in various departments to gather feedback and suggestions from employees. We regularly organize employee representative conferences to conduct equal consultations in accordance with the law on matters related to the employees' vital interests, and sign collective contracts. In 2022, our collective contract signing rate reached 100%.



- We conducted ongoing employee satisfaction surveys, listened to the voices of our employees, and used the survey results as an important basis for continuously improving our company's governance. In 2022, we conducted an employee satisfaction survey for all employees, focusing on areas such as company recognition, work environment, labor compensation, and career advancement. In this survey, we received a total of 1,043 valid responses, and achieved high overall employee satisfaction in areas such as "I am optimistic about the company's and the industry's development prospects," "The company provides me with a safe working environment with security measures," and "My colleagues treat me with respect and equality," with all scores exceeding 98%.

In 2022, we did not experience any labor disputes, such as labor arbitration or labor litigation, resulting from infringement of workers' rights

Employee Development

We adhere to the principles of "reasonable structure, professional support, promotion based on merit, and dynamic management," and have established various employee training systems, such as the "Training Management Regulations," "Reserve Management Cadre Cultivation Regulations," "Post-holding Qualifications Management Regulations," "Implementation Regulations on Vocational Skill Level Appraisal and Technician Evaluation," and "In-house Trainer Management System." These systems form a diversified and wide-ranging employee training system. We provide comprehensive occupational knowledge and skills training courses for employees, and offer competitive compensation and benefits to achieve a high degree of alignment between employee interests and company interests, providing a broad platform for employee development.

Employee Training

We follow the requirements of the ISO10015 Training Management System and identify employee competency needs based on company strategic objectives, human resource planning, performance goals, customer requirements, etc., as the main content of our training plan development. We analyze employees' performance based on job requirements, personal development, and career planning, identify gaps between employees' existing skills and job requirements, and develop employee training plans. We continuously optimize our company's employee training system through training needs analysis, plan development, plan implementation, and training effectiveness evaluation, using methods such as online training needs surveys, questionnaires, and discussions with employees.



★ Professional Skills Training

In 2022, we significantly expanded the coverage and benefits of free training for special occupations. We collaborated with the Xiamen Vocational Skills Training Center and Xiamen Special Equipment Inspection Institute to provide qualification assessments and initial and follow-up reviews for electricians, welding and cutting operators, and pressure vessel operators, as well as special equipment managers in our company. We strengthened and consolidated the skill levels and safety awareness of operators in special occupations, cultivating high-skilled talents for our sustainable development.

★ The New Eagle Program

We attach great importance to the introduction of talents from universities, and implement a "Department, Mentor, Human resources department (D-M-H)" training mechanism for graduates. We continuously carry out programs such as "mentorship system" and "teacher-apprentice program", and assign chief mentors in departments to track and manage graduates, closely monitor their learning and growth, set up various feedback channels for graduates and communicate in a timely manner, promote mutual understanding between graduates and the company, and constantly cater to the personalized needs of graduates. In 2022, we formulated the "The New Eagle Program" talent training plan, which includes basic knowledge such as corporate culture, industry analysis and strategic development planning, professional ethics and career planning, etiquette training, legal knowledge, as well as training on company's R&D, manufacturing and quality system introduction, office system skills, etc. The aim is to provide comprehensive guidance to our newly recruited employees, and combine it with reporting and assessment mechanisms during the probation period for graduates, to motivate them to quickly adapt and grow.

★ Reserve Management Cadre Training Course

We actively explore and cultivate reserve management cadres who meet the development needs of the company. Through specialized training classes, book clubs, job rotations, project experiences, mentorship programs, and other methods, we utilize online and offline benchmark courses to create a series of thematic training programs. We further optimize the training and development system for reserve cadres to enhance their professional knowledge, skills, and competency. In 2022, we organized a total of 22 special activities for the first batch of 48 reserve management cadres, including 12 monthly reports, 8 specialized training classes, 1 book club activity, and 1 management proposal collection activity.

In 2022, we organized 44 employee training programs, an increase of 37.5% compared to 2021; covered 7,113 participants, an increase of 46.39% compared to 2021; and organized a total of 1,454 training sessions, an increase of 126.83% compared to 2021.

Employee Promotion

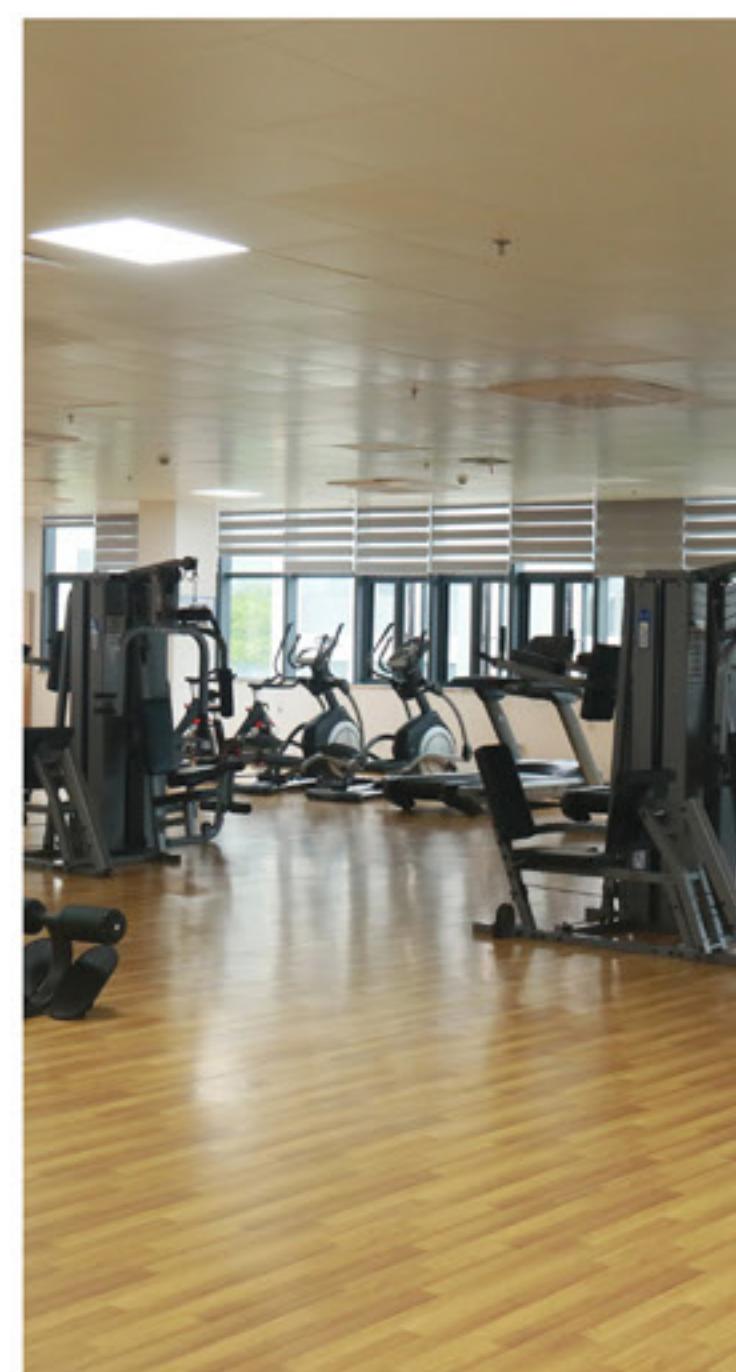
We have formulated the "Reserve Management Cadre Cultivation Regulations", "Post-holding Qualifications Management Regulations", "Implementation Regulations on Vocational Skill Level Appraisal and Technician Evaluation" and other policies to continuously improve the "multi-channel" career development system for employees, synchronize the planning, implementation and assessment of platform construction, project setting and talent cultivation, and clarify the promotion path for employees by disclosing the basic conditions of job qualifications and behavioral standards for each job sequence.

College-Enterprise Cooperation

We attach great importance to school-enterprise cooperation and exchange, and are committed to collaborative education that cultivates applied, versatile, and innovative talents in line with the needs of industrial development. We have established internship and practice base partnerships with Xiamen University, Fuzhou University, Shandong University of Science and Technology, Jimei Industrial College, Henan Polytechnic Institute, and other institutions, carried out in-depth practical training and exchanges. In 2022, we received over 500 teachers and students from Xiamen University, Huaqiao University, Xiamen University of Technology, and other universities for visits and internships.

Employee Well-Being

We adhere to a fair and equitable salary distribution system, committing to providing reasonable remuneration not lower than the local minimum wage standards set by the government for the current year. We have established a salary program that combines basic wages with job skill wages and a performance bonus system, providing employees with competitive compensation incentives. In addition, we continuously improve the assessment models for our base and central facilities through gradual optimization of the compensation system and performance traction mechanisms. We have also implemented various short-term incentive programs such as project rewards, R&D incentives, sales incentives, and technology innovation rewards, and we promote mechanisms that involve employees in the distribution of incentives for technological research achievements. We constantly improve mechanisms for normal income growth and protection for employees, and strive to stimulate employee innovation and initiative.



Employee Benefits

We have formulated regulations such as "Employee Welfare Provision Regulations" and "Welfare Management Regulations" to ensure that employees not only enjoy statutory leaves such as marriage leave, maternity leave, breastfeeding leave, nursing leave, annual leave, sick leave, etc., but also receive welfare care such as enterprise annuity, birthday gifts, holiday condolences, anniversary celebrations, assistance for difficulties, and assistance for settling in other places. We have also provided employees with facilities such as large fitness centers, indoor basketball courts, football fields, and staff libraries, and organized various cultural and sports activities to enrich employees' leisure time.

In 2022, our various production bases implemented self-service canteens for employees, improving the quality of food and service in the employee canteens, and enhancing the dining experience and satisfaction of employees. In addition, we continued to invest in and renovate employee dormitories, increased the number of shuttle buses and routes, providing convenience for employees' living and commuting.

Occupational Health and Safety

We adhere to the concept of "people-oriented" and always prioritize the health and safety of our employees. We strictly implement the "Law of the People's Republic of China on Work Safety", "Law of the People's Republic of China on Prevention and Control of Occupational Diseases", "Measures for the administration of emergency plans for production safety accidents", and relevant laws and regulations in the locations where we operate. We take "prevention-oriented, comprehensive management, civilized production" as the management guidelines for occupational health and safety, continuously optimize and improve our occupational health and safety management system, and strive to provide a safe and healthy working environment for employees, suppliers, and contractors. Currently, all our production bases in our company have been certified with ISO45001 Occupational Health and Safety Management System. In 2022, we invested about a total of 17.78 million RMB in occupational health and safety.

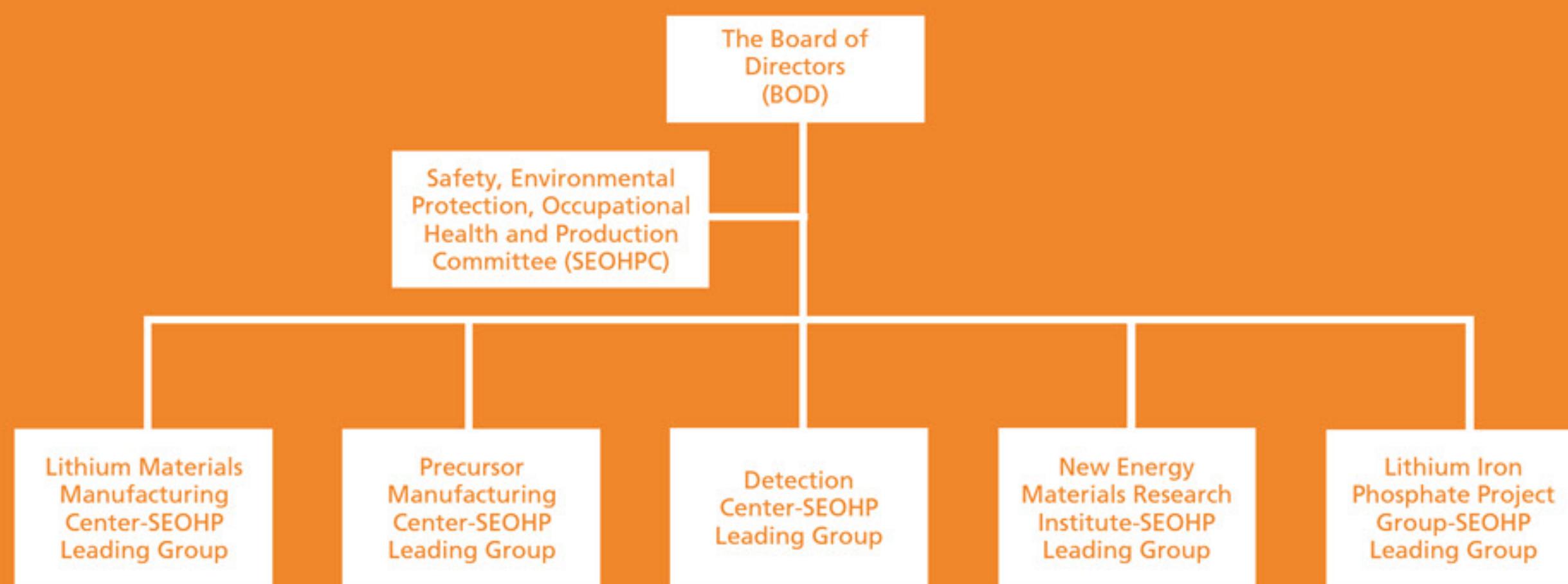
Occupational Health and Safety Management Goals and Indicators for 2022

Significant Hazardous Sources	Occupational Health and Safety Goals and Indicators	Completion Status
Safety Hazards	Monthly completion rate of rectifying hidden hazards in safety inspections is $\geq 92\%$	Completed
Personnel Injuries or Fatalities	Minor injury rate per thousand people: $\leq 10\%$; Fatal accidents: 0 cases	Completed
Inadequate protection results in exposure to occupational disease hazards	Occupational disease incidence rate is 0%	Completed
Electrical Circuitry Caused Fire	There were zero cases of major fire accidents	Completed
The rupture of the storage tank resulted in a chemical leak	There were zero cases of major chemical leaks (such as caustic soda, sulfuric acid, ammonia water, etc.) accidents	Completed
Insufficient operation and protection measures resulted in mechanical injuries	There were zero cases of major mechanical injury accidents	Completed
Inadequate ventilation in confined space operations resulted in poisoning and suffocation	There were zero cases of confined space operation accidents	Completed
Hoisting operations and Inadequate protection resulted in mechanical injuries	There were zero cases of major crane-related injuries accidents	Completed

We have developed a comprehensive set of occupational health and safety management systems, including "Safety Production Management System", "Safety and Environmental Inspection Management Regulations", "Work-related Injury Management Regulations", "Major Hazardous Source Monitoring Management Regulations", "High-altitude Operation Safety Management Regulations", "Confined Space Entry Operation Safety Management Regulations", "Outsourcing Safety Management System", "Hot Work Management Regulations", "Employee Safety Education and Training Management Regulations", "Occupational Health Management System", "Chemical Safety Management Regulations", "Guidelines for Evaluation and Procurement of New Chemicals", "Occupational Health Management System", "Emergency Management System", "Fire Management System", "Environmental and Occupational Health and Safety Management Manual". These management systems are designed to assess and control occupational health and safety risks, prevent safety production risks, and mitigate occupational disease hazards based on our operational conditions.

We have established a three-tier management framework for occupational safety and health. The board of directors(BOD) of the company is responsible for making decisions on safety and health matters. The safety, environmental protection, occupational health and production committee (SEOHP) is responsible for managing safety production and health matters among departments, establishing, managing, and evaluating the company's safety and health goals. Our subsidiary's SEOHP follows the requirements of the SEOHP, regularly reporting on safety production and health-related work to senior management. We have incorporated the achievements of safety production work into the annual performance assessment indicators of senior management, which are linked to their performance compensation.

Occupational Safety and Health Management Framework



Risk Management for Safety Production

In 2022, we set up a working group for the dual prevention system of risk grading and control and hidden danger investigation and management of safety production, and developed a risk grading and control and hidden danger investigation and management system such as the "Safety Production Risk Management Organizational Responsibilities", "Safety Production Risk Grading and Control System", "Risk Grading and Control and Hidden Danger Investigation and Management System Assessment, Reward and Punishment System", and "Accident Hidden Danger Investigation and Management System", and other risk grading and control and hidden danger investigation and management systems, and implemented the risk grading and control process by developing an implementation plan for the construction of the dual prevention system.

Risk classification and control process



Through the use of Job Hazard Analysis (JHA) and Safety Checklist (SCL), we have identified hazards in the work behaviors and equipment status of 8 departments in our organization. A total of 75 risks have been compiled and summarized, identifying over 1,500 risk points. The risk list includes risk names, risk locations, risk types, risk levels, control measures, and responsible parties. Based on the risk list, we have created a four-color safety risk distribution map and prominent risk notification signs, indicating the main safety risks, potential accident hazards, consequences of accidents, and emergency measures, etc.

In 2022, we have implemented the following safety production control measures to effectively prevent safety production risks:

- ★ We organized all employees to understand and master the basic methods of hazard identification, risk assessment, and hidden danger investigation;
- ★ Training on relevant facilities and equipment operating procedures was provided to all employees, and periodic audits of compliance were conducted;
- ★ Regular arrangements for testing of harmful factors in the workplace were conducted;
- ★ Identification of confined spaces in various positions and placement of confined space signage;
- ★ Regular inspections of production equipment were conducted;
- ★ Inspections were conducted and protective measures were repaired and maintained;
- ★ Regular inspections of emergency facilities and supplies were conducted, and special rectification measures were carried out, such as replacing fire doors, foam sandwich panels, PP air ducts, and ammonia extraction pipelines. Smoke detection and alarm devices were installed, and annual inspections of fire equipment and facilities were conducted;
- ★ At the Sanming production base, micro fire stations, fire water ponds, and transformation of sintering compartment walls in AB workshops were carried out. Maintenance of workshop ventilation and exhaust equipment was conducted to ensure effective workshop ventilation.



Hazardous Materials Management

The procurement and utilization of controlled chemicals with the potential for illicit drug manufacturing or explosive production are included in our company's production and operation plan. The testing center is responsible for developing procurement plans for controlled chemicals used in laboratory testing for drug manufacturing or explosive production. We strictly manage the storage and issuance of controlled chemicals with potential for illicit drug manufacturing or explosive production, conduct regular inspections of the flow of these chemicals, and conduct periodic patrols and maintenance of protective measures.

In 2022, we did not experience any incidents of loss, theft, or robbery involving controlled chemicals with potential for illicit drug manufacturing or explosive production.

Safety Inspection

We strictly implement the "Regulations on Safety and Environmental Protection Inspection Management" and prepare a list of hidden dangers investigation and governance based on the risk type and risk level of the company. We also develop an annual safety inspection plan, and each department and team conduct self-inspection of their respective departments on a weekly basis. The management team and the Safety and Environmental Protection Management Department of our company take the lead in conducting comprehensive inspections regularly, including routine safety inspections every week, pre-festival inspections, special inspections, seasonal inspections, and "Safety Activity Month/Quarter" inspections. The inspection scope covers various manufacturing centers, project teams, testing centers, production management departments, general affairs departments, equipment centers, and new energy materials research institutes. We record and classify the hidden dangers discovered during inspections, and form a hidden danger information ledger, and implement closed-loop governance according to the division of responsibilities.



In 2022, through measures such as "large-scale inspections", "comprehensive assessment", and "strict supervision", we conducted investigations on waste materials stored in production units and key areas, and the hidden danger rectification rate reached 100% for immediate rectification. For hidden dangers that require phased rectification, the rectification rate reached over 96%.



Emergency Management and Drills

We have developed internal management systems, such as "Emergency Response Plan for Production Accidents", "Emergency Response Plan for Fire Incidents", "Emergency Plan for Sudden Environmental Accidents", "Emergency Plan for Radiation Accidents". Based on the actual situation of our own safety production, to standardize our company's emergency management work. These plans aim to enhance our ability to respond to risks, prevent accidents, and ensure the safety and health of our employees and the surrounding communities, while minimizing property losses, environmental damages, and social impacts caused by production accidents, sudden environmental accidents, etc.

In 2022, we organized a total of 111 emergency drills.

Occupational Disease Prevention

According to the "Law of the People's Republic of China on Prevention and Control of Occupational Diseases", we have established internal management systems such as the "Emergency Rescue Plan for Occupational Hazard Accidents" and "Occupational Health Management Regulations". We have established clear safety operating procedures for various positions, strengthened education and training on occupational hazard positions, and strictly implemented regulations such as "Management Regulations for Labor Protection Articles" and "Safety Helmet Use and Management Regulations" to guide and ensure that our frontline employees regularly maintain, properly wear, and use labor protection articles during their work. Every year, we organize occupational health examinations and occupational disease prevention training for employees in health-risk positions, and effectively investigate and handle occupational disease accidents in accordance with regulations, in order to timely and effectively control occupational disease hazards and minimize the risks of occupational diseases in our company.

We are committed to occupational disease prevention from both environmental and humanistic perspectives:

- Environmental perspective: We conduct occupational hazard factor testing in the workplace, and through third-party organizations, identify the main occupational hazard factors, and make targeted continuous improvements to the workplace.
- Humanistic perspective: We provide adequate personal protective equipment (PPE) to employees and supervise the proper wearing of them. We conduct quarterly satisfaction surveys on PPE, collect feedback from employees, and continuously optimize our management practices. In 2022, based on feedback from employees regarding discomfort with earplugs, the company selected earmuffs that prioritize filtering effectiveness, comfort, and fit, and customized dedicated earmuffs to improve employee enthusiasm for using PPE.

In 2022, there was no occupational disease found in our company, and the on-site inspections were all qualified.



Occupational Health and Safety Education

We continuously improve the "Employee Safety Education and Training Management Regulations" and carry out three-level safety education, resumption of work education, "Four New" education (New technology, New process, New equipment and New Product), safety technical knowledge training, and regulations and procedures education, combined with daily team meetings, safety activity days, accident case education, and occupational health promotion lectures to actively promote the company's safety culture.

In 2022, we organized safety training themed activities around "Safe Production Month" such as "Compliance with the Law on Safe Production and Being a Responsible Person" and "Obligatory Safety Officer Activities", and organized employees to participate in firefighter certification training. In addition, we encourage employees to make full use of the company's EHS management information platform to re-identify major hazards and hazard sources, and achieve on-site mobile APP law enforcement inspections, improving overall safety awareness. During this reporting period, we organized a total of 31,879 hours of occupational health and safety training activities, cumulative number of 4,319 participants.



Responsible Supply Chain

We actively practice responsible procurement and make sustainable development an important part of our supply chain management. We continue to optimize our supply chain management system and have formulated the "Supplier Management Regulations", "Rules for the Implementation of Supplier Evaluation Management", "Rules for the Management of New Supplier Assessment and Access", "Rules for the Management of Second Party Audit of Suppliers" and other related systems to clarify the criteria for supplier selection, access and assessment, and integrate ESG requirements into our procurement strategy and business processes such as production, transportation and raw material use, so as to effectively prevent the environmental and social risks of the supply chains, we are committed to building a more stable and sustainable industrial chain together with our suppliers.

Supplier Access Assessment

We collect supplier information through "Know Your Supplier" questionnaires and other means, and establish supplier files. After the suppliers are assessed and admitted, they need to be entered into the ERP system and become potential suppliers. Our new suppliers' access assessment covers requirements of environmental protection and safety, quality and quality, business compliance, labor rights and other dimensions, and we pay attention to the suppliers' ISO9001, IAFT16949 and other system construction and ROHs certification status. We require all newly admitted suppliers to commit to responsible business behavior and sign written commitments such as "Business Ethics Agreement", "Quality Assurance Letter", "Human Rights and Social Responsibility Initiative Letter", "Business Ethics Agreement (Integrity)" and "Production Monitoring Report". We conduct thorough supplier audits prior to cooperation through sample testing, material line verification, development access audits and on-site verification procedures.

In 2022, we went live with our SRM (Supplier Relationship Management) system, which can trace the entire process of procurement management and enhance the transparency and management efficiency of the procurement process.

Supplier Evaluation

All our suppliers are subject to development, investigation, access, performance monitoring and regular evaluation management. We include qualified suppliers in the Qualified Supplier List based on the evaluation results of the suppliers. We divide qualified suppliers into Class I suppliers and other suppliers, among which, main material suppliers belong to Class I suppliers and need to pass on-site audit before they can be included in qualified suppliers, and the management department will organize and coordinate relevant personnel to conduct second-party audit according to the " Rules for the Management of Second Party Audit of Suppliers".

Supplier risk assessment and evaluation

We establish supplier files based on supplier selection and evaluation results, and implement multi-dimensional evaluation and tracking mechanisms, including for supplier enterprise management, the effectiveness, compliance and sustainability of quality management, environmentally friendly production and sustainable development, and perfect after-sales service.

- ★ Require suppliers to provide supply chain maps to trace the origin of each batch of materials;
- ★ Regularly evaluate/assess the behavior of suppliers, including quality, delivery, price, service, corporate growth and other dimensions, and carry out annual qualified supplier reviews and monthly performance tracking through questionnaires, on-site audits and third-party information feedback; if the supplies or services supplied by qualified suppliers seriously fail to meet the agreement, or the annual evaluation result is below 60 points, they will be eliminated;
- ★ Establish and improve the supplier process quality audit mechanism, clarify the audit access conditions and evaluation and downgrading scoring guidelines, and control the product risk and process risk;
- ★ Based on the supplier's risk, performance status and potential risks to customers and impact procedures, determine the supplier's quality management system development level and objectives, and form the Supplier Quality Management System Development Plan.





Supplier Communication

We have established a regular communication mechanism with suppliers through offline visits and online promotions. We actively carry out supplier training and supplier quality improvement activities, provide counseling to suppliers, improve suppliers' awareness of the concept of responsible supply chain and the carbon reduction action of dual carbon goals, promote the company's environmental protection, occupational health and safety policy and other policies to suppliers, clarify the requirements of government regulations, product safety, environmental protection and other related laws and regulations, advocate the recycling of resources and the adoption of energy-saving measures in production, and encourage suppliers to actively fulfill their social responsibility and jointly promote the construction of green supply chain.

Responsible Mineral Supply Chain Management

In the management of our mineral resource supply chain, we adhere to the requirements of the "United Nations Guiding Principles on Business Human Rights," "Guidelines for Social Responsibility in Outbound Mining Investments," "Chinese Due Diligence Guidelines for Mineral Supply Chain," "Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Mineral Supply Chains in Conflict-Affected and High-Risk Areas," "Due Diligence Management Standards for Cobalt Smelters". We are committed to supporting and implementing the "Five Strategic Objectives" of the Responsible Critical Minerals Initiative (formerly the Responsible Cobalt Initiative) and strive to build a responsible, resilient, and sustainable critical minerals supply chain. We actively respond to the commitments of the Responsible Business Alliance (RBA) and the Global e-Sustainability Initiative (GeSI) Joint Working Group to improve the conditions of the electronics supply chain and do not accept mining activities that may contribute to conflict. We have revised and improved the "Responsible Mineral Supply Chain Due Diligence Management Work Instructions and Attachments", which standardizes the management of relevant raw material mineral resources that the company may use. We identify, prevent, and mitigate significant risks that may contribute to conflict or serious human rights violations to meet the international community's requirements for responsible mineral supply chain management.

We have communicated the relevant requirements to our suppliers and have been pushing for their synchronous implementation. Suppliers are also required to provide a "Pre-Assessment Checklist for Responsible Mineral Sourcing". All newly contracted suppliers and customers have been informed of the requirements of the company's "Code of Business Conduct" and "Anti-Corruption and Anti-Bribery Management Regulations", which cover standards related to human rights, environment, occupational health and safety, and business ethics. Suppliers are required to commit to complying with the principle of "avoiding conflicts of interest" in the company's "Code of Business Conduct", prohibiting violations of human rights red lines such as discrimination, use of child labor, or forced labor, and fulfilling social and environmental responsibilities.

* The principle of avoiding conflicts of interest:

Do not offer or accept bribes related to company business; without approval, do not offer or accept cash, securities, gift cards or other cash equivalents.

Do not participate in any business entertainment activities that are illegal or would adversely affect the reputation of the company if disclosed.

Do not seek any direct or indirect benefits from business partners or potential future partners, such as gifts, entertainment, hospitality, sponsorship, or donations.

Avoid any direct or indirect business or working relationship with competitors, customers, suppliers, contractors, or other business partners, unless it is necessary for the company's needs.

* Social Responsibility: Provide donations to vulnerable groups in need of assistance.

* Environmental Responsibility: Comply with environmental protection laws and regulations, actively assume environmental protection responsibilities, promote, use, and innovate environmental protection technologies.

Responsible Mineral Due Diligence

We are conducting supply chain due diligence investigations using the five-step framework from the "Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Mineral Supply Chains in Conflict-Affected and High-Risk Areas" and the six-step framework from the "Chinese Due Diligence Guidelines for Mineral Supply Chain". Currently, due diligence has been conducted on all cobalt raw material suppliers, and potential suppliers are screened for qualifications and undergo due diligence on environmental and ethical compliance through RCI, to ensure that cobalt raw material suppliers do not engage in human rights violations such as child labor and poor working conditions. We publish an annual supply chain responsibility management report and proactively disclose information on supply chain responsibility management. In the future, we will further advance due diligence on all suppliers to achieve 100% coverage of supplier due diligence.

We collect supplier-related information, raw material information, and responsible management information through Know Your Suppliers questionnaires, communication with direct suppliers, and querying publicly available information on cobalt mine sources. We encourage and monitor suppliers to establish equivalent management mechanisms and encourage partners to actively participate in third-party audits. In 2022, we issued responsible mineral supply chain declarations to our collaborating suppliers and obtained confirmation receipts with a completion rate of 100%.

Responsible Products and Services

We always adhere to the quality management system requirement of "providing different models of products according to the needs of different users, ensuring that the same user always receives products of the same quality, and pursuing higher quality products with high-quality work." We insist on creating higher quality products through high-quality work. Currently, we have obtained ISO9001, IATF16949 and other management system certifications.

We inject the pursuit of quality into every production process, and build a high-level quality assurance system. We follow standards such as IATF16949:2016, and implement end-to-end quality control throughout the entire process from product development, supplier management, incoming materials, manufacturing, product, and service. We have established a comprehensive quality control and risk prevention mechanism and continuously optimize it. We have developed related systems such as "Quality Management Manual", "Identification and Traceability Management Regulations", "Monitoring and Measurement Management Regulations", "Nonconforming and Noncompliant Management Regulations", "Corrective and Preventive Measures Management Regulations", "Service and Customer Satisfaction Management Regulations", "Customer Requirement Identification and Review Management Regulations", and "Customer Complaint Handling Management Regulations" to ensure that product quality issues are promptly and effectively resolved, ensuring our products meet first-class quality standards.

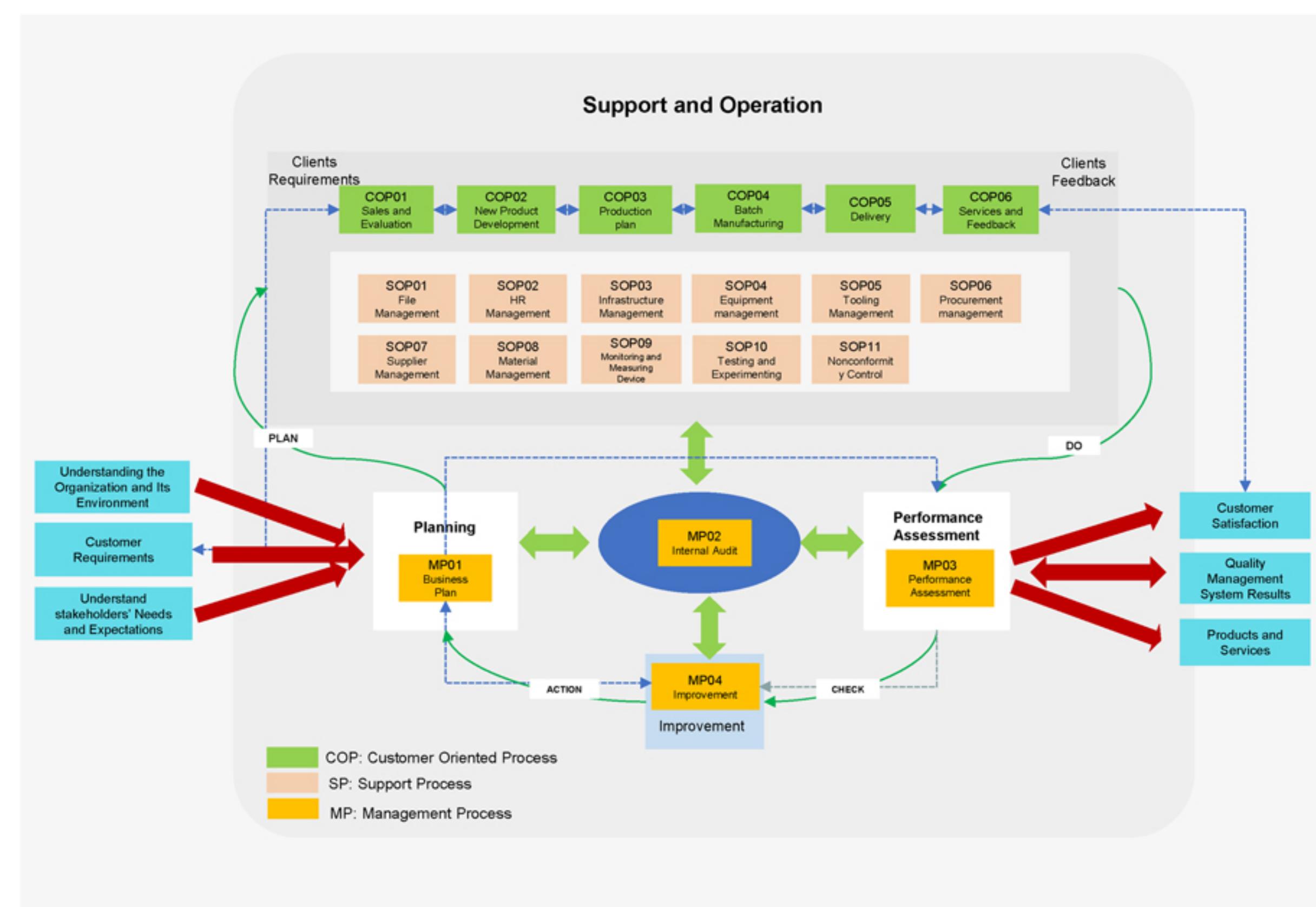
Customer Privacy Protection

We strictly adhere to the requirements of the "Customer Property Management Regulations" to protect personal information provided by customers, including their employees and representatives, through special ledger registration, confidential labeling, and storage. These measures are taken to prevent privacy information leakage and improper use. Unauthorized access to client data by network administrators during their management work without the authorization of the device user or the company's network technology responsible person is strictly prohibited. Any such action will be considered as an infringement of employee privacy and even theft of company data, and corresponding disciplinary measures will be taken according to the regulations.

Promoting Industry Development

We actively participate in responsible supply chain-related international forums and engage in the formulation and revision of industry standards. Through multi-faceted dialogues with various stakeholders, we promote the participation of upstream and downstream enterprises in responsible management activities in the cobalt supply chain. We are committed to adopting a systematic approach to identify, prevent, and mitigate social, environmental, and governance risks directly or indirectly related to the supply chain. In this way, we aim to effectively address the risks at the source of the cobalt supply chain and contribute to the sustainable development of the industry.

Since 2017, we have joined the Responsible Cobalt Initiative (RCI) and actively involved in RCI's conferences, trainings, and events related to responsible supply chain management. In 2022, we participated in the development of supply chain management and auditing standards such as the RCI ASM Cobalt ESG Management Framework, supporting the standardization of ASM Cobalt governance. After the Responsible Cobalt Initiative was upgraded to the Responsible Critical Minerals Initiative (RCI) in 2022, we were selected as a member of the RCI decision-making committee. We will continue to leverage our industry influence and advocate for upstream and downstream companies and stakeholders to take joint action, making positive contributions to building responsible and sustainable mineral supply chains.





Co-Creating Harmonious Society

We respect the local cultural customs of the region and strive to protect the rights and interests of local residents. We prioritize local procurement and local employment to promote local job opportunities and stimulate local economic development.

Community Communication

We have established a community communication feedback mechanism, which is managed by the Office of the CEO, responsible for communication with local government and surrounding community residents. It receives complaints and suggestions from stakeholders in the community, and is responsible for providing timely feedback on the results of the handling to the stakeholders.

We received no community complaints in 2022.

Public Service Activities

The spirit of volunteerism has always been a part of our culture. We actively organize public welfare activities and employees who participate in these activities through their labor union groups are eligible for bonus points and can be nominated for commendation as exemplary and active individuals, in order to encourage and guide employees to participate in voluntary public welfare activities. Over the years, we have been consistently engaged in public welfare activities with themes such as caring for children and caring for the elderly, striving to fulfill the social responsibility of state-owned enterprises.

Caring for the Children

- Continuously carrying out the Golden Autumn Education Program, providing educational support to the village committees of Haicang Community in Haicang District, Qingjiao Village, and Guoyao Village, and offering scholarships to employees' children for their educational advancement.
- Collaborating with Cangjiang Academy to jointly organize summer tutoring classes and winter camps for public welfare activities.

Caring for the Elderly

- Ningde XWXN, through its joint efforts with Ningde City's ethnic and religious groups and village committee in the "Welcoming the 20th National Congress and Warm Trip in Autumn Festival" themed Party Day co-construction activity, visited and comforted the elderly in Dangyang Village, Shihou Township, Jiaocheng District, Ningde; Carried out co-construction activities with the theme of "Served the People to Solve Real Problems" to respect and care for the elderly, as well as welfare home visits under the motto "Never Forget The Original Aspiration, Move Forward with Love", providing heartfelt care and material assistance to the elderly.

Community Activities

- We join hands with the Haicang People's Procuratorate to conduct special lectures on criminal legal knowledge for the "collaborative construction of law by prosecutors and enterprises".
- We collaborate with the Haicang Branch of Xiamen Municipal Bureau of Resource Planning to organize the "One Machine, One Special Team" service and Tree Planting Festival activities.
- We organize and hold the "Blessings shared through new year couplets, Sense of festival comes with ink fragrance" volunteer service activity in conjunction with Cangjiang Academy.
- Ningde XWXN and Chinese Communist Party (CCP) New Energy Community Branch Committee of Dongqiao Economic and Technological Development Zone" conduct the theme party day co-construction activity on "Knowing the Three Ratios for Safety".
- Sanming XWXN sponsor the Sanming Economic and Development Zone to organize a 5-a-side football tournament, inheriting innovation and promoting the great spirit of Chinese sports, and supporting the development of sports and cultural industries.

In 2022, we had a total of 484 participants volunteering for a total of 1,498 volunteer hours.







Board of Directors

We comply with the requirements of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Guidelines for Corporate Governance of Listed Companies, and SSE's Issuing the Guidelines of the Shanghai Stock Exchange for the Recommendation for the Listing of Enterprises on the Sci-tech Innovation Board and other laws and regulations, to continuously improve corporate governance, promote scientific decision-making, and ensure the sound and compliant operation of the company. The Board of Directors strictly fulfills its responsibilities with laws, regulations, and internal rules and regulations, advances governance work, fully leverages the role of board committees and independent directors, provides advice and support for scientific and effective decision-making, and safeguards the interests of shareholders and the company.

In 2022, the Board of Directors held a total of 11 meetings, deliberated on 68 proposals, and achieved a 100% attendance rate of all directors.

Board Diversity and Independence

We continue to promote the diversification and professionalization of the Board of Directors. The company's board of directors has established a Nomination and Remuneration Committee, which provides recommendations on the nomination and appointment criteria and procedures for directors and senior management. Based on our needs, the Nomination and Remuneration Committee considers multiple criteria, such as educational background, professional capabilities, and industry experience. The director candidates are selected to the board of directors after conducting qualification reviews on them.

Name	Occupation	Age	Professional Background				Board Committees			Attendance(Board meetings and Board committee meetings)
			Industry Experience	Operation Management	Risk Control	Financial & Accounting	Strategic and Sustainable Development Committee	Audit Committee	Nomination and Remuneration Committee	
Yang Jinhong (M)	Chairman	56	●	●			●			100%
Zhong Kexiang (M)	Director	50	●	●			●			100%
Hong Chaoe (M)	Director	56		●	●	●			●	100%
Zhong Bingxian (M)	Director	47		●	●	●		●		100%
Zeng Xinping (M)	Director	46	●	●			●			100%
Jiang Long (M)	Director CEO	43	●	●	●		●			100%
Sun Shigang (M)	Independent Director	69	●				●			100%
He Yanzhen (F)	Independent Director	54		●	●			●	●	100%
Chen Han (F)	Independent Director	40			●	●		●	●	100%

Our board consists of 9 directors, including 2 female directors, accounting for 22.22% of the total board members; among them, 3 are independent directors, accounting for 33.33% of the of board members. The members of the board have professional backgrounds and industry experience in multiple fields such as metallurgy, business administration, financial accounting, economics, chemistry, and engineering. The professionalization and diversification of the board provide guarantees for our scientific and efficient decision-making. Through the full play of the professional guidance role of independent directors, the board supervises standardized operations, continuously enhances corporate governance level, and effectively safeguards the interests of shareholders, especially those of small and medium-sized shareholders.

In 2022, the board of directors participated in 9 training sessions organized by the stock exchange, securities regulatory agency, and listed company association, covering topics such as policy and regulations, duties and responsibilities, and practical case studies.

Remuneration Policy

According to the relevant provisions of our "Compensation Management System for Directors, Supervisors, and Senior Management" and "Independent Director System", independent directors receive allowances according to the standards approved by our shareholders' meeting. Directors who hold management positions and senior management personnel are subject to an annual salary system, which mainly consists of a basic annual salary and a performance-based annual salary.

As one of the pioneer in state-controlled mixed ownership enterprises for employee stock incentives in Fujian Province, we have implemented an employee stock incentives plan. The Chairman of the board and senior managers have participated in the employee stock incentives plan and indirectly hold 2.72 million shares through the employee shareholding platform, accounting for 0.91% of the total equity of the company.

Related Party Transaction

We strictly comply with the regulations on related-party transactions in the Listing Rules of the Science and Technology Innovation Board of the Shanghai Stock Exchange and other relevant laws and regulations. We formulated the "Related-Party Transaction Management System" to clarify the decision-making authority and procedures, pricing principles and methods, information disclosure etc. to regulate related-party transaction behaviors. The independent directors provide opinions in advance on significant related-party transactions, and the audit committee fulfills its responsibilities in controlling and managing related-party transactions regularly. Related directors and related shareholders strictly abstain from voting procedures to ensure related-party transactions' legality, reasonableness, and fairness.

Party Building

We fully leverage the role of the Party Committee in setting direction, managing situations, and promoting implementation. We strictly implement the "major issues, major personnel appointments and dismissals, major project investment and large-scale fund utilization" decision-making system and the list of items for Party Committee prior research and discussion, to standardize collective decision-making procedures. The Party Committee attaches great importance to the selection and appointment of cadres, making it a priority in Party building to carry out cadre selection, appointment, supervision and management in a scientific, standardized, and efficient manner. Following the prescribed procedures, we rigorously screen candidates, conduct thorough investigations, and make informed decisions to continuously strengthen the leadership team and cadre talent pool, enhance cohesion and combat effectiveness, and lead the employees to overcome challenges and pursue excellence.

Our Party Committee emphasizes enterprise efficiency and competitiveness as the starting point and foothold of Party building work. It promotes deep integration of Party building work with enterprise management and production operation. The Party Committee has formulated the "Action Plan for Improving Efficiency, Enhancing Effectiveness, and Increasing Benefits", and each Party branch has established member troops to carry out 43 target projects, mainly involving research and development, process improvement, cost reduction, and efficiency improvement, to ensure the projects are steadily promoted according to the work plan and to facilitate the efficient completion of production and operation.

The Party Committee strengthens supervision and inspection of safety and environmental protection work, and assists in organizing education and training activities to implement the full-employee safety production responsibility system, improve employees' safety awareness and self-protection ability, and prevent safety production accidents. In 2022, the Party Committee conducted inspections on waste and old items, and on critical areas in various production facilities through comprehensive inspections, rigorous assessments, and rigorous supervision, to timely identify problems and urge rectification. Activities such as "Complying with the Safety Production Law and Being Responsible as the First Person in Charge" and "Voluntary Safety Officer" activities were carried out around the theme of "Safety Production Month", and our EHS management information platform was fully utilized for re-identification of major hazards and hazard sources, achieving on-site enforcement inspections through a mobile APP.



Risk Control and Compliance

We have established and continuously improved a risk management and control system that is risk-oriented, institution-based, process-driven, control-focused, and IT-supported. This system identifies, assesses, and analyzes the risks faced by company development, formulates effective risk response strategies and measures, establishes sound control procedures and measures for major business activities and critical processes, continuously improves risk control points, and forms effective internal controls to prevent various risks in production and operation, ensuring the company's long-term, healthy, and stable development.

We continue strengthening internal supervision through special audits, routine inspections, internal control evaluations, and other means to deepen the supervision and inspection work. We promptly identify defects and issues and urge relevant departments or business units to rectify them, effectively preventing operational risks. In order to strengthen the role of audit supervision and promote the use of audit results, the audit department formulated the "Implementation Measures for Audit Rectification and Result Application" in 2022, which institutionalizes and standardizes the process of audit rectification, and effectively improves the timeliness and effectiveness of audit issue rectification and result application.

In 2022, audit department conducted 6 internal audit projects in important areas such as internal control, financial income and expenditure standardization, sales management, and key project management for us and our subsidiaries in accordance with relevant regulations such as the "Internal Audit System". Economic responsibility audits were also conducted for two subsidiary general managers who resigned. In addition, the audit department conducted special supervision and inspection on specific internal control areas, including bulk material procurement, project management, fundraising management, etc. During the process of special audits and routine inspections, no significant internal control issues were found. For the identified internal control defects and problems, rectification suggestions have been made, and the rectification progress has been continuously tracked.

Business Ethics

We are committed to the highest business ethics standards as the code of conduct for our business activities. We have formulated the "Code of Business Conduct", which requires our company and subsidiaries to uphold integrity and fairness in business activities, strictly prohibit corruption and bribery, avoid unfair competition, and prohibit and avoid conflicts of interest. We treat employees, shareholders, customers, suppliers, government representatives, and other stakeholders honestly and fairly.

Anti-Bribery & Anti-Corruption

We have formulated Anti-Corruption and Anti-Bribery Management Regulations; the Discipline Inspection and Supervision Office and Audit Department are the supervisory agencies for anti-corruption and anti-bribery. The Audit Department conducts special audits and inspections on key businesses risk every year to prevent violations and fraudulent activities. Based on the results of inspections, the Audit Department provides feedback to various departments on the non-compliant issues found during the inspections and continuously urges responsible departments to make timely corrections. The Discipline Inspection and Supervision Office improves the overall effectiveness of clean operation through supervision and management of integrity and attendance monitoring of major company matters.

Business Ethics Management

According to the Anti-Corruption and Anti-Bribery Management Regulations, we implement a preventive commitment system against commercial bribery for key position. This means that key personnel is required to sign the "Commitment Letter of Integrity and Self-discipline" with the company, explicitly prohibiting various forms of corruption and bribery, such as prohibiting bribery of business counterparts, soliciting or accepting bribes, fake bids, collusion in bidding, and abnormal business promotion or cooperaton. In 2022, the coverage rate of signed "Commitment Letter of Integrity and Self-discipline" for key position personnel reached 100%.

The Discipline Inspection and Supervision Office conducts special inspections annually through daily supervision, random checks, and group inspections, promptly identifying problems and urging rectification to prevent business ethics risks. The audit department also conducts special audits or inspections on crucial business process every year and continues to urge responsible departments to rectify them to avoid violations and fraudulent behaviors. In 2022, the Discipline Inspection and Supervision Office organized 13 inspections, including "1+X" special inspections, self-examination and self-rectification on issues related to company vehicles usage and hospitality expenses, follow-up supervision on safety production, etc., and urged all units to complete rectification of identified problems.

Business Ethics Education

We attach great importance to the business ethics education of our employees, and actively promote the business ethics concept throughout the workforce through various forms such as policy advocacy, online and offline training, small talks, etc., to enhance employee awareness and promote the construction of a business ethics culture:

- We conduct pre-appointment business ethics small talks with cadres, and organize collective related risk reminder talks during major festivals such as "Labor Day", "Dragon Boat Festival", "Mid-Autumn Festival", and "National Day" to strengthen their ideological defense.
- During key time, we create reminders and messages on business ethics and send them to middle and senior-level managers to establish an awareness of constant integrity.
- We organize the "Life Journey is Long, Integrity Always Along" Integrity Education and Promotion Month activities.
- We organize integrity-themed book club activities with the theme of "Integrity and Youthful Aspiration" to promote reading on integrity.
- We organize viewing and learning activities of microfilms with the theme "Talking about Integrity in Professional Practice".
- We organize multiple learning activities by disseminating warning cases of violations and use cases to illustrate disciplines.

In 2022, we conducted a total of 48 integrity education activities online and offline, with a total of 13,238 participants, covering all employees.



Supplier Business Ethics Management

To establish a mutual trust, and stability relationship with suppliers, service providers, contractors, and other business partners to prevent business ethics risks in the supply chain, we set forth requirements for fair competition and resisted against bribery and corruption in the Anti-Corruption and Anti-Bribery Management Regulations for them. Any violation of the regulations by our business partners will result in the cancellation of their qualifications. During the supplier access process, we require them to sign the "Code of Business Ethics" to ensure that they fully understand our requirements in terms of business ethics and make corresponding commitments. Our company also includes business ethics commitments in the contract terms with them to comply with our anti-corruption regulations.

In addition, we continuously communicate the requirements of integrity and self-discipline to our suppliers through periodic dialogues and other means, aiming to build a collaborative ecosystem based on high business ethics. At our Sanming production base, we send Sunshine Holiday Notices to our suppliers during important festivals every year. These notices detail corrupt practices and bribery, such as giving cash gifts to our employees in any form, arranging relatives to work at supplier companies, etc. The notices also clearly specify the channels for whistleblowing, as well as the consequences of violating the requirements of business ethics.

Anti-Unfair Competition

We strictly comply with relevant laws and regulations, such as the Anti-Unfair Competition Law of the People's Republic of China, and the company's Code of Business Conduct, we require all employees and our subsidiaries to adhere to the principles of fairness and integrity. Employees are prohibited from engaging in unfair competition practices, such as giving gifts to others in bidding, auctions, and other matters. We also establish and maintain a relationship of mutual trust, mutual respect, equal treatment, and honesty with our suppliers, customers, and other partners, in order to jointly safeguard the orderly and healthy development of the market economy. In 2022, we had no cases related to unfair competition.



Conflicts of Interest

In our Code of Business Conduct, we have explicitly outlined situations that may rise interest conflict issues to guide and regulate the behavior of all employees and our subsidiaries. Our directors, supervisors, and senior managers are required to disclose any significant positions held in other organizations, and such information will be revealed in the annual report.

Principle for preventing conflicts of interest

- ◎ Do not offer or accept bribes with company business. Without approval, do not offer or accept cash, securities, gift cards or other cash equivalents.
- ◎ Do not participate in any illegal business entertainment activities that would negatively impact company's reputation if disclosed.
- ◎ Do not seek any direct or indirect benefits, such as gifts, entertainment, hospitality, sponsorship, or donations, from business partners or potential future business partners.
- ◎ Avoid engaging in direct or indirect business or employment relationships with competitors, customers, suppliers, contractors, or other business partners, unless it is for the legitimate needs of the company.

Tax Compliance

We strictly comply with Law of the People's Republic of China on Enterprise Income Tax and other laws and regulations in our business's jurisdictions and adhere to lawful and compliant tax practices. Our financial center is responsible for managing tax-related matters, and conducts continuous monitoring of tax regulations and policies, as well as periodic internal tax self-audit activities to identify, manage, and mitigate tax risks arising from potential changes in tax regulations and policies. We have established a proactive and transparent communication mechanism with the tax authorities through consulting and seeking advice from tax agencies to ensure tax compliance.

In addition, we conduct tax inspection and audit work by hiring third-party professional agencies, leveraging their expertise to identify tax risks or issues, and continuously improving tax management capabilities. We also organize periodic tax regulations, policies, and knowledge training activities by inviting external organizations or specialized internal positions, to continuously enhance the professional skills of tax-related personnel and strengthen employees' awareness of tax compliance.

In 2022, we paid a total of 391,079,000 RMB in taxes and did not experience any tax-related violations.

Complaint Mechanism and Whistleblower Protection

We continuously improve our complaint mechanism and attach great importance to protecting complainants. We have set up a supervision and reporting column on our official website (<http://www.xtc-xny.com/cn/xinfangjubao/>) to encourage stakeholders to provide feedback on any violations of our Business Code of Conduct that they may discover.

Complainants can decide to make anonymous complaints through the following public channels:

Complaint and report hotline: 0592-3351315

Complaint and report email: XNYJC@CXT.COM

Mailing address: No. 300, Kejing She, Xiamen, (Fujian) Pilot Free Trade Zone, China

In addition to reporting acts of corruption and bribery to the Discipline Inspection and Supervision Office in accordance with the Anti-Corruption and Anti-Bribery Management Regulations, our employees can also directly contact our Corporate Management Department and HR Department to provide feedback on any violations of the "Business Code of Conduct" that they discover.

To protect complainants' legitimate rights and interests, we follow the Provisions of the Central Commission for Discipline Inspection and the Supervision Department on Protecting Whistleblowers and Complainants. The Anti-Corruption and Anti-Bribery Management Regulations explicitly stipulates protective measures for complainants: strict confidentiality must be maintained at every stage of receiving and investigating complaints, and it is strictly prohibited to disclose the name, department, company name, and content of the complaint; when verifying the situation during the investigation, original or copied materials of the complaint must not be presented, and whistleblowers or anonymous letters and materials must not be exposed or loaned to others without authorization.

In 2022, we did not receive any complaints related to violation of business ethics.

Information Security

We are continuously advancing informatization construction through digital transformation to promote production line efficiency and value integration along the industrial chain. The intelligent factory information system provides full coverage of wired and wireless networks in the factory, solving the information silos problem. By adapting to mainstream industrial fieldbus protocols, we achieve integration and interconnection of production networks and information networks. Based on SDN technology, the factory network, connecting to the factory cloud platform, enables automatic configuration of network devices and rapid deployment of business and improves production line efficiency and reduces labor input. We have also established a factory network security assurance system to achieve controllable access and behavior inspection of human, machines, objects, and systems, ensuring the factory's equipment, network, control, application, and data security. The intelligent factory information system integrated with multiple digital management system platforms such as control, production, laboratory information, third-party, and network collaboration, breaks through the information barriers of lithium battery material supply chain companies, and forms the digital collaboration platform for the entire lithium battery new energy materials industry chain. We are committed to information exchange and value integration along the industrial chain, and promotes the transformation and upgrades of the industrial chain.



In the process of promoting informatization construction, we adhere to the information security strategy of "improving technological means, strengthening comprehensive management, establishing a sound information security assurance system and preventive mechanisms, to ensure the integrity, confidentiality, availability, timeliness, and controllability of information and information systems, and to reduce production costs and improve operational efficiency through information security." We standardize management from multiple dimensions such as network security equipment and domain control management, domain user login accounts and permissions, data confidentiality and backup, information equipment and external network usage management, information security risk assessment, and information security awareness training. We continuously optimize internal regulations such as IT and Information System Management System, Information Security Management Regulations, Information System Management Regulations, and IT Interruption Emergency Management Regulations, to standardize information equipment application, information systems, and information security measures, ensure the stability and security of information equipment and information systems, effectively prevent information security risks, and strengthen information security management.

Information Security Management

We have established an information security risk assessment mechanism based on the "Information Security Management Regulations" and conduct information security risk assessments annually or after information security incidents occur. We identify existing risks and vulnerabilities, and organize relevant departments to develop corresponding control measures. The Corporate Management Department is responsible for implementing emergency measures, regular training on emergency plans, and organizing and coordinating emergency actions. In the event of information security incidents such as hacker attacks, viruses, database security, and local area network interruptions, we promptly handle them according to the detailed work procedures specified in the IT Interruption Emergency Management System and record and report them according to the severity of the incidents. We regularly organize information security emergency drills, conduct analysis and summary, and enhance emergency response capabilities and awareness among employees to raise our emergency management level.

In 2022, we strengthened information security management through technical means, security inspections, and information security training, and improved our information security management level in the following ways:

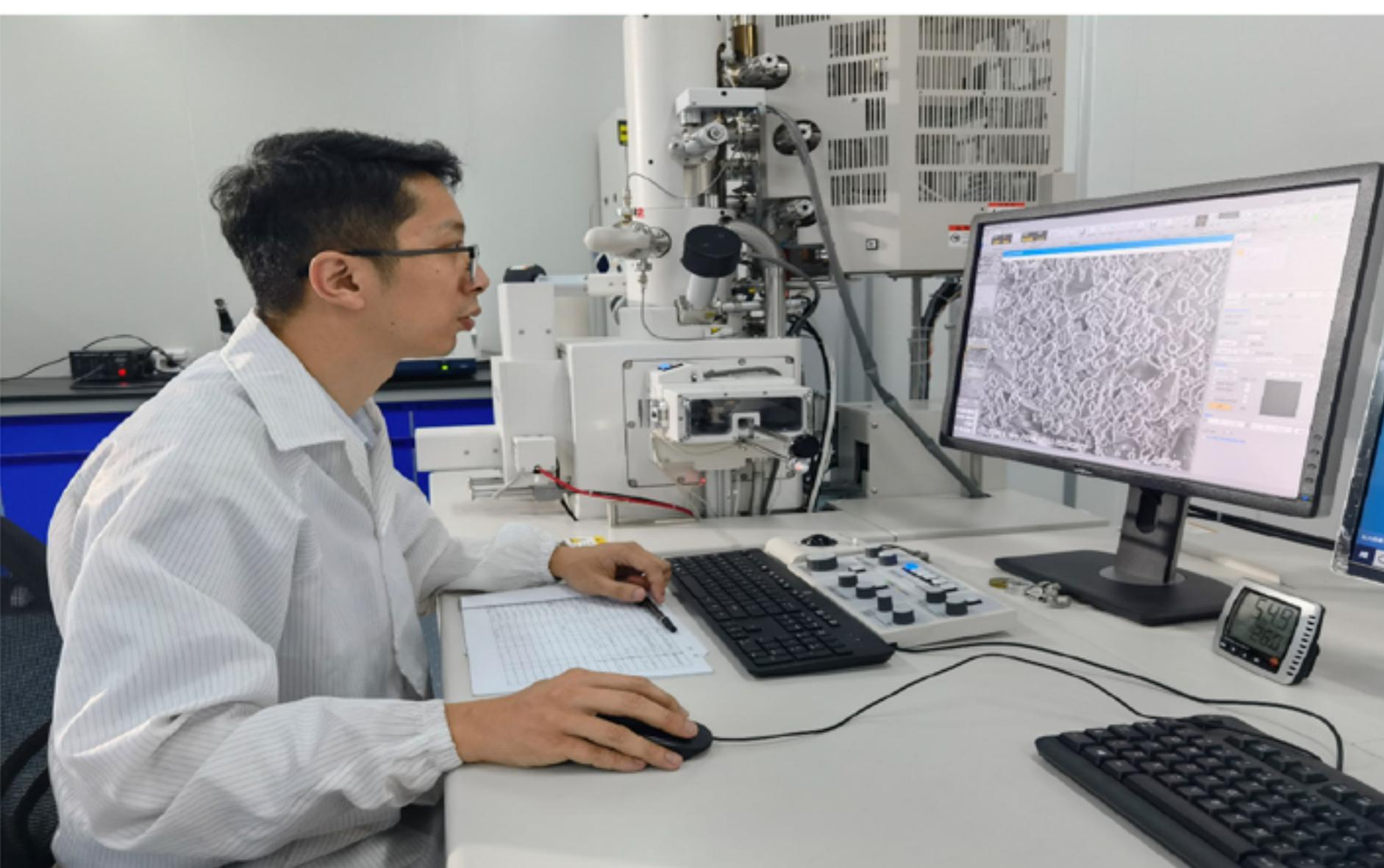
- Used the New Energy Cloud Drive and strengthened user folder permission management to enhance information leakage risk prevention.
- Implemented document encryption and decryption using the Esafenet software for departments handling confidential information, and strengthened permissions and approval management for externally files.
- Conducted daily information network security inspections to promptly identify information security risks and vulnerabilities, such as reviewing network device access and firewall status daily, and performing daily quick scans of disks and weekly full scans.
- Organized new employees to learn network information security courses through the Lexiang Platform, and regularly conducted information security training for employees covering topics such as information security knowledge, information security situation, and information security protection to enhance employee awareness in information security prevention.
- Conducted information security emergency drills, conducted timely analysis and summary, optimized emergency plans, and improved our emergency management capabilities.

There were no information security incidents in our company in 2022.

IPR Protection

As an enterprise that encourages independent research and innovation, we attach great importance to protect intellectual property rights. We comply with relevant laws and regulations such as the Patent Law of the People's Republic of China, and have established an "Intellectual Property Management System" to strengthen the protection of technological research and development achievements, timely apply for intellectual properties, and manage internal registration and management of intellectual properties. We also track and control changes in intellectual properties according to internal regulations, and guide and regulate the licensing and use, as well as the protection of intellectual property rights.

In 2022, we filed 76 patent applications, including 49 invention patents and 27 utility patents. We were granted 46 new patents, including 12 invention patents and 34 utility model patents. As the end of 2022, we have accumulated 116 granted patents, including 63 invention patents and 53 utility model patents.



Data Overview

Category	Indicators	Unit	2021	2022
Environment	Emissions and discharges			
	GHG emissions			
	Scope1-Direct GHG emissions	tCO ₂ e	20,803.89	25,552.89
	Scope2-Indirect GHG emissions		27,190.34	27,279.38
	Total GHG emissions		47,994.23	52,832.27
	Total GHG emissions intensity	tCO ₂ e/hundred-million RMB of operating revenue	308.33	183.76
	Air pollutants			
	PM emissions	Ton	22.72	21.53
	Wastewater and wastewater pollutants			
	Wastewater discharge	m ³	248,995.00	609,649.70
Resource consumption	Ammonia Nitrogen discharge	Ton	2.66	2.36
	COD discharge		17.46	10.43
	Hazardous waste			
	Transfer and disposal volume of Hazardous waste	Ton	13.58	28.10
	Energy			
	Electricity consumption	kWh	596,370,735.00	592,782,863.60
	Including: Green electricity consumption		/	592,782,863.60
	Including: Nuclear power		/	592,355,590.00
	Photovoltaic power		/	427,273.60
	Green electricity ratio	%	/	100.00
	Steam consumption	Ton	88,584.03	88,874.12
	Natural gas consumption	m ³	/	900.00
	Gasoline consumption	Litre	115,839.65	61,868.10
	Diesel consumption		27,089.49	118,420.13
	Energy consumption density	GJ/hundred-million RMB of operating revenue	/	8,385.33
Water resources	Water resources			
	Water withdrawal	m ³	1,076,359.00	1,380,011.38
	Water consumption		827,364.00	770,361.68
	Water consumption density	m ³ /hundred-million RMB of operating revenue	5,315.20	2,679.43
	Packaging materials			
	Plastic products	Ton	/	1,957.31
	Paper products		/	6.50
	Recycled materials		/	2,410.73
	Proportion of recycled materials	%	/	55.11

Category	Indicators	Unit	2021	2022
Employment	Total employees			
	Total employees	Person	1,966	2,526
	Employee composition			
	By gender			
	Male	Person	1,540	1,983
	Female		426	543
	By age			
	Under 30 (including 30)	Person	984	1,216
	31 to 40		720	941
	41 to 50		231	325
	Over 50		31	44
	By education			
	Doctors	Person	9	8
	Masters		70	101
	Bachelors		453	641
	Junior College		310	347
	Below Junior College		1,124	1,429
	By function			
	Production	Person	1,379	1,723
	Sales		25	28
	Technical		284	388
	Financial		29	204
	Administrative		249	33
	Management		/	150
	Female production		/	346
	Female sales		/	10
	Female technical		/	58
	Female financial		/	93
	Female administrative		/	22
	Female management		/	14

Category	Indicators	Unit	2021	2022
Employment	Management composition			
	Management (Middle and Upper)	人	/	71
	Senior management		/	19
	Male management (Middle and Upper)		49	61
	Female management (Middle and Upper)		7	10
	Female senior management		/	1
	Female middle management		/	9
	Percentage of female managements	%	12.5	14.08
	Safety production input			
Safety Production	Total investment amount in safety production for the entire year	Ten-Thousand RMB	/	1,778.34
	Safety training			
	Total participants in occupational safety training	Person	1,916	4,319
	Total hours in occupational safety training	Hour	21,638	31,879
	Number of safety emergency drills	Time	/	111
	Safety production accident			
	Extreme accidents	Case	0	0
	Serious accidents		0	0
	Major accidents		0	0
	Occupational accidents		/	3
Market	Occupational health			
	Work-related injuries	Person	/	3
	Work-related fatalities		0	0
	Work-related fatalities ratio	%	0.00	0.00
	R&D investment input			
Market	Total R&D investment	Ten-thousand RMB	45,185.80	75,731.02
	Patent			
	New patent applications	Item	33	76
	New patent granted		25	46

GRI Standards

Category	Indicators	Unit	2021	2022
Supplier (distributed by region)				
Market	Mainland China	Count	571	2,818
	Others		14	24
	Number of suppliers in the province where company is located		/	1,718
	Total		585	2,842
	Performance of economic contract			
Social Contribution	Economic contract fulfillment rate	%	100.00	100.00
	Customer complaint resolution			
	Total number of customer complaints	Case	7	11
	Total number of resolved customer complaints		7	11
	Customer complaint resolution rate	%	100.00	100.00
Social contribution				
Social Contribution	Social contribution value	Hundred-million RMB	184.22	316.30
	Per share of social contribution value	RMB	/	105.24
	Volunteering			
	Total number of volunteering participants	Person	299	484
	Total volunteering hours	Hour	978	1,498
Community contribution				
Social Contribution	Total donation to the community	Ten-thousand RMB	/	4

GRI Standards	Disclosures	Location	Omission
General Disclosures			
GRI 2: General Disclosures 2021	2-1 Organizational details	Chairman's Speech About Us	
	2-2 Entities included in the organization's sustainability	About This Report	
	2-3 Reporting period, frequency and contact point	About This Report	
	2-4 Restatements of information	This Report Does Not Cover It	This report does not involve restatements of information
	2-5 External assurance	About This Report Independent Limited Assurance	
	2-6 Activities, value chain and other business relationships	Chairman's Speech About Us Responsible Supply Chain	
	2-7 Employees	Human Rights Protection Data Overview	
	2-8 Workers who are not employees	Data Overview	
	2-9 Governance structure and composition	Sustainable Development Management Structure Board of Directors	
	2-10 Nomination and selection of the highest governance body	Board of Directors	
	2-11 Chair of the highest governance body	Board of Directors	
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainable Development Management Structure Sustainable Development Risk Assessment Board of Directors	
	2-13 Delegation of responsibility for managing impacts	Sustainable Development Management Structure Sustainable Development Risk Assessment GHG Emissions Control Occupational Health and Safety Board of Directors	
	2-14 Role of the highest governance body in sustainability reporting	Sustainable Development Management Structure	
	2-15 Conflicts of interest	Board of Directors	
	2-16 Communication of critical concerns	Stakeholder Engagement	
	2-17 Collective knowledge of the highest governance body	Board of Directors	
	2-18 Evaluation of the performance of the highest governance body	This Report Does Not Cover It	Not yet implemented during the reporting period
	2-19 Remuneration policies	Board of Directors	
	2-20 Process to determine remuneration	Board of Directors	
	2-21 Annual total compensation ratio	This Report Does Not Cover It	Not available in this report
	2-22 Statement on sustainable development strategy	Chairman's Speech	

GRI Standards	Disclosures	Location	Omission
GRI 2: General Disclosures 2021	2-23 Policy commitments	Sustainable Development Framework Environmental GHG Emissions Control Water Resources Conservation Pollutants Emission Control Noise Control Biodiversity Protection Human Rights Protection Occupational Health and Safety Responsible Supply Chain Co-Creating Harmonious Society Business Ethics Complaint Mechanism and Whistleblower Protection	
	2-24 Embedding policy commitments	Sustainable Development Framework Environmental GHG Emissions Control Water Resources Conservation Pollutants Emission Control Noise Control Biodiversity Protection Human Rights Protection Occupational Health and Safety Responsible Supply Chain Business Ethics Complaint Mechanism and Whistleblower Protection	
	2-25 Processes to remediate negative impacts	Environmental Human Rights Protection Occupational Health and Safety Responsible Mineral Supply Chain Management Responsible Products and Services Business Ethics Complaint Mechanism and Whistleblower Protection Information Security Co-Creating Harmonious Society	
	2-26 Mechanisms for seeking advice and raising concerns	Stakeholder Engagement Human Rights Protection Responsible Supply Chain Complaint Mechanism and Whistleblower Protection Co-Creating Harmonious Society	
	2-27 Compliance with laws and regulations	Human Rights Protection Occupational Health and Safety Responsible Supply Chain Co-Creating Harmonious Society Board of Directors Business Ethics Tax Compliance IPR Protection	
	2-28 Membership associations	Promoting Industry Development	
	2-29 Approach to stakeholder engagement	Stakeholder Engagement	
	2-30 Collective bargaining agreements	Human Rights Protection Employee Communication	

GRI Standards	Disclosures	Location	Omission
Material Topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Material Issues Assessment	
	3-2 List of material topics	Material Issues Assessment	
Economic performance			
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainable Development Management Structure Sustainable Development Risk Assessment Stakeholder Engagement	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	2022 ESG Key Performance Indicators	
	201-2 Financial implications and other risks and opportunities due to climate change	Sustainable Development Risk Assessment	
	201-3 Defined benefit plan obligations and other retirement plans	Employee Well-Being	
	201-4 Financial assistance received from government	2022 ESG Key Performance Indicators	
Market presence			
GRI 3: Material Topics 2021	3-3 Management of material topics	Employee Well-Being Co-Creating Harmonious Society	
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	This Report Does Not Cover It	Not available in this report
	202-2 Proportion of senior management hired from the local community	This Report Does Not Cover It	Not available in this report
Indirect economic impacts			
GRI 3: Material Topics 2021	3-3 Management of material topics	Co-Creating Harmonious Society	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Community Communication	
	203-2 Significant indirect economic impacts	Public Service Activities	
Procurement practices			
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Supply Chain	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	This Report Does Not Cover It	Not available in this report
Anti-corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics	Business Ethics	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Business Ethics	
	205-2 Communication and training about anti-corruption policies and procedures	Business Ethics	
	205-3 Confirmed incidents of corruption and actions taken	Business Ethics	

GRI Standards	Disclosures	Location	Omission
Anti-competitive behavior			
GRI 3: Material Topics 2021	3-3 Management of material topics	Business Ethics	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Business Ethics	
Tax			
GRI 3: Material Topics 2021	3-3 Management of material topics	Tax Compliance	
GRI 207: Tax 2019	207-1 Approach to tax	Tax Compliance	
	207-2 Tax governance, control, and risk management	Tax Compliance Risk Control and Compliance	
	207-3 Stakeholder engagement and management of concerns related to tax	Tax Compliance Stakeholder Engagement	
	207-4 Country-by-country reporting	This Report Does Not Cover It	Not available in this report
Materials			
GRI 3: Material Topics 2021	3-3 Management of material topics	Green Technology Innovation GHG Emissions Control Pollutants Emission Control	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Data Overview	
	301-2 Recycled input materials used	Data Overview	
	301-3 Reclaimed products and their packaging materials	Data Overview	
Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics	GHG Emissions Control Data Overview	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	GHG Emissions Control Data Overview	
	302-2 Energy consumption outside of the organization	This Report Does Not Cover It	Due to the privacy policies of some of our customers, this report is not able to provide reliable statistics on energy consumption outside the organization at this time
	302-3 Energy intensity	GHG Emissions Control Data Overview	
	302-4 Reduction of energy consumption	GHG Emissions Control	
	302-5 Reductions in energy requirements of products and services	GHG Emissions Control	
Water and effluents			
GRI 3: Material Topics 2021	3-3 Management of material topics	Water Resources Conservation	

GRI Standards	Disclosures	Location	Omission
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Resources Conservation	
	303-2 Management of water discharge-related impacts	Water Resources Conservation Data Overview	
	303-3 Water withdrawal	Water Resources Conservation Data Overview	
	303-4 Water discharge	Water Resources Conservation Data Overview	
	303-5 Water consumption	Water Resources Conservation Data Overview	
Biodiversity			
GRI 3: Material Topics 2021	3-3 Management of material topics	Biodiversity Protection	
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	This Report Does Not Cover It	None of our business operations are located in or adjacent to protected areas and biodiversity-rich areas outside the protected areas
	304-2 Significant impacts of activities, products and services on biodiversity	This Report Does Not Cover It	No impact on biodiversity from our activities, products and services
	304-3 Habitats protected or restored	This Report Does Not Cover It	None of our business operations are located in protected or restored habitat
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	This Report Does Not Cover It	None of our business operations are located in protected or restored habitat
Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	GHG Emissions Control Data Overview	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	GHG Emissions Control Data Overview	
	305-2 Energy indirect (Scope 2) GHG emissions	GHG Emissions Control Data Overview	
	305-3 Other indirect (Scope 3) GHG emissions	Greenhouse Gas Verification Statement	
	305-4 GHG emissions intensity	GHG Emissions Control Data Overview	
	305-5 Reduction of GHG emissions	GHG Emissions Control Data Overview	
	305-6 Emissions of ozone-depleting substances (ODS)	This Report Does Not Cover It	Our operations do not involve relevant emissions
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Data Overview	
Waste			
GRI 3: Material Topics 2021	3-3 Management of material topics	Pollutants Emission Control Data Overview	

GRI Standards	Disclosures	Location	Omission
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Pollutants Emission Control Data Overview	
	306-2 Management of significant waste-related impacts	Pollutants Emission Control Data Overview	
	306-3 Waste generated	Pollutants Emission Control Data Overview	
	306-4 Waste diverted from disposal	Pollutants Emission Control Data Overview	
	306-5 Waste directed to disposal	Pollutants Emission Control Data Overview	
Supplier environmental assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Supply Chain	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Responsible Supply Chain	
	308-2 Negative environmental impacts in the supply chain and actions taken	Responsible Supply Chain	
Employee			
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Rights Protection	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Data Overview	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Well-Being	
	401-3 Parental leave	This Report Does Not Cover It	Not available in this report
Labor management relations			
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Rights Protection	
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	This Report Does Not Cover It	We are not involved in related matters
Occupational health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	Occupational Health and Safety	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety	
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety	
	403-3 Occupational health services	Occupational Health and Safety	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety	

GRI Standards	Disclosures	Location	Omission
GRI 403: Occupational Health and Safety 2018	403-5 Worker training on occupational health and safety	Emergency Management and Drills Occupational Health and Safety Education	
	403-6 Promotion of worker health	Employee Well-Being Occupational Disease Prevention Occupational Health and Safety	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety	
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety	
	403-9 Work-related injuries	Occupational Health and Safety Data Overview	
	403-10 Work-related ill health	Occupational Health and Safety Data Overview	
Training and education			
GRI 3: Material Topics 2021	3-3 Management of material topics	Employee Development	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Data Overview	
	404-2 Programs for upgrading employee skills and transition assistance programs	Employee Development	
	404-3 Percentage of employees receiving regular performance and career development reviews	This Report Does Not Cover It	Not available in this report
Diversity and equal opportunity			
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Rights Protection	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Human Rights Protection Data Overview	
	405-2 Ratio of basic salary and remuneration of women to men	This Report Does Not Cover It	Not available in this report
Non-discrimination			
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Rights Protection	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Human Rights Protection	
Freedom of association and collective bargaining			
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Rights Protection	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human Rights Protection Employee Communication	

GRI Standards	Disclosures	Location	Omission
Child labor			
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Rights Protection	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Human Rights Protection Responsible Supply Chain	
Forced or compulsory labor			
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Rights Protection	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human Rights Protection Responsible Supply Chain	
Security practices			
GRI 3: Material Topics 2021	3-3 Management of material topics	This Report Does Not Cover It	Not available in this report
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	This Report Does Not Cover It	Not available in this report
Rights of indigenous peoples			
GRI 3: Material Topics 2021	3-3 Management of material topics	Co-Creating Harmonious Society	
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Co-Creating Harmonious Society	
Local communities			
GRI 3: Material Topics 2021	3-3 Management of material topics	Co-Creating Harmonious Society	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Co-Creating Harmonious Society	
	413-2 Operations with significant actual and potential negative impacts on local communities	This Report Does Not Cover It	We are not involved in operations that have an actual or potentially significant negative impact on the local community
Supplier social assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Supply Chain	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Responsible Supply Chain	
	414-2 Negative social impacts in the supply chain and actions taken	Responsible Supply Chain	
Public policy			
GRI 3: Material Topics 2021	3-3 Management of material topics	This Report Does Not Cover It	We are not involved in related matters

GRI Standards	Disclosures	Location	Omission
GRI 415: Public Policy 2016	415-1 Political contributions	This Report Does Not Cover It	We are not involved in related matters
Customer health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Products and Services	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Responsible Products and Services	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Responsible Products and Services Data Overview	
Marketing and labeling			
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Products and Services	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Responsible Products and Services	
	417-2 Incidents of non-compliance concerning product and service information and labeling	Responsible Products and Services Data Overview	
	417-3 Incidents of non-compliance concerning marketing communications	Responsible Products and Services Data Overview	
Customer privacy			
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Products and Services	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data Overview	

TCFD Recommendations

TCFD Core Elements of Recommendations	Recommended Disclosures	Location
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	Sustainable Development Management Structure
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	Sustainable Development Management Structure
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Sustainable Development Risk Assessment
	b) Describe the impact of climate related risks and opportunities on the organization's businesses, strategy, and financial planning.	Sustainable Development Risk Assessment
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Not yet conducted the scenario analysis during the reporting period
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks.	Risk Control and Compliance
	b) Describe the organization's processes for managing climate-related risks.	Risk Control and Compliance
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Risk Control and Compliance
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Sustainable Development Governance
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	GHG Emissions Control Data Overview Greenhouse Gas Verification Statement
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	GHG Emissions Control

SASB Index

SASB Topics	Accounting Metrics	Location
Greenhouse Gas Emissions	RT-CH-110a.1: Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	GHG Emissions Control Data Overview
	RT-CH-110a.2: Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Sustainable Development Governance GHG Emissions Control
Air Quality	RT-CH-120a.1: Air emissions of the following pollutants: (1) NOX (excluding N2O) (2) SOX (3) volatile organic compounds (VOCs) (4) hazardous air pollutants (HAPs)	Data Overview
Energy Management	RT-CH-130a.1: (1) Total energy consumed (2) percentage grid electricity (3) percentage renewable (4) total self-generated energy	GHG Emissions Control Data Overview
Water Management	RT-CH-140a.1: (1) Total water withdrawn (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Water Resources Conservation Data Overview
	RT-CH-140a.2: Number of incidents of non-compliance associated with water quality permits, standards, and regulations	We are not involved in related matters during the reporting period
	RT-CH-140a.3: Description of water management risks and discussion of strategies and practices to mitigate those risks	Water Resources Conservation
Hazardous Waste Management	RT-CH-150a.1: Amount of hazardous waste generated, percentage recycled	Pollutants Emission Management Data Overview
Community Relations	RT-CH-210a.1: Discussion of engagement processes to manage risks and opportunities associated with community interests	Co-Creating Harmonious Society
Workforce Health & Safety	RT-CH-320a.1: (1) Total recordable incident rate (TRIR) (2) fatality rate for (a) direct employees (b) contract employees	Occupational Health and Safety Data Overview
	RT-CH-320a.2: Efforts of companies to assess, monitor and reduce long-term (chronic) health risks for regular and dispatched employees	Occupational Health and Safety
Product Design for Use-phase Efficiency	RT-CH-410a.1: Revenue from products designed for use-phase resource efficiency	Not available in this report

Verification Statement of Greenhouse Gases Emissions

SASB Topics	Accounting Metrics	Location
Safety & Environmental Stewardship of Chemicals	RT-CH-410b.1: (1) Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances (2) percentage of such products that have undergone a hazard assessment	Not available in this report
	RT-CH-410b.2: Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact	Pollutants Emission Control
Genetically Modified Organisms	RT-CH-410c.1: Percentage of products by revenue that contain genetically modified organisms (GMOs)	We are not involved in related matters during the reporting period
Management of the Legal & Regulatory Environment	RT-CH-530a.1: Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Environmental
Operational Safety, Emergency Preparedness & Response	RT-CH-540a.1: Process Safety Incidents Count (PSIC) Process Safety Total Incident Rate (PSTIR) Process Safety Incident Severity Rate (PSISR)	Not available in this report
	RT-CH-540a.2: Number of transport incidents	Not available in this report



Independent Limited Assurance Report



RSM CHINA CPA LLP
15F/922-926, Wailingmao Building, 22
Fuwida St., Xicheng, Beijing
POST CODE: 100037
TEL: 0086-10-6600 1391
FAX: 0086-10-6600 1392

Independent Limited Assurance Report

RSMZZ[2023]NO.361Z0437

To the Directors of the board of XTC New Energy Materials (Xiamen) Co., Ltd.

We were engaged by XTC New Energy Materials (Xiamen) Co., Ltd. (the "Company") to undertake a limited assurance engagement of the key indicators (the "Indicators") for the period from January 1, 2022 to December 31, 2022 included in its ESG Report 2022 (the "Report").

The Company's Responsibility

The Company was responsible for selecting the Criteria, and preparing and fairly presenting information presented in the Report in accordance with that Criteria. This responsibility includes establishing and maintaining internal controls, adequate records and making estimates that are reasonable in the circumstances.

RSM's Responsibility

Our responsibility was to express limited assurance conclusions on the Indicators as defined in the "what we assured" column in the tables below.

We conducted our procedures in accordance with the International Federation of Accountants' International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000) and the terms of reference for this engagement as agreed with the Company. The procedures we performed were based on our professional judgement, and for our reasonable assurance scope, our work was carried out only at the Company's headquarters. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Report and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria.
- Recalculating the Indicators.
- Other procedures that we deem necessary.



What we assured	
<ul style="list-style-type: none"> ● GHG emissions <ul style="list-style-type: none"> — Scope1 - Direct GHG emissions(tCO₂e) — Scope2 - Indirect GHG emissions(tCO₂e) — Total GHG emissions(tCO₂e) — Total GHG emissions intensity (tCO₂e/hundred-million RMB of operating revenue) 	<ul style="list-style-type: none"> ● Air pollutants <ul style="list-style-type: none"> — PM emissions (Ton)
<ul style="list-style-type: none"> ● Wastewater and wastewater pollutants <ul style="list-style-type: none"> — Wastewater discharge (m³) — Ammonia Nitrogen discharge (Ton) — COD discharge (Ton) 	<ul style="list-style-type: none"> ● Hazardous waste <ul style="list-style-type: none"> — Transfer and disposal volume of Hazardous waste (Ton)
<ul style="list-style-type: none"> ● Energy <ul style="list-style-type: none"> — Electricity consumption (kWh) — Green electricity consumption (kWh) — Nuclear power (kWh) — Photovoltaic power (kWh) — Green electricity ratio (%) — Steam consumption (Ton) — Natural gas consumption (m³) — Gasoline consumption (Litre) — Diesel consumption (Litre) — Energy consumption density(GJ/hundred-million RMB of operating revenue) 	<ul style="list-style-type: none"> ● Water resources <ul style="list-style-type: none"> — Water withdrawal (m³) — Water consumption (m³) — Water consumption density(m³/hundred-million RMB of operating revenue)
<ul style="list-style-type: none"> ● Packaging materials <ul style="list-style-type: none"> — Plastic products (Ton) — Paper products (Ton) — Recycled materials (Ton) — Proportion of recycled materials (%) 	<ul style="list-style-type: none"> ● Total employees <ul style="list-style-type: none"> — Total employees (Person)
<ul style="list-style-type: none"> ● Employee composition by gender <ul style="list-style-type: none"> — Male (Person) — Female (Person) 	<ul style="list-style-type: none"> ● Employee composition by age <ul style="list-style-type: none"> — Under 30 (including 30) (Person) — 31 to 40 (Person) — 41 to 50 (Person) — Over 50 (Person)
<ul style="list-style-type: none"> ● Employee composition by education <ul style="list-style-type: none"> — Doctors (Person) — Masters (Person) — Bachelors (Person) — Junior College (Person) — Below Junior College (Person) 	<ul style="list-style-type: none"> ● Employee composition by function <ul style="list-style-type: none"> — Production (Person) — Sales (Person) — Technical (Person) — Financial (Person) — Administrative (Person) — Management (Person) — Female production (Person)

师事务所(特殊
缝章(一

	<ul style="list-style-type: none"> — Female sales(Person) — Female technical(Person) — Female financial(Person) — Female administrative (Person) — Female management (Person)
● Management composition	
<ul style="list-style-type: none"> — Management (Middle and Upper) (Person) — Senior management (Person) — Male management (Middle and Upper) (Person) — Female management (Middle and Upper) (Person) — Female senior management (Person) — Female middle management (Person) — Percentage of female management (%) 	<ul style="list-style-type: none"> ● Safety production accident — Extreme accidents (Case) — Serious accidents (Case) — Major accidents (Case) — Occupational accidents (Case)
● Occupational health	<ul style="list-style-type: none"> ● Patent — New patent applications (Item) — New patent granted (Item)
● Supplier (distributed by region)	<ul style="list-style-type: none"> ● Performance of economic contract — Economic contract fulfillment rate (%)
● Customer complaint resolution	<ul style="list-style-type: none"> ● Volunteering — Total number of volunteering participants (Person) — Total volunteering hours (Hour)

Limited Assurance

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We have not performed assurance procedures in respect of any indicators relating to prior reporting periods, including those presented in the Report.

We need to remind the users of the Report that for non-financial Indicators, there is no recognized system of assessment and measurement standards, so there is a lack of uniform measurement methods, which will affect the comparability of data between companies.



Our Conclusions

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria described in the Report.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control¹, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

(This is the official seal page of Independent Limited Assurance Report RSMZZ[2023]NO.361Z0437 of XTC New Energy Materials (Xiamen) Co., Ltd.)



ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT 2022

XTC NEW ENERGY MATERIALS (XIAMEN) CO., LTD.