



2023 SUSTAINABILITY REPORT

XTC NEW ENERGY MATERIALS (XIAMEN) CO., LTD



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This is the 2023 Sustainability 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 ESG management efforts in 2023, as well as the initiatives and achievements towards advancing the United Nations Sustainable Development Goals.

Reference Guidlines

We prepare this report in accordance with the "Global Reporting Initiative Standards" (GRI Standards), the "Sustainability Accounting Standards Board Standards" (SASB Standards), and also refer to the "Guidelines No. 1 of Shanghai Stock Exchange for Self-Regulation of Listed Companies on STAR Market- Standardized Operation", "Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies-Sustainability Report (Trial)", SASAC Research Center's "Indicators Reference Systems for ESG Reports of Listed Chinese Central State-Owned Enterprises", IFRS Sustainability Disclosure Standards(ISDS) developed by International Sustainability Standards Board(ISSB), and the United Nations Sustainable Development Goals (SDGs).

Explanatory Note

Abbreviation	Full Name
XWXN, We	XTC New Energy Materials (Xiamen) Co., Ltd.
XTC	Xiamen Tungsten Co., Ltd
Sanming XWXN	XTC New Energy Materials (Sanming) Co., Ltd.
Ningde XWXN	XTC New Energy Materials (Ningde) Co., Ltd.
Ya'an XWXN	XTC New Energy Materials (Ya'an) Co., Ltd.
Jinglu XWXN	XTC New Energy Materials (Jinglu) Co., Ltd.
Europe XWXN	XTC New Energy Materials Europe GmbH

Reporting Scope

The reporting period of this report is from January 1, 2023 to December 31, 2023 and some parts of the report are beyond the aforementioned scope. Unless otherwise specified, the environmental, social, and economic 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 FY2023 of XWXN, the data of GHG emissions is taken from the "2023 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.

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 copies 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@ctxc.com.



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Amid the unprecedented challenges brought about by climate change, human society is undergoing a significant transformation at an accelerating pace. Confronted with the multiple challenges of global upheaval, XWXN adheres to the development philosophy of "market-oriented, driven by research and development, and leading in quality." Guided by the principle of sustainable and healthy development between humans and nature, we are committed to providing our customers with safe and reliable new energy material products. We strive to offer advanced material solutions to achieve carbon net zero emissions, contributing to the realization of the United Nations Sustainable Development Goals and the global temperature control targets outlined in the Paris Agreement.

In 2023, we actively responded to the United Nations Climate Action Initiative and the national "carbon peaking and carbon neutrality" strategy by formulating our own strategy of achieving carbon peak by 2030 and net zero emissions by 2050, which represented our firm commitment to responsibly address global climate warming and uphold the sustainable development of the global ecological environment. Green, safe, and recyclable new energy stands as the primary driving force behind achieving carbon neutrality. Through continuous and thorough technological research and development, we collaborated with numerous domestic battery customers to develop a variety of new lithium batteries, facilitating better advancements in the fields of 3C digital, vehicle power, and energy storage. We endeavored to establish an advanced manufacturing production model that is both green and low-carbon. We promoted the construction of green factories and carbon-neutral factories, and strived to maintain relatively low carbon emissions per ton of our products within the industry. Through initiatives such as advocating carbon peaking and net zero emissions goals to suppliers and offering guidance on carbon reduction efforts, we aimed at propelling overall low-carbon development throughout the industry chain.

In 2023, we adhered to the principles of "win-win cooperation" and "fairness and justice", advocated business ethics, social responsibility, and sustainable development concepts, and integrated the requirements of ESG into our sourcing strategy to prevent environmental and social risks in the supply chain, thus creating a more competitive and resilient supply chain. In support of international efforts to regulate mineral extraction from conflict and high-risk areas, we committed to supporting and implementing the "Five Strategic Objectives" proposed by the RCI, and actively responded to the commitments of the RBA and GeSI joint working group. We pledged to prevent and reduce major risks that could escalate conflicts, violate human rights, and worked towards building a better future for humanity.

In 2023, we advanced the improvement of a "people-oriented" talent development system, recognizing talent as the core force driving technological innovation and maintaining market competitiveness. We prioritized the rights and safety of each employee, fostering an environment that is positive, inclusive, and conducive to personal growth. We respected the traditional culture, customs, ecological environment, and human rights protection requirements of the local communities, and endeavored to build harmonious relationships based on mutual prosperity and symbiosis. We contributed to local employment, economic, and educational development leveraging our own resource advantages.

In the vast expanse of life, the road ahead is fraught with peril. Faced with the immense challenges posed by climate change to human society and the natural environment, XWXN will remain steadfast in its commitment to developing and bolstering the new energy materials industry. We will collaborate closely with partners worldwide, diligently explore the endless frontiers of the new materials realm, and collectively drive forward the high-quality development of the new energy industry.



The Chairman of XWXN



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About XWXN

We primarily engage in the research, development, production, and sales of new energy battery materials. We have established production lines for hydrogen storage alloy powder, lithium cobaltate, ternary materials, lithium iron phosphate, and more. Our product range covers a full series of energy new materials, including lithium cobaltate, ternary materials, lithium iron phosphate, precursors, and hydrogen storage alloys, which are widely used in the fields of 3C digital products, vehicle power, and energy storage. We hold a leading position in the industry in the markets of lithium cobaltate and hydrogen storage alloys, while our ternary materials products maintain a leading position in the industry, creating the excellent XWXN new energy material brand.

We adhere to the development methodology of "market-oriented, driven by research and development, and leading in quality", considering technological innovation as the primary driving force for development. We provide customers with safe and reliable new energy materials products and, through institutional and mechanistic innovation, pursue a development path of "high-end product, integrated production-research, and internationalized operation". We aim to promote energy revolution through material innovation and drive outstanding growth with green dreams, striving to become the most internationally competitive base for new energy materials.

Global Distribution of Business Operations

Currently, we have five major new energy materials production bases in Xiamen, Sanming, Ningde, Ya'an, and an under-construction base in Fuquan, China. Additionally, Europe serves as the first stop in our global expansion strategy. We have invested in establishing Europe XWXN in Germany, and reached cooperation agreements with Orano CAM and Orano PCAM in France to establish joint ventures for battery cathode materials and precursor materials.





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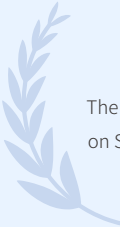
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XWXN

73th place on the "2023 Global Top 500 New Energy Enterprises List" issued by China Energy News and China Institute of Energy economics research




XWXN

The "2023 Most Valuable Companies Listed on Sci-Tech Innovation Board" awarded by Chinastarmarket and Cailianpress



XWXN

"Exemplary Enterprise Sustainable Development" awarded by SGS



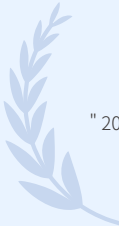
XWXN

Selected as a "Advantage Enterprise for National Intellectual Property Rights"




XWXN

"2023 Top 10 Benchmark Enterprise in Talent Work in Xiamen"



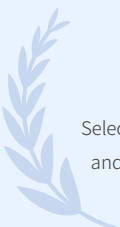
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"2023 High-quality Talent Base in Xiamen"



XWXN

Selected for the National Ministry of Industry and Information Technology's 2022 Green Factory List



Sanming XWXN

Selected for the National Ministry of Industry and Information Technology's 2022 Green Factory List



Ningde XWXN

Selected for the National Ministry of Industry and Information Technology's 2022 Green Factory List



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We are committed to promoting energy revolution through material innovation and driving outstanding growth with green dreams. By leveraging cutting-edge international equipment and introducing advanced manufacturing management systems, we continuously refine and upgrade production line processes, and steadily enhance our level of intelligent manufacturing. We endeavor to establish a green and sustainable production model, aspiring to become the most internationally competitive base in the new energy materials industry, and realizing the sustained and healthy development of both humanity and nature.



2023 Environmental Impact



Environmental protection investment:
96.14 million RMB



GHG emission intensity:
1.57 tCO₂e/ton of product



Energy consumption intensity:
1.27 tons of coal equivalent/ton of product



Water resource consumption intensity:
14.10 m³/ ton of product



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Climate Response

The issues of global climate warming and excessive greenhouse gas emissions leading to climate change are now recognized as important environmental challenges and shared global concerns. Rooted in the environmental principle of sustainable development and our corporate social responsibility, we are actively committed to inventorying and regulating greenhouse gas emissions to mitigate global warming. Through our proactive measures to address climate change, we strive to conserve energy resources and promote the sustainable development of the global ecological environment.

2023 GHG Emission Management Goals

- Complete annual GHG (Scope 1, Scope 2, and partial Scope 3) inventory and verification
- Establish strategic goals of carbon peaking and net zero emissions: Achieve comprehensive carbon peaking by 2030 and net zero emissions by 2050
- Increase the proportion of new energy vehicles used for official purposes to over 90%





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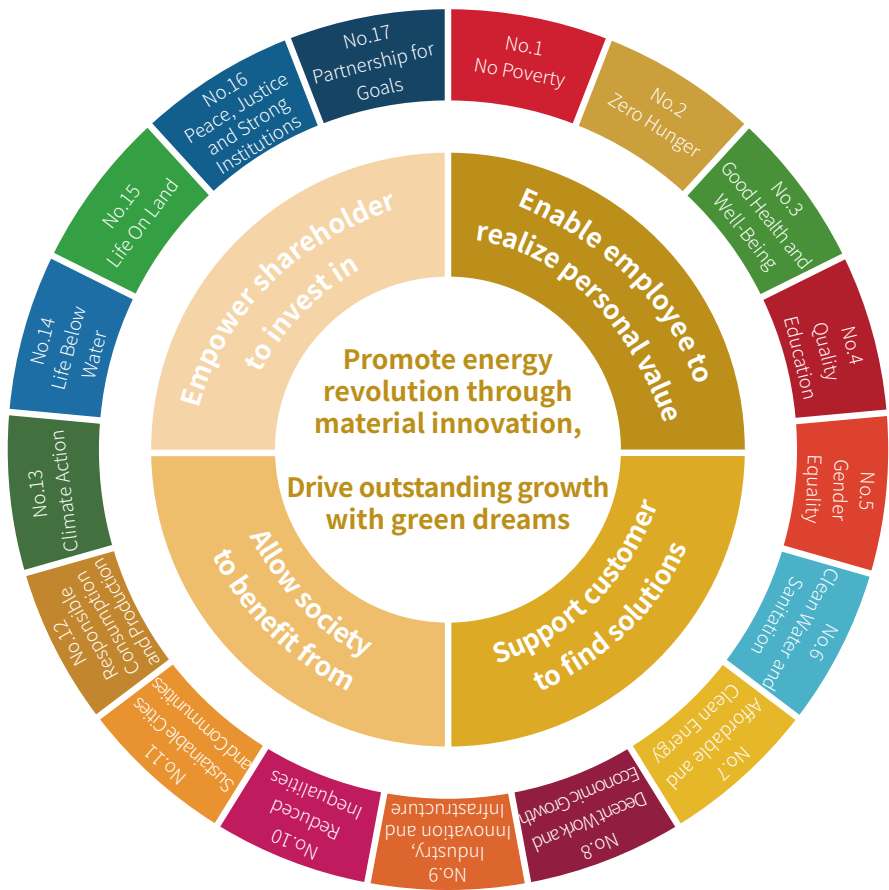
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Net Zero Strategy

In the face of the significant impact of climate change on human society and the natural environment, the era of green, efficient, and sustainable carbon-neutral energy is upon us. Clean, safe, and recyclable energy is leading rapid developments in fields such as 3C digital devices, vehicle propulsion, and energy storage. Guided by the concept of sustained and healthy development for both humanity and nature, we have established a comprehensive product line of new energy materials, contributing to the growth of the energy new materials industry. We aim to facilitate the development of more possibilities in the fields of 3C digital devices, vehicle propulsion, and energy storage, and offer advanced material solutions to achieve carbon net zero emissions, thereby promoting the development of the green industry.



Carbon peaking by 2030 and net zero emissions by 2050

We actively respond to the national carbon peaking and carbon neutrality goals and have formulated our own goals of committing to peak carbon emissions by 2030 and achieving net zero by 2050.



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To support the realization of our corporate net zero strategy, we have developed a sustainable development framework based on the 17 Sustainable Development Goals (SDGs) of the United Nations' 2030 Agenda: Promote energy revolution through material innovation, Drive outstanding growth with green dreams. We are committed to achieving the goal of enabling employee to realize personal value, supporting customer to find solutions, empowering shareholder to invest in, and allowing society to benefit from.

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<ul style="list-style-type: none"> Uphold "Undertaking the corporate mission, advocating green and low-carbon" emission reduction concept, follow the "systematic planning, seize the opportunities, result-oriented, and industry-leading" emission reduction approach, continuously optimize and improve the GHG emission management system, and minimize GHG emissions. Continuously promote the construction of environmental management systems. The company and all subsidiary enterprises have passed the ISO14001 standard system certification, covering 100% of the company's production and operation bases. The company and major subsidiaries have been recognized as green factories by the Ministry of Industry and Information Technology. Actively explore various measures to improve water resources management, increase efforts to protect water resources, reinforce water resource utilization efficiency, and strive to create a water-saving enterprise. 	<ul style="list-style-type: none"> Keep investing in research and development (R&D), continuously tackle multiple core technologies in the 3C lithium battery and power lithium battery cathode materials fields, and drive the high-quality development of the new energy industry. Utilize globally advanced equipment, introduce international leading manufacturing management systems, continuously iterate and upgrade production line processes, steadily improve intelligent manufacturing levels, and build a green and sustainable production model. Practice responsible sourcing, making sustainable development an important part of supply chain management, integrate ESG requirements into procurement strategies and business processes such as production, transportation, and raw material usage, effectively prevent environmental and social risks transmitted from upstream and downstream value chains, and work with suppliers to build a more stable and sustainable industry chain. Stick 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," and insist on delivering superior products through premium-quality work. 	<ul style="list-style-type: none"> Adhere to the principle of "Management with attention to details," establish a top-down, standardized, and effective ESG management system, continuously enhance the level of sustainable development management. Establish and continually improve a risk control system that is risks-oriented, built upon systems as its foundation, connected by processes, implemented through controls, and supported by IT, to prevent various risks in production and operations, ensuring sustainable, healthy, and stable development.



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<div><ul style="list-style-type: none">● Maintain green production methods, control pollutant generation from the source during production and operation, implement total quantity control, and comply with the management requirements of Environmental Protection Department and company's internal standards.● Value biodiversity protection, conduct soil monitoring before developing construction projects, and consider whether it affects wildlife protection areas, production and breeding sites, etc., to ensure no impact on the biodiversity of the area.● Strive to promote the recycling and reuse of resources and materials, endeavor to gradually achieve closed-loop recycling of resources such as nickel, cobalt, and lithium, and reduce consumption of natural resources through waste reuse and resource recycling.● Promote the research and application of new, efficient, and environmentally friendly nickel, cobalt, and lithium resource recycling and reuse technologies, contributing to the development of the circular economy.</div>	<div><ul style="list-style-type: none">● Actively participate in responsible supply chain-related international forum activities and participate in the formulation and revision of industry standards.● Uphold the development concept of "people-oriented", implement the talent development strategy, improve the talent training system, provide a positive, inclusive, and healthy environment for talent development, and strive to build the company into a platform for talent aggregation, technological innovation, and industrial development.● Commit to complying with international normative 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, and other requirements for safeguarding human rights and protecting labor rights, creating a harmonious, diverse, inclusive, equal, and just working environment for employees.● Always prioritize the health and safety of employees, take "prevention-oriented, comprehensive management, civilized production" as the management guidance for work safety, continuously optimize and improve the occupational health and safety management system, and strive to provide a safe and healthy working environment for employees, suppliers, and contractors.● Respect the cultural customs of the local area and endeavor to safeguard the rights of local residents. Prioritize local procurement and local employment to drive local employment and promote local economic development.● Incorporate the spirit of volunteerism into corporate culture and continuously engage in charitable activities focused on caring for children and the elderly, and strive to fulfill social responsibility.</div>	<div><ul style="list-style-type: none">● Commit to upholding the highest standards of business ethics as the norm for business activities. Adhere to integrity and fairness in business dealings, strictly prohibit corruption and bribery, prevent unfair competition, and prohibit and avoid conflicts of interest. Always treat employees, shareholders, customers, suppliers, government representatives, and other stakeholders in an honest and fair manner.● Continue to improve the complaint mechanism and prioritize the protection of complainants. Encourage stakeholders to provide feedback to the company on any violations of the company's Code of Conduct they may discover.</div>



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Sustainable Development Risk Management

Under the influence of climate change, energy, inflation, food, and security crises have become focal points affecting human societal development. According to the World Economic Forum's Global Risks Report, actions to mitigate and adapt to climate change, natural disasters, loss of biodiversity, and environmental degradation have been listed among the top ten global risks. Biodiversity loss is considered one of the rapidly deteriorating global risks over the next decade.

We integrate identified sustainability-related risks into our ongoing efforts to optimize the enterprise risk management system. We assess and analyze sustainable development risks and transformation opportunities in the short-term, medium-term, and long-term. By developing appropriate response strategies, we continuously enhance the resilience of our enterprise and contribute to our company's sustainable development.

Physical Risks

The Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report systematically assesses potential changes in global surface temperature, precipitation, large-scale circulation and variability modes, cryosphere, and oceans for the future. It also provides reasonable estimates of climate change beyond 2100. AR6 utilizes the Shared Socioeconomic Pathways (SSPs) of the Coupled Model Intercomparison Project Phase 6 (CMIP6), which includes five scenarios ranging from low to high levels of anthropogenic radiative forcing, namely SSP1-1.9, SSP1-2.6, SSP2-4.5, SSP3-7.0, and SSP5-8.5.

In line with our strategic goals of carbon peaking and net zero emissions and business development plans, we have selected the very low GHG emissions scenario (SSP1-1.9) ¹and the very high GHG emissions scenario (SSP5-8.5)²for conducting short-term, medium-term, and long-term assessments of physical risks and climate-related disaster risks to our business development.

1.The very low GHG emissions scenario (SSP1-1.9): It is assumed that global greenhouse gas emissions will peak around 2030 and then gradually decline, reaching net-zero emissions by 2050.

2.The very high GHG emissions scenario (SSP5-8.5): It is assumed that global greenhouse gas emissions will continue to increase by the end of the 21st century. Compared to 1850–1900, global surface temperature averaged over 2081–2100 is very likely to be higher by 3.3° C to 5.7° C





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Physical Risk Assessment		Extreme Low Impact Low Impact Medium Impact High Impact Extreme High Impact				
Climate-related disaster risks		Current Status	2030		2050	
			SSP1-1.9	SSP5-8.5	SSP1-1.9	SSP5-8.5
	Floods and Typhoons <i>In the Asian region:</i> There may be the risk of floods causing damage to urban infrastructure and impacting human well-being and health, especially in coastal cities and residential areas. <i>In the European region:</i> There may be risks associated with coastal and inland flooding, posing threats to people, economies, and infrastructure.					
	Sea Level Rise <i>In the Asian region:</i> There may be reduced coastal fisheries resources due to rising sea levels, decreased precipitation, and increased temperatures in some areas. Additionally, ocean warming, acidification, and rising sea levels may result in more frequent and widespread coral bleaching events followed by coral mortality. <i>In the European region:</i> There may be risks to coastal economies and infrastructure.					
	Extreme Weather <i>In the Asian region:</i> There may be risks to food and water security due to increased extreme temperatures, precipitation variability, and droughts. <i>In the European region:</i> There may be pressure and fatalities caused by rising temperatures and extreme heat events.					
	Biodiversity Loss <i>In the Asian region:</i> There may be risks of habitat displacement and associated disruptions to freshwater, terrestrial, and marine ecosystems that depend on human systems. <i>In the European region:</i> There may be risks of damage to marine and terrestrial ecosystems.					
	Droughts <i>In the Asian region:</i> There may be risks to food and water security. <i>In the European region:</i> Multiple interrelated sectors may face water scarcity. Crop production losses may occur due to a combination of heat, drought, and extreme weather conditions.					



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Physical Risk Management

Phisical Risks	Impact Period	Response
 <p>Floods and Typhoons</p> <p><i>In the Asian region:</i>There may be the risk of floods causing damage to urban infrastructure and impacting human well-being and health, especially in coastal cities and residential areas.</p> <p><i>In the European region:</i>There may be risks associated with coastal and inland flooding, posing threats to people, economies, and infrastructure.</p>	Short term, medium term, and long term	<ul style="list-style-type: none">Strictly adhere to internal management systems such as the "Emergency Response Plan for Sudden Environmental Incidents" to standardize the company's emergency management procedures.Regularly assess flood and typhoon risks in company operations and remain attentive to weather bureau warnings before typhoons strike.Organize regular emergency drills for employees to continually enhance their ability to respond to environmental risks and prevent environmental accidents, ensure the safety and health of employees and the surrounding community, and minimize property damage, environmental harm, and social impact resulting from sudden environmental incidents.
 <p>Sea Level Rise</p> <p><i>In the Asian region:</i>There may be reduced coastal fisheries resources due to rising sea levels, decreased precipitation, and increased temperatures in some areas. Additionally, ocean warming, acidification, and rising sea levels may result in more frequent and widespread coral bleaching events followed by coral mortality.</p> <p><i>In the European region:</i>There may be risks to coastal economies and infrastructure.</p>	Medium term and long term	<ul style="list-style-type: none">Relocate or retrofit facilities that are likely to be affected, or implement appropriate protective measures such as strengthening building structures or constructing dams to mitigate the impact of rising sea levels.Regularly assess the risk of rising sea levels in the company's supply chain, while collaborating with local governments to track meteorological and oceanic changes and adjust response strategies promptly.
 <p>Extreme Weather</p> <p><i>In the Asian region:</i>There may be risks to food and water security due to increased extreme temperatures, precipitation variability, and droughts.</p> <p><i>In the European region:</i>There may be pressure and fatalities caused by rising temperatures and extreme heat events.</p>	Short term, medium term, and long term	<ul style="list-style-type: none">Install additional ventilation facilities, upgrade or replace heat-resistant equipment, and conduct regular maintenance to reduce the risk of malfunctions.Adjust employee work hours sensibly to avoid physical labor during the hottest periods, and provide employees with items for heatstroke prevention and cooling.
 <p>Biodiversity Loss</p> <p><i>In the Asian region:</i>There may be risks of habitat displacement and associated disruptions to freshwater, terrestrial, and marine ecosystems that depend on human systems.</p> <p><i>In the European region:</i>There may be risks of damage to marine and terrestrial ecosystems.</p>	Medium term and long term	<ul style="list-style-type: none">Conduct environmental assessments and soil monitoring before project investment and construction, consider whether it will impact protected areas for flora and fauna, production farms, etc., and ensure no adverse effects on the biodiversity of the area.Organize environmental conservation activities, such as tree planting and afforestation, to improve the ecological environment of the area.
 <p>Droughts</p> <p><i>In the Asian region:</i>There may be risks to food and water security.</p> <p><i>In the European region:</i>Multiple interrelated sectors may face water scarcity. Crop production losses may occur due to a combination of heat, drought, and extreme weather conditions.</p>	Short term, medium term, and long term	<ul style="list-style-type: none">Strengthen scientific water management within the company through the use of water-saving equipment, process optimization, water recycling, and other measures to maximize water conservation, promote rational water use, effectively reduce water waste, and increase water reuse efficiency.Advocate for the concept of water conservation and encourage employees to actively participate in water-saving actions for production and in daily life.



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Transition Risks

The International Energy Agency's (IEA) "World Energy Outlook" (WEO) for 2023 provides strategic insights into various aspects of the global energy system, analyzing how structural changes in the economy and energy use are altering the way the world meets growing energy demand. In the transition to a low-carbon economy, the scenarios constructed by the IEA, particularly the Net Zero Emissions by 2050 scenario(NZE)¹and the Stated Policies Scenario (STEPS)², are the most widely applied and commented upon. We have conducted short-term, medium-term, and long-term assessments of transition risks and opportunities for our company's business development based on these two scenarios from the IEA's five scenarios model.

1.The Net Zero Emissions by 2050 (NZE) Scenario: The global energy-related CO₂ emissions are expected to reach net zero by 2050, offering the world a chance to limit the global temperature rise to 1.5 ° C.

2.The Stated Policies Scenario(STEPS): Considers only specific policies already enacted or announced by governments, annual CO₂ emissions from energy-related and industrial processes are projected to increase from 34 gigatons in 2020 to 36 gigatons in 2030, and remain at approximately the same level until 2050. If emissions continue along this trajectory and non-energy-related greenhouse gas emissions follow a similar trend, the global temperature is estimated to rise by around 2.7° C by 2100 (with a 50% probability). By 2050, the share of renewable energy in global electricity generation is expected to reach close to 55%. Over the period from 2020 to 2050, global coal consumption is expected to decrease by 15%, oil consumption to increase by 15%, and natural gas consumption to increase by nearly 50%.

Transition Risk Management

Transition Risks	Impact Period	Response
Industry technological iteration	Short-term, medium-term, and long-term	Continue to maintain a high level of research and development (R&D) efforts, conduct continuous and in-depth technical research and development, and ensure ongoing technological innovation. By establishing a diversified incentive mechanism, attract and retain industry R&D talents to maintain technological and competitive advantages in the industry.
Pressure from policies and regulations related to GHG emissions	Short-term, medium-term, and long-term	Practice the concept of green and low-carbon development, establish dual carbon goals of peaking carbon emissions by 2030 and achieving net zero by 2050, continuously optimize GHG emission management, enhance the level of intelligent manufacturing, and deeply cultivate a green, low-carbon, and sustainable production mode. Apply measures such as technological innovation and upgrading of energy structure to promote overall decarbonization of both our company and the industrial chain.
Shifts in market preferences	Short-term, medium-term, and long-term	Uphold the development philosophy of "market-oriented, driven by research and development, and leading in quality", and drive the upgrading and iteration of industry technology through independent product upgrades and new product development. Apart from the continuous optimization and enhancement of mass-produced products, fulfill the demand for higher-performance products from battery companies and the economy by executing cutting-edge new product development projects.
Fluctuations in raw material supply and prices	Short-term, medium-term, and long-term	Mitigate the risks associated with fluctuations in raw material prices through the effective implementation of optimized raw material procurement strategies and management systems. Rely on the company's extensive production management experience and well-established quality control system to enhance the advantages of stable quality in large-scale production, thereby reducing the impact of fluctuations in raw material prices.



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GHG Emissions Management

We have established the "GHG Inventory Management System" and set up a GHG Inventory Team responsible for organizing GHG inventory work on a regular basis every year. The GHG Inventory Team is headed by the head of the Safety and Environmental Protection Department, with representatives from other relevant departments appointed as members of the team. We conducted organizational carbon inventory work following the ISO 14064-1:2018 standar for the GHG emissions for the year 2023.

The Organizational Boundary

The entities with financial and operational control.

The Activities Boundary

GHG Type	Definition	Primary GHG Emission Activities
Scope1 Direct GHG Emissions	Direct GHG emissions refer to the emissions of greenhouse gases generated directly by an organization, including emissions from combustion of fossil fuels and emissions from industrial processes. This includes stationary combustion emissions, mobile combustion emissions, process emissions, and fugitive emissions.	<ul style="list-style-type: none">● Liquefied gas stoves● Diesel generators● Gasoline official vehicles● Diesel official vehicles● Diesel forklifts and other on-site vehicles● Engineering welding● Septic tanks● CO₂ fire extinguishers and Halon fire extinguishers● High-voltage switches● Operation of air conditioning and other refrigeration equipment
Scope2 Indirect GHG Emissions from Energy	Indirect GHG emissions from energy sources refer to the emissions of greenhouse gases generated by the consumption of energy such as electricity and heat by an organization. This includes the purchased electricity and purchased steam.	<ul style="list-style-type: none">● Electricity for production● Electricity for office use● Steam for Production
Scope3 Other Indirect GHG Emissions	Indirect GHG emissions from transportation: <ul style="list-style-type: none">● Emissions from upstream transportation and distribution of goods.● Emissions from freight services purchased by the organization.● Emissions from downstream transportation and distribution of goods.● Emissions from employee commuting, including emissions from employees' commute from home to workplace.● Emissions from customer and visitor transportation, including emissions associated with customers and visitors traveling to the company's facilities.● Emissions from business travel, primarily due to fuel combustion in mobile combustion sources.	<ul style="list-style-type: none">● Employee commuting● Employee business travel● Transportation of primary raw materials● Transportation of primary products
	Indirect GHG emissions from the organization's use of products <ul style="list-style-type: none">● Emissions from purchased goods, including upstream emissions from raw materials, production supplies, and externally purchased energy products.● Emissions from capital goods.● Indirect GHG emissions from services used by the organization, such as emissions from outsourced solid and liquid waste disposal, and emissions from leased assets and services (such as outsourced catering and logistics).	<ul style="list-style-type: none">● Electricity production facilities and infrastructure● Raw material production● Auxiliary material production



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GHG Types



Adoption of Global Warming Potential (GWP)

We utilized the global warming potential (GWP) of GHG as provided by the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report.

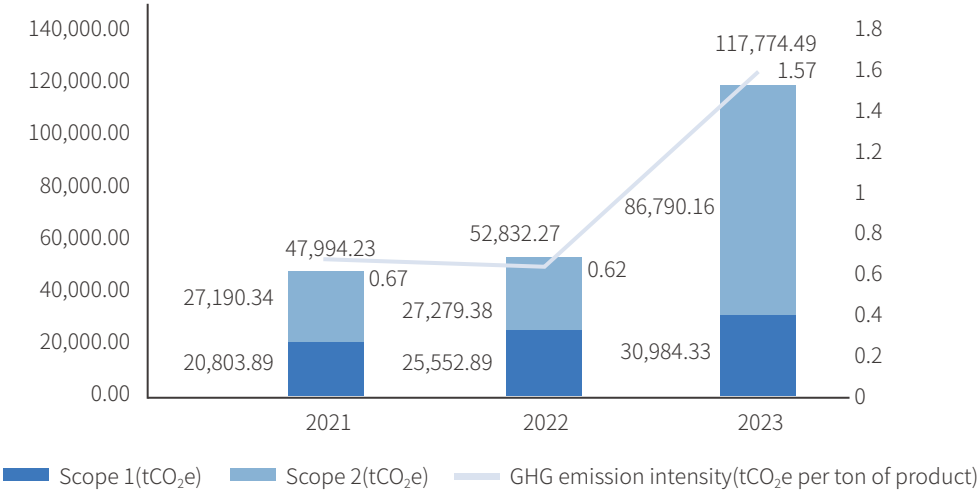
GHG Emissions

In 2023, our total GHG emissions (Scope 1 and Scope 2) amounted to 117,774.49 tCO₂e, representing an increase of 64,942.22 tCO₂e compared to 2022. The main reasons for this increase are attributed to the decrease in the company's nuclear power usage during the reporting period and the commencement of production at the Jinglu production base.

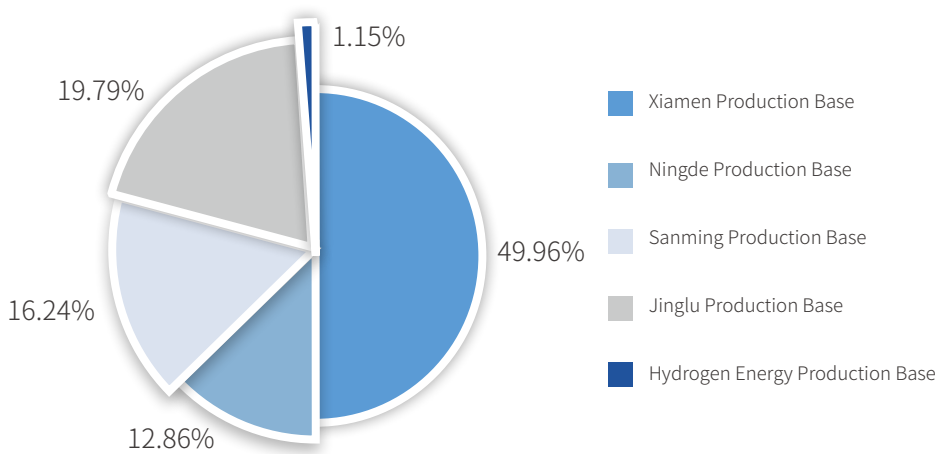
GHG Emissions (tCO₂e)

Category	2023	2022	2021
Scope 1: Direct GHG emissions	30,984.33	25,552.89	20,803.89
Scope 2: Indirect GHG emissions from Energy	86,790.16	27,279.38	27,190.34
Scope 3: Other indirect GHG emissions	1,407,851.88	1,113,838.99	1,273,982.43
Total GHG emissions (Scope 1 + Scope 2)	117,774.49	52,832.27	47,994.23
GHG emission intensity(tCO ₂ e per ton of product)	1.57	0.62	0.67

GHG Emissions



Total GHG Emissions (Scope1 and Scope2)





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Actions to Reduce GHG Emissions

In our company's production and operations, we adhere to the emission reduction concept of "Undertake the corporate mission, Advocate green and low-carbon", and follow the emission reduction approach of "systematic planning, seize the opportunities, result-oriented, and industry-leading". We continuously optimize and improve the greenhouse gas emission management system, minimize greenhouse gas emissions to the fullest extent, and reduce the negative impact of our business activities on the environment and climate change.

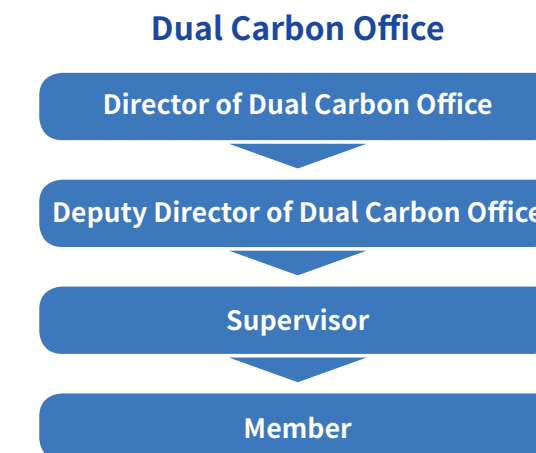
GHG Emission Management Organization

To further implement carbon reduction efforts, we have established a Dual Carbon Office to coordinate the management of greenhouse gas emissions across the company.

Responsibilities of the Dual Carbon Office

- Develop the company's roadmap for "Carbon Peaking and Net Zero Emissions Goals" and formulate strategic plans accordingly.
- Establish annual emission reduction plans for the group based on the strategic roadmap of "Carbon Peaking and Net Zero Emissions Goals," and monitor the progress of plan implementation.
- Monitor changes in international and national carbon emission policies, formulate corresponding measures, and adjust strategic planning or annual plans when necessary.
- Determine the basic principles of "Carbon Peaking and Net Zero Emissions" in the design and construction stages of new bases.
- Actively engage in the drafting of industry "carbon" standards while implementing the company's own carbon reduction efforts, enhance cooperation with upstream and downstream enterprises in the industrial chain, and promote carbon reduction efforts among major suppliers to facilitate the overall low-carbon development of the industrial chain.

Structure of the Dual Carbon Office





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GHG Emission Reduction Initiatives

In the stages of raw material acquisition, production, and distribution of our products, we implement a series of carbon reduction initiatives to promote the reduction of both our company's and the overall supply chain's GHG emissions. In 2023, our production bases promoted process optimization and energy-saving transformations of production equipment. By implementing multiple energy-saving and emission reduction projects, we achieved a total reduction of approximately 11,491 tCO₂e in GHG emissions for the year.



In the raw material acquisition stage:

- Actively promote the “dual carbon” system to suppliers.
- Supervise suppliers to establish ISO 14064/ISO 14067 carbon emission verification in stages based on the proportion of procurement amounts.
- Supervise suppliers' adoption of clean energy in phases according to the proportion of procurement amounts.
- Monitor suppliers to carry out enhancement for energy-saving and efficiency in production.
- Promote suppliers to engage in carbon trading.
- Utilize more recycled materials for nickel, cobalt, manganese, and lithium.

In the production stage:

- Usage of non-fossil energy exceeds 80%.
- Increase photovoltaic power generation to 1,500MkWh/year.
- Continuously improve product recycling rate.
- Conduct energy-saving and efficiency-improving to promote a decrease in electricity consumption per ton of product.
- Increase the proportion of new energy vehicles in official vehicle usage to over 90%.
- Progressively replace all diesel forklifts with electric forklifts.
- Implement carbon trading.

In the distribution stage:

- Increase the proportion of new energy vehicles in transportation to over 90%.
- Promote logistic providers to engage in carbon trading.



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【Highlight】 VCS Carbon Sink Trading

Carbon sink trading involves combining a company's carbon emissions with carbon sink transactions to effectively offset the carbon emissions and thus reduce the negative impact on the environment. In 2023, our Sanming production base participated in VCS carbon sink trading by purchasing carbon credits generated by the Hunan Dongping 72MW Hydropower Project to offset the carbon emissions from the production base.



Carbon Offset Certificate

【Highlight】 Green Office

We advocate for a green and low-carbon office concept and promote the use of energy-saving lamps and equipment in office areas, workshops, and public areas, with the proportion of energy-saving lighting devices reaching 100%.



【Highlight】 Factory with Net Zero Emissions

We implement the "14th Five-Year Plan for Green Industrial Development" and the "Implementation Plan for Carbon Peaking in the Industrial Sector", continuously improving the green manufacturing management system. The Sanming production base obtained PAS2060:2014 certification in 2022 and became a factory of net zero emissions.



Sanming Production Base Achieves Carbon Neutrality Declaration



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Pollution Control and Ecosystem Protection

We firmly stick to green production practices and control the generation of pollutants at the source during production and operations. We prioritize the protection of water resources and biodiversity to minimize the negative impact of our activities on the surrounding environment, thus promoting harmonious economic and environmental development. We have established and strictly enforce an Environmental Management System, continuously advancing environmental management system construction to minimize adverse effects on the surrounding environment. All of our existing production bases have obtained ISO 14001 certification, with a coverage rate of 100%, which have also undergone on-site certification and annual supervision and audits by third-party certification bodies registered with the CNCA. Our production bases in Xiamen, Sanming, and Ningde have been recognized as national-level green factories. In 2023, we did not receive any penalties for major environmental pollution incidents.

2023 Management Objectives of Pollution Control and Ecosystem Protection

Objectives/Indicators	
 Dust and Waste Gas Compliance Emissions (Including Particulate Matter, Nickel, Cobalt, Manganese):	<ul style="list-style-type: none">Nickel emissions are maintained below 4.3 mg/m³, complying with the "GB16297-1996 Integrated emission standard of air pollutants."Cobalt emissions are maintained below 5 mg/m³, complying with the "GB31573-2015 Emission standards of pollutants for inorganic chemical industry."Manganese emissions are maintained below 5 mg/m³, complying with the "DB31/933-2015 Integrated emission standard of air pollutants for Shanghai."Particulate matter emissions are maintained below 30 mg/m³, complying with the "DB35/323-2018 Emission control standard of air pollutants for Xiamen."
Ammonia emissions are maintained below 1.5 mg/m ³ , complying with the "Emission standards for odor pollutants." (GB14554-93)	
 Compliant Discharge of Wastewater (Suspended Solids, Total Nickel, Total Manganese, Total Cobalt, Chemical Oxygen Demand):	<ul style="list-style-type: none">SS direct discharge concentration is below 400 mg/L, COD direct discharge concentration is below 500 mg/L, and ammonia nitrogen direct discharge concentration is below 45 mg/L, complying with the Section 5.2.3 limits of "Discharge standard of water pollutants for Xiamen" (DB35/322-2018).Ni direct discharge concentration is below 1.0 mg/L, and Mn direct discharge concentration is below 5.0 mg/L, complying with the standard limits of "Integrated wastewater discharge standard" (GB8978-1996).Co direct discharge concentration is below 1.0 mg/L, referring to the standard limits of the "Integrated wastewater discharge standard for Shanghai" (DB31/199-2009).
The collection, disposal, and management procedures for hazardous waste comply with the "Measures for the Administration of the Transfer of Hazardous Waste".	
Establish a management system for circulating water, strengthen the management of water circulation, and gradually increase the proportion of water recycling usage.	
Comprehensively strengthen soil pollution risk management and control, and gradually reduce the potential impact of business operations on the soil environment.	



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Water Resources Protection

Scientific management of water resources is a key factor in achieving the United Nations Sustainable Development Goals. We strictly comply with relevant laws and regulations such as the Environmental Protection Law of the People's Republic of China, the Water Law of the People's Republic of China, and the Water Pollution Prevention and Control Law of the People's Republic of China. At every stage of production and operation, we actively explore measures to improve water resource management, enhance water resource protection efforts, improve water resource utilization efficiency, and strive to create a water-saving enterprise. We actively implement water conservation measures by using water-saving equipment, optimizing and improving processes, and promoting water recycling to strengthen scientific water management, maximize water conservation, and rationalize water use. We effectively reduce water wastage and increase the rate of water resource reuse. We monitor and evaluate risks related to water supply and water quality changes in the operating areas. During the reporting period, our operating areas maintained stable water supply and good water quality, with no major pollution incidents occurring, and there were no changes in water resource management-related policies and regulations.



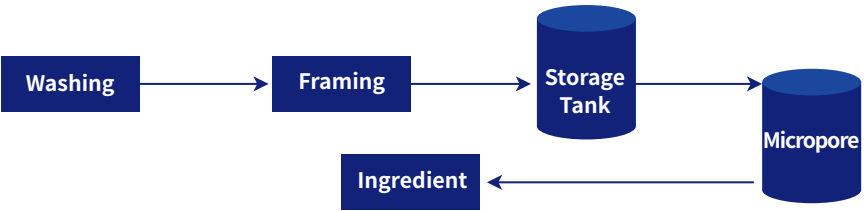
Implement water-saving concepts: Through water-saving campaigns, monitoring water usage, and comparing it with historical data, measures are taken to ensure water conservation.



Promote water-saving appliances: Water-saving household appliances have been installed throughout the entire factory area, including timed auto faucets, water-saving toilets, and other water-saving devices. Their utilization rate reaches 100%, and the water-saving rate is not less than 10%.



Recycling of water resources: Through process optimization, the mother liquor generated during the precursor manufacturing process is recycled internally, thereby reducing the inflow of water at the production front end and decreasing water intensity.



Mother Liquor Recycling Process



At the production base in Xiamen:

we have set clear water-saving targets in accordance with the actual production and operational conditions. The baseline for water consumption per unit product in 2022 was set at 33.01 tons of water per ton of product. The short-term target was to reduce it to 30 tons of water per ton of product by 2023 and further decrease to 26 tons of water per ton of product by 2025. This aims to continuously improve water resource utilization efficiency and achieve sustainable development.



At the production base in Sanming:

We developed a water-saving checklist and continued to track improvements. Facilities such as washbasins in the factory area are equipped with sensor-operated switches, effectively avoiding unnecessary water wastage. Monthly water usage is monitored and analyzed for anomalies to promptly identify and address potential water wastage issues. Additionally, we focus on detecting leaks in the factory's pipelines, conducting regular inspections of leak points, and promptly implementing corrective measures to ensure the rational utilization of water resources.



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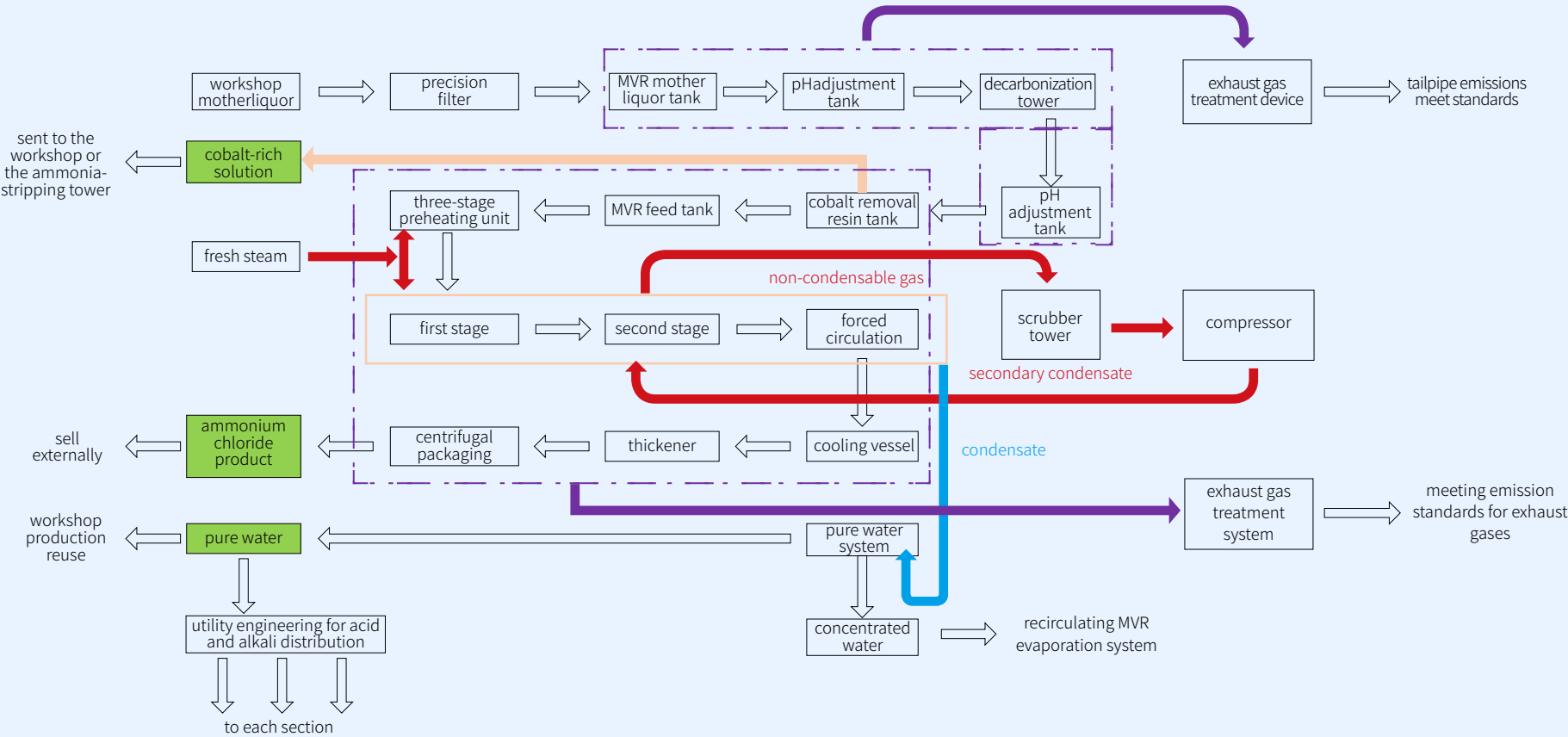
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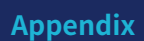
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【Highlight】 MVR Wastewater Evaporation Treatment System

In 2023, we officially commissioned an MVR wastewater evaporation treatment system with a processing capacity of 800,000 tons per year. This system employs Mechanical Vapor Recompression (MVR) technology, which reuses the energy of secondary steam to reduce energy demand. It can achieve the recycling of the majority of distilled water, significantly reducing the use of fresh water in the factory area and the discharge of production wastewater. The working process involves compressing low-temperature steam through a compressor to increase temperature and pressure, thereby increasing enthalpy. The compressed steam then enters a condenser where it is condensed, fully utilizing the latent heat of steam. Except for initial startup, steam is not required throughout the evaporation process. The main treatment process includes: workshop mother liquor collection → decarbonization tower → cobalt removal resin tank → three-stage preheating device → cooling kettle → production of by-product ammonium chloride → discharge. Purified reverse osmosis systems are used to treat the condensed water from MVR evaporation. The rinsing and regenerative wastewater are filtered through a multi-bag filter and then reused for secondary purposes, achieving a water resource recovery rate of over 90%.







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Pollutant Discharge Management

We strictly adhere to relevant laws and regulations such as the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, Air Pollution Prevention and Control Law of the People's Republic of China, and Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste. We have formulated regulations such as the "Regulations on Environmental Protection of Construction Projects," the "Waste Gas Management System," and the "Factory Boundary Noise Management Regulations" to standardize the emission of waste gas and wastewater, as well as the management of waste and noise. Environmental protection responsibilities are implemented in accordance with the requirements of the "Regulations on Environmental Protection Responsibilities." Our existing environmental protection facilities for waste gas and waste treatment mainly include spray tower devices, ammonia removal tower devices, various cartridge dust removal devices, and solid waste disposal sites. We require all production departments to promptly grasp the operation status of

environmental protection facilities, conduct regular supervision and inspection of environmental protection facilities, and conduct at least 2 random inspections per week on key environmental protection facilities to ensure their normal operation and compliance with the requirements of environmental protection departments and internal standards.

In strict accordance with the requirements of the Law of the People's Republic of China on Promoting Clean Production, we comprehensively implement clean production in the production process and establish a Clean Production Audit Leadership Group with the general manager as the team leader, the production director as the deputy team leader, and the heads of various departments as members. During the reporting period, our Xiamen production base entrusted a clean production audit consulting organization to guide our clean production audit work, achieving the third-level clean production level in domestic standards.



Establish and improve clean production organization

The Clean Production Audit Group is established as a permanent institution under our safety and environmental protection management department and is incorporated into the environmental management system. It is responsible for organizing and coordinating our clean production and audit work, led directly by the general manager.



Establish and improve clean production incentive mechanisms

We link the results of clean production work with employee bonuses, wage distribution, and job ranks to fully mobilize the enthusiasm of all employees to participate in clean production.



Develop employee training plans

We incorporate clean production training content into employee on-the-job training and routine training, and assigning specific clean production goals to individuals. Each pollution source has a designated person responsible, and the Clean Production Audit Group is responsible for implementing various clean production plans to achieve clean production objectives.



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Waste Gas Emission Management

We strictly adhere to the requirements of relevant laws and regulations such as Air Pollution Prevention and Control Law of the People's Republic of China, and have formulated the "Waste Gas Management Regulations." We implement waste gas emission control based on the principle of reduction to ensure that waste gas emissions meet standards. We continuously promote and optimize the application of real-time waste gas monitoring systems to ensure timely and effective implementation of treatment and control measures when harmful gases are detected, thereby avoiding atmospheric pollution.

The main sources of waste gas emissions are emissions from production processes and kitchen fumes from the cafeteria. The pollutants in the waste gas mainly include particulate matter, ammonia, non-methane total hydrocarbons, nickel and its compounds, cobalt and its compounds, manganese and its compounds, etc. In accordance with the emission limits of "GB16297-1996 Comprehensive Emission Standards for Air Pollutants," "GB31573-2015 Emission Standards for Inorganic Chemical Industry Pollutants," and "DB35/323-2018 Atmospheric Pollutant Emission Control Standards in Xiamen," we have formulated internal waste gas emission standards. The concentration, flow rate, pressure, and concentration of particulate matter in waste gas emissions are connected to the environmental protection bureau's online monitoring system. Additionally, we annually hire qualified environmental monitoring agencies to conduct monitoring of various indicators of waste gas emissions (or as required by regulations).

Waste Gas Emission Status

During the reporting period, all waste gases generated by subsidiaries' production bases achieved emission compliance.

Emission status of waste gas pollutants from each production base in 2023

Company	Pollutants	The emission quantity of waste gas pollutants in 2023 (t)	Annual emission total limit (t)	Compliance status
Xiamen Production Base	Nickel and its compounds	0.009	1.51	Compliant
	Cobalt and its compounds	0.013	1.08	Compliant
	Manganese and its compounds	0.005	0.55	Compliant
	Particulate matter	2.582	3.15	Compliant
	Ammonia gas	1.232	17.56	Compliant
Sanming Production Base	Particulate matter	0.026	9.66	Compliant
Ningde Production Base	Nickel and its compounds	0.001	0.122	Compliant
	Particulate matter	0.358	9.797	Compliant
Jinglu Production Base	Nickel and its compounds	0.012	/	Compliant
	Cobalt and its compounds	0.01	/	Compliant
	Manganese and its compounds	0.007	/	Compliant
	Particulate matter	7.136	/	Compliant



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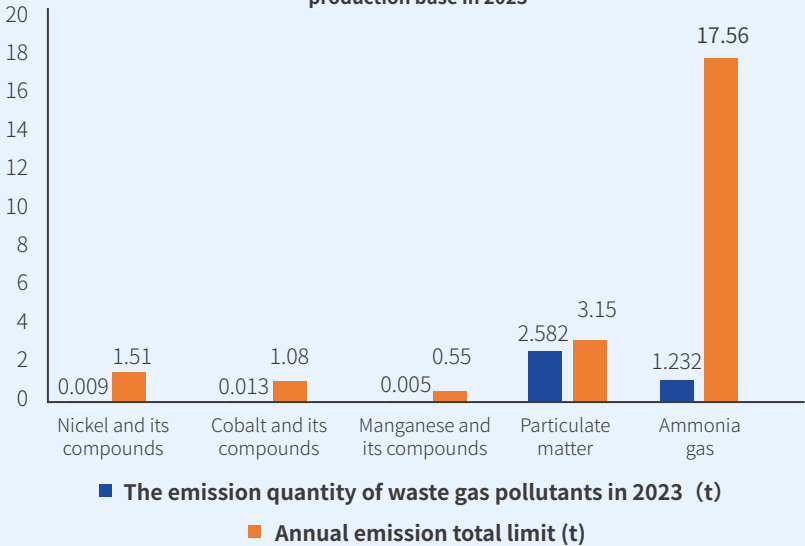
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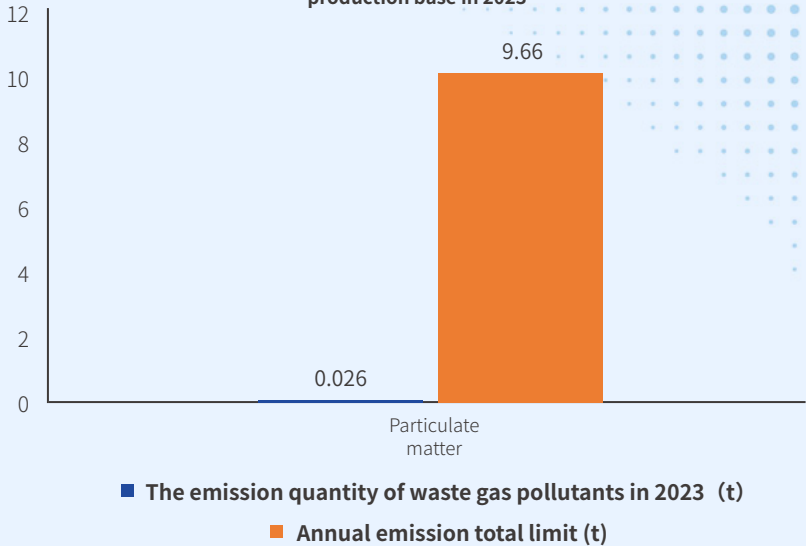
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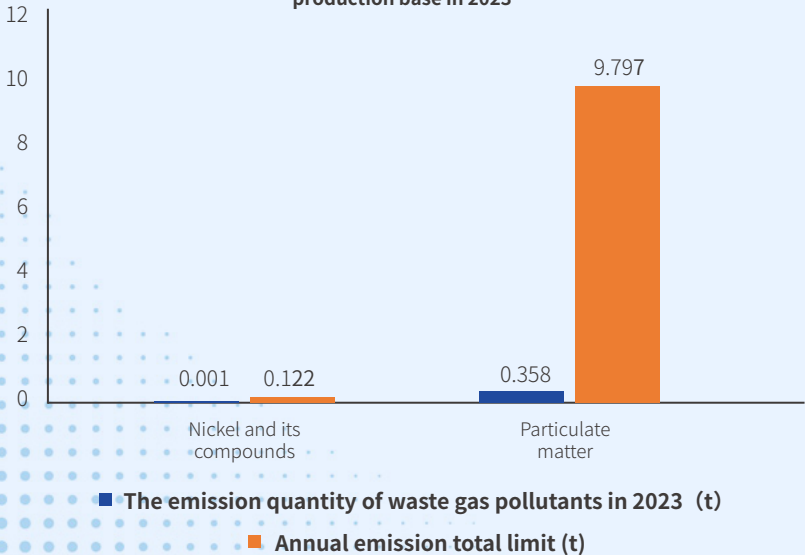
Emission status of waste gas pollutants from Xiamen production base in 2023



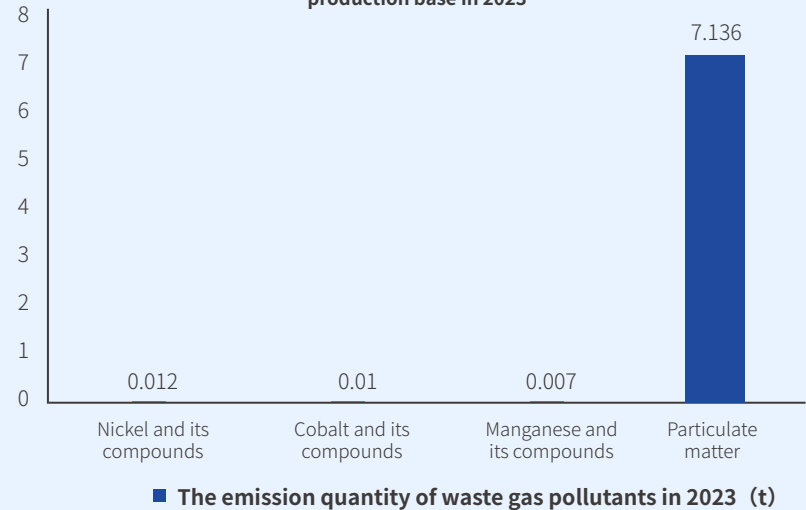
Emission status of waste gas pollutants from Sanming production base in 2023



Emission status of waste gas pollutants from Ningde production base in 2023



Emission status of waste gas pollutants from Jinglu production base in 2023





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Emission Management Measures



Real-time Online Monitoring

- Install online particulate matter monitoring facilities at all particulate matter waste gas emission outlets to monitor changes in particulate matter concentration in real time.
- Install ammonia online monitoring devices internally in certain workshops at the factory boundary, sewage treatment stations, and around MVR.



Standardization of Emission Standards

- Environmental regulations require that the particulate matter emission concentration does not exceed 30 mg/m³. Internally, we manage waste gas emissions to a higher standard, with a requirement not exceeding 15 mg/m³.



Addition of Treatment Facilities

- When purchasing new equipment and carrying out technological upgrades, we use equipment and processes with high resource utilization rates and low pollutant emissions.
- We increase the capacity for unorganized ammonia recovery in workshop operating environments and enhance ammonia treatment capabilities in workshops. We install an ammonia spray absorption tower in the precursor workshop to reduce ammonia emissions.
- We improve filtration facilities at exhaust outlets to ensure that all production waste gases achieve emission standards after passing through filtration facilities.
- We install oil fume purification devices in the cafeteria. The oil fume purification devices must be turned on simultaneously during cafeteria operation. We regularly clean and maintain the purification devices to prevent clogging or oil leakage. Waste oil generated during the purification process should be directed into an oil-water separator and external discharge is prohibited.



Prevention of Harmful Gases

- Suppliers and other relevant parties should ensure the quality of chemicals provided. When chemicals are received, responsible personnel should carefully inspect and accept them, and take precautions to prevent chemical leakage and the generation of toxic and harmful gases.
- During the use of volatile chemicals, we check whether the chemical packaging (or container) is intact first. Maintain measures such as avoiding light, low temperature (room temperature), and ventilation in storage areas for volatile gases, oils, paints, etc. In the event of spillage or leakage of volatile chemicals, we follow the "Emergency Preparedness and Response Management Procedures" to prevent the release of large quantities of chemical gases, which can cause harm to human health and environmental pollution.
- Burning of garbage, waste, etc., both inside and outside the company premises, is prohibited.



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Wastewater Discharge Management

We have formulated and strictly implemented regulations related to wastewater discharge, such as the "Wastewater Management Regulations," "Stormwater Management Regulations," and "Pollutant Emission Management Regulations." We require all departments to reduce wastewater generation in accordance with the requirements of the "Resource and Energy Conservation Management Procedures," standardize wastewater treatment and discharge requirements, and ensure that wastewater is discharged in compliance with standards. In 2020, the Haijing production base purchased a 5-year wastewater discharge permit from the Xiamen Pollution Discharge Rights Center. The purchased permit includes a COD emission allowance of 3.587 tons per year and an ammonia nitrogen emission allowance of 0.3587 tons per year. The transaction price for COD is 10,000 RMB per ton per year, and for ammonia nitrogen, it is also 10,000 RMB per ton per year. The total transaction price amounts to 197,285 RMB.

Wastewater Discharge Status

The wastewater sources mainly include process wastewater, domestic sewage, and workshop/department flushing wastewater. The pollutants in wastewater mainly consist of suspended solids (SS), chemical oxygen demand (COD), ammonia nitrogen, total cobalt, total nickel, total manganese, etc. During the reporting period, all wastewater generated by our subsidiaries' production bases achieved compliant discharge.

Discharge status of wastewater from each production base in 2023

Company	Pollutants	The Discharge Quantity in 2023 (t)	Annual Emission Total Limit (t)	Compliance Status
Xiamen Production Base	Total nickel	0.037	0.0383	Compliant
	Total cobalt	0.073	/	Compliant
	Total manganese	0.028	1.5319	Compliant
	Ammonia nitrogen	1.793	6.1274	Compliant
	COD	5.971	45.9557	Compliant
Sanming Production Base	Ammonia nitrogen	0.762	1.4501	Compliant
	COD	1.122	12.7939	Compliant
Ningde Production Base	Total nickel	0.002	/	Compliant
	Total cobalt	0.002	/	Compliant
	Total manganese	0.002	/	Compliant
	COD	0.832	2.024	Compliant
Jinglu Production Base	Total nickel	0.003	/	Compliant
	Total cobalt	0.004	/	Compliant
	Total manganese	0.002	/	Compliant
	Ammonia nitrogen	0.05	0.3587	Compliant
	COD	1.76	3.587	Compliant



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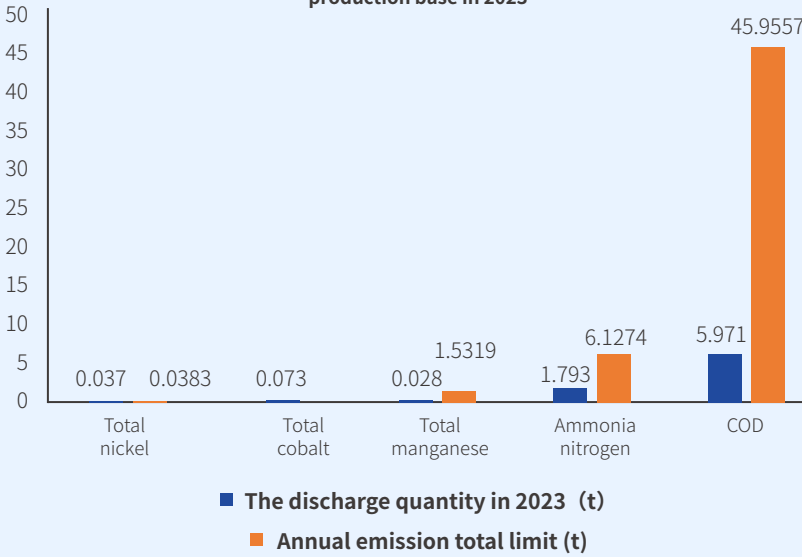
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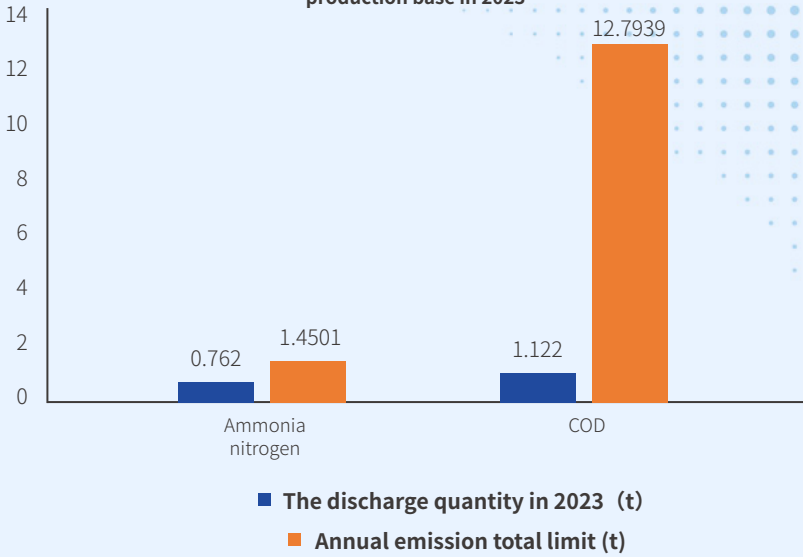
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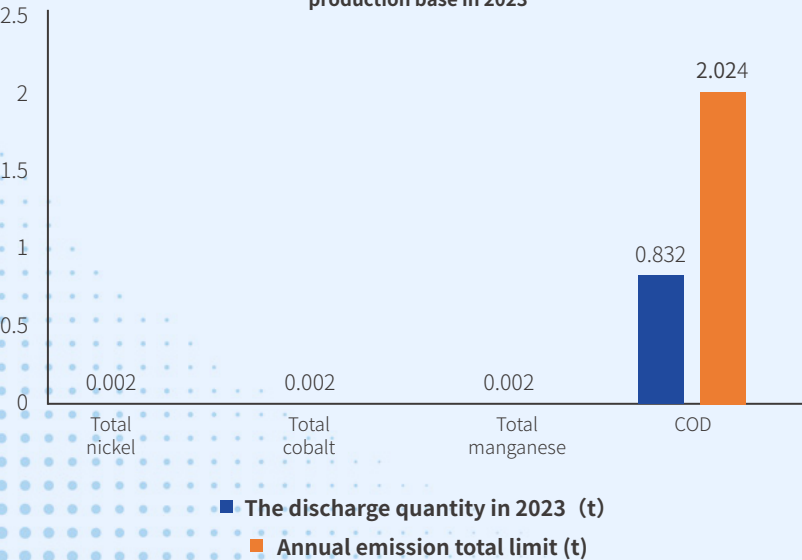
Discharge status of wastewater from Xiamen
production base in 2023



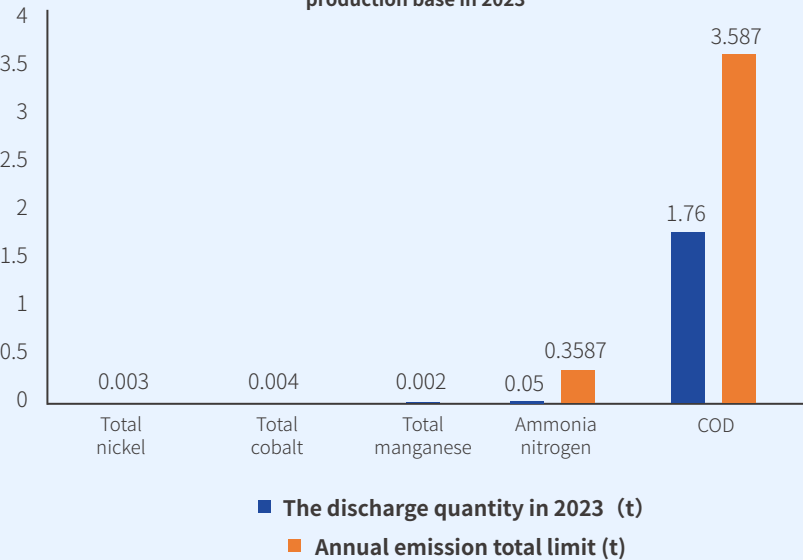
Discharge status of wastewater from Sanming
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Discharge status of wastewater from Ningde
production base in 2023



Discharge status of wastewater from Jinglu
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Emission Management Measures



Wastewater Discharge Monitoring

We have formulated a series of environmental indicators related to wastewater based on standards such as the "Discharge standard of water pollutants for Xiamen" (DB35/322-2018) and the "Integrated wastewater discharge standard" (GB8978-1996). We require our testing center to conduct weekly monitoring of pH, ammonia nitrogen, heavy metals (such as nickel, cobalt, manganese), and establish a water quality online monitoring system that complies with national standards and has been accepted by government departments. This system enables real-time monitoring of ammonia nitrogen and COD indicators in wastewater discharge. Additionally, we annually hire qualified environmental monitoring agencies to conduct environmental monitoring of our sewage discharge situation.

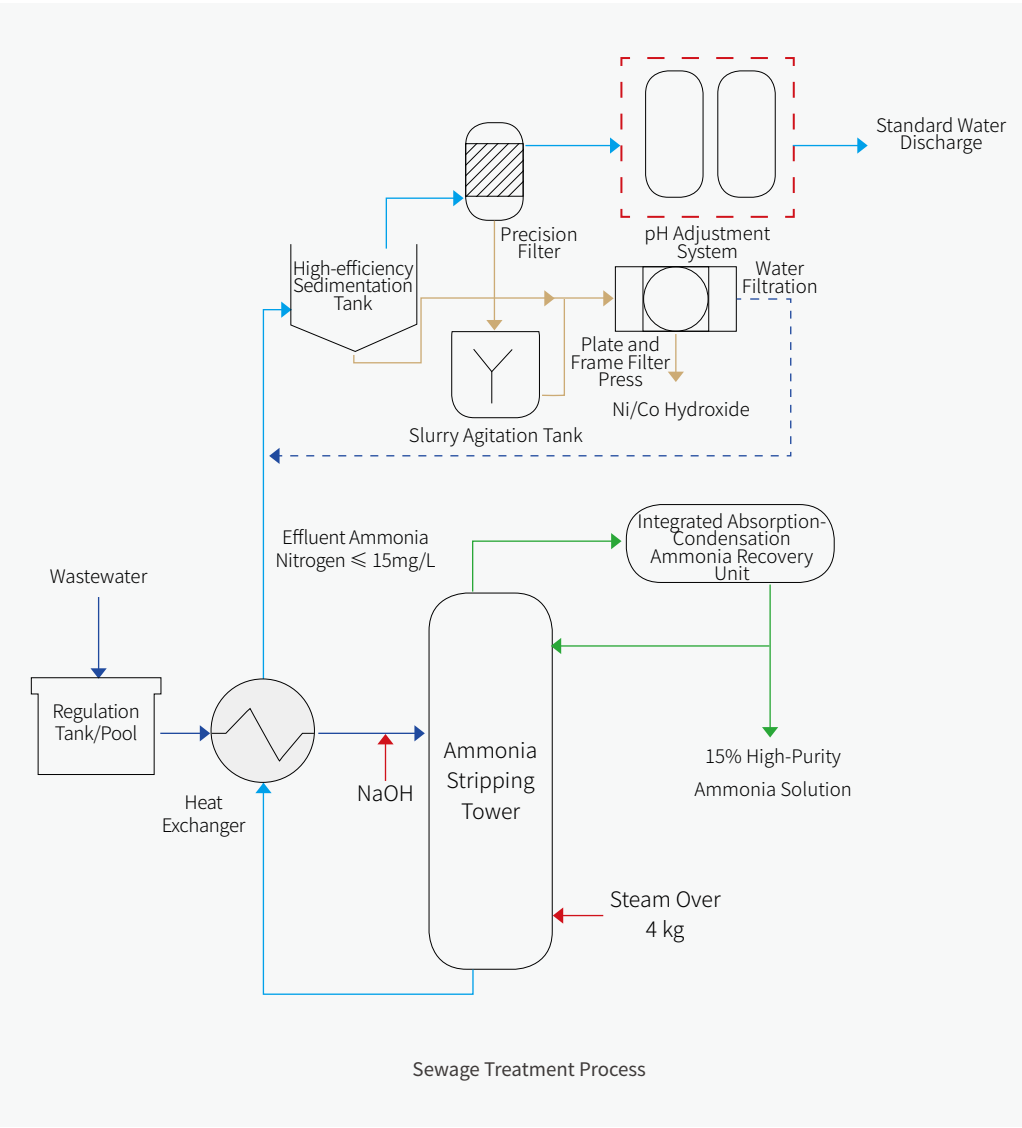


Sewage Treatment System

We have installed two sets of sewage treatment systems, each corresponding to the treatment of wastewater from the production of cobalt trioxide and tri-element precursor. The two sewage treatment systems have similar processes, with respective treatment capacities of 1,000m³/d and 850m³/d. The workshop wastewater passes through a regulating tank and then enters a heat exchanger to raise our temperature before entering the ammonia-stripping tower. Within the tower, gas-liquid separation is completed, and the released ammonia gas is recovered to form ammonia water. The bottom liquid of the tower undergoes filtration through plate-and-frame pressure filters, precision filters, and other equipment, and finally achieves compliant discharge after pH adjustment through an acid-base regulation system.



Sewage Treatment Plant





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Waste Disposal Management

We adhere to relevant laws and regulations such as the "Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste", Standard for pollution control on the storage and disposal site for general industrial solid waste," and the "Standard for Pollution Control on Hazardous Waste Storage." Internal management systems such as the "Hazardous Waste Management System," the "Implementation Rules for Hazardous Waste Management," and the "Company's Hazardous Waste and Garbage Classification and Disposal Management Regulations" have been established to strengthen waste management.

During the reporting period, we conducted 9 special training sessions on waste management.

General Waste

General Waste Discharge

The general waste generated during our production and operations mainly consists of industrial garbage, including waste boxes, waste ton bags, paper, pallets, etc.

General Waste Management Measures

- Establish management ledgers to accurately record the types, quantities, flow, storage, utilization, and disposal of general waste, ensuring traceability and accessibility of information related to general waste.
- Entrust the transportation, utilization, and disposal of general waste to professional third-party companies. The company enters into written contracts with these companies in accordance with the law, specifying pollution prevention and control requirements.
- Set up storage facilities for general waste within the factory premises, and implement measures to prevent dispersion, loss, leakage, or any other pollution to the environment.

Industrial waste discharge from each production base in 2023

Company	Pollutants	The Actual Discharge Quantity in 2023 (t)
Xiamen Production Base	Waste cardboard boxes	1,677.41
	Waste ton bags	87.58
Sanming Production Base	Waste cardboard boxes (recycled)	2,295.3
	Waste ton bags (recycled)	71.22
Ningde Production Base	Waste cardboard boxes	1,003.9
	Waste ton bags	44.76
	Waste rollers, waste heating rods	30.3
	Production scrap	4.74
	Dust	19.727
Jinglu Production Base	Waste additive barrels	2.84
	Waste cardboard boxes	1,871.573
	Waste ton bags	53.74



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Hazardous Waste

Discharge of Hazardous Waste

The hazardous waste generated during production and operations mainly includes waste activated carbon, waste mineral oil, waste organic solvents, paint residues, and laboratory waste, etc.

Hazardous Waste Discharge Situation at Each Production
Base in 2023

Company	Pollutants	The Actual Discharge Quantity in 2023 (t)	Annual Emission Total Limit (t)	Compliance Status
Xiamen Production Base	Waste mineral oil and oil- containing waste	5.663	10	Compliant
	Laboratory waste	0.902	4.17	Compliant
	Spent activated carbon	12.078	20	Compliant
	Paint residue	0.948	2	Compliant
Sanming Production Base	Waste mineral oil	0.25	1.5	Compliant
	Laboratory waste	0.055	1	Compliant
Ningde Production Base	Waste mineral oil	1.349	1.5	Compliant
	Waste organic solvents	0.416	1	Compliant
	Other waste	2.80	3.5	Compliant
	Waste lead-acid batteries	1.419	2	Compliant
	Water treatment sludge	0.003	0.1	Compliant
Jinglu Production Base	Waste mineral oil and oil- containing waste	0.916	2.5	Compliant
	Waste chemical packaging	1.775	2.5	Compliant
	Laboratory waste	0.008	0.1	Compliant
	Paint residue	0.039	0.3	Compliant

Measures for Hazardous Waste Management

- Establish regulations such as the "Implementation Rules for Hazardous Waste Management" to regularly identify and update the list of hazardous waste.
- Set up warehouses for storing hazardous waste, where hazardous waste is collected, classified, and stored. Within the storage points, isolation facilities and measures against wind, sun exposure, rain, leakage, and fire are installed. Cameras are installed inside the hazardous waste warehouses for real-time monitoring of the internal situation, ensuring safety and reliability during the storage period.
- Organize regular hazardous waste management training sessions.
- The Environmental Health and Safety Department is responsible for the supervision and management of hazardous waste, and regularly entrusts qualified third-party professional institutions to handle disposal.
- Incorporate the management of hazardous waste into the performance assessment of relevant personnel and departments, with assessments conducted by the Safety and Environmental Protection Management Department.
- Implement a series of measures to reduce the emission of hazardous waste:
 - Use clean energy and raw materials to reduce the generation of harmful substances.
 - Adopt advanced production equipment in the industry to reduce energy consumption and the generation of hazardous waste. For example, we use stainless steel equipment to reduce the amount of maintenance paint used and increasing the number of times lubricating oil is recycled to reduce the amount of mineral oil used per unit product.



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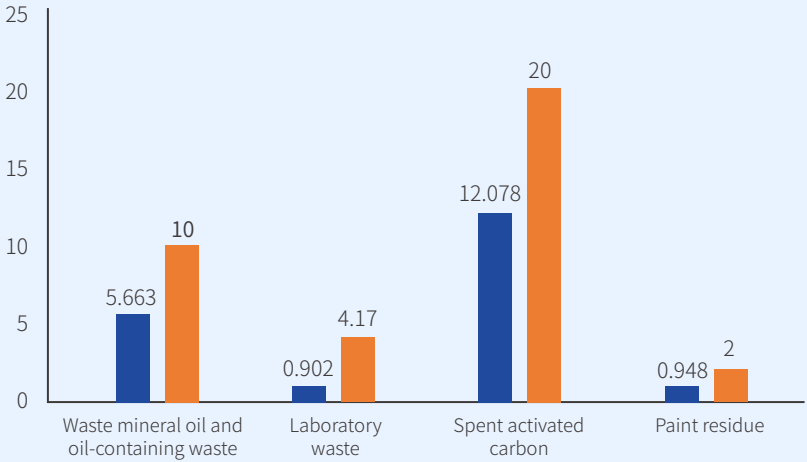
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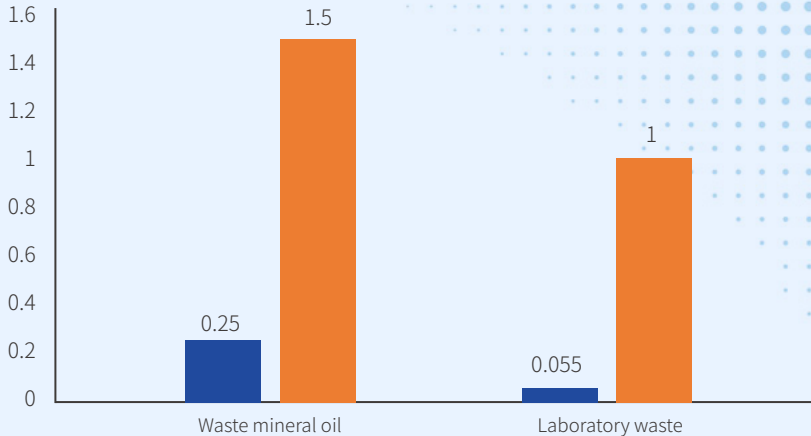
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2023 Emission Status of Hazardous Waste at Xiamen
Production Base



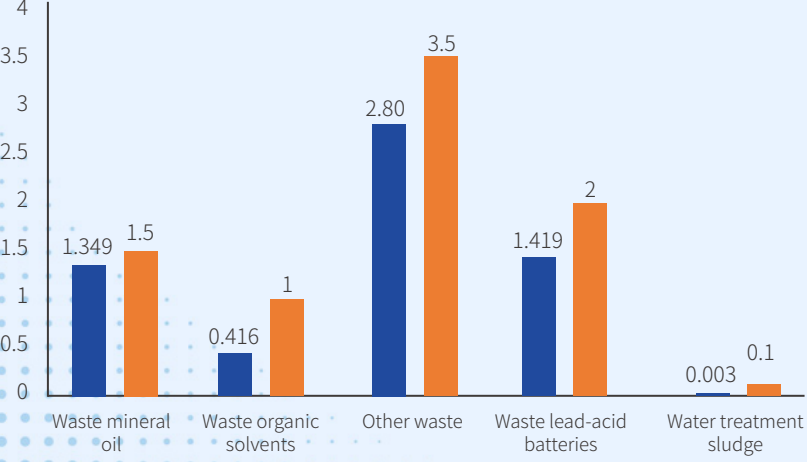
■ The actual discharge quantity in 2023 (t)
■ Annual emission total limit (t)

2023 Emission Status of Hazardous Waste at Sanming
Production Base



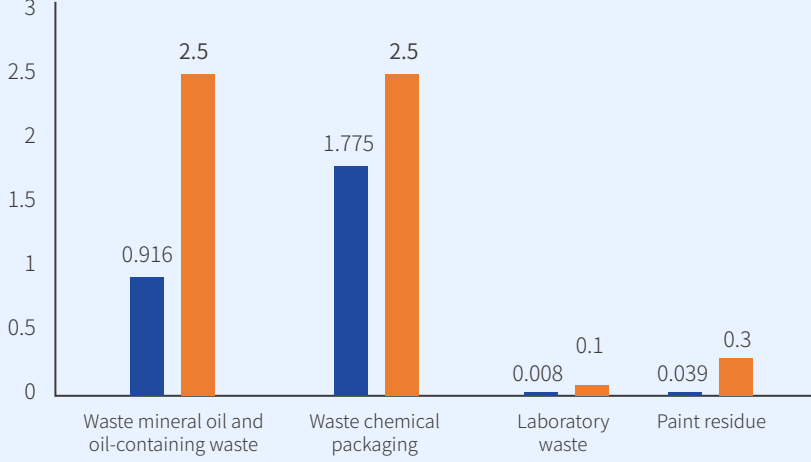
■ The actual discharge quantity in 2023 (t)
■ Annual emission total limit (t)

2023 Emission Status of Hazardous Waste at Ningde
Production Bas



■ The actual discharge quantity in 2023 (t)
■ Annual emission total limit (t)

2023 Emission Status of Hazardous Waste at Jinglu
Production Base



■ The actual discharge quantity in 2023 (t)
■ Annual emission total limit (t)



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Noise Management

We have established and strictly adhered to regulations and operational procedures related to noise management, such as the "Pollutant Emission Management Regulations," to control noise emissions and minimize the adverse effects of noise generated during the production process on employees and surrounding communities.

The noise generated during production operations mainly originates from the operation of equipment in the production workshops. In accordance with the national standard GB12348-2008 "Emission standard for industrial enterprises noise at boundary" and the environmental impact assessment approval from the ecological environment authority, we implement Class III standards for boundary noise at the factory perimeter, ensuring that noise levels are controlled to below 65dB during the daytime and 55dB at nighttime. Additionally, the Safety and Environmental Protection Department commissions external qualified units to conduct quarterly monitoring of various indicators of perimeter noise around premises. During the reporting period, the noise levels at all production bases under the jurisdiction met the requirements of the boundary environmental noise emission standards.

Noise-producing equipment during the production process is installed inside various production workshops, and then effectively isolated by the workshop structure, reducing the noise to a certain extent.

Necessary measures are taken to reduce noise when new large-scale equipment is added or when abnormal noise is detected from existing equipment.



Strengthen daily management and maintenance of all equipment to ensure they are in good operating condition, eliminating the occurrence of high noise due to abnormal equipment operation.

Cooling towers with high noise levels are mainly located on the rooftops of various workshop buildings, while air compressors are installed inside the workshops.



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Biodiversity Protection

We place great importance on biodiversity conservation, strictly adhering to the laws and regulations such as Law of People’s Republic of China on the Protection of Wildlife, Regulations of the People’s Republic of China on Nature Reserves, as well as the Kunming-Montreal Global Biodiversity Framework concerning biodiversity. We focus on biodiversity conservation and endeavors to avoid conducting business activities in nature reserves, ecologically sensitive, and fragile areas. Currently, all projects developed and constructed are not located within ecologically sensitive areas. When selecting sites for new projects or expanding existing ones, we conduct surveys and assessments of the surrounding natural environment, including the distribution and originality of rare and endangered flora and fauna, ancient forest communities, topography, geology, hydrology, and other factors considered in project evaluations.

We conduct predictions, monitoring, and evaluations of air, surface water, groundwater, acoustic environment, soil environmental quality, and solid waste to assess whether our operations have an impact on the surrounding community, wildlife reserves, production, and breeding sites, and other ecological environments. Additionally, we invite public participation in environmental impact assessments through methods such as distributing surveys, online postings, and site visits, actively seeking community feedback. After the completion and stable operation of projects, we hire professional third parties to conduct post-assessments of environmental impacts, evaluating the effects of environmental protection design outcomes and ecological environments. We analyze trends in environmental impact changes and take targeted measures to minimize negative impacts on ecological environments and biodiversity caused by business operations.

In response to sudden environmental incidents, we formulate and continuously revise the "List of Key Environmental Risk Factors" and "Emergency Response Plan for Sudden Environmental Incidents" based on actual business conditions. We identify major environmental hazards such as wastewater discharge, gas emission, leakage of hazardous waste, and chemical spills, and implement hierarchical management based on the controllability, severity, and scope of the incidents. In the event of a sudden environmental incident, we employ comprehensive measures such as human resources, funds, materials, medical care, transportation, communication, and technology to minimize casualties, economic losses, and damage to the ecological environment caused by disasters.



【Highlight】 Soil Pollution Emergency Drill

In 2023, the Ningde production base organized a soil pollution emergency drill to address the potential threat posed by the accidental leakage of sewage treatment agents during their use at the sewage station. Such incidents could pose a risk to the soil environment. During the drill, a simulated dangerous scenario resulting from the leakage of sewage treatment agents was successfully enacted. This exercise provided a thorough examination of the adequacy and sufficiency of the existing emergency response plans. Furthermore, we enhanced the emergency response capabilities and safety awareness among the staff.



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Resource Utilization and Circular Economy

The circular economy not only addresses resource scarcity but also tackles environmental concerns, effectively supporting carbon emission reduction. It's a highly practical development model that achieves energy conservation and carbon reduction. As a manufacturing enterprise, we recognize the significant importance of promoting resource efficiency to safeguard national resource security and advance the strategic goals of peaking carbon emissions and achieving carbon neutrality. In our operations, we promote efficient resource utilization, circular economy practices, and actively advocate for the use of clean energy, driving energy transformation and upgrading for green, high-quality development.

2023 Management Goals of Resource Recycling

- Gradually increase the proportion of recycled materials (Li, Co, Ni, Mn) used in production
- The utilization rate of non-fossil energy exceeds 80%
- Use more recycled materials for nickel, cobalt, manganese, and lithium
- Increase the photovoltaic power generation to 1,500 MWh/year
- Increase the recycling rate of packaging materials





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Energy Consumption Management

We strengthen energy management, continuously improve the energy structure, optimize production processes, and implement energy-saving renovations on equipment to increase energy efficiency and reduce energy consumption per unit of product. We implement internal energy management systems and operational procedures such as the Energy Management Regulations and Energy Management Manual. We have established an energy-saving leadership team led by the general manager, with the vice general manager as the deputy leader, to strengthen energy management and improve energy efficiency while reducing energy consumption. We set comprehensive energy consumption per unit of product as a performance assessment target for relevant departments and their responsible personnel. These targets are then decentralized to various departments to ensure the achievement of energy-saving goals.

During the reporting period, both the Sanming and Ningde production bases obtained ISO 50001 certification. The current energy management system coverage of our existing production bases is 40%.

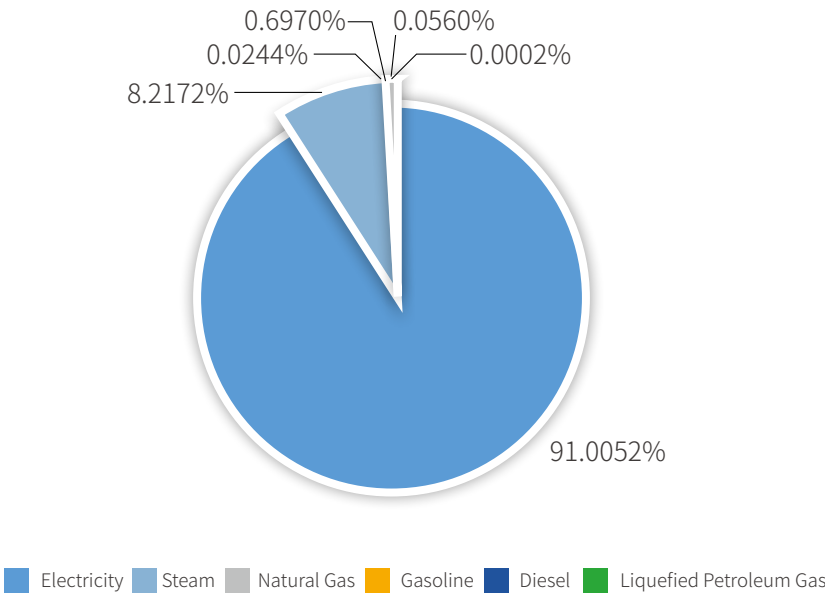


ISO 50001 Certification

Energy Structure in 2023

Energy Type	2023	2022	Total Energy Consumption in 2023 (Tons of Coal Equivalent)	Total Energy Consumption in 2022 (Tons of Coal Equivalent)	Percentage of Energy Consumption in 2023 (%)
Electricit (kWh)	704,884,611.70	592,782,863.60	86,630.32	72,853.01	91.0052
Steam (t)	75,457.11	88,874.12	7,822.19	9,213.05	8.2172
Natural Ga (m³)	498,814.00	900.00	663.42	1.20	0.6970
Gasoline (L)	49,655.98	61,868.00	53.34	66.45	0.0560
Diesel (L)	18,560.52	118,420.13	23.26	148.39	0.0244
Liquefied Petroleum Gas (kg)	104.00	/	0.18	/	0.0002
Total			95,192.71	82,282.10	100.00

2023 Energy Consumption Structure





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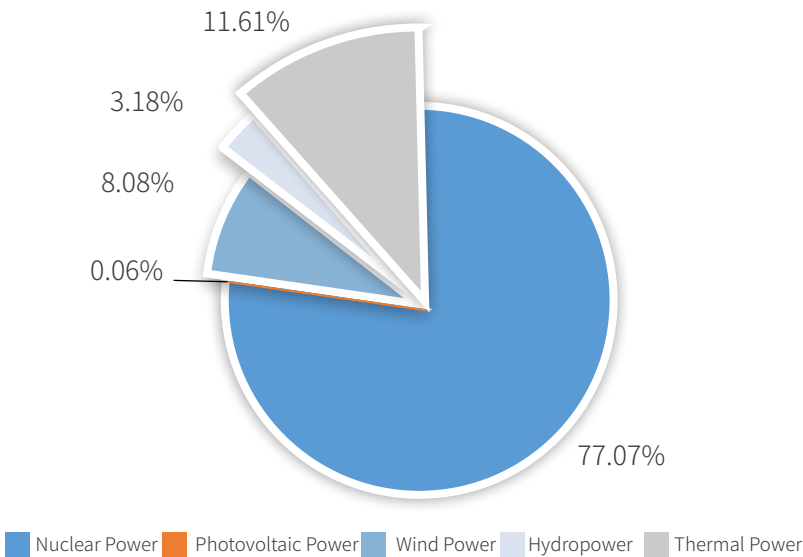
Clean Energy Utilization

We actively adopt clean energy sources such as solar, wind, and nuclear power. Through initiatives like rooftop solar installations and purchasing green electricity directly, we promote the transformation of our energy structure, reducing greenhouse gas emissions. During the reporting period, clean energy sources including solar, wind, and nuclear power accounted for 88.39% of the total energy consumption.

Electricity Consumption in 2023

Category	Consumption (kWh)
Nuclear Power	543,235,909.99
Photovoltaic Power	452,074.50
Wind Power	56,969,657.07
Hydropower	22,394,980.00
Thermal Power	81,831,990.14
Total Consumption	704,884,611.70

Breakdown of Electricity Sources in 2023



Energy-saving and Consumption-reducing Transformations

We encourage each production base to optimize production processes and carry out energy-saving transformations of production equipment based on actual operational needs. Each base should strive to catch up with and surpass others, actively promoting energy conservation and consumption reduction efforts. They are required to track project progress monthly in each production workshop, achieving fine-grained energy management to ensure the effective achievement of annual energy-saving goals.

- We widely promote the use of energy-saving lamps in office areas, workshops, and public areas.
- We conduct energy consumption inspections on workshop appliances, lists high-energy-consuming appliances, and selectively replace them to reduce energy consumption.
- We actively promote energy-saving transformation projects such as steam recovery from ammonia towers and waste heat recovery from sintering furnaces to further improve energy utilization efficiency and achieve green and sustainable development.

In 2023, we reduced greenhouse gas emissions by approximately **11,491** tCO₂e.



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At the Xiamen production base:

We have established clear energy-saving and consumption reduction targets. Using 10,708 kWh per ton of product as the baseline in 2023, the short-term goal is to reduce electricity consumption to 10,200 kWh per ton of product by 2023, and the long-term goal is to decrease it to 10,000 kWh per ton of product by 2025. Meanwhile, we have implemented the following energy-saving measures, resulting in a total electricity saving of **1,429,504** kWh and a reduction in greenhouse gas emissions by approximately **814.82** tCO₂e:

- We introduce stone disc milling equipment to replace the original mechanical milling equipment, converting the linear speed of the mechanical milling disc into the rotation speed of the stone disc milling, and determining the optimal process through comparison experiments conducted by the DOE experimental group to meet production requirements, resulting in an annual electricity saving of 838,200 kWh.
- We replace the air-blowing drying box with a continuous drying oven, resulting in an annual electricity saving of 544,000 kWh. We change the aging tank in the pre-cursor workshop to a permanent magnet motor stirring, resulting in an annual electricity saving of 47,304 kWh.
- We require the scheduling department to reasonably arrange production schedules, concentrate production, and schedule processes with lower output for nighttime production, thus staggering electricity usage.



At the production base in Ningde:

We are actively promoting energy-saving technological transformations, which altogether can save **1,448.5** tons of standard coal and reduce greenhouse gas emissions by about **3,824.04**tCO₂e:

- LED lighting and intelligent emergency lighting are adopted in the workshops, along with smart control systems like automatic switches, saving energy consumption and reducing maintenance costs. This can save 84.87 tons of standard coal annually.
- Energy-saving transformations are carried out on the air compression system, with the development of an air compression linkage control system. This reduces manual judgment of equipment start-stop while increasing the loading rate of screw air compressors and reducing the venting rate of small air compressors. After the transformation, the gas quality meets the usage requirements, and the gas consumption per unit is reduced from 0.136 kWh/m³ to 0.108 kWh/m³, a 20% decrease, saving 738 tons of standard coal annually.
- The workshop's air supply fans are renovated, with an automated control logic model designed for their operation. They are linked with associated roller hearths, and based on the temperature measured by associated temperature and humidity sensors, the system automatically selects the "operating mode" to activate the corresponding number of air supply fans. Additionally, based on the on-site pressure difference, it adjusts the number of exhaust fans to start, saving 194.34 tons of standard coal annually after the renovation.
- The waste heat from the air compressor is utilized to heat hot water, reducing the energy consumption of the dehumidification system. It is estimated that this can save 111.44 tons of standard coal annually after the transformation.
- The primary and secondary powder production processes are improved to reduce the compressed air consumption. This can save 310.07 tons of standard coal annually.
- While ensuring product quality, the mixing time of the process is reasonably reduced, resulting in an 8% reduction in energy consumption level. This saves 9.78 tons of standard coal annually.



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Resource Utilization

We adhere to the principles of sustainable development in our production and operations, striving to promote the recycling and utilization of resources and materials. We are committed to gradually achieving closed-loop recycling of resources such as nickel, cobalt, and lithium, aiming to reduce the consumption of natural resources through waste reuse and resource recycling. Additionally, we actively promote the research and application of new, efficient, and environmentally friendly technologies for the recycling and reuse of nickel, cobalt, and lithium resources, thereby contributing to the development of a circular economy.

Circular Use of Production Materials

We gradually increase the proportion of recycled materials in the raw materials of lithium cobaltate products during the production process. In conjunction with the requirements for sustainable business development, we have established management objectives for the content of recycled materials used in production. During the reporting period, the proportion of recycled materials in the raw materials was approximately 10%.

We actively take various measures to increase the use of recycled materials in the production process:

- Defective products generated during the production of precursor materials are recycled, and relevant reusable metal resources are extracted and processed into primary raw materials.
- Dust collectors are installed in the workshop to collect dust from materials for reuse.
- At the production base in Ningde, we process the iron-containing materials generated during the production of ternary materials through wet magnetic separation to eliminate magnetic impurities. Then, through three stages of sintering and mixing, the iron-containing materials are recycled and used in the production of different product models. The recycling of iron-containing materials solves the problem of solid waste disposal, saves raw material resources, reduces pollution caused by raw material production, and increases material utilization efficiency.

Packaging Material Recycling

We actively take various measures to increase the recycling of packaging materials:

- General industrial solid waste such as iron-containing impurities, waste filter cloths, and cleaned ton bags are collected and uniformly handed over to a material company for recycling and processing, with transportation occurring 1-3 times per month. According to statistics, each ton bag used can be recycled 5 times, with the ones used in the process being reused 30 times, and the iron-removal ton bags can be reused 10 times.
- We cooperate with third-party companies to implement a pallet leasing project, where plastic pallets are recycled, cleaned, and reused to achieve circular use of plastic pallets throughout the entire supply chain.

[Highlight] Reducion in Product Packaging Materials

We actively implement various measures to optimize product packaging, reduce packaging materials, and promote packaging minimization. At the production base in Ningde, we have introduced new specifications for ton bag packaging materials, increasing the loading capacity of each ton bag from the original 500kg to 700kg. This effectively reduces the usage of ton bags and minimizes the impact of packaging materials on the ecological environment.



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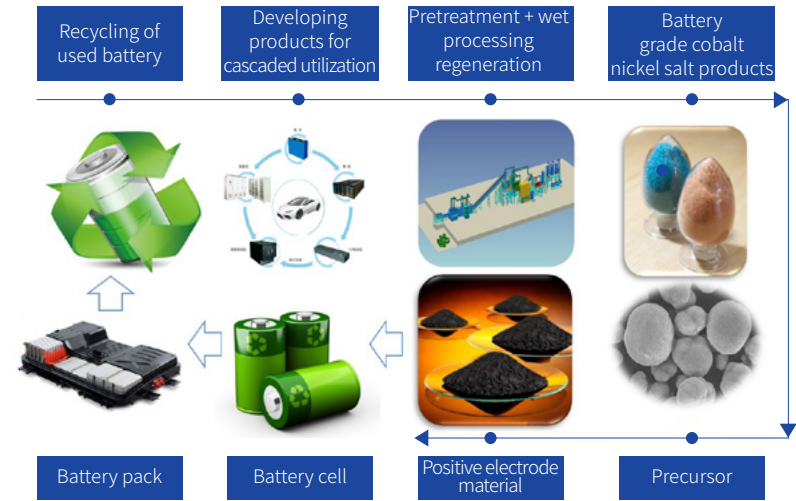
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Secondary Resource Recycling and Utilization

We are committed to promoting the recycling and utilization of secondary resources, focusing on advancing the recycling of lithium-ion batteries. By recovering valuable metal resources such as nickel, cobalt, and lithium, we also promote the protection of primary mineral resources and the ecological environment, thus driving the high-quality, sustainable development of the new energy industry.



Recycling and Reuse of Power Batteries

Advocate for Energy Conservation and Environmental Protection Culture

We actively promote a culture of energy conservation and environmental protection in the workplace, continuously enhancing employees' awareness of energy conservation and environmental protection:

- Water and electricity-saving signs are posted in office areas to remind employees to conserve water and energy resources in their daily work.
- Regarding paper usage, efforts are made to promote the reuse of paper and recycling. Paper recycling bins are set up to collect used paper for internal reuse, effectively reducing the consumption of new paper and achieving efficient recycling of resources.



Social



Innovation-Driven Development, Suppliers and Clients



Employees



Rural Revitalization and Social Contributions



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As a leading enterprise in the domestic new energy materials industry and an important manufacturer in the field of lithium-ion battery cathode materials, XWXN integrates the concept of sustainable development into its operations and regional development, bearing the responsibilities and commitments bestowed by the era. Adhering to a "people-oriented" development philosophy, it implements a strategy of strengthening the enterprise through talent development, committed to fulfilling the corporate mission of "enabling employees to realize their self-worth, providing satisfactory services to users, delivering substantial returns to shareholders, and seeking harmonious development with society."



2023 Social Impact



Total social contributions: **885.54** million RMB

Including: — Total tax payment: **345.39** million RMB

— Employee compensation: **427.49** million RMB

— Dividends paid to shareholders: **150.28** million RMB

— Interests paid to creditors: **45.57** million RMB

—Donations: **0.26** million RMB

—Subtract government subsidies received: **83.44** million RMB



Social contributions per share: **2.10** RMB



R&D investment: **464.61** million RMB



Work safety investment: **36.57** million RMB



Safety training hours: **8,501.83** hours



Total number of employees: **2,957** persons



Work-related fatalities: **0** person



Volunteer service hours: **986.50** hours



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Innovation-Driven Development, Suppliers and Clients

We persist in promoting the energy revolution through material innovation by utilizing advanced international equipment, integrating international advanced manufacturing management systems, continuously iterating and upgrading production line processes, steadily improving the level of intelligent manufacturing, and making sustainable development a key aspect of supply chain management. In collaboration with our partners, we strive to build a more stable and sustained industrial chain, and are committed to becoming the most internationally competitive base for new energy materials industries.

2023 Product R&D and Innovation and Supply Chain Management Goals

- Develop and improve the supply chain management system, strengthen supplier audits and assessments, and effectively reduce supply chain risks.
- Conduct due diligence on responsible minerals to ensure there are no responsible mineral risks in the supply chain.
- Achieve 100% coverage rate for suppliers signing the "Supplier Integrity Commitment" and "Quality Assurance Agreement."
- Ensure that 70% of suppliers are certified under ISO 14001.
- Maintain the number of non-compliance incidents related to the health and safety impacts of products and services at zero.
- Continuously advance technological innovation and digitalization, aiming to add 20 new patents over the year.
- Ensure no incidents of information security breaches or violations of customer privacy throughout the year.
- According to the requirements of the IPD innovation system task book, complete the construction of new product recognition systems, related IPD team building, and evaluations.





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Innovation-Driven Development

In a rapidly changing market environment, innovation is a key factor for companies to achieve sustainable growth and maintain competitive advantages. We always adhere to the development concept of innovation-driven growth, by continually researching and developing new technologies and products, optimizing existing solutions, and performing in-depth R&D and customized production for different customer needs regarding the performance and specifications of cathode materials. This approach realizes a virtuous cycle of "R&D leading the market, market driving R&D," and promotes high-quality development in the new energy industry.



Green Technology Innovation

As green, safe, and recyclable new energy becomes the core force in the era of carbon neutrality, we promote the energy revolution through material innovation, offering advanced material solutions to achieve carbon net zero emissions. Since beginning to engage in cathode material R&D in 2004, we have continuously invested in R&D, successfully overcome several key core technologies in the fields of 3C lithium batteries and power lithium batteries, and successively launched high-end products including high-voltage lithium cobalt oxide, high rate type Ni3 series, high-voltage monocrystalline Ni5 series, high-voltage monocrystalline Ni6 series, Ni8 series, and Ni9 series NCM ternary materials. We have developed multiple generations of new lithium batteries with several domestic battery customers, aiding the development of 3C digital products, vehicle power, and energy storage sectors, and paving a new pattern for the development of new energy materials in China.

In 2023, to consolidate and enhance our competitive advantage in the field of lithium battery cathode materials, we have conducted ongoing and in-depth technical research and development, making multiple advancements in product R&D and innovation:



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Lithium Cobalt Oxide

- High-voltage lithium cobalt oxide: We have focused on improving energy density and fast charging performance for lithium cobalt oxide above 4.5V, gradually addressing the degradation issues related to high-temperature cycling and safety of materials above 4.5V. Our 4.5V lithium cobalt oxide product has been mass-produced and supplied, and the 4.53V lithium cobalt oxide has been certified by multiple customers and is in small-scale production.
- High-power lithium cobalt oxide: Targeting the demand for high-energy density, high-rate lithium cobalt oxide cells in high-end drones, we have developed applications for 4.4V high-rate lithium cobalt oxide based on robust technological foundations, significantly improving energy density while maintaining good rate performance and safety. We are also actively developing higher energy density high-power lithium cobalt oxide products to provide long-endurance, high-safety cathode materials for drone cells.



Ternary Materials

- High-voltage ternary: Our newly developed Ni6 series 4.45V high-voltage ternary material has been finalized and is undergoing trials; it offers high energy density and high power performance, suitable for hybrid and extended-range applications, and has been certified by customers.
- High-power ternary: The Ni3 series ultra-high-power ternary material has begun batch supply to overseas customers.
- High-nickel ternary: The Ni8 series high-safety ternary material samples have excellent performance and meet customer needs, currently undergoing production scale-up validation; the Ni9 series ultra-high-nickel ternary material has successfully undergone certification with overseas car manufacturers.
- Drone sector ternary: The Ni6 series high-voltage ternary product developed for the drone sector has completed mass production transfer and continues to be supplied in batches; we are developing a new generation of products using a new external interface precision modification technology, significantly improving material interface stability. Key parameters such as gram capacity, high-temperature cycle voltage drop, and storage performance have been improved, with customer pilot certification already obtained, expected to be applied in low-altitude flight battery terminals in 2024.

Hydrogen Energy Materials

Our third-generation vehicle hydrogen storage alloy materials have been steadily supplied to international well-known car companies for new hybrid models.



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Phosphate Materials

Lithium iron phosphate solid-liquid hybrid technology has been verified by customer projects and is currently being stably introduced; lithium manganese iron phosphate developed via a liquid-phase method has seen significant improvements in material capacity and kinetics performance through optimized element formulation combined with doping and coating technologies, expanding its application in battery cells.

Cathode Lithium Supplementation Materials

Our high-performance products have been recognized by customers, and we are accelerating the promotion progress.

Sodium Cathode Materials

Layered oxide system materials have achieved process finalization through precursor doping modification and synthesis process coating optimization; samples are currently certified by customers and entering stable batch production.

Solid State Battery Cathode Materials

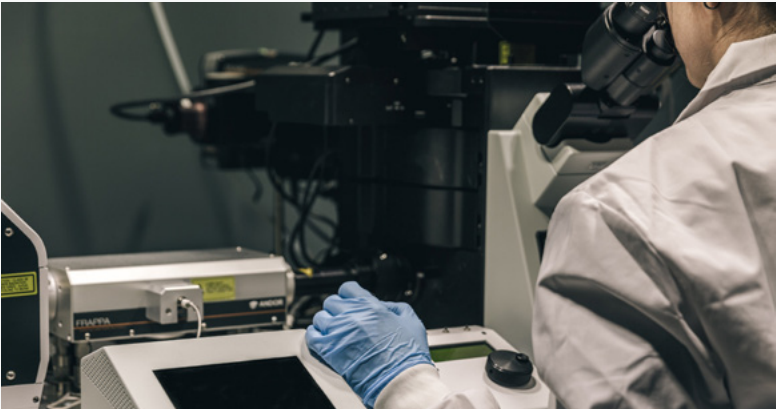
We focus on the compatibility issue between cathode materials and solid electrolytes, through in-depth research on the ion conduction mechanism of solid electrolytes, we have successfully improved the compatibility between cathode materials and solid electrolytes, developing high-voltage lithium cobalt oxide and high-voltage ternary materials suitable for halide all-solid-state batteries; we are actively collaborating with domestic and foreign customers to develop high-nickel monocrystalline cathode materials suitable for sulfide all-solid-state batteries, achieving breakthroughs in low-strain doping and uniform ion conductor coating technologies, realizing hundred-kilogram-level sample supply; we are collaborating with Japanese and Korean customers to develop sulfide all-solid-state polycrystalline cathode materials, combining high-nickel polycrystalline material properties, through wet chemical methods to achieve uniform surface solid electrolyte coating, achieving good results.

Solid Electrolytes

We have achieved pilot production of lithium lanthanum zirconium oxide (LLZO) through process optimization; we have successfully developed the second generation low residual alkali, high specific surface lithium lanthanum zirconium oxide LLZO, used in cathode material coating and anode additives; we have developed LATP powder and slurry in two specifications, used in cathode material coating and separator coating, effectively improving safety.

Additionally, we have also achieved multiple technical upgrades in platform technology, including:

- New calcination technology for layered oxygen cathode materials
- Homogenization improvement for layered oxygen cathode coating process technology
- New synthesis method for lithium iron phosphate
- Completion of the precursor-material performance correlation database





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Research and Development Innovation Management

We regard R&D innovation as the foundation for the survival and development of the enterprise, maintaining a customer and market-oriented R&D approach. Adhering to the principle of "using one generation, developing one generation, reserving one generation," we continuously invest in R&D innovation, optimizing product and technology pathways and consistently enhancing our capability for scientific and technological innovation.

IPD Management System

We have established an R&D technology innovation platform based on the "New Energy Materials Research Institute," introduced the Integrated Product Development (IPD) management system, and continuously promoted system reform. With "authorization-empowerment-decentralization-activation of teams" as the core concept, we practice the IPD methodologies of "proactive R&D, leading demand, value creation, and continuous innovation." During the reporting period, we continuously optimized the IPD structure, established the "iron quadrangle" model centered around sales, R&D, quality, and production, implemented IPD cross-departmental projects, effectively carried out group work, and ensured resource coordination in key departments.

R&D Management Mechanism

We have established and continuously improved the R&D management mechanism to strengthen R&D innovation management, fully stimulate the creativity and enthusiasm of scientific researchers, enhance the level of R&D, and promote our continuous innovation in products and technology as well as the industrial transformation of scientific and technological achievements. In terms of R&D project management, we have formulated the "R&D Project Management Regulations," which clearly define the initiation, implementation and control, and acceptance management of R&D projects, guiding and regulating R&D activities to reduce R&D risks and improve R&D efficiency. In new product development, we have established the "New Product Development Management System" to supervise and manage the entire process of new product development. Through project management and risk prevention, we ensure that the new product development process meets the quality, cost, and timing requirements of customer projects. We have also established a performance evaluation and reward system for technical personnel, providing rewards or recognition based on the content of technological innovation and the contribution to technological achievements. During the reporting period, our annual R&D investment was 46,460.66 thousand RMB, and the R&D team consisted of 427 personnel.

Industry Standard Development

We actively participate in the drafting and revision of national and group standards, including:

Standard Code	Standard Name	Category	Participation Status
GB/T 43091-2023	Test method for compressive strength of powder	National level	Editor
GB/T 23365-2023	Electrochemical performance test of lithium cobalt oxide—Test method for the initial discharge specific capacity and the initial efficiency	National level	Editor
GB/T 43092-2023	Electrochemical performance test of lithium ion battery cathode materials—Test method for high temperature performance	National level	Editor
GB/T 43093-2023	Electrochemical performance test of lithium nickel manganese oxide—Test method for the initial discharge specific capacity and initial efficiency	National level	Editor
T/CIAPS0029-2023	Lithium manganese iron phosphate cathode materials for lithium ion battery	Group level	Editor
T/CIET 327-2023	Carbon footprint evaluation guidelines for ternary lithium-ion battery products	Group level	Primary Editor



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Responsible Sourcing

We adhere to the principles of "win-win cooperation, fairness, and justice," actively practicing responsible sourcing by integrating ESG requirements into our procurement strategy to mitigate environmental and social risks in the supply chain. We are committed to upholding commercial ethics and social responsibilities with our suppliers and contractors, aligning with sustainable development principles to build a more competitive and resilient supply chain.

Supplier Management

We have established and continuously refined systems such as the "Supplier Management Regulations," "Supplier Evaluation Management Implementation Rules," "New Supplier Assessment and Entry Management Rules," and "Supplier Dual-Party Audit Management Rules." These systems clearly define the development, investigation, entry, performance monitoring, regular evaluation management, and audit exit standards for suppliers, integrating ESG requirements into procurement strategies and the business processes of production, transportation, and raw materials use. We actively organize and participate in upstream and downstream ESG-related training to effectively mitigate sustainability risks in the supply chain.

Supplier Entry Assessment

We intensify research on the supply market and strive to identify and investigate potential risks before establishing cooperation with new suppliers. We have implemented an SRM (Supplier Relationship Management) system that traces the entire procurement management process, enhancing transparency and efficiency. Through surveys (KYS, "Know Your Supplier"), on-site audits, and third-party information analysis, we collect and organize supplier information and establish supplier profiles. We conduct comprehensive audits on potential suppliers who pass preliminary document reviews through sample testing, material production line verification, development entry audits, and on-site validations, and include them in our potential supplier list once they pass. Our assessment of new suppliers covers environmental safety, quality, business compliance, labor rights, technical capabilities, "5S Three Fixed" management in production sites, product safety, packaging identification, inspection requirements, and intellectual property protection. We focus on suppliers' system developments like ISO45001, ISO14001, ISO9001, IAFT16949, and their certifications in environmental substances like ROHS, HF, SVHC, and accreditation statuses like CNAS, CMA. All new suppliers must commit to responsible business practices and sign written agreements like the "Supplier Integrity Commitment" and "Quality Assurance Agreement."



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Supplier Audit and Evaluation

We detail internal management systems and documents such as "Supplier Management Regulations," "New Supplier Assessment and Entry Management Rules," "Supplier Annual Evaluation Management Rules," "Supplier Quality System Audit Rules," and "Supplier Classification Management and Evaluation Checklist." We classify suppliers based on the purpose and impact of raw materials, specify performance evaluation indicators for different categories, and monitor and manage them through a multi-dimensional evaluation tracking mechanism. Suppliers are graded A, B, C, or D based on performance evaluations, with information updated continuously in the "Qualified Supplier Directory." We prioritize purchases from listed suppliers, favoring A-rated suppliers that excel in quality and service and share our business philosophy. Suppliers involved in fraudulent or deceptive practices are disqualified from supplying or servicing and blacklisted.

Based on performance and risk assessments, we organize necessary dual-party audits during the supplier lifecycle and conduct regular ESG performance assessments. For key and important suppliers, we organize quarterly and annual reviews by a review team composed of technical quality control, manufacturing departments, technical directors, and company leaders. The reviews focus on quality, price, and delivery, evaluating quality performance, system development, price advantages, additional costs, delivery performance, information provision, and service quality. Comprehensive evaluations are formed through on-site inspections and document audits, identifying issues with suppliers, which are then communicated for corrective actions and continuously monitored for resolution. Suppliers scoring below 60 in on-site audits must be re-audited within three months to encourage improvements.

We establish supplier profiles based on selection and evaluation results and implement a multi-dimensional evaluation tracking mechanism, covering management effectiveness, quality management validity, compliance, sustainability, environmentally friendly production and operations, and after-sales service.

- Suppliers are required to provide a supply chain map to trace the origin of each batch of materials.
- Regular evaluations/assessments of supplier behavior include dimensions like quality, delivery, price, service, and corporate growth, conducted through surveys, on-site audits, and third-party information feedback, and involve annual qualified supplier reviews and monthly performance tracking; suppliers failing to meet agreements or scoring below 60 in annual evaluations will be phased out.
- We establish a comprehensive supplier process quality audit mechanism, specifying audit entry conditions, and evaluation and downgrade criteria to manage product and process risks.
- Based on supplier risks, performance statuses, and potential risks and impacts to customers, we determine the development level and targets for suppliers' quality management systems, forming a "Supplier Quality Management System Development Plan."

Supplier Communication and Training

We establish regular communication mechanisms with suppliers through site visits, email correspondence, and field inspections. We actively conduct supplier training and quality improvement activities, exchanging market dynamics, technological advancements, and industry developments. We also organize periodic exchanges and learning sessions, promoting our policies and management philosophies in climate change response, energy conservation and emissions reduction, labor rights protection, occupational health and safety, responsible minerals, quality management, and more through purchasing contract terms, procurement standards, and supplier training. This guidance helps suppliers improve their management and service levels and enhances their awareness of responsible supply chain concepts and dual carbon goals. By launching SRM and MOM systems and providing operational manuals to suppliers, we use IT tools to enhance supply chain management efficiency, facilitate real-time communication with suppliers, provide online channels for quotes and contract signing, increase procurement transparency, continuously monitor and manage supplier performance, reduce supply chain risks, and encourage suppliers to actively fulfill their social responsibilities, jointly promoting the construction of a green supply chain.



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Responsible Mineral Management

Our mineral resource supply chain management follows the "United Nations Guiding Principles on Business and Human Rights," the "Chinese Guidelines on Social Responsibility in Foreign Mineral Investments," the "Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains," the "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas," and the "Cobalt Refinery Supply Chain Due Diligence Standards." We commit to supporting and implementing the "five strategic objectives" proposed by the Responsible Critical-Mineral Initiative (RCI, former Critical Cobalt Initiative) and strive to build a responsible, resilient, and sustainable key mineral supply chain. We actively respond to the commitments of the RBA (Responsible Business Alliance) and GeSI (Global e-Sustainability Initiative) joint working group, improving conditions in the electronics supply chain and rejecting mining activities that contribute to conflict. We have revised and improved the "Responsible Mineral Supply Chain Due Diligence Work Instructions and Attachments," standardizing the management of the relevant raw material mineral resources we might use. This is to identify, prevent, and mitigate significant risks such as those contributing to conflict and serious human rights violations, meeting the international community's requirements for responsible mineral supply chain management.

We communicate these requirements to our suppliers and promote their implementation. We require suppliers to provide a "Responsible Mineral Risk Assessment Pre-Audit Checklist." All newly contracted suppliers and clients are informed of our "Code of Business Conduct" and "Anti-Corruption and Anti-Bribery Management Regulations," covering standards on human rights, the environment, occupational health and safety, and business ethics. Suppliers are required to commit to the principles in our "Code of Business Conduct" about "avoiding conflicts of interest," prohibiting violations such as discrimination, the use of child labor, or forced labor, and effectively fulfilling social and environmental responsibilities.

Principles to Avoid Conflicts of Interest:

- Do not offer or accept bribes related to our business; do not provide or accept cash, securities, shopping cards, or other cash equivalents without approval.
- Do not participate in any illegal business or recreational activities that would affect our reputation if disclosed.
- Do not seek any direct or indirect benefits from business partners or potential future partners, such as gifts, entertainment, hospitality, sponsorships, or donations.
- Avoid any direct or indirect business or working relationships with competitors, customers, suppliers, contractors, or other business partners unless necessary for us.

Social Responsibility:

Provide donations to vulnerable groups in need.

Environmental Responsibility:

Comply with environmental protection laws and regulations, actively take on environmental responsibilities, and promote, use, and innovate environmental protection technologies.



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During the reporting period, we revised the "Regulations on Due Diligence Management of Responsible Mineral Supply Chains," further clarifying internal and external management requirements and standards, enhancing our internal recognition of mineral supply chain risks, strengthening the control and traceability of responsible minerals, standardizing our own and the procurement of raw materials used, meeting external stakeholders' expectations for responsible mineral management, responding to government regulatory requirements, and promoting an orderly, responsible, and sustainable development of the supply chain. We commit to practicing responsible mineral procurement and not using minerals from conflict-affected areas. We require our suppliers to adhere to this principle, not use minerals from conflict-affected areas or any areas with illegal mining, transportation, or trade risks, and provide a "Responsible Mineral Risk Assessment Pre-Audit Checklist." In cobalt and lithium main material contracts, we include clauses strictly prohibiting suppliers from purchasing from supply chains that use hand-mined sources or child labor. We also require suppliers to regularly promote to upstream suppliers the prohibition of purchasing conflict minerals from conflict or armed conflict-affected areas.

Responsible Mineral Due Diligence

We refer to the steps framework of the "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" and the "Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains" to conduct supply chain due diligence.

We recognize that the origin can provide critical features indicating whether risks associated with conflict, severe human rights violations, or serious negligence might occur in the extraction, trade, and use of mineral resources. Currently, we conduct qualification reviews for all suppliers involved in the extraction, supply, procurement, or processing of materials containing lithium, nickel, and cobalt metals. Through the Responsible Cobalt Initiative (RCI), we conduct qualification audits and due diligence on potential suppliers for environmental and ethical compliance, tracing the management of mineral resource supply processes and their origins (transport routes and extraction sites), ensuring that cobalt raw material suppliers do not employ child labor or have poor working conditions infringing on human rights.

- Through the KYS ("Know Your Supplier") questionnaire, we collect information about suppliers, raw materials, and due diligence management through cobalt origin surveys, communication with direct suppliers, and inquiries into publicly available supplier information.
- Qualified suppliers must establish a supply chain map, regularly undergo due diligence and risk assessment, with related findings regularly reported to our management.
- In cases of potential risk, we consult with relevant suppliers to implement risk mitigation measures and continuously track the progress of these mitigations. If performance improvement is poor within a reasonable agreed time, and risks are not mitigated or eliminated, we will initiate a risk alert circuit breaker mechanism, temporarily halting or interrupting cooperation with upstream suppliers.
- Encourage and supervise suppliers to establish equivalent management mechanisms and encourage partners to actively participate in third-party audits.

We disseminate and communicate the responsible mineral supply chain due diligence management policy to our suppliers, requiring them to practice responsible mineral supply chain due diligence work. In the process of entering the qualified supplier directory, they understand relevant policies, sign corresponding commitments, and genuinely fulfill their content.

During the reporting period, we issued statements on responsible mineral supply chains to cooperating suppliers and collected confirmation receipts from suppliers, achieving a 100% completion rate with no incidents of responsible mineral supply chain risks.



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Responsible Products and Services

We steadfastly uphold the quality management system requirement of "providing products of different models based on different user needs while ensuring the same quality for the same user every time, and pursuing higher quality products with high-quality work." We are committed to creating higher quality products through high-quality work, offering customers safe and reliable new energy material products.

Product Quality Management

We embed the pursuit of quality into every production process, establishing a high-standard quality assurance system. We adhere to relevant laws and regulations and standards such as IATF16949:2016, implementing full process quality control from product research and development, supplier management, incoming materials, manufacturing, products, to services. We focus on the entire product lifecycle, including R&D design, production processes, technical innovation, raw material storage, materials control, packaging appearance, and after-sales service. We insist on lean production management and smart, green manufacturing models, establishing comprehensive quality control and risk prevention mechanisms and continuously optimizing them. We have formulated various systems such as the "Quality Management Manual," "Identification and Traceability Management Regulations," "Monitoring and Measurement Management Regulations," "Non-Conforming Product and Non-Conformity Management Regulations," "Corrective and Preventive Measures Management Regulations," "Service and Customer Satisfaction Management Regulations," "Customer Requirements Identification and Review Management Regulations," and "Customer Complaint Handling Management Regulations" to ensure timely and effective resolution of product quality issues and maintain our top-quality standards.



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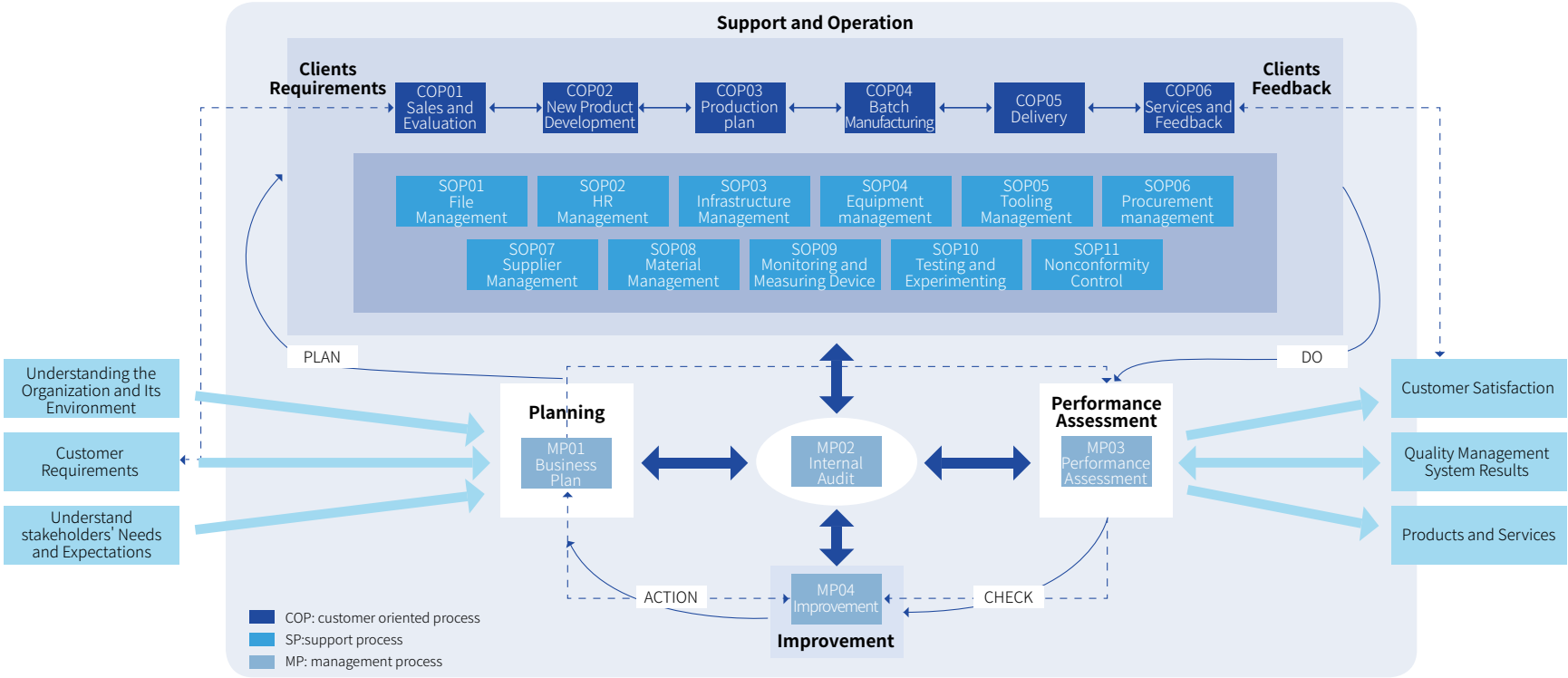
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Currently, we have obtained ISO9001 and IATF16949 quality management system certifications, and require suppliers to establish the ISO9000 quality system before the first batch of products is delivered, actively promoting the establishment of the IATF16949 quality system. During the reporting period, we received a total of 8 customer complaints due to packaging appearance, and one complaint each due to foreign objects and packaging samples, all of which have been resolved; there were no incidents of non-compliance related to product and service information and marketing, nor any product recalls or complaints due to safety and health reasons, with a product qualification rate of 95.2% and customer satisfaction reaching 92.05%.



Highlight

In 2023, our lithium cobalt oxide research and development team introduced the world's first 4.48V and 4.5V high-voltage lithium cobalt oxide products at the "China Brand Day" event organized by the National Development and Reform Commission and relevant departments. We mastered the core technology of high-voltage lithium cobalt oxide production, and the product entered the international first-tier mobile phone terminal supply chain, with an industry market share of over 40%, ranking first in the world.



Highlight

We persist in pursuing lean production with a full-score spirit. In 2023, Ningde New Energy launched a Lean Six Sigma (LSS) quality management project called "Reducing the BET Defect Rate of M90B Products." We conducted root cause analysis and developed solutions for identified customer and business needs, focusing on lean operations. Through equipment improvements and process optimizations, we reduced the defect rate, rework rate, scrap rate, and manufacturing costs, ultimately achieving quality improvements and effectively enhancing the satisfaction of high-end customers for high-nickel products.



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Materials Safety Management

We have implemented the IATF 16949 management system and its associated quality five tools (APQP/FMEA/PPAP/MSA/SPC) to ensure that the materials we procure meet internal company standards as well as applicable legal and regulatory requirements for product quality, safety, and environmental protection. We strictly avoid using low-quality or harmful substances, opt for environmentally friendly materials and production processes, ensure production process stability, reduce the incidence of product quality issues and safety risks, and continuously improve the quality and safety levels of our products.



Magnetic Foreign Object Management

The control of metal foreign objects in cathode materials is crucial for solving safety issues in lithium batteries. We place high importance on metal foreign object management, actively promote control measures, undertake special improvement projects, and require suppliers to strictly control metal foreign objects during the supply process. Through full participation and comprehensive prevention, we have established a metal foreign object control system that effectively enhances our ability to manage such risks. Based on a comprehensive inspection within the production site, combined with the characteristics of the materials and process control conditions, we assess the severity of metal foreign object failures and predict the consequences of such failures. We then establish corresponding control measures to continuously reduce the quality risks brought by the generation and introduction of metal foreign objects.

Materials Change Management

We strictly control changes related to outsourcing processors, main materials, auxiliary materials, critical packaging materials, and tooling from key suppliers. The change control for suppliers is carried out in accordance with the "Supplier Change Management Regulations" to ensure that the quality of materials (including environmental substances) meets our and our customers' requirements, as well as other relevant legal and regulatory demands. Changes in relevant factors during the realization process of materials supplied by suppliers are effectively controlled.

Product Risk Management

Various environmental and social factors such as extreme weather impacting operations, natural disasters damaging facilities, delays in logistics transportation, changes in trade environments or policies, increases in raw material prices, and poor management by suppliers can pose threats to supply chain security at any time. We assess the potential impact and scope of these factors, develop an "Emergency Plan for Supply Chain Disruptions," and through comprehensive supply chain security management measures, we prevent supply interruption risks and ensure product quality and delivery.

Diversified Procurement:

Ensure that each standard product has more than 3 suppliers and each customized product has more than 2 suppliers.

Contractual Guarantees:

Sign strategic cooperation agreements and supply assurance agreements to ensure continuous cooperation and stable supply.

Backup Inventory:

Maintain operational raw material reserves to address extreme market conditions and alleviate supply shortages.



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Information Security and Privacy Protection

We adhere to an information security strategy of "improving technical means, comprehensively strengthening management, establishing a robust information security system and prevention mechanisms, to ensure the integrity, confidentiality, availability, timeliness, and controllability of information and information systems, using the security of information to reduce production costs and improve operational efficiency." We regulate information security across multiple dimensions, including network security devices and domain control management, domain user login accounts and permissions, data confidentiality and backups, information equipment and external network usage management, information security risk assessment, and information security awareness training. We continuously optimize and refine internal documents such as the "IT and Information System Management Regulations," "Information Security Management Regulations," "Information Equipment Management Regulations," "Information Systems Management Regulations," "IT Interruption Emergency Management Regulations," etc., to improve our information security management mechanisms, standardize the application of information equipment and information systems, and safeguard measures to ensure the stability and security of information equipment and systems, effectively prevent information security risks, ensure network security, and protect customer privacy. Our enterprise management department is responsible for establishing information security management regulations and inspection systems, implementing corresponding daily management and monitoring measures, and managing the daily security and maintenance of networks, software systems, and equipment. To effectively implement information security work and ensure information security, we link the performance evaluations of relevant personnel in the enterprise management department with information security indicators, focusing on ensuring that information systems are safe, unthreatened, and accident-free.

Information Security Risk Management

Based on the "Information Security Management Regulations," we establish an information security risk assessment mechanism, conducting annual information security risk assessments or assessments after security incidents to identify risks and vulnerabilities, and organize relevant departments to develop corresponding control measures. We have established an information security emergency management mechanism. Our leadership team is responsible for leading, coordinating, organizing emergency management work, and the enterprise management department is responsible for implementing emergency measures, coordinating emergency actions, and regularly conducting and deploying emergency plan training. In the event of security incidents such as hacker attacks, viruses, database security, or LAN interruptions, we handle them in a timely manner according to the detailed workflows stipulated in the "IT Interruption Emergency Management Regulations," recording and reporting based on the severity of the incident. We regularly organize information security emergency drills, analyze and summarize the findings, and make improvements to enhance employees' ability to handle information security emergencies and raise awareness, improving our emergency management level.





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Information Security Assurance Measures

During the reporting period, we continuously strengthened our information security management work through technical support means, security checks, and information security training, enhancing the level of information security management:

- Use of the new energy cloud drive, upgraded to cloud-based decryption and download decryption, creating a closed loop for document circulation, strengthening folder permission management, and enhancing prevention of information leakage risks.
- For departments handling sensitive information, use ESET software for document encryption and decryption, and strengthen permission and approval management for sending files externally.
- Conduct regular information network security inspections, promptly identify information security risks and vulnerabilities, such as daily checks on network equipment access and firewall status, and perform daily quick scans and weekly full disk scans of disks.
- Entrust external third-party organizations to conduct IT audits, promptly identify existing problems and deficiencies, and implement rectifications.
- Organize new employees to learn network information security courses through the Lexiang platform, and regularly organize employees to participate in information security training covering information security basics, posture, and protection to strengthen employees' awareness of information security.
- Conduct two data recovery tests and network attack tests, and analyze and summarize the results to further optimize and improve emergency plans, enhancing our emergency management capabilities.

Customer Privacy Protection

We strictly adhere to the requirements of the "Customer Property Management Regulations," taking special measures such as ledger registration, confidential marking, and storage protection for personal information of customers' employees and representatives to prevent the leakage or improper use of privacy information. We prohibit network administrators from viewing client data without the authorization of the device user or our network technology manager during management activities; otherwise, this will be considered a violation of employee privacy or even theft of company data, and corresponding disciplinary measures will be taken as stipulated by the regulations.

During the reporting period, we did not experience any information security incidents or incidents involving the violation or leakage of customer privacy information.





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Supporting Industry Development

We value the practice of responsible business behavior and actively participate in international forums on responsible supply chains, as well as in the drafting and revision of industry standards. Through dialogues with various stakeholders, we promote the participation of upstream and downstream enterprises in cobalt supply chain due diligence activities. By adopting systematic methods to identify, prevent, and mitigate direct or indirect social, environmental, and governance risks associated with the supply chain, we effectively alleviate and reduce the risks at the source of the cobalt supply chain, collectively contributing to the sustainable development of the industry.

Association Participating Status		
Company	Participated Association	Position
XWXN	China Industrial Association of Power Sources	Member Unit
XWXN	Cobalt Branch of China Nonferrous Metals Industry Association	Director Unit
XWXN	Lithium Branch of China Nonferrous Metals Industry Association	Member Unit
XWXN	Nickel Branch of China Nonferrous Metals Industry Association	Member Unit
XWXN	China Industrial Association of Power Sources	Member Unit
XWXN	Battery Technology Association of Fujian Province	Chairman Unit
XWXN	Fujian Province Enterprise Federation for Intelligent Industry Development Alliance	Vice Director General Unit
XWXN	Xiamen New Materials Industry Association	President Unit
XWXN	Fifth Council of Xiamen High-tech Development Association	Director Unit
XWXN	Xiamen Technology Market Association	Member Unit
XWXN	Fifth Council of Xiamen Measurement and Testing Association	Director Unit

Since joining the Responsible Cobalt Initiative (RCI) in 2017, we have actively participated in responsible supply chain management meetings, training, and events organized by RCI. In 2023, as a member enterprise of the Responsible Critical Mineral Initiative (RCMI, former Responsible Cobalt Initiative), we were invited to participate in the 2023 Sustainable Mineral Supply Chain International Forum. This forum was hosted by the China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters, organized by RCI, and themed "Strengthening Mining Governance, Building Supply Chain Partnerships, Driving New Energy Transformation." We engaged in discussions with international organizations, government departments, industry associations, and regulatory bodies, exploring mechanisms for collaboration involving upstream and downstream partners and multiple stakeholders. We also signed the "Initiative on the Joint Action of High-Quality Development of Critical Mineral Supply Chains" released by the Chamber, promoting sustainable mineral supply chain development.





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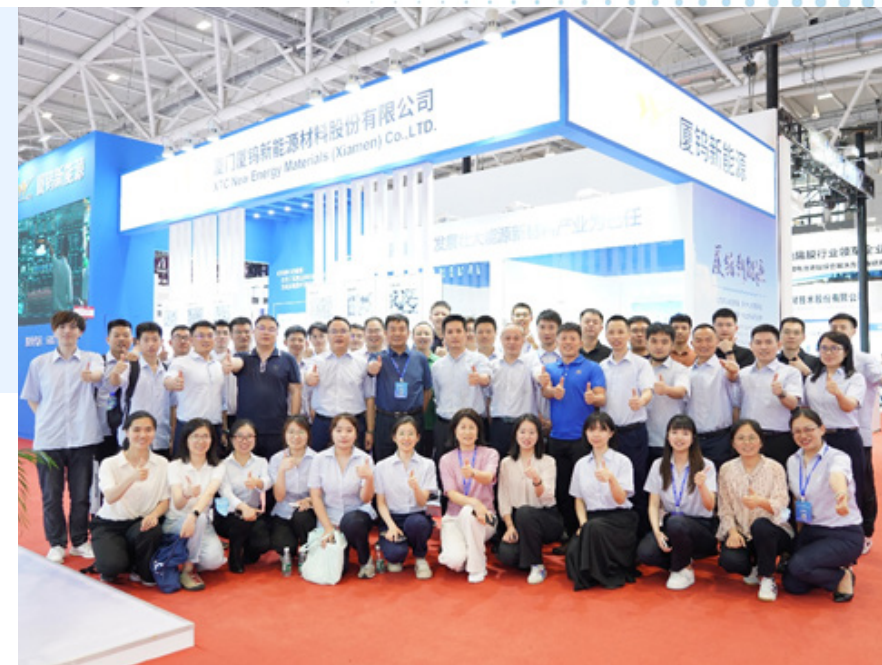
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In 2023, we showcased our lithium battery cathode materials, including nickel cobalt oxide, high-voltage ternary materials, and high-nickel ternary materials, at the 15th Shenzhen International Battery Technology Conference/Exhibition (CIBF2023). Here, we exchanged the latest advancements and achievements in advanced battery materials with peers, established new supply and demand cooperation relationships, and pushed for high-quality development in the battery industry.



中国稀土行业协会储氢材料分会年会
暨产业技术发展研讨会



In the same year, we participated in the "2023 China Rare Earth Industry Association Hydrogen Storage Materials Branch Annual Meeting and Industry Technology Development Seminar" organized by the Hydrogen Storage Materials Branch of the China Rare Earth Industry Association, themed "Integrating Hydrogen Storage Industry, Academia, Research, and Application, Looking Forward to Hydrogen Energy Supporting Dual Carbon Goals." The conference strengthened the close connections between domestic research institutes, universities, and companies, accelerating the convergence of high-end talent in the materials industry, promoting technological innovation and breakthroughs, and injecting new vitality into China's new energy materials industry.



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We understand that talent is our primary resource and the fundamental source of technological innovation. Upholding the principle that "talent is valued and rewarded," we gather outstanding talents from the industry, perfect our talent development system, and provide a positive, inclusive, and healthy environment for their growth, aiming to make our company a hub for talent aggregation, technological innovation, and industrial development.



2023 Employee Management Goals

- Revise the "Labor Management System," continuously improve the content related to human rights protection and equal employment, and prevent related human rights risks
- Ensure no incidents of workplace discrimination or harassment occur throughout the year
- Ensure no penalties are received for violations of labor laws and regulations or employment discrimination throughout the year
- Provide an average of no less than 25 hours of training per employee annually, covering 100% of our employees
- Ensure all production bases pass the ISO45001 Occupational Health and Safety Management System certification
- Maintain the annual rate of work-related injuries below 3%
- Keep the annual number of work-related fatalities at zero
- Ensure the number of fatalities among outsourced personnel remains at zero for the year
- Prevent any incidents from being identified during provincial or national safety inspections that would require significant accident hazard listing for supervision, production suspension for rectification, or penalties for responsible persons, or inclusion in the work safety "blacklist"
- Enhance the safety training coverage for contractors, providing no less than 200 occupational safety and health training sessions for employees and contractors throughout the year, with a total training duration of no less than 2,000 hours



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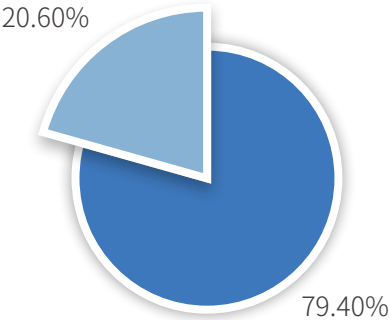
Human Rights Protection

We commit to adhering to international norms 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," and comply strictly with the labor laws and regulations of the locations where we operate. By establishing a series of regulations and systems including "Human Rights Protection Regulations," "Protection Regulations for Female Workers and Minors," "Human Resources Management Rules," and "Labor Management Systems," we aim to create a harmonious, diverse, inclusive, equal, and just working environment for our employees. All employees are ensured respect and protection from any violations of human rights. Our on-boarding training now includes content related to the "Human Rights Protection Regulations," requiring all employees to learn about human rights protection, understand the relevant complaint channels, and access these regulations on our internal network.

Equal Employment

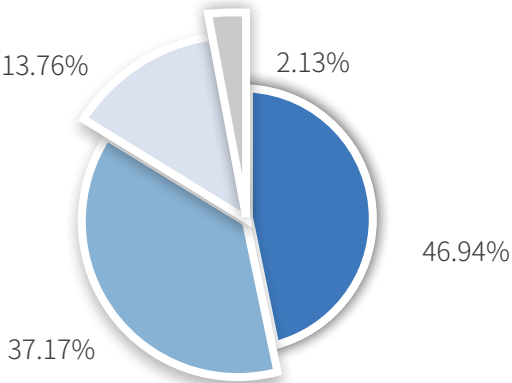
We adhere to the principles of "equality, voluntariness, consensus, legality, and compliance," ensuring that employment, compensation, training opportunities, promotions, rewards, training, work assignments, wages, benefits, penalties, and termination of employment do not discriminate based on nationality, race, gender, age, religion, belief, skin color, sexual orientation, marital status, disability, etc. We do not interfere with employees' rights to adhere to their race, social class, nationality, disability, sexual orientation, union membership, and union beliefs, and we oppose any form of targeted discrimination, including pregnancy and disease discrimination.

Employee Gender Ratio



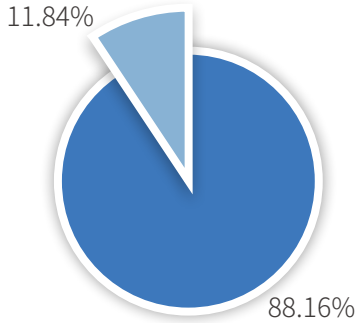
Male Female

Employee Age Ratio



30 and Below 31 to 40 41 to 50 Above 50

Management Gender Ratio
(middle and above,including senior management)



Male Female



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Protection of Female Employees' Rights

We have established "Protection Regulations for Female Workers and Minors" to ensure equal pay for equal work and rights to rest and leave for female employees. Any female employee experiencing unfair treatment can appeal to the Human Resources Department verbally or in writing, and we will be investigated by appointed personnel, with a response provided within two days, either orally or in writing.

At our Sanming and Ningde production bases, we have established specific regulations to protect female employees and minor workers, arranging employment based on the physiological characteristics of females, implementing equal pay for equal work, and addressing specific issues and challenges faced by female employees to ensure their physical and mental health. We conduct regular physical examinations for female employees, strengthen healthcare services, and are committed to providing protection during critical periods such as menstruation, pregnancy, childbirth, breastfeeding, and menopause (as diagnosed by a municipal-level or higher medical department), regularly monitoring and providing corresponding protective measures for female employees during these periods.



Prevention of Violence and Forced Labor

We commit to prohibiting and not supporting any forced or bonded labor, physical punishment, imprisonment, violence, or forced labor. We employ security personnel only for the protection of our property and the safety of our employees, not to supervise forced labor. We have established "Security Management Regulations" to specify norms for security management, maintaining a positive work environment.

Prevention of Harassment and Abuse

We commit to prohibiting threats or subjecting employees to harsh or inhumane treatment, including but not limited to public or private verbal abuse and harassment, psychological harassment, mental and physical oppression, and sexual harassment. We have a zero-tolerance policy for any harassment or abuse, requiring all employees to adhere to anti-harassment policies and take all feasible measures to prevent harassment or abuse in production areas or other settings.

If an employee experiences harassment or abuse, they can report to their direct supervisor or a representative from the relevant department; if the complaint involves their supervisor, they should report directly to higher management. Upon receiving a complaint, we conduct an investigation based on the principles of fairness and justice, gather evidence from relevant personnel, maintain strict confidentiality, and impose appropriate penalties depending on the severity of the incident if the complaint is substantiated.

Opposition to Child Labor

We value the protection of minors' rights, strictly implementing the "Regulations on the Prohibition of the Use of Child Labor" and other laws and regulations, and have established "Management Regulations for Child Labor and Minor Workers" and "Child Labor Remediation Management Regulations," committing to prohibiting the employment of child labor and generally not employing minors. We establish and implement processes to avoid child labor, strictly verify applicants' identity documents, and only hire after confirming the accuracy of their age and other data. The HR department conducts regular checks to eliminate any oversight in employing child labor, clearly specifies child labor remediation measures, and strictly prohibits the irresponsible dismissal of child labor.

During the reporting period, there were no violations related to the employment of child labor or forced labor, nor were there any incidents of workplace harassment, abuse, discrimination, violent conflicts, or forced labor.



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Employee Communication

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

Trade Union

We have legally established a union, and the union representatives have signed "Collective Contracts," "Collective Wage Contracts," and "Special Collective Contracts for the Protection of Female Workers' Rights" with the company. These contracts make specific provisions regarding salary increases and the protection of the rights of female employees. We have formulated "Regulations on Free Association," respecting the legal rights of employees to freely organize, participate in, or refuse to organize or participate in groups.

Workers' Representative Assembly

We have established and improved the Workers' Representative Assembly system, using democratic voting to review proposals related to "Labor Management Systems," "Objectives and Performance Management Regulations," "Employee Reward and Punishment Systems," "Collective Contracts," "Wage-Specific Collective Contracts," and "Competency-Based Wage Collective Contracts," which are directly related to employees' interests. We report and explain the annual execution of collective contracts, employee welfare distribution, employee training, and revisions to the system. We fully adopt employee suggestions, with proposals such as parental leave from the Workers' Assembly being implemented. During the reporting period, we won first place in the collective negotiation competition in Haicang District, Xiamen.

Team Leader Symposium

We organize team leader symposiums to fully understand the demands and opinions of front-line production staff and discuss management methods that are more aligned with our actual conditions.





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Employee Complaint Management

We have established "Employee Complaint Management Regulations." Employees who believe they have been subjected to unreasonable or unfair treatment, or have experienced gender discrimination, disability discrimination, racial discrimination, sexual harassment, or privacy invasion can file complaints through written documents, text messages, emails, and suggestion boxes to their supervisors, the union, the HR department, or the general manager. Relevant departments investigate and provide feedback within a specified time to ensure employee interests are protected.

Employee Suggestion Collection

We have established an online feedback channel for "Employee Rationalization Suggestions," providing a convenient platform for employees to offer suggestions. During the reporting period, we collected and implemented solutions for 7,795 rationalization suggestions from employees, a 156% increase compared to the same period last year.

Employee Satisfaction Survey

We continuously conduct employee satisfaction surveys to listen to employees' voices and use the survey results as an important basis for continuously improving company governance. During the reporting period, we conducted an employee satisfaction survey covering aspects such as corporate recognition, resources and environment, internal communication and management, job matching and compensation, and employee growth and promotion opportunities. In 2023, our overall employee satisfaction rate was 94.73%.



Highlight "Labor Coordination Committee" -----

At the Jinglu production base, we established a "Labor Coordination Committee" to further promote communication and negotiation between labor and management, establishing a comprehensive mechanism for preventing and alerting labor disputes.

During the reporting period, we did not experience any labor arbitrations or litigation disputes arising from violations of labor rights.



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Employee Development

We adhere to the principles of "rational structure, professional support, promoting the best and eliminating the weak, dynamic management," and have formulated various training systems such as "Training Management Regulations," "Reserve Management Cadre Training Regulations," "Occupational Qualification Management Regulations," "Professional Skill Level Assessment and Technician Review Implementation Regulations," and "Internal Trainer Management System." During the reporting period, we revised the "Internal Trainer Management Regulations" to continuously build and perfect a diversified, broad-spectrum employee training system. We provide comprehensive career knowledge and skills training for employees, offer competitive compensation and benefits, and align employees' interests with ours, providing a broad platform for employee development.

Employee Training

Following the requirements of the ISO10015 training management system and based on our strategic goals, we identify needs in human resource planning, performance objectives, and customer requirements, which serve as the main content for developing training plans. Combining job requirements, individual development, and career planning, we analyze employees' performance to identify gaps between existing skills and job requirements and develop training plans. Employee training needs are solicited through online training requests, surveys, and discussion forums, continuously optimizing our training system through stages of training needs analysis, plan development, implementation, and training effectiveness evaluation. During the reporting period, the Human Resources Department continued to systematically plan and drive talent training and development, strictly following our "Training Management Regulations" to provide training for 14,840 participants, covering 100% of employees.

Professional Skill Training

We offer certificate training for quality management systems, safety management qualifications, and other certifications, standardizing and systematizing certification processes. We deepen the integration of training with business operations to meet employees' needs for knowledge, skills, and overall quality improvement, enhancing the quality and efficiency of professional work. During the reporting period, a total of 559 employees obtained relevant certifications through training, an increase of 60.17% compared to the same period last year, with a training investment of 467,493 RMB in employee professional skills certification, an increase of 73.78% over the previous year.



Internal Auditor Training



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2023 Graduate New Eagles Training Camp

We developed the "New Eagles Plan" for systematic training and nurturing, creating courses that focus on understanding corporate culture, enhancing professional skills, and fostering teamwork. Combining theoretical learning with practical operations, we provided comprehensive quality and career capability training for 200 graduates from 64 global universities of the 2023 class.



Graduate New Eagles Training Camp Bonfire Night

Talent Pipeline Construction and Development

We focus on building talent pipelines, ensuring internal reserves for key positions, and creating a sustainable internal talent supply chain to implement our talent strategy effectively. During the reporting period, our post-doctoral research station was approved, and we were recognized as "One of Xiamen's Top Ten Talent Work Benchmark Enterprises" and a "High-Quality Talent Base in Xiamen," further enhancing the quality of our independent talent training. We focus on optimizing talent pipeline construction and development for T/P/M/O sequences. During the reporting period, we organized specialized classes for M2 and reserve management cadres, M1 basic management series, New Eagles Plan training classes, Li Xiang Lectures, Morning Star Plan, quality management tools training classes, R&D management training classes, IAM, IPD, and other themed training. Through systematic content planning, a combination of internal and external instructors, innovative training methods, professional tools, and methodologies, we explore a comprehensive training and system chain, solidifying our talent cultivation mechanism.





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Employee Promotion

Through the establishment of systems such as "Reserve Management Cadre Training Regulations," "Occupational Qualification Management Regulations," and "Professional Skill Level Identification and Technician Review Implementation Regulations," we continuously perfect a "multi-channel" career development system for employees. We synchronize the planning, implementation, and assessment of platform construction, project settings, and talent cultivation, and clarify the career advancement paths for employees by publicly stating the basic qualifications and behavioral standards for each job position.

2023 Employee Job Qualification Evaluation

Production Operations Sequence	Functional Sequence	Technical Sequence	Management Sequence
<p>Conducted 7 rounds of entry-level worker skill assessments, and 3 rounds of intermediate and advanced worker skill assessments</p> <p>Newly qualified:</p> <ul style="list-style-type: none">317 entry-level workers136 intermediate-level workers5 advanced-level worker	<p>Conducted 1 round of occupational qualification level certification</p> <p>Current status:</p> <ul style="list-style-type: none">7 functional level 48 supervisors20 functional level 531 functional level 648 specialists31 assistant specialists	<p>Conducted 2 rounds of occupational qualification level certification</p> <p>Current status:</p> <ul style="list-style-type: none">1 Chief Engineer3 Senior Engineers1 Level 1 Engineer11 Level 3 Engineers16 Level 4 Engineers19 Level 5 Engineers.....	<p>Conducted 1 round of M1 training and certification</p> <p>Newly qualified:</p> <ul style="list-style-type: none">2 Level 4 Shift Leaders2 Shift Leaders1 Level 3 Deputy Shift Leader3 Level 2 Deputy Shift Leaders10 Deputy Shift Leaders.....





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University-Industry Collaboration

We value collaboration and exchanges with educational institutions and are committed to jointly cultivating application-oriented, compound, and innovative talents that meet the needs of industrial development. We have established industry-academic-research collaboration platforms with universities such as Central South University, Xiamen University, Fuzhou University, Beijing University of Aeronautics and Astronautics, and Tianjin University. We have also set up practical training bases in cooperation with Shandong University of Science and Technology, Jimei Industrial School, and Henan Industry Polytechnic, conducting practical training exchanges. In April 2023, our postdoctoral research station was officially approved, and in accordance with the "Postdoctoral Management Work Regulations," we began recruiting outstanding individuals who have obtained their doctoral degrees.



Compensation and Performance

We adhere to a fair and equitable compensation distribution system, uphold the principle of equal pay for equal work, and establish a salary structure that combines fixed and variable wages. We have set up various short-term incentive programs such as project rewards, R&D incentives, sales incentives, and technological innovation awards, and implemented mechanisms for sharing the results of technical research and introducing core employee stock ownership plans as long-term incentives. By providing competitive compensation, we inspire creativity and enthusiasm among employees, effectively attracting and retaining talent.

We continuously optimize our performance management system, focusing on the continuous cycle of performance management including goal setting, performance coaching and communication, performance assessment and evaluation, application of performance results, and enhancement of performance objectives. We optimize the internal "Objectives and Performance Management Regulations," adopt a multi-dimensional assessment mechanism, actively foster a performance-oriented corporate culture, and continuously improve the performance of individuals, departments, and the organization.



Employee Benefits

We have established "Labor Management Regulations," "Employee Benefits Distribution Regulations," "Welfare Management Regulations," and other policies. In addition to statutory leaves such as marriage leave, bereavement leave, prenatal check-up leave, maternity leave, breastfeeding leave, care leave, parental leave, family planning leave, sick leave, work-related injury leave, annual leave, and shutdown leave, employees also enjoy benefits such as enterprise annuities, comprehensive insurance and funds, holiday benefits, birthday gifts, marriage consolation money, childbirth consolation money, paid leave, annual health checks, and employee medical mutual aid insurance. During the reporting period, parental leave was utilized for a total of 487.50 days.



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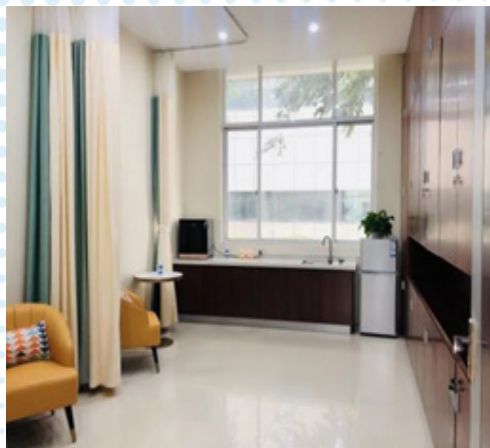
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Establish lactation rooms and "Mommy Rooms"



Organize sailing experiences and fun sports events for female employees on International Women's Day (March 8th)



Implement buffet-style cafeterias at each production base



Provide comfortable dormitories for employees



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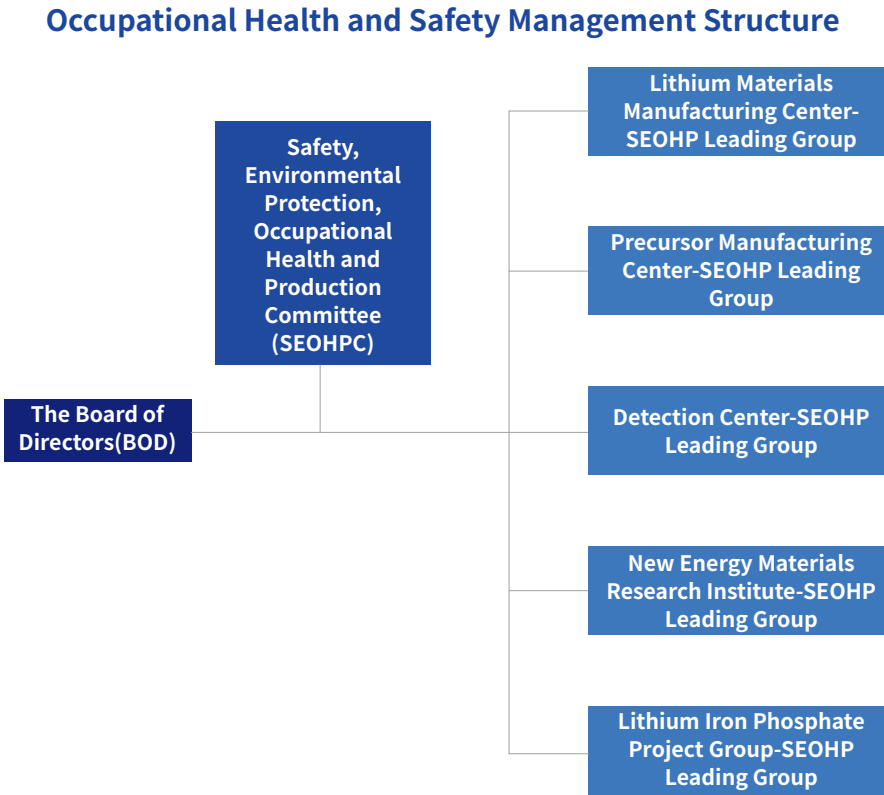
Occupational Health and Safety

We adhere to a "people-oriented" philosophy and always prioritize the health and safety of our employees. We rigorously implement the "Law of the People's Republic of China on work safety," the "Law on the Prevention and Control of Occupational Diseases of the People's Republic of China," and the "Regulations on Emergency Response Plans for Production Safety Accidents" along with relevant local laws and regulations. Our management guideline for work safety is "prevention first, comprehensive management, and civilized production." We continuously optimize and perfect our occupational health and safety management system, committed to providing a safe and healthy workplace for our employees, suppliers, and contractors. During the reporting period, all of our production bases have been certified under the ISO45001 Occupational Health and Safety Management System, achieving a 100% coverage rate. Among them, our Sanming production base has received the level two enterprise certification for standardized production safety from the Safety Science Institute of Fujian Province.



Occupational Health and Safety Management Structure

To strengthen the management of occupational health and safety, we have established a three-tier management structure for occupational safety and health: our board of directors is responsible for decision-making on safety and health matters; the Safety, Environmental Protection, and Occupational Health Production Committee manages work safety and health matters among departments, establishing, managing, and evaluating our safety and health objectives; and the Safety, Environmental Protection, and Occupational Health Production Leadership Groups at each subsidiary follow the requirements of the committee, regularly reporting on work safety and health-related work to the management. We incorporate work safety performance into the annual operational performance evaluation indicators for senior management, linking it to their performance compensation.





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We set annual work safety goals based on actual conditions and break them down to each department. Each department is responsible for implementation and further breaks down these goals to the grassroots positions, drafting implementation plans for work safety targets to ensure the achievement of our work safety goals.

2023 Safety Management Goals

Outcome-Based Indicators for Work Safety	Completion Status
Annual rate of work-related injuries less than 3%	Achieved
Zero worker fatalities	Achieved
Zero accidents resulting in administrative penalties due to environmental incidents	Achieved
Zero fatalities among subcontracted workers	Achieved
Zero instances identified during provincial or national safety inspections that require significant accident hazard listing for supervision, production suspension for rectification, penalties for responsible individuals, or inclusion in the safety production "blacklist"	Achieved
Zero major safety accidents, major mechanical equipment accidents, and major fire accidents	Achieved

Process-Based Work Safety Goals	Completion Status
100% completion rate for the duty checklist	Achieved
100% attendance rate of Safety Committee members	Achieved
100% utilization rate of safety funds	Achieved
98% timely rectification rate of identified safety hazards	Achieved
100% certification rate of personnel engaged in special operations	Achieved
100% scheduled inspection rate for safety equipment and facilities	Achieved
100% occupational health examination rate	Achieved
100% completion rate of emergency drills plan	Achieved
100% accident reporting and handling rate	Achieved



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Occupational Health and Safety Risk Management

We are comprehensively advancing the dual prevention work of risk classification control and hidden danger investigation and governance, establishing an implementation plan for the construction of a dual prevention system, implementing the risk classification control process, and strengthening the control of safety production risks. We have formulated and implemented management systems such as "Organizational Responsibilities for Safety Production Risk Management," "Safety Production Risk Classification Control System," "Assessment and Reward-Punishment System for Risk Classification Control and Hidden Danger Investigation and Governance System," and "Incident Hidden Danger Investigation and Governance System" for risk classification control and hidden danger investigation and governance. We have established a leading group for the construction of a dual system for safety production risk classification control and hidden danger investigation and governance, and set up a "Dual System Construction" office under this leading group, specifically responsible for the organization, implementation, coordination, supervision, assessment, and summary of the work related to the construction of the dual system.

Risk Classification and Control Process



We have organized all staff to participate in risk identification and assessment based on actual production conditions. Through the Job Hazard Analysis (JHA) and Safety Checklist (SCL) methods, we have completed the identification of hazards in the work behaviors and equipment status of various local departments. We have compiled and summarized 21 risk classification control lists, identifying over 3,975 risk points.

Contractor Occupational Health and Safety Management

We prioritize the occupational health and safety of outsourced personnel (individuals from construction units who have signed long-term or short-term subcontracting contracts with us, including external personnel assisting in equipment maintenance, repairs, or other matters at our company). To ensure their safety, we have developed several institutional documents such as the "Outsourced Safety Management Regulations," "Outsourced Construction Safety Technical Disclosure Form," "Three-Party Disclosure Process Diagram," and "Outsourced Construction Risk Analysis Form." We require outsourced personnel to strictly adhere to our occupational health and safety management requirements. We conduct audits of the qualifications of outsourced personnel and set clear requirements for safety training. We have established procedures for managing outsourced personnel's construction activities and developed corresponding management regulations for issues such as borrowing tools. The implementation of these measures is included in the assessment criteria for outsourced units. Our Health, Safety, and Environment Department lead the organization of various departments to conduct regular inspections of outsourced personnel's construction and on-site situations. If accidents occur due to outsourced personnel's construction activities, strict penalties are imposed in accordance with the "Outsourced Construction Safety Production Management Agreement."



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Contractor Safety Rating Management

We implement a scoring management system for subcontracted units. The initial score for new subcontractors and each year is 100 points. If a subcontractor's score falls below 80 points, the responsible persons from the Engineering Management Department, Safety and Environmental Protection Management Department, and Maintenance Departments of various manufacturing centers will conduct a discussion with the subcontractor's responsible person. If a subcontractor's score falls below 60 points, the subcontractor will be blacklisted and will not be allowed to participate in our project bidding for that year. If a subcontractor wishes to participate in our project bidding the following year, they must pass our safety examination. If a subcontractor's score falls below 60 points again, they will be permanently blacklisted and will no longer be allowed to participate in our project bidding.



Contractor Safety Construction Management

Before the commencement of project construction, our project responsibility department must conduct a pre-analysis of the risks associated with outsourced construction projects. They need to collaborate with the execution department and the outsourced unit on-site to conduct a safety technical disclosure. Subsequently, they must sign an "Outsourced Safety Technical Disclosure Form" to ensure clear safety responsibilities. The local departments and EHS management specialists should further confirm the on-site safety conditions and sign relevant registration forms and summary sheets. If there are high-risk operations involved, specialized operation permits must be issued according to regulations, and relevant safety regulations must be strictly followed. During the project construction process, our management personnel and EHS specialists will conduct regular safety inspections. If any hazards or violations are identified, immediate corrective action must be requested from the outsourced personnel. If they fail to rectify the situation adequately, termination of cooperation will be considered. After the completion of project construction, the outsourced personnel must thoroughly clean up the site. Once acceptance checks confirm compliance, they can resume site facilities and leave the site. In the event of a safety incident, the outsourced unit must immediately report it to us and actively cooperate with our investigation and resolution efforts to ensure proper handling of the safety incident.



Contractor Safety Training Management

Our manufacturing centers, maintenance departments, or other local departments are responsible for providing on-site safety training to outsourced management and construction personnel. They inform and train them on the hazards present at the construction site, safety management systems, and safety operating procedures. Additionally, we require outsourced management personnel to conduct safety training for newly arrived outsourced personnel, ensuring they understand the hazards at the construction site, safety management systems, and safety operating procedures. This practice aims to enhance personnel safety awareness and promote safe production.



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Occupational Health and 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.



During the reporting period, we organized 43 comprehensive safety inspections and identified a total of 561 hidden dangers, all of which were rectified, achieving a rectification rate of 100%.



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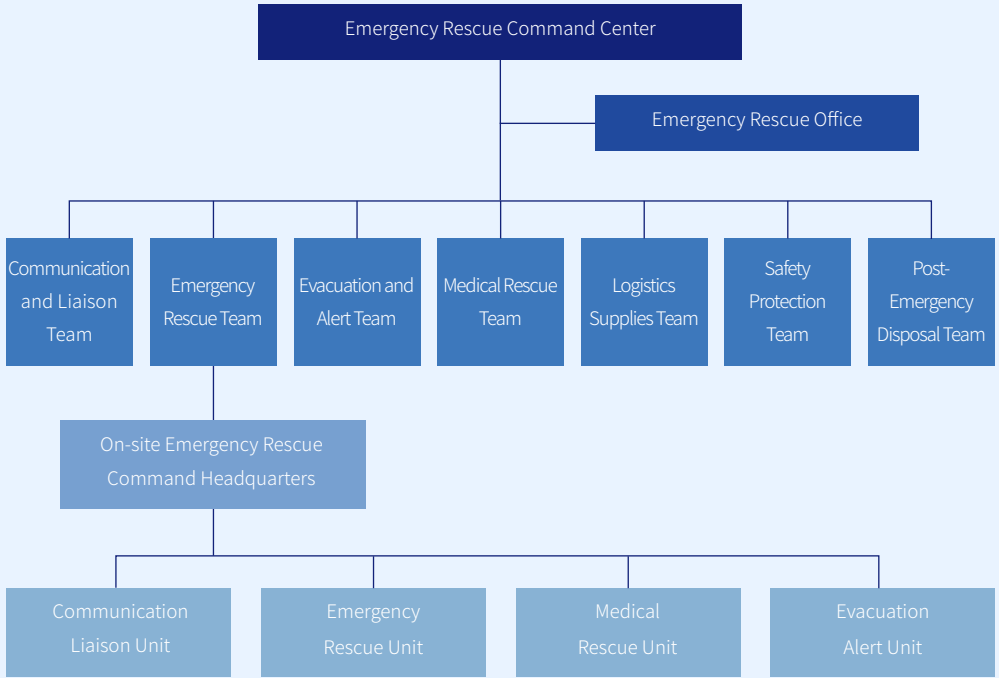
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Emergency Management and Drills

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 response to safety production accidents and disasters, we implement the "Emergency Rescue Plan for Safety Production Accidents" and implement a graded response mechanism for safety production accidents. Additionally, we have established an Emergency Rescue Command Center responsible for directing and organizing various types of production safety accident response work. The Emergency Rescue Command Center is headed by our company's general manager as the overall commander, with the deputy general manager serving as the deputy commander. The Emergency Rescue Command Center includes an emergency rescue office and seven working groups responsible for daily emergency management tasks.



Highlight Mechanical Injury Emergency Drill - - -

In 2023, the Ningde production base organized an emergency drill for mechanical injuries conducted by the Equipment Maintenance Department. The drill process involved stages such as accident occurrence, initial response, accident reporting, emergency response, coordinated rescue, and conclusion of the rescue. After the drill, the department manager evaluated and summarized the entire process and plan content, and proposed targeted improvement measures to enhance employees' risk prevention awareness and improve their emergency response capabilities.





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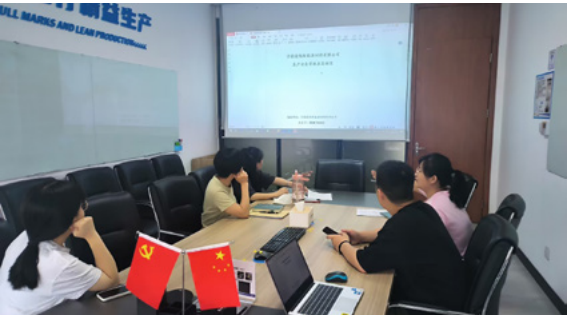
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Occupational Health and Safety Education

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.

We have formulated an annual safety training plan, which includes tailored training programs and assessment methods for employees in different positions. Following this plan, we conduct safety education for new employees, training on the "four news", transition and resumption training for job transfers, on-the-job re-education for existing employees, training for external personnel notification, and evidence collection training. These efforts effectively enhance employees' safety awareness and operational skills.

During the reporting period, we organized a total of 236 specialized occupational health and safety training sessions, reaching 1,634 participants. The training covered various topics including fire safety laws and regulations, special operations management, safe return to work training, occupational health knowledge management, and training on major accident cases.





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Chemical Hazard Management

Our production and operational plans include the procurement and use of precursor chemicals for controlled substances and explosives. Hazardous chemicals used in the production process include cobalt chloride, aluminum nitrate, nickel sulfate, cobalt sulfate, manganese sulfate, etc., posing risks such as fire and leakage. Our testing center is responsible for developing procurement plans for these precursor chemicals and strictly managing their storage and issuance. We conduct regular checks on the flow of these chemicals and regularly inspect and maintain protective measures to ensure compliance at every stage. Hazardous chemicals are stored in categorized areas, with a dedicated chemical warehouse equipped with warning signs and measures to prevent rain, seepage, and loss, meeting environmental standards. Regular inspections and maintenance of protective measures are carried out to comprehensively control and implement chemical management, providing strong assurance for the safety and stability of our production and operations.

During the reporting period, there were no incidents of loss, theft, or robbery of precursor chemicals for controlled substances and explosives.

Occupational Health Management

According to the provisions of the "Occupational Disease Prevention and Control Law of the People's Republic of China," we have formulated internal management systems such as the "Emergency Rescue Plan for Occupational Disease Hazard Accidents" and the "Occupational Health Management System." We clearly define safety operation procedures for each position, enhance education and training for occupational hazard positions, and strictly implement regulations such as the "Labor Protection Articles Management Regulations" and the "Safety Helmet Use and Management Regulations." We guide and ensure that our frontline employees regularly maintain, correctly wear, and use labor protection articles during their work processes. We organize annual occupational health examinations and occupational disease prevention training for employees in key positions, and through standardized investigation and handling of occupational disease hazard accidents, we effectively control occupational disease hazards to the greatest extent possible.



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Occupational Disease Prevention

We have developed internal management systems such as the "Safety Production and Occupational Health Responsibility System," "Emergency Response Plan for Occupational Disease Hazard Accidents," and "Occupational Health Management System." Furthermore, we have established a Safety, Environmental Protection, and Occupational Health Production Committee, with our general manager serving as a member. This committee is responsible for implementing responsibilities at all levels for the prevention and control of occupational diseases, ensuring the health and safety of workers throughout the labor process.

We conduct occupational disease prevention work from both environmental and humanistic perspectives.

- Our workshop design fully considers lighting, ventilation, exhaust, and dust removal, with a rational layout to ensure good working conditions.
- We provide occupational disease prevention facilities and equipment for employees, conducting regular inspections and maintenance.
- We regularly distribute qualified and production-appropriate labor protection supplies, such as N95 masks, earplugs, and safety shoes, guiding correct usage and ensuring compliance.
- Every three years, we conduct an assessment of the current status of occupational health, taking relevant control measures against occupational hazards, and supervising the implementation of investigations and handling of occupational disease hazard accidents.

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- Led by the chairman of the labor union, we organize employees engaged in toxic and harmful operations to undergo preventive health rehabilitation.
- We conduct annual occupational health examinations for employees, and those with abnormal results are reassigned. We also organize pre-employment and post-employment medical examinations for new hires and departing employees, respectively.
- We regularly hold occupational health public lectures to provide popular science education on the hazards of occupational diseases and prevention measures, strengthening active intervention in employee occupational health.
- We encourage employees to actively seek advice and learning, fostering a good health mindset and a thorough understanding of their physiological and psychological health.



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Enrichment of Cultural and Sports Activities

We provide our employees with fitness centers, yoga rooms, billiard rooms, ping-pong rooms, tennis courts, indoor and outdoor basketball courts, and badminton courts, among other sports facilities. We organize a variety of cultural and sports activities, aiming to enhance the physical fitness of our employees.



Jinglu XWXN 2nd Anniversary Health Run Event





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Rural Revitalization and Social Contributions

Our responsibility as a company is to advance the achievement of the United Nations Sustainable Development Goals (SDGs), integrating the concept of sustainable development into building harmonious relationships within our own operations and the communities where we operate. We respect the traditional culture, customs, ecological environment, and human rights protection requirements of the communities we are part of. Through establishing diverse and open communication and consultation mechanisms with all stakeholders, we leverage our own resource advantages to contribute to local employment, economic, and educational development.

2023 Management Goals of Community Management and Donation

- Active engagement in community dialogues, with 100% of operating sites organizing local community communications annually
- Total volunteer service hours exceed 900 hours



Community Communication and Harmonious Development

We have established a corresponding mechanism for community communication and impact assessment, with the Office of the General Manager responsible for promoting and implementing the community communication feedback mechanism. Each production base has established community relationship management standards based on its own circumstances. Through various channels such as meetings, visits, phone calls, and letters, we regularly communicate with and understand the needs and expectations of local governments, organizations, community residents, and other stakeholders. We record complaints and suggestions from local communities and provide timely feedback. With the goal of coordinated development with the community, we strive to create employment opportunities in the local area, prioritize local procurement suppliers, and work towards establishing a mutually beneficial relationship with the community.





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Community Impact Assessment

During the process of implementing new projects, we adhere to the principle of Free, Prior, and Informed Consent (FPIC) to conduct community impact assessments. We fully consider the potential environmental, health and safety, and local residents' rights impacts of the project on the community. We make every effort to avoid or minimize involuntary resettlement, physical relocation, and land occupation caused by project construction. We develop and implement community risk management and monitoring plans, and disclose relevant corporate information to the community in a timely and appropriate manner, aiming to mitigate potential impacts on the community.

We actively promote communication with various stakeholders, systematically identify and assess the situation of local residents who may be affected by the company's operations, and engage in continuous dialogue and negotiation with them on the basis of fairness and trust. We actively listen to and collect opinions and demands from affected communities regarding business operations, project risks, cultural heritage preservation, and other environmental and social impacts and mitigation measures. These opinions and demands are then incorporated into our business review and decision-making processes. In cases where project investment and construction involve the resettlement of local community residents, we strive to reach consensus agreements with the affected communities. We compensate for the loss of assets of the relocated communities and individuals based on the principle of full-cost compensation for resettlement, create employment opportunities for affected migrants, and endeavor to minimize the negative impact on local communities while promoting local economic development.

Community Appeals Mechanism

We have established an open community complaints mechanism, providing residents with a fair and accessible channel to express their opinions, suggestions, or complaints. We encourage stakeholders to provide feedback, and we regularly review and ensure the continuous and effective operation of the complaints mechanism. Stakeholders can submit their opinions, suggestions, or complaints through telephone, email, or written correspondence. Each of our production sites has dedicated personnel responsible for receiving and handling complaints. We pledge to protect the legitimate rights and interests of complainants and strictly manage complaint materials as confidential information. Once a complaint is accepted, we will initiate an investigation by the relevant departments. Within 7 working days, we will inform the complainant of the investigation results and any corrective measures (if applicable) to address the complaint, ensuring compliance with confidentiality policies.





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Public Welfare Contribution and Rural Revitalization

With a commitment to responsible corporate citizenship, we actively engage in philanthropic endeavors, striving to contribute to various aspects such as supporting children's education, caring for vulnerable groups, and providing assistance to disaster-stricken areas. We aim to contribute to the realization of the national strategy of rural revitalization and the construction of a harmonious society.

Support for Children's Education

- Donated 30,000 RMB for the "Golden Autumn Student Aid" to the residents' committees of Haicang Community, Qingjiao Village, and Qunyao Village in Haicang Street, Xiamen City.
- Co-organized the "Love Overflowing Haicang River, Childlike Hearts towards the Party" summer camp with the Haicang Community of Haicang Street, Xiamen City, providing care for 48 left-behind children from different families.
- Conducted the "Red Action • Love is Never Alone" volunteer charity event, providing care for autistic children, and donated children's educational toys and books to the Chenxin School in Haicang, Xiamen.





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Caring for Vulnerable Groups

- During holidays, we organize community visits to understand the living conditions of disadvantaged groups and provide them with relief items.
- We visit elderly community members during the Double Ninth Festival and donate supplies to them.
- Collaborating with the Fujian Ningde Environment and Ecology Bureau, we engage in community building activities. We visited Lutian Village in Chixi Town, where we provided essential supplies such as rice, noodles, and cooking oil to 15 elderly individuals, disabled persons, and Party members who have been in the Party for over 50 years.



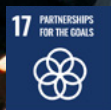
Disaster Relief Efforts

On December 18, 2023, a strong earthquake with a magnitude of 6.2 struck Jishishan County, Linxia Prefecture, Gansu Province, causing severe damage to the local area. In response, we donated cash totaling 200,000 RMB to support earthquake relief efforts and post-disaster reconstruction work in the affected area.

During the reporting period, our total external donations amounted to 256,000 RMB. Additionally, 297 employees participated in volunteer services, contributing a total of approximately 986.50 hours of volunteer work.



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An efficient and scientific corporate governance system is the foundation for ensuring the sustainable development of a company. Adhering to the principle of "pay attention to details," we have established a standardized governance structure and a sound risk management system. We uphold high standards of business ethics to ensure our high-quality and sustainable development in the long run.

2023 Economic Impact



Total asset: **13,481.04** million RMB



Operating revenue: **17,310.87** million RMB



Net profit attributable to shareholders of the parent company: **527,45** million RMB



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Sustainability-Related Governance Mechanisms

We adhere to integrating the concept of sustainable development into our corporate strategy and development. We have established and continuously improved sustainable development governance mechanisms to enhance our management capabilities in sustainable development continually. By doing so, we aim to drive high-quality development and realize the long-term value of our company.

2023 Management Goals of Sustainable Development Governance System

- Based on our operational reality and business development requirements, we will develop and refine a series of sustainable development policies such as the "Code of Business Conduct," "Supplier Code of Conduct," "Anti-Corruption and Anti-Bribery Management Regulations," "Environmental Protection Policy," and "Community Policy."
- Taking into account our operational reality and business development requirements, we will enhance and refine the ESG management framework
- The 2023 sustainability report will be disclosed after being reviewed by our company's board of directors by May 2024.



Governance Structure

We adhere to the requirements of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies, and the Rules Governing the Listing of Stocks on the STAR Market of the Shanghai Stock Exchange, as well as our internal rules and regulations. We have established a clear and efficient "shareholders' meeting, board of directors, board of supervisors, and management team" governance structure, ensuring clear delineation of responsibilities and efficient operations. We continuously improve corporate governance to promote scientific decision-making, standardize company operations, and ensure the company's stable and compliant operation. We strictly comply with the requirements of relevant laws, regulations, and regulatory rules in convening, holding, and voting at shareholders' meetings. We also facilitate shareholders' participation in the decision-making of major company matters through methods such as online voting, ensuring shareholders' rights to information, participation, voting, and supervision over our major matters.

Our company's board of directors strictly fulfills its duties in accordance with legal regulations and internal rules and regulations, advancing governance work. The board of directors has established three specialized committees: the Strategic and Sustainable Development Committee, the Nomination and Remuneration Committee, and the Audit Committee. Among them, the Nomination and Remuneration Committee and the Audit Committee are each chaired by independent directors, who constitute a majority in both committees. By fully leveraging the roles of the board's specialized committees and independent directors, we provide advice and support for scientific and effective decision-making, safeguarding the interests of shareholders and the company.

During the reporting period, we convened a total of 7 board meetings, during which 52 agenda items were deliberated. Additionally, we held 12 specialized committee meetings, where 43 agenda items were reviewed. The attendance rate of all board members reached 100%.



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ESG Management

We have established a top-down, standardized, and effective ESG management framework under the leadership of the board of directors. The board of directors has established a Strategic and Sustainable Development Committee responsible for researching and advising on our sustainable development strategy and ESG-related issues. This committee guides and supervises the implementation and improvement of ESG work and reports to the board of directors. Under the Strategic and Sustainable Development Committee, there is an office responsible for managing the daily affairs of the committee.

At the operational level, we have established a sustainable development task force, which is divided into four working teams: corporate governance team, safety and environmental protection team, employee care team, and dual carbon office. Each team comprises relevant functional departments responsible for specific ESG management tasks.



Currently, we have formulated a series of sustainable development-related policies to serve as standardized guidelines and action plans for the business operations of our company and its subsidiaries globally.





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Appointment of Directors and Senior Management

We continue to promote the diversification and professionalization of the board of directors and management team. Our company's board of directors has established a Nomination and Remuneration Committee, which is responsible for making recommendations on the nomination, selection criteria, and procedures for directors and senior executives. The Nomination and Remuneration Committee considers various factors such as education, professional skills, and industry experience based on our needs, and proposes candidate recommendations for directors and senior executives to the board of directors after conducting qualification reviews. Director candidates elected by the shareholders' meeting are approved by the board of directors, while senior executive candidates are appointed after approval by the board of directors.

Diversity and Professionalism

Our board of directors consists of 9 members. During the reporting period, we held the 2022 Annual General Meeting of Shareholders to conduct the election of the board of directors. The second board of directors was elected using a cumulative voting system, with several members from the first board being re-elected. Among them, 3 members are independent directors, accounting for 33.33% of the board members, and 2 members are female directors, accounting for 22.22% of the board members. The board members possess diverse professional backgrounds and industry experience in metallurgy, business administration, finance and accounting, economics, chemistry, engineering, and other fields. The professional and diversified composition of the board provides crucial support for our scientific and efficient decision-making. Additionally, by leveraging the expertise of independent directors, the board oversees our operations, continuously enhances our governance standards, and effectively safeguards the interests of shareholders, particularly minority shareholders.

During the reporting period, we convened the second session of the first board meeting and appointed senior management personnel with diverse professional backgrounds, including metallurgy, accounting, engineering, and business administration. They possess extensive experience in operations management, financial management, risk control, and compliance.

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	57	●	●			●			100%
Zhong Kexiang(M)	Director	51	●	●					●	100%
Zhong Bingxian	Director	48		●	●	●		●		100%
Zeng Xinping (M)	Director	47	●	●			●			100%
Jiang Long (M)	Director EO	44	●	●	●		●			100%
Hou Xiaoliang (M)	Director	57		●	●		●			100%
Sun Shigang (M)	Independent Director	70	●				●			100%
He Yanzhen (F)	Independent Director	55		●	●			●	●	100%
ChenHan (F)	Independent Director	41			●	●		●	●	100%
Chen Qingdong (M)	Vice President	47	●	●						/
Zhang Ruicheng (M)	CFO	46			●	●				/
Chen Kangsheng (M)	Board Secretary	48		●	●					/



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Compensation of Directors and Senior Management

Our board of directors has established a Nomination and Remuneration Committee, which is responsible for formulating and reviewing the compensation policies and schemes for our directors and senior executives. It is also tasked with developing assessment criteria for directors and senior executives and conducting evaluations. The remuneration of directors is determined by the board of directors and then approved by the shareholders' meeting, while the remuneration of senior executives is determined by the board of directors.

According to our "Board, Supervisor, and Senior Management Remuneration Management System" and "Independent Director System," independent directors receive allowances based on the allowance standards approved by our shareholders' meeting. Directors and senior executives holding executive positions in our company are subject to an annual salary system. Their compensation primarily consists of a basic annual salary and a performance-based annual salary, with the latter linked to our financial performance and individual performance assessments. Additionally, we include indicators such as major safety incidents in the performance assessment of directors and senior executives holding executive positions in our company, as part of incentives or penalties, to strengthen accountability in relevant ESG issues and ensure the effective implementation of ESG-related work.

As one of the pioneer in state-controlled mixed ownership enterprises for employee stock incentives in Fujian Province, we have established a long-term incentive mechanism by implementing an employee shareholding plan.

Related-Party Transaction

We strictly adhere to the regulations concerning related-party transactions outlined in the "Rules Governing the Listing of Stocks on the STAR Market of the Shanghai Stock Exchange" and other relevant laws and regulations. We periodically revise the Related-Party Transaction Management System in accordance with our business practices to further clarify the decision-making authority and procedures, pricing principles and methods, and disclosure of information related to related-party transactions, thereby standardizing related-party transaction behaviors. Our pricing of related-party transactions follows principles of fairness, impartiality, equivalence, and compensation, ensuring that they do not harm the interests of our company or shareholders, nor compromise our independence. We obtain prior opinions from independent directors on significant related-party transactions, while the Audit Committee fulfills its duties in controlling and managing related-party transactions. Furthermore, procedures such as abstention from voting are strictly followed by related directors and shareholders to ensure the legality, reasonableness, and fairness of related-party transactions.





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Investor Relations Management

We value communication and interaction with investors, striving to establish long-term, stable, and harmonious relationships. We have formulated the "Investor Relations Management System," which outlines the principles, responsible departments, and management mechanisms for investor relations management to promote these efforts effectively and systematically. Additionally, we have developed the "Information Disclosure Management System," which defines the scope, content, and corresponding procedures for information disclosure, ensuring compliance with principles of truthfulness, accuracy, completeness, timeliness, and fairness in fulfilling our disclosure obligations. This guarantees the quality and transparency of information disclosure, enabling investors and other stakeholders to timely and fully understand our business operations to protect their legitimate rights and interests.

We actively expand communication channels with investors, responding to investor inquiries through diverse means such as investor relations platforms, investor hotlines, fax, email, performance presentations, strategy meetings with major securities firms, and on-site investor research. We maintain regular contact with investors, enhancing information exchange, and fostering positive interactions to facilitate mutual understanding and trust.



The Party Building

We consistently adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, comprehensively implement the spirit of the 20th National Congress of the Communist Party of China, strengthen the "Four Consciousnesses," firm up the "Four Confidences," and achieve the "Two Upholds." This ensures the comprehensive implementation of the main responsibility for strictly governing the Party and continuously promotes the deep integration of party building work with enterprise management and production operations, providing powerful momentum for our high-quality development.

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 and enhance our governance level. The party committee of our company has clarified the "Comprehensive and Strict Party Governance Work Plan for 2023" and the "Work List for Implementing the Main Responsibility for Comprehensive and Strict Party Governance in 2023," strengthening the construction of party conduct and integrity as well as the ideological responsibility system, promoting the implementation of the main responsibilities of party building, and rallying the collective strength of party organizations.

Our party committee continues to advance the construction of the party building brand, relying on the distinctive party building brands of each branch, fully leveraging the exemplary role of party members, and continuously promoting the integration and mutual promotion of party building work with production and operation. Our party committee takes the lead in launching projects and cost reduction and efficiency improvement work, establishing 47 party member task forces. In the "Deep Learning for Excellence, Daring to Lead, Practical Action for Effectiveness" campaign, through applying what we have learned, we have closely focused on key project construction, cost reduction and efficiency improvement, management efficiency, IPD, IAM, and other aspects, establishing 22 project task lists, completing 87.5% of the total progress, and achieving good results.



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Risk Control and Compliance

We have established and continuously improved a risk control system that is risk-oriented, institution-based, process-driven, control-focused, and IT-supported. We identify, assess, and analyze the risks associated with our business operations, formulate effective risk response strategies and measures, and establish sound control procedures and measures for important business activities, high-risk areas, and key links. We continuously enhance control points, improve the internal control system, strengthen internal governance, and enhance our ability to respond to risks effectively. This is aimed at preventing various risks in our production and operation, ensuring our sustainable, healthy, and stable development.

Taking the market competition risk and technology leakage risk identified by us as examples:

Risk Category	Risk Description	Measures
 Market Competition Risk	In recent years, the market for new energy battery materials has experienced rapid growth, continuously attracting new entrants who seek to break through industry barriers such as technology and funding through direct investment, industrial transformation, or mergers and acquisitions. At the same time, existing new energy battery material companies have been expanding their production capacities, leading to intensified market competition, which impacts the sales prices and profit margins of new energy battery materials. If we fail to maintain our advantages in technology research and development, product performance, and large-scale production, and if we cannot swiftly respond to the growing demands of customers while meeting their continuous cost reduction requirements, we will face adverse effects on our development and profitability due to the intensified market competition in the positive electrode material industry.	We accurately grasp the technical trends and commercial demands of battery technology for 3C electronic products and new energy vehicle power batteries. Leveraging our accumulated technological R&D advantages and product quality superiority from years of research and production practice, we have expanded our customer base to include numerous well-known lithium battery clients both domestically and internationally. Simultaneously, we are continuously accelerating the mass production progress of new materials such as novel phosphate-based materials, sodium-ion positive electrode materials, ultra-high nickel ternary materials, and solid-state hydrogen storage materials. We are constantly optimizing product structures to maintain our competitive edge in the industry, meet customer demands, and achieve product differentiation through technological innovation and quality assurance. This approach allows us to establish a prominent brand position in the market.
 Technology Leakage Risk	The core competitiveness of new energy battery material enterprises lies in their ability to innovate in R&D of new products and master critical production technologies, as well as their capability to improve processes. If our relevant core technologies are leaked and acquired by competitors for imitation, our industry competitive advantage will be compromised, leading to adverse effects on our production and operations.	We will continue to strengthen the confidentiality of our core technologies, maintain the stability of our technical workforce, and continuously attract outstanding R&D personnel to join us. This approach will help us maintain our industry-leading technological advantage and ensure the sustainability of our future development.



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Our board of directors oversees risk management, with the audit committee responsible for supervising and evaluating internal controls. Our audit department is tasked with supervising, reviewing, and tracking the implementation of internal control systems, reporting regularly to the audit committee. According to our internal regulations such as the "Internal Audit System" and "Internal Control Evaluation System," we continuously strengthen internal supervision. Through special audits, inspections, daily supervision, internal control evaluations, and other methods, we deepen the supervision and inspection of the effectiveness of internal controls and risk management, the authenticity and fairness of financial information, and promptly identify defects and issues. We then urge the relevant departments or business units to rectify them, ensuring the continuous effective operation of the internal control system and effectively preventing operational risks.

During the reporting period, our audit department:

- Conducted 3 special audits on the standardization of financial income and expenditure, outsourcing management, and major matters of our company and its affiliated companies.
- Conducted special supervisory inspections in key areas, including bulk material and service procurement inspections, customer-supplied material management inspections, inspections on the storage and use of funds raised by us, and inspections on the expansion and renovation projects of the precursor workshop.
- Conducted routine supervisory inspections on major engineering projects and small-scale sporadic engineering projects of our company and its affiliated companies.
- Conducted effectiveness evaluations of internal controls, covering main business areas and matters such as procurement, asset management, sales, and engineering projects. It focused on operational monitoring, sales management, procurement management, and other high-risk areas, and commissioned external audit firms to audit the effectiveness of internal controls.





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Communications with Stakeholders

We attach great importance to communication with stakeholders and actively engage with them through diverse channels to understand their suggestions and feedback. We incorporate them into our corporate governance practices.

Stakeholders	Material Issues	Communication Methods
Employees 	Water Resources Protection and Wastewater Management Tax Compliance Occupation Health and Safety	<ul style="list-style-type: none">Employee Small TalksLabor UnionEmployee Activities and TrainingEmployee Complaint
Customers 	Customer Service Anti-corruption R&D Innovation	<ul style="list-style-type: none">Email, Conference Calls and other Visual Communication MethodsOn-site VisitsCustomer Complaints
Suppliers 	Anti-corruption Responsible Supply Chain Resources Recycling	<ul style="list-style-type: none">Email, Conference Calls and other Visual Communication MethodsOn-site Visits
Investors 	Operation Compliance Customer Service Risk Management	<ul style="list-style-type: none">Public Disclosure of Listed Company InformationInvestor Hotline and Website ColumnShareholders' Meeting and Performance BriefingInvestor SurveysCommunication with Investors via Social Media
Banks 	Operation Compliance Risk Management Anti-corruption	<ul style="list-style-type: none">Public Listed Information DisclosureProject Cooperation
Media 	Environmental Compliance Operation Compliance Anti-corruption	<ul style="list-style-type: none">Email, Conference Calls and other Online Communication WaysOn-site VisitsPublic Opinion Monitoring
Government and Supervision Departments 	Operation Compliance Tax Compliance Anti-corruption	<ul style="list-style-type: none">Government MeetingCompliance InspectionOn-site Visits
NGOs 	Water Resources Protection and Wastewater Management Environmental Compliance Resources Recycling	<ul style="list-style-type: none">On-site VisitsPublic Welfare ServicePublic Opinion Monitoring



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Material Issues Assessment

In 2023, based on our own strategic planning and operational realities, we identified and determined 26 ESG issues relevant to our operations. We referenced frameworks such as GRI and SASB, and benchmarked against the outstanding ESG practices of domestic and international peers. Through internal and external research, and by inviting our management and stakeholders to participate in material issue assessments, we gained comprehensive insights into the ESG topics of concern to all parties. Following the dual importance principle of financial significance and impact significance, we conducted a comprehensive analysis and prioritization of the relevant material issues, ultimately forming an importance matrix.

In 2023, the material issue assessment results were reviewed by our Strategic and Sustainable Development Committee. The management status and annual performance outcomes of the relevant issues will be addressed and explained in this report. Specifically, emphasis will be placed on the threesu material issues identified as having the highest level of importance in this assessment: Operation Compliance, Customer Service, and R&D Innovation. These issues will be prominently discussed under the corresponding sections of this report.

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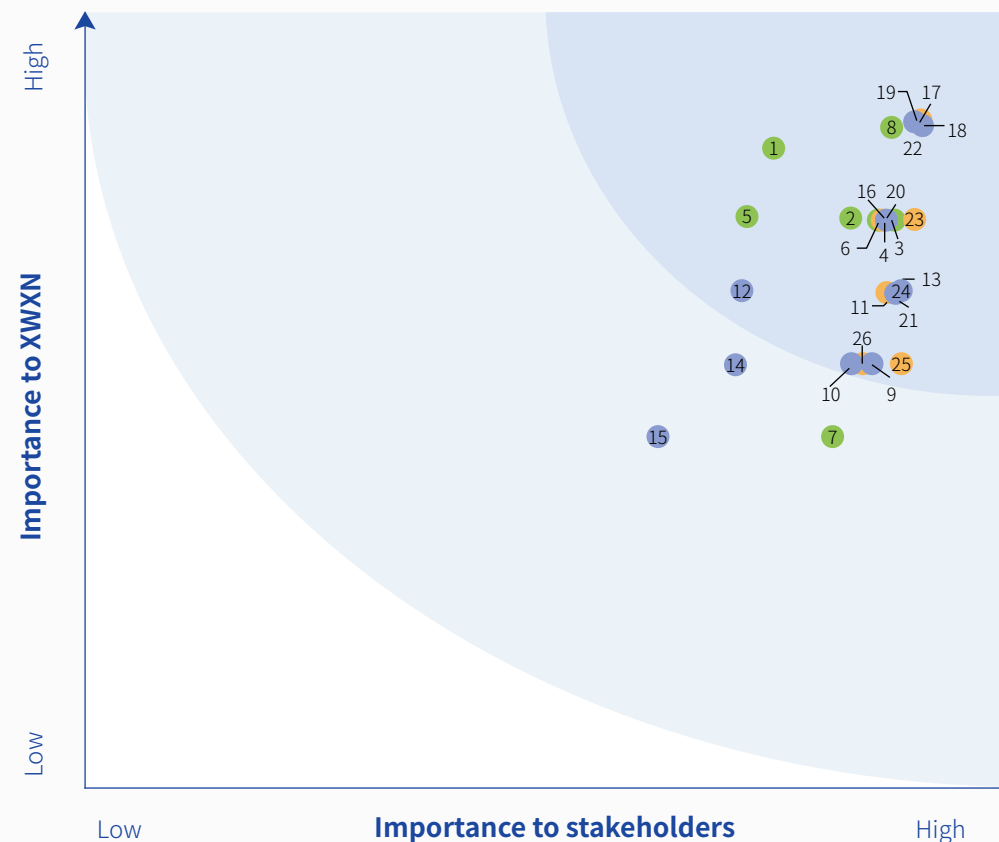
- | | |
|--|---------------------------|
| 1 Environmental Compliance | 5 Waste Air Management |
| 2 GHG Emission | 6 Waste Management |
| 3 Energy Management | 7 Biodiversity Protection |
| 4 Water Resources Protection and Wastewater Management | 8 Resources Recycling |

Social

- | | |
|---------------------------------|-----------------------------|
| 9 Equal Employment | 14 Employee Communication |
| 10 Human Right Protection | 15 Community Investment |
| 11 Occupation Health and Safety | 16 Responsible Supply Chain |
| 12 Training and Education | 17 Customer Service |
| 13 Compensation and Welfare | |

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- | | |
|----------------------------|---|
| 18 Operation Compliance | 23 Intellectual Property Rights Protection |
| 19 Risk Management | 24 Information Security |
| 20 Anti-corruption | 25 Tax Compliance |
| 21 Anti-unfair Competition | 26 Complaint Mechanism and Complainant Protection |
| 22 R&D Innovation | |





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Anti-Commercial Bribery and Anti-Unfair Competition

We are committed to upholding the highest standards of business ethics as the guiding principles for our business activities. We have established and continuously improve our "Code of Business Conduct," which requires our company and our wholly-owned or majority-owned subsidiaries to conduct business activities with integrity and honesty. We strictly prohibit any form of corruption, bribery, or other unfair competition practices, and we prohibit and avoid conflicts of interest. We always treat employees, shareholders, customers, suppliers, government representatives, and other stakeholders with honesty and fairness.

2023 Management Goals of Business Ethics

- No incidents of commercial bribery or corruption occurred throughout the year
- No conflicts of interest incidents occurred throughout the year
- No lawsuits or administrative penalties occurred due to unfair competition practices throughout the year
- Organize integrity training within the year, covering 100% of our employees
- No incidents of intellectual property infringement occurred throughout the year
- No incidents of tax violations occurred throughout the year



Anti-Monopoly and Anti-unfair Competition

We strictly adhere to domestic and international laws and regulations regarding anti-unfair competition and anti-monopoly, always upholding the principles of integrity, freedom, and fair competition. We actively maintain a healthy market environment, prohibit the use of unfair means to obtain competitors' trade secrets, prohibit the fabrication or dissemination of false information, and prohibit any fraudulent behavior or other illegal means to disrupt market order. We require all employees to adhere to the principles of compliance, fairness, and integrity, and to establish and maintain relationships of mutual trust, mutual respect, equal treatment, and sincere cooperation with suppliers, customers, and other partners. Together, we are committed to maintaining the orderly and healthy development of the market economy.

During the reporting period, we were not involved in any litigation or administrative penalties due to unfair competition or monopoly behavior.



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Anti-Corruption and Anti-Bribery

We have established the "Anti-Corruption and Anti-Bribery Management Regulations" applicable to our company and our wholly-owned and controlled subsidiaries, which clarify prohibited corrupt and bribery behaviors as well as management requirements and measures for anti-corruption and anti-bribery. Our discipline inspection and supervision office, along with the audit department, serve as the supervisory bodies for anti-corruption and anti-bribery work. The audit department is responsible for conducting special audit inspections annually for key risk areas to prevent violations and fraudulent activities. Based on the results of internal audit inspections, the audit department provides feedback to various departments on any identified irregularities and continues to supervise and urge responsible departments to rectify related issues promptly. Through supervisory management of integrity and attendance supervision at major company events, our discipline inspection and supervision office enhance the overall effectiveness of our integrity operation.

We link the requirements of integrity and self-discipline with the performance evaluations of our mid- and senior-level management, incorporating them into the performance assessment criteria for these managers. Additionally, by establishing an "Employee Reward and Punishment System," we include disciplinary measures for employees who violate the requirements of integrity and self-discipline. For behaviors that violate our "Code of Business Conduct," we will take appropriate measures including, but not limited to, dismissal, in accordance with relevant internal regulations. During the reporting period, no incidents of unethical business conduct resulting from corruption, bribery, or similar misconduct occurred.

According to the "Anti-Corruption and Anti-Bribery Management Regulations," we require key personnel in positions to sign a "Commitment to Integrity and Self-Discipline," pledging to prohibit all forms of corruption and bribery. This includes strictly prohibiting bribery to personnel from business counterparties, prohibiting solicitation or acceptance of bribes, prohibiting fraudulent tendering, collusion in bidding, and other abnormal sales, business introductions, or project enticements. During the reporting period, the coverage rate of the "Commitment to Integrity and Self-Discipline" for key positions reached 100%.

Integrity Risk Management

We continue to promote the construction of integrity risk prevention and control, following the guidance provided in the "Integrity Risk Prevention and Control Manual" of our controlling shareholder, XTC, regarding key areas and critical points such as budgeting, investment, procurement, production, and sales that may involve integrity risks and control measures. Combining with our operational reality, we conduct supervision and control of integrity risks, and establish a mechanism for integrity risk prevention and control testing in accordance with the "Quarterly Theme-based Integrity Risk Prevention and Control Testing Method" of XTC. Through simulated testing and supervision checks, we promptly identify weak links and integrity risk vulnerabilities in our business management, supervise the optimization of workflow, and effectively prevent integrity risks.

Our Discipline Inspection and Supervision Office conducts special inspections each year through daily supervision, random spot checks, and focused inspections. This approach helps to promptly identify issues and urge corrective actions, effectively preventing integrity risks. Additionally, our Audit Department conducts special audits or inspections annually for key business areas and continues to supervise responsible departments to rectify and prevent violations and irregularities. During the reporting period:

- The New Energy Industry Discipline Inspection Team conducted "1+X" special inspections on 8 equity-owned enterprises, conducted "Quarterly Theme-based" integrity risk prevention and control testing 3 times, identifying a total of 42 issues, all of which have been rectified.
- We carried out a special activity of "one case, one rectification," aligning with the "Integrity Risk Prevention and Control Manual" and XTC's special inspection rectification opinions. Focused on key areas and critical points prone to corruption issues, each department of the company and Xiamen Branch conducted self-examination and self-correction. We identified and promptly summarized and developed rectification plans for 2 issues related to procurement supplier management and engineering projects, establishing rectification logs, clarifying responsible persons, and setting deadlines.
- We cooperated with XTC's Discipline Inspection and Supervision Office to conduct efficiency inspections on procurement supplier selection and engineering bidding processes at XWXN (Yaan).



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Integrity Culture Education

We place importance on providing integrity education to our employees. Through various forms such as policy advocacy, online and offline learning and training, and integrity discussions, we strengthen integrity education and promotion, actively extending integrity principles to all employees, enhancing their integrity awareness, and advancing the construction of an integrity culture. During the reporting period:

- Organizing daily study sessions for Party members, cadres, and employees to review notices and relevant educational materials issued by superior units such as the Central Commission for Discipline Inspection, provincial discipline inspection commissions, metallurgical discipline inspection commissions, and XTC's discipline inspection commission.
- Conducting 42 sessions of integrity education and case-warning education online and offline, with a total of 5,484 participants, covering 100% of our employees.
- Actively organizing the Integrity Employment Propaganda Month activities, updating two editions of the 2023 Integrity Employment Education Month posters and one edition of the "Unveiling the 'Dependence on Enterprises' Invisible Cloak" propaganda column on our bulletin board, publicity column, LED screens, and official WeChat account. Organizing five on-site educational activities with a total of 76 participants; focusing on newly promoted cadres and newly recruited employees, organizing all departments' new employees to watch the integrity micro-movie "Talks on Integrity Employment" with a total of 108 participants; flexibly organizing key position employees from various companies and departments to study "Integrity Employment Warning Cases" online and offline with a total of 193 participants, to cultivate employees' awareness of integrity employment.



Supplier Integrity 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. For suppliers who violate their integrity commitments, we will take corresponding measures such as terminating cooperation, seeking compensation, and revoking supplier qualifications. 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.



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Prevention of Conflicts of Interest

In our "Code of Business Conduct," we clearly outline the situations of conflict of interest and the principles for avoiding such conflicts, to guide and regulate the behavior of all employees in our company and our wholly-owned or holding subsidiaries. Employees are required to avoid personal and company interests conflicts in actual or potential situations and report them to us promptly and voluntarily. Additionally, our directors, supervisors, and senior management are required to inform us of any important positions held in other entities and provide explanations in our annual reports.

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.



Intellectual Property Rights Protection

As an enterprise that encourages research and development innovation, we attach great importance to the protection of intellectual property rights. We adhere to relevant laws and regulations such as the Patent Law of the People's Republic of China and have established an Intellectual Property Rights Management System. This system strengthens the protection of technological research and development achievements by timely filing for intellectual property rights, conducting internal registration and management of intellectual property, tracking and controlling changes in intellectual property rights, and guiding and regulating the licensing and protection of intellectual property rights according to internal regulations.

During the reporting period, we filed 79 new patent applications, including 57 invention patents and 22 utility model patents. We also obtained 26 new patent grants, including 17 invention patents and 9 utility model patents. As of the end of the reporting period, we held a total of 158 granted patents, including 97 invention patents and 61 utility model patents, and no intellectual property rights infringement incidents occurred.



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Tax Compliance

We strictly adhere to the requirements of the Enterprise Income Tax Law of the People's Republic of China and other relevant laws and regulations in the regions where our business operates, and insist on paying taxes in accordance with the law. Our financial center is responsible for managing our tax-related matters, following internal control procedures, and continuously monitoring tax laws and policies. We conduct periodic internal tax compliance checks to identify, manage, and prevent potential tax risks. Additionally, we hire third-party professional firms to conduct tax inspections and audits, leveraging their expertise to identify tax risks or issues and promptly implement corrective measures, thereby continually improving our tax management capabilities. We have established proactive and transparent communication channels with tax authorities, consulting and seeking advice from them periodically through channels such as tax enterprise mailboxes, telephone calls, and face-to-face meetings. This ensures timely understanding of changes in tax laws and policies and operational requirements, thus ensuring tax compliance.

During the reporting period, we further refined the performance evaluation system for tax-related positions, conducting comprehensive performance assessments to standardize the behavior of tax-related personnel and enhance their job enthusiasm. Additionally, we periodically invited external organizations or internal specialized positions to conduct training sessions on tax regulations, policies, and knowledge, aiming to continuously improve the professional capabilities of tax-related personnel and strengthen their awareness of tax compliance.



During the reporting period, we paid approximately 345,390.60 thousand RMB in taxes and did not encounter any tax-related violations.



Complaint Mechanism and Complainant Protection

We continuously improve our complaint mechanism, providing diverse and accessible channels for stakeholders to lodge complaints, and we prioritize the protection of 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@CXTC.COM



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

In addition to reporting corrupt and bribery behavior to the Discipline Inspection and Supervision Office in accordance with the "Anti-Corruption and Bribery Management Regulations," our employees can also directly contact our Corporate Management Department, Human Resources Department, or directly provide feedback to our executives regarding any violations of the "Code of Business Conduct" 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 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.



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	Indicator	Unit	2021	2022	2023
Environment	Environmental Protection Investment				
	Total Environmental Protection Investment in the Year	Ten-thousand RMB	/	/	9,613.95
	Emissions and Discharges				
	GHG Emissions ¹				
	Scope 1: Direct GHG Emissions	tCO ₂ e	20,803.89	25,552.89	30,984.33
	Scope 2: Indirect GHG Emissions from Energy		27,190.34	27,279.38	86,790.16
	Scope 3: Other Indirect GHG Emissions		1,273,982.43	1,113,838.99	1,407,851.88
	Total GHG Emissions (Scope 1 + Scope 2)		47,994.23	52,832.27	117,774.49
	GHG Emission Intensity	tCO ₂ e/ton of product	0.67	0.62	1.57
	Air Pollutants				
	Particulate Matter Emissions	Ton	22.72	21.53	10.11
	Ammonia Emissions		/	/	1.23
	Cobalt and Its Compounds Emissions		/	/	0.02
	Nickel and Its Compounds Emissions		/	/	0.02
	Manganese and Its Compounds Emissions		/	/	0.01
	Wastewater and Wastewater Pollutants				
	Wastewater Discharge	m ³	248,995.00	609,649.70	500,798.48
	Ammonia Nitrogen Discharge	Ton	2.66	2.36	2.61
	Chemical Oxygen Demand (COD) Discharge		17.46	10.43	9.69
	Total Nickel Discharge		/	/	0.05
	Total Cobalt Discharge		/	/	0.11
	Total Manganese Discharge		/	/	0.03

Note1: The main reason for the year-on-year increase in GHG emissions in 2023 compared to 2022 is attributed to the decrease in the proportion of nuclear power usage within the reporting period and the commencement of operations at the Jinglu Production Base.

	Indicator	Unit	2021	2022	2023
Environment	Waste				
	General Waste				
	Industrial Waste Generation	Ton	/	/	7,163.09
	Municipal Waste Generation		/	/	4,537.07
	Industrial Waste Recycling		/	/	2,851.53
	Municipal Waste Recycling		/	/	2,444.15
	Hazardous Waste				
	Total Quantity of Hazardous Waste Transferred for Disposal	Ton	13.58	28.10	29.31
	Resource Consumption				
	Energy				
	Electricity Consumption ²	kWh	596,370,735.00	592,782,863.60	704,884,611.70
	Of which: Green Electricity		/	592,782,863.60	623,052,621.56
	Of which: Nuclear Electricity		/	592,355,590.00	543,235,909.99
	Solar Power		/	427,273.60	452,074.50
	Wind Power		/	/	56,969,657.07
	Hydropower		/	/	22,394,980.00
	Green Electricity Ratio	%	/	100.00	88.39
	Steam Consumption	Ton	88,584.03	88,874.12	75,457.11
	Natural Gas Consumption ³	m ³	/	900.00	498,814.00
	Liquefied Gas Consumption	Kg	/	/	104.00
	Gasoline Consumption	Litre	115,839.65	61,868.10	49,655.98
	Diesel Consumption		27,089.49	118,420.13	18,560.52
	Energy Consumption Intensity	Ton of coal equivalent/ton of product	/	0.96	1.27
	Water Resources				
	Water Withdrawal	m ³	1,076,359.00	1,380,011.38	1,560,085.80
	Water Consumption		827,364.00	770,361.68	1,059,287.32

Note2: The main reason for the increase in electricity consumption in 2023 compared to 2022 is attributed to the commencement of operations at the Ya'an Production Base and the Jinglu Production Base during the reporting period.
Note3: The main reason for the increase in natural gas consumption in 2023 compared to 2022 is attributed to the commencement of operations at the Ya'an production base during the reporting period.



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Environment	Water Consumption Intensity	m³/ton of product	11.63	9.01	14.10
	Packaging Material				
	Packaging Material Consumption (such as plastic, woven bags, film, manuals, cardboard boxes, etc.)	Ton	/	1,963.81	1,462.82
	Recycled Material Consumption		/	2,410.73	2,656.61
Employment	Total Number of Employees				
	Total Number of Employees	Person	1,966	2,526	2,957
	Number of Employees with Signed Employment Contracts		/	/	2,957
	Number of Non-Employee Workers		/	/	138
	Employee Composition				
	Employee Composition by Gender				
	Male	Person	1,540	1,983	2,348
	Female		426	543	609
	Employee Composition by Age				
	30 and Below	Person	984	1,216	1,388
	31-40		720	941	1,099
	41-50		231	325	407
	50 Above		31	44	63
	Employee Composition by Education				
	Doctors	Person	9	8	9
	Masters		70	101	173
	Bachelors		453	641	766
	College		310	347	413
	High School and Below		1,124	1,429	1,596

	Indicator	Unit	2021	2022	2023
Employment	Employee Composition by Nationality				
	Chinese	Person	/	/	2,956
	Korean		/	/	1
	Employee Composition by Ethnic				
	Han	Person	/	/	2,795
	Tujia		/	/	32
	She		/	/	27
	Miao		/	/	21
	Yi		/	/	14
	Hui		/	/	11
	Zhuang		/	/	11
	Ohter		/	/	46
	Employee Composition by Function				
	Production Staff	Person	1,379	1,723	1,930
	Sales Staff		25	28	44
	Technical Staff		284	388	494
	Finance Staff		29	204	38
	Administrative Staff		249	33	284
	Management Staff		/	150	167
	Female Production Staff		/	346	341
	Female Sales Staff		/	10	16
	Female Technical Staff		/	58	79
	Female Finance Staff		/	93	24
	Female Administrative Staff		/	22	133
	Female Management Staff		/	14	16
	Number of Employees in Science, Technology, Engineering, and Mathematics (STEM) Positions		/	/	494
	Number of Female in Science, Technology, Engineering, and Mathematics (STEM) Positions		/	/	79



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Employment	Percentage of Female in Science, Technology, Engineering, and Mathematics (STEM) Positions	Person	/	/	15.99
	Employment of Local Employees				
	Number of Employees from the Province	Person	/	/	1,779
	Percentage of Employees from the Province	%	/	/	60.16
	Number of Female Employees from the Province	Person	/	/	396
	Percentage of Female Employees from the Province	%	/	/	65.02
	Number of Senior Management from the Province	Person	/	/	2
	Percentage of Senior Management from the Province	%	/	/	50.00
	Management Team Composition				
	Management (Middle Management and Above, Including Senior Management)	Person	/	71	76
	Of which: Senior Management		/	/	4
	Female Management (Middle Management and Above, Including Senior Management)		7	10	9
	Percentage of Female Management (Middle Management and Above, Including Senior Management)	%	/	/	11.84
	Grassroots Management	Person	/	/	90
	Of which: Female Grassroots Management		/	/	7
	Percentage of Female Grassroots Management		/	/	7.78
	Female Management in Revenue-generating Departments	Person	/	/	2
	Management in Revenue-generating Departments		/	/	66

	Indicator	Unit	2021	2022	2023	
Employment	Percentage of Female Management in Revenue-generating Departments	%	/	/	3.03	
	Contract Signing					
	Labor Contract Signing Rate	%	/	/	100.00	
	Support for Employee Career Planning and Job Changes					
	Number of Internal Transfers or Internal Job Applicants	Person	/	/	28	
	Percentage of Internal Transfers or Internal Job Applicants	%	/	/	0.95	
	Employee Training					
	Total Employee Training Investment in the Year	Ten-thousand RMB	/	/	171.43	
	Total Number of Employees Trained	Person	/	/	2,957	
	Average Training Cost per Employee	Ten-thousand RMB	/	/	0.06	
	Number of Female Employees Trained	Person	/	/	609	
	Number of Male Employees Trained		/	/	2,348	
	Percentage of Female Employees Trained	%	/	/	20.60	
	Employee Training Coverage Rate		/	/	100.00	
	Total Training Participants	Participant	/	/	14,840	
	Total Employee Training Hours	Hour	/	/	99,552.67	
	Average Training Hours per Employee		/	/	33.67	
	Employee Performance					
	Percentage of Employees Undergoing Regular Performance and Career Development Assessments	%	/	/	100.00	
	Employee Compensation					
	Ratio of Male Entry Level Wage to Local Male Minimum Wage	%	/	/	100.00	



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Employment	Ratio of Female Entry Level Wage to Local Female Minimum Wage	%	/	/	100.00	
	Average Gender Pay Gap		/	/	0.63	
	Median Gender Pay Gap		/	/	3.02	
	Freedom of Association and Collective Bargaining					
	Total Number of Employees in Trade Union	Person	/	/	2,917	
	Percentage of Employees in Trade Union	%	/	/	98.65	
	Total Number of Employees Covered/Protected by Collective Agreements	Person	/	/	2,917	
	Percentage of Employees Covered/Protected by Collective Agreements	%	/	/	98.65	
	Employee Care and Benefits					
	Defined Benefit Plans and Other Retirement Plans	Ten-thousand RMB	/	/	2,985.32	
	Contribution Ratio to Defined Benefit Plans and Other Retirement Plans	%	/	/	98.69	
	Total Paid Parental Leaves Applied by Employees	Day	/	/	487.50	
	Paid Family or Care Leaves excluding Maternity Leaves		/	/	589	
	Condolence Allowances	Ten-thousand RMB	/	/	987.53	
	Employee Communication					
	Number of Employees Participating in Employee Surveys	Person	/	/	2,071	
	Employee Survey Coverage Rate	%	/	/	70.04	
	Number of Employees with High Engagement/High Satisfaction/High Loyalty	Person	/	/	977	
	Percentage of Employees with High Engagement/High Satisfaction/High Loyalty	%	/	/	47.18	

	Indicator	Unit	2021	2022	2023
Employment	Employment Management Violations				
	Number of Labor Dispute Cases	Case	/	/	0
	Total Monetary Losses Incurred due to Penalties for Violations of Labor Law Related Legislation	Ten-thousand RMB	/	/	0
	Total Monetary Losses Incurred due to Penalties for Violations of Employment Discrimination Related Legislation		/	/	0
	Human Rights Impact Assessment				
	Number of Operational Sites at Risk for Freedom of Association and Collective Bargaining Rights	Count	/	/	0
	Number of Operational Sites with Significant Risks of Child Labor Incidents		/	/	0
	Number of Operational Sites with Significant Risks of Forced or Compulsory Labor Incidents		/	/	0
	Minimum Notice Period for Operational Changes	Day	/	/	30
	Security Practice				
	Number of Security Personnel Trained in Human Rights Policies or Procedures	Person	/	/	33
	Number of Security Personnel Employed by the Company		/	/	25
	Number of Third-Party Security Personnel		/	/	8
	Percentage of Security Personnel Trained in Human Rights Policies or Procedures	%	/	/	100.00



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Occupational Health and Safety	Work Safety Investment				
	Total Investment in Work Safety for the Year	Ten-thou-sand RMB	/	1,778.34	3,656.50
	Safety Training				
	Total Number of Attendees in Safety Training	Partici-pant	/	/	1,634
	Total Hours of Safety Train-ing	Hour	/	/	8,501.83
	Total Number of Individuals Attended in Safety Training	Person	/	/	1,142
	Total Number of Safety Training Sessions	Session	/	/	236
	Total Number of Safety Emergency Drills	Time	/	111	106
	Total Number of Partici-pants in Safety Emergency Drills	Partici-pant	/	/	8,341
	Work Safety Accident				
	Number of Extremely Seri-ous Accidents	Case	0	0	0
	Number of Serious Acci-dents		0	0	0
	Number of Major Accidents		0	0	0
	Number of Work-related Ac-cidents		/	3	6
	Occupational Health and Safety Performance				
	Number of Work-related In-juries	Person	/	3	6
	Number of Work-related Fa-talities		0	0	0
	Work-related Fatality Rate	%	0.00	0.00	0.00
Market	Research and Development (R&D) Investment				
	Total R&D Investment	Ten-thou-sand RMB	45,185.80	75,731.02	46,460.66

	Indicator	Unit	2021	2022	2023
Market	Patent				
	Number of New Patent Ap-plications	Item	33	76	79
	Number of New Patents Granted		25	46	26
	Suppliers (by Regional Distribution)				
	Number of Mainland Chi-nese Suppliers	Unit	571	2,818	4,689
	Number of Suppliers from Other Regions		14	24	117
	Total Number of Suppliers		585	2,842	4,806
	Supplier Audit				
	Number of New Suppliers Selected via Evaluation on Social Performance Metrics	Unit	/	/	22
	Number of New Suppliers Selected via Evaluation on Environmental Performance Metrics		/	/	22
	Resolution of Customer Complaints				
	Total Number of Customer Complaints	Case	7	11	10
	Total Number of Resolved Customer Complaints		7	11	10
	Customer Complaint Reso-lution Rate	%	100.00	100.00	100.00
	Customer Satisfaction				
	Number of Customer Satis-faction Surveys Conducted	Count	/	/	17
Community	Volunteer Service				
	Number of Volunteer Ser-vice Events	Time	/	/	10
	Total Number of Volunteer Service Participants	Partici-pant	299	484	297
	Total Volunteer Service Hours	Hour	978	1,498	986.50
	Donations				
	Total Donations	Ten-thou-sand RMB	/	4.00	25.60



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GRI Standards	Disclosures	Location	Omission
General Disclosures			
GRI 2: General Disclosures 2021	2-1 Organizational details	About XWXN	
	2-2 Entities included in the organization's sustainability reporting	Preparation of Report	
	2-3 Reporting period, frequency and contact point	Preparation of Report	
	2-4 Restatements of information	Not covered in this report	This report does not involve re-statements of information
	2-5 External assurance	Independent Limited Assurance Report	
	2-6 Activities, value chain and other business relationships	About XWXN Message from the Chairman Innovation-Driven Development, Suppliers and Clients	
	2-7 Employees	Human Rights Protection Data Overview	
	2-8 Workers who are not employees	Data Overview	
	2-9 Governance structure and composition	Governance Structure	
	2-10 Nomination and selection of the highest governance body	Governance Structure	
	2-11 Chair of the highest governance body	Governance Structure	

GRI Standards	Disclosures	Location	Omission
GRI 2: General Disclosures 2021	2-12 Role of the highest governance body in overseeing the management of impacts	Governance Structure Risk Control and Compliance Material Issues Assessment	
	2-13 Delegation of responsibility for managing impacts	GHG Emissions Management Pollutant Discharge Management Energy Consumption Management Occupational Health and Safety Governance Structure Risk Control and Compliance	
	2-14 Role of the highest governance body in sustainability reporting	Governance Structure Material Issues Assessment	
	2-15 Conflicts of interest	Prevention of Conflicts of Interest	
	2-16 Communication of critical concerns	Communications with Stakeholders	
	2-17 Collective knowledge of the highest governance body	Governance Structure	
	2-18 Evaluation of the performance of the highest governance body	Not covered in this report	Not available in this report
	R2-19 Remuneration policies	Governance Structure	
	2-20 Process to determine remuneration	Governance Structure	
	2-21 Annual total compensation ratio	Not covered in this report	Not available in this report



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GRI Standards	Disclosures	Location	Omission
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	Message from the Chairman Net Zero Strategy	
	2-23 Policy commitments	Climate Response Pollution Control and Ecosystem Protection Responsible Sourcing Responsible Mineral Management Responsible Products and Services Employees Rural Revitalization and Social Contributions Anti-Commercial Bribery and Anti-Unfair Competition	
	2-24 Embedding policy commitments	Climate Response Pollution Control and Ecosystem Protection Responsible Sourcing Responsible Mineral Management Responsible Products and Services Employees Rural Revitalization and Social Contributions Risk Control and Compliance Anti-Commercial Bribery and Anti-Unfair Competition	

GRI Standards	Disclosures	Location	Omission
GRI 2: General Disclosures 2021	2-25 Processes to remediate negative impacts	Climate Response Pollution Control and Ecosystem Protection Resource Utilization and Circular Economy Innovation-Driven Development, Suppliers and Clients Human Rights Protection Employee Communication Occupational Health and Safety Community Communication and Harmonious Development Risk Control and Compliance Anti-Commercial Bribery and Anti-Unfair Competition	
	2-26 Mechanisms for seeking advice and raising concerns	Responsible Sourcing Responsible Mineral Management Responsible Products and Services Employee Communication Community Communication and Harmonious Development Investor Relations Management Complaint Mechanism and Complainant Protection Communications with Stakeholders	



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GRI Standards	Disclosures	Location	Omission
GRI 2: General Disclosures 2021	2-27 Compliance with laws and regulations	Pollution Control and Eco-system Protection Responsible Sourcing Responsible Mineral Management Responsible Products and Services Information Security and Privacy Protection Human Rights Protection Employee Communication Employee Development Occupational Health and Safety Governance Structure Investor Relations Management Risk Control and Compliance Anti-Commercial Bribery and Anti-Unfair Competition	
		2-28 Membership associations	Supporting Industry Development
		2-29 Approach to stakeholder engagement	Communications with Stakeholders
		2-30 Collective bargaining agreements	Employee Communication Data Overview
	Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Communications with Stakeholders Material Issues Assessment	
	3-2 List of material topics	Material Issues Assessment	

GRI Standards	Disclosures	Location	Omission
Economic performance			
GRI 3: Material Topics 2021	3-3 Management of material topics	Governance Structure Sustainable Development Risk Management Risk Control and Compliance Communications with Stakeholders	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Governance Society	
	201-2 Financial implications and other risks and opportunities due to climate change	Sustainable Development Risk Management Risk Control and Compliance	
	201-3 Defined benefit plan obligations and other retirement plans	Employee Development Data Overview	
	201-4 Financial assistance received from government	Society	
Market presence			
GRI 3: Material Topics 2021	3-3 Management of material topics	Employee Development Rural Revitalization and Social Contributions	
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Data Overview	
	202-2 Proportion of senior management hired from the local community	Data Overview	



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GRI Standards	Disclosures	Location	Omission
Indirect economic impacts			
GRI 3: Material Topics 2021	3-3 Management of material topics	Rural Revitalization and Social Contributions	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Public Welfare Contribution and Rural Revitalization	
	203-2 Significant indirect economic impacts	Public Welfare Contribution and Rural Revitalization	
Procurement practices			
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Sourcing Community Communication and Harmonious Development	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Not covered in this report	Not available in this report
Anti-corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics	Anti-Corruption and Anti-Bribery	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Anti-Corruption and Anti-Bribery	
	205-2 Communication and training about anti-corruption policies and procedures	Anti-Corruption and Anti-Bribery	
	205-3 Confirmed incidents of corruption and actions taken	Anti-Corruption and Anti-Bribery Data Overview	

GRI Standards	Disclosures	Location	Omission
Anti-competitive behavior			
GRI 3: Material Topics 2021	3-3 Management of material topics	Anti-Monopoly and Anti-unfair Competition	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Anti-Monopoly and Anti-unfair Competition Data Overview	
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	
	207-3 Stakeholder engagement and management of concerns related to tax	Tax Compliance	
	207-4 Country-by-country reporting	Not covered in this report	Not available in this report
Materials			
GRI 3: Material Topics 2021	3-3 Management of material topics	Pollutant Discharge Management Resource Utilization	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Resource Utilization Data Overview	
	301-2 Recycled input materials used	Resource Utilization Data Overview	
	301-3 Reclaimed products and their packaging materials	Resource Utilization Data Overview	
Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics	Actions to Reduce GHG Emissions Energy Consumption Management Data Overview	



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GRI Standards	Disclosures	Location	Omission
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy Consumption Management Data Overview	
	302-2 Energy consumption outside of the organization	GHG Emissions Management	
	302-3 Energy intensity	Data Overview	
	302-4 Reduction of energy consumption	Actions to Reduce GHG Emissions Energy Consumption Management	
	302-5 Reductions in energy requirements of products and services	Energy Consumption Management	
Water and effluents			
GRI 3: Material Topics 2021	3-3 Management of material topics	Water Resources Protection Pollutant Discharge Management Data Overview	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Resources Protection Pollutant Discharge Management	
	303-2 Management of water discharge-related impacts	Water Resources Protection Pollutant Discharge Management Data Overview	
	303-3 Water withdrawal	Water Resources Protection Data Overview	
	303-4 Water discharge	Water Resources Protection Pollutant Discharge Management Data Overview	
	303-5 Water consumption	Data Overview	

GRI Standards	Disclosures	Location	Omission
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	Not covered in this report	Our operational sites are not in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
	304-2 Significant impacts of activities, products and services on biodiversity	Not covered in this report	Our activities, products, and services have no impact on biodiversity
	304-3 Habitats protected or restored	Not covered in this report	The locations where we operates are not in protected or restored habitats
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not covered in this report	Our operational sites and surrounding areas do not involve affected habitats
Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	Climate Response Pollutant Discharge Management Data Overview	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	GHG Emissions Management Data Overview	
	305-2 Energy indirect (Scope 2) GHG emissions	GHG Emissions Management Data Overview	



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GRI Standards	Disclosures	Location	Omission
GRI 305: Emissions 2016	305-3 Other indirect (Scope 3) GHG emissions	GHG Emissions Management Data Overview	
	305-4 GHG emissions intensity	GHG Emissions Management Data Overview	
	305-5 Reduction of GHG emissions	GHG Emissions Management Data Overview	
	305-6 Emissions of ozone-depleting substances (ODS)	Not covered in this report	Our operations do not involve relevant emissions
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Pollutant Discharge Management Data Overview	
Waste			
GRI 3: Material Topics 2021	3-3 Management of material topics	Pollutant Discharge Management Data Overview	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Pollutant Discharge Management Data Overview	
	306-2 Management of significant waste-related impacts	Pollutant Discharge Management Data Overview	
	306-3 Waste generated	Pollutant Discharge Management Data Overview	
	306-4 Waste diverted from disposal	Pollutant Discharge Management Data Overview	
	306-5 Waste directed to disposal	Pollutant Discharge Management Data Overview	

GRI Standards	Disclosures	Location	Omission
Supplier environmental assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Sourcing Responsible Mineral Management	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Responsible Sourcing Responsible Mineral Management Data Overview	
	308-2 Negative environmental impacts in the supply chain and actions taken	Responsible Sourcing Responsible Mineral Management	
Employment			
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Rights Protection Employee Development	
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 Development	
	401-3 Parental leave	Employee Development Data Overview	
Labor management relations			
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Rights Protection Employee Communication	
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Data Overview	



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GRI Standards	Disclosures	Location	Omission
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	
	403-5 Worker training on occupational health and safety	Occupational Health and Safety	
	403-6 Promotion of worker health	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	

GRI Standards	Disclosures	Location	Omission
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	Employee Development Data Overview	
Diversity and equal opportunity			
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Sourcing Responsible Mineral Management Human Rights Protection	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Human Rights Protection Appointment of Directors and Senior Management Data Overview	
	405-2 Ratio of basic salary and remuneration of women to men	Data Overview	
Non-discrimination			
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Sourcing Responsible Mineral Management Human Rights Protection	



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GRI Standards	Disclosures	Location	Omission
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Human Rights Protection Employee Communication	
Freedom of association and collective bargaining			
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Sourcing Responsible Mineral Management Employee Communication	
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	Responsible Sourcing Responsible Mineral Management Employee Communication Data Overview	
Child labor			
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Sourcing Responsible Mineral Management Human Rights Protection	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Responsible Sourcing Responsible Mineral Management Human Rights Protection Data Overview	
Forced or compulsory labor			
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Sourcing Responsible Mineral Management 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	Responsible Sourcing Responsible Mineral Management Data Overview	
Security practices			
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Rights Protection	

GRI Standards	Disclosures	Location	Omission
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Data Overview	
Right of indigenous peoples			
GRI 3: Material Topics 2021	3-3 Management of material topics	Community Communication and Harmonious Development	
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Community Communication and Harmonious Development	
Local communities			
GRI 3: Material Topics 2021	3-3 Management of material topics	Rural Revitalization and Social Contributions	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Rural Revitalization and Social Contributions	
	413-2 Operations with significant actual and potential negative impacts on local communities	Community Communication and Harmonious Development	
Supplier social assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible Sourcing Responsible Mineral Management	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Responsible Sourcing Responsible Mineral Management Data Overview	
	414-2 Negative social impacts in the supply chain and actions taken	Responsible Sourcing Responsible Mineral Management Data Overview	



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GRI Standards	Disclosures	Location	Omission
Public policy			
GRI 3: Material Topics 2021	3-3 Management of material topics	Not covered in this report	We are not involved in related matters
GRI 415: Public Policy 2016	415-1 Political contributions	Not covered in this report	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	Data Overview	
	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	
	417-3 Incidents of non-compliance concerning marketing communications	Responsible Products and Services	
Customer privacy			
GRI 3: Material Topics 2021	3-3 Management of material topics	Information Security and Privacy Protection	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Information Security and Privacy Protection Data Overview	

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IFRS S1

Core Content	Disclosure Requirements	Location
Governance	a) The governance body(s) (which can include aboard committee or equivalent body charged with governance) or individual(s) responsible for oversight of sustainability-related risks and opportunities.	Governance Structure Risk Control and Compliance
	b) Management’ s role in the governance processes controls and procedures used to monitor manage and oversee sustainability-related risks and opportunities.	Governance Structure Risk Control and Compliance
Strategy	a) The sustainability-related risks and opportunities that could reasonably be expected to affect the entity’ s prospects within the time horizons—short medium or long term.	Sustainable Development Risk Management
	b) The current and anticipated effects of sustainability-related risks and opportunities on the entity’ s business model and value chain and where in the entity’ s business model and value chain sustainability-related risks and opportunities are concentrated	Sustainable Development Risk Management
	c) How the entity has responded to and plans to respond to sustainability-related risks and opportunities in its strategy and decision-making and the progress against plans the entity has disclosed in previous reporting periods including quantitative and qualitative information and trade-offs between sustainability-related risks and opportunities that the entity considered.	Sustainable Development Risk Management
	d) The quantitative and qualitative effects of sustainability-related risks and opportunities on the entity’ s financial position financial performance and cash flows for the reporting period and the sustainability-related risks and opportunities identified for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements and how the entity expects its financial position financial performance and cash flows to change over the short medium and long term given its strategy to manage sustainability-related risks and opportunities.	Not covered in the report



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Core Content	Disclosure Requirements	Location
Strategy	e) The resilience of the entity's strategy and its business model to those sustainability-related risks	Sustainable Development Risk Management
Risk Management	a) The processes and related policies the entity uses to identify assess prioritize and monitor sustainability-related risks including information about: the inputs and parameters the entity uses whether and how the entity uses scenario analysis to inform its identification of sustainability-related risks whether and how the entity prioritizes sustainability-related risks how the entity assesses the nature likelihood and magnitude of the effects of those risks.	Sustainable Development Risk Management Risk Control and Compliance
	b) The processes the entity uses to identify assess prioritize and monitor sustainability-related opportunities including: whether and how the entity uses scenario analysis to inform its identification of sustainability-related opportunities.	Sustainable Development Risk Management
	c) The extent to which and how the processes the entity uses to identify assess prioritize and monitor sustainability-related risks and opportunities are integrated into and inform the entity's overall risk management process.	Sustainable Development Risk Management Risk Control and Compliance
	a) Metrics required by an applicable IFRS Sustainability Disclosure Standard.	Environmental Social Governance
Metrics and Targets	b) Metrics the entity uses to measure and monitor sustainability-related risks or opportunities and its performance in relation to that sustainability-related risk or opportunity.	Environmental Social Governance
	c) Any targets the entity has set it is required to meet by law or regulation.	Environmental Social Governance

IFRS S2

Core Content	Disclosure Requirements	Location
Governance	a) The governance body(s) (which can include a board committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities.	Governance Structure Risk Control and Compliance
	b) Management's role in the governance processes controls and procedures used to monitor manage and oversee climate-related risks and opportunities	Governance Structure Risk Control and Compliance
Strategy	a) The climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects within time horizons—short medium or long term whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk	Sustainable Development Risk Management
	b) The current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain and where in the entity's business model and value chain climate-related risks and opportunities are concentrated	Sustainable Development Risk Management
	c) Information about how the entity has responded to and plans to respond to climate-related risks and opportunities in its strategy and decision-making including how the entity sets targets how the entity is resourcing and quantitative and qualitative information about the disclosed progress of plans.	Sustainable Development Risk Management
	d) The quantitative and qualitative effects of those climate-related risks and opportunities on the entity's financial position financial performance and cash flows for the reporting period the climate-related risks and opportunities identified in paragraph 16(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements and how the entity expects its financial position financial performance and cash flows to change over the short medium and long term given its strategy to manage climate-related risks and opportunities.	Not covered in the report



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Core Content	Disclosure Requirements	Location
Strategy	e) The entity's assessment of its climate resilience including the entity's assessment for its strategy and business model the significant areas of uncertainty considered in the entity's assessment of its climate resilience and the entity's capacity to adjust or adapt its strategy and business model to climate change over the short medium and long term. The entity shall use climate-related scenario analysis to assess its climate resilience and disclose how and when the climate-related scenario analysis was carried out including information about the inputs the entity used the key assumptions the entity made in the analysis and the reporting period in which the climate-related scenario analysis was carried out.	Sustainable Development Risk Management
Risk Management	a) The processes and related policies the entity uses to identify assess prioritize and monitor climate-related risks including information about: the inputs and parameters the entity uses whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related risks whether and how the entity prioritizes climate-related risks how the entity assesses the nature likelihood and magnitude of the effects of those risks b) The processes the entity uses to identify assess prioritize and monitor climate-related opportunities including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities. c) The extent to which and how the processes for identifying assessing prioritizing and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.	Sustainable Development Risk Management Risk Control and Compliance Sustainable Development Risk Management Sustainable Development Risk Management Risk Control and Compliance
Metrics and Targets	a) The cross-industry metric categories of greenhouse gas emissions internal carbon prices the percentage of executive management remuneration recognized in the current period that is linked to climate-related considerations capital deployment towards climate-related risks and opportunities the amount and percentage of assets or business activities vulnerable to climate-related risks and opportunities.	Sustainable Development Risk Management GHG Emissions Management Actions to Reduce GHG Emissions Governance Structure

Core Content	Disclosure Requirements	Location
Metrics and Targets	b) Industry-based metrics that are associated with one or more particular business models activities or other common features that characterize participation in an industry c) The quantitative and qualitative climate-related targets the entity has set or it is required to meet by law or regulation progress towards reaching the target information about its performance and each greenhouse gas emissions target.	GHG Emissions Management Pollution Control and Ecosystem Protection Resource Utilization and Circular Economy Climate Response

SASB Index

SASB Topics	Accounting Metrics	Location
Greenhouse Gas Emissions	RT-CH-110a.1: (1) Gross global Scope 1 emissions percentage covered under emissions-limiting regulations RT-CH-110a.2: (1) Discussion of long- and short-term strategy or plan to manage Scope 1 emissions emissions reduction targets and an analysis of performance against those targets	GHG Emissions Management Data Overview Climate Response
Air Quality	RT-CH-120a.1: HAPsAir emissions of the following pollutants: (1) NOX (excluding N2O) (2) SOX (3) volatile organic compounds (VOCs) and (4) hazardous air pollutants (HAPs)	Pollutant Discharge Management Data Overview
Energy Management	RT-CH-130a.1: (1) Total energy consumed (2) percentage grid electricity (3) percentage renewable and (4) total self-generated energy	Energy Consumption Management Data Overview



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SASB Topics	Accounting Metrics	Location
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 Protection Data Overview
	RT-CH-140a.2: Number of incidents of non-compliance associated with water quality permits standards and regulations	Not involved in related matters
	RT-CH-140a.3: Description of water management risks and discussion of strategies and practices to mitigate those risks	Water Resources Protection Pollutant Discharge Management
Hazardous Waste Management	RT-CH-150a.1: (1) Amount of hazardous waste generated (2) percentage recycled	Pollutant Discharge Management Data Overview
Community Relations	RT-CH-210a.1: Discussion of engagement processes to manage risks and opportunities associated with community interests	Community Communication and Harmonious Development
Workforce Health & Safety	RT-CH-320a.1: (1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	Occupational Health and Safety Data Overview
	RT-CH-320a.2: Description of efforts to assess monitor and reduce exposure of employees and contract workers to long-term (chronic) health risks	Occupational Health and Safety

SASB Topics	Accounting Metrics	Location
Product Design for Use-phase Efficiency	RT-CH-410a.1: Revenue from products designed for use-phase resource efficiency	The Company does not collect relevant data during this report period
Safety & Environmental Stewardship of Chemicals	RT-CH-410b.1: (1) Percentage of products that contain Globally Harmonised 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 involved in related matters
	RT-CH-410b.2: : Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human or environmental impact	Pollutant Discharge Management
Genetically Modified Organisms	RT-CH-410c.1: Percentage of products by revenue that contain genetically modified organisms (GMOs)	Not involved in related matters
Management of the Legal & Regulatory Environment	RT-CH-530a.1: Discussion of corporate positions related to government regulations 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) and Process Safety Incident Severity Rate (PSISR)	The Company does not collect relevant data during this report period
	RT-CH-540a.2: Number of transport incidents	The Company does not collect relevant data during this report period



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ESG Indicators Reference for ESG Report of Listed Chinese Central State-Owned Enterprises

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Primary Indicators	Secondary Indicators	Tertiary Indicators	Location
E.1 Resource Consumption	E.1.1 Water Resources	E.1.1.1 Fresh-water consumption	Data Overview
		E.1.1.2 Circulating water consumption	Water Resources Protection
		E.1.1.3 The proportion of circulating water consumption	Water Resources Protection
		E.1.1.4 Water resource consumption intensity	Data Overview
	E.1.2 Materials	E.1.2.1 Consumption of non-renewable materials	Data Overview
		E.1.2.2 Consumption of toxic and hazardous materials	Not collected in this report
		E.1.2.3 Material consumption intensity	Data Overview
	E.1.3 Energy	E.1.3.1 Fossil energy consumption	Energy Consumption Management Data Overview
		E.1.3.2 Non-fossil energy consumption	Energy Consumption Management Data Overview
		E.1.3.3 The proportion of non-fossil energy consumption	Energy Consumption Management Data Overview

Primary Indicators	Secondary Indicators	Tertiary Indicators	Location
E.1 Resource Consumption	E.1.3 Energy	E.1.3.4 The total energy consumption	Energy Consumption Management Data Overview
		E.1.3.5 The energy consumption intensity	Energy Consumption Management Data Overview
	E.1.4 Packaging materials	E.1.4.1 The amount of packaging materials used	Data Overview
		E.1.4.2 Light-weighting and reduction of packaging materials	Resource Utilization Data Overview
E.2 Pollution Control	E.2.1 Wastewater	E.2.1.1 The compliance status of wastewater discharge	Pollutant Discharge Management
		E.2.1.2 Wastewater management and emission reduction measures	Water Resources Protection Pollutant Discharge Management
		E.2.1.3 Volume of wastewater discharge	Pollutant Discharge Management Data Overview
		E.2.1.4 The discharge volume of wastewater pollutants	Pollutant Discharge Management Data Overview
		E.2.1.5 Concentration of pollutants discharged in wastewater	Pollutant Discharge Management



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E.2 Pollution Control	E.2.2 Exhaust Air	E.2.2.1 Compliance status of exhaust gas emissions	Pollutant Discharge Management Data Overview
		E.2.2.2 Volume of air pollutants emitted	Pollutant Discharge Management Data Overview
		E.2.2.3 Concentration of air pollutants emitted	Pollutant Discharge Management Data Overview
	E.2.3 Solid Waste	E.2.3.1 Compliance with legal regulations on solid waste disposal	Pollutant Discharge Management
		E.2.3.2 Management of general industrial solid waste	Pollutant Discharge Management
		E.2.3.3 Disposal volume of general industrial solid waste	Data Overview
		E.2.3.4 Management of hazardous waste	Pollutant Discharge Management
		E.2.3.5 Volume of hazardous waste disposed	Data Overview
	E.3.1 GHG Emissions	E.3.1.1 Sources and types of GHG	GHG Emissions Management
		E.3.1.2 Management of GHG Emissions	Net Zero Strategy GHG Emissions Management Actions to Reduce GHG Emissions
		E.3.1.3 Scope 1 emissions	GHG Emissions Management Data Overview

Primary Indicators	Secondary Indicators	Tertiary Indicators	Location
E.3 Climate Change	E.3.1 GHG Emissions	E.3.1.4 Scope 2 emissions	GHG Emissions Management Data Overview
		E.3.1.5 Scope 3 emissions	GHG Emissions Management Data Overview Greenhouse Gas Verification Report
		E.3.1.6 GHG emission intensity	GHG Emissions Management Data Overview
	E.3.2 Emission Reduction Management	E.3.2.1 Management of GHG emission reduction	Net Zero Strategy GHG Emissions Management Actions to Reduce GHG Emissions
		E.3.2.2 GHG emission reduction	GHG Emissions Management Actions to Reduce GHG Emissions Energy Consumption Management
	E.3.3 Environmental Rights Trading	E.3.3.1 Participation in the carbon emissions trading market	Actions to Reduce GHG Emissions
		E.3.3.2 Participation in the energy rights water rights and pollution rights trading markets	Pollutant Discharge Management
		E.3.3.3 Participation in green electricity trading	Energy Consumption Management
	E.3.4 Climate-related Risk Management	E.3.4.1 Climate-related Risk Management	Sustainable Development Risk Management



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E.4 Biodiversity	E.4.1 Impact of production services and products on biodiversity	E.4.1.1 Impact of production services and products on biodiversity	Biodiversity Protection
	E.5.1 Setting Low-Carbon Development Goals and Strategic Measures	E.5.1.1 Setting low-carbon development goals and strategic measures	Net Zero Strategy
E.5 Measures for Resource and Environmental Management Systems	E.5.2 Resource management measures	E.5.2.1 Water resource management	Water Resources Protection Pollutant Discharge Management Resource Utilization
		E.5.2.2 Material utilization management	Resource Utilization
		E.5.2.3 Energy utilization and energy efficiency management	Energy Consumption Management
	E.5.3 Energy-saving and carbon reduction monitoring statistical reporting and assessment system	E.5.3.1 Energy-saving and carbon reduction monitoring statistical reporting and assessment system	GHG Emissions Management Actions to Reduce GHG Emissions Energy Consumption Management
		E.5.4.1 Clean production	Pollutant Discharge Management
	E.5.4 Green environmental actions and measures	E.5.4.2 Green technology upgrading and recycling	Energy Consumption Management Resource Utilization

Primary Indicators	Secondary Indicators	Tertiary Indicators	Location
E.5 Measures for Resource and Environmental Management Systems	E.5.4 Green environmental actions and measures	E.5.4.3 Green building renovation	Not covered in this report
		E.5.4.4 Green office and operations	Actions to Reduce GHG Emissions Pollutant Discharge Management Energy Consumption Management Resource Utilization
		E.5.4.5 Green procurement and green supply chain management	Responsible Sourcing Responsible Mineral Management
		E.5.4.6 Public activities for environmental protection	Not covered in this report
	E.5.5 Green and Low-Carbon Certification	E.5.5.1 Environmental management system certification	Pollution Control and Ecosystem Protection
		E.5.5.2 Green and Low-Carbon Enterprise Certification	Actions to Reduce GHG Emissions Pollution Control and Ecosystem Protection
		E.5.5.3 Green and low-carbon product and service certification	Not covered in this report
	E.5.6 Legal compliance in environmental matters	E.5.6.1 Emergency response plan for environmental incidents	Emergency Management and Drills
		E.5.6.2 Environmental violations	Pollution Control and Ecosystem Protection



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Primary Indicators	Secondary Indicators	Tertiary Indicators	Location
S1 Employee Rights	S1.1 Employee re- cruitment and employment	S1.1.1 Corporate recruitment policy and implementation	Human Rights Protection Employee Development
		S1.1.2 Employee structure	Human Rights Protection Data Overview
		S1.1.3 Avoiding child labor and forced labor	Human Rights Protection
	S1.2 Employee com- pensation and benefits	S1.2.1 Compensation philoso- phy and policy	Human Rights Protection Employee Development
		S1.2.2 Working hours and rest and leave	Employee Development Data Overview
		S1.2.3 Compensation and benefits guarantee	Employee Development Data Overview
		S1.2.4 Employee democratic management	Employee Communication
	S1.3 Employee health and safe- ty	S1.3.1 Employee occupation- al health and safety manage- ment	Occupational Health and Safety
		S1.3.2 Employee safety risk prevention	Occupational Health and Safety
		S1.3.3 Response to safety incidents and work-related injuries	Occupational Health and Safety
		S1.3.4 Employee care and as- sistance	Occupational Health and Safety Employee Development
	S1.4 Employee de- velopment and training	S1.4.1 Employee motivation and promotion policy	Employee Development
		S1.4.2 Employee education and training	Employee Development
		S1.4.3 Employee career plan- ning and job change support	Employee Development Data Overview

Primary Indicators	Secondary Indicators	Tertiary Indicators	Location
S1 Employee Rights	S1.5 Employee satis- faction	S1.5.1 Employee satisfaction survey	Employee Communication
		S1.5.2 Labor disputes	Employee Communication
		S1.5.3 Employee turnover	Data Overview
S2 Product and Service Man- agement	S2.1 Product safety and quality	S2.1.1 Production standard management policies and measures	Responsible Products and Services
		S2.1.2 Quality management	Responsible Products and Services
		S2.1.3 Product recall and withdrawal	Responsible Products and Services
		S2.1.4 Negative incidents re- lated to products or services	Responsible Products and Services
	S2.2 Customer ser- vice and cus- tomer rights	S2.2.1 Customer satisfaction	Responsible Products and Services Data Overview
		S2.2.2 Customer complaints and handling	Responsible Products and Services Data Overview
		S2.2.3 Customer information and privacy protection	Information Security and Pri- vacy Protection
	S2.3 Innovation de- velopment	S2.3.1 R&D and innovation management system	Innovation-Driven Develop- ment
		S2.3.2 R&D investment	Innovation-Driven Develop- ment
		S2.3.3 Innovation achieve- ments	Innovation-Driven Develop- ment
		S2.3.4 Intellectual property rights protection	Intellectual Property Rights Protection Data Overview
S3 Supply Chain Safety and Management	S3.1 Supplier Man- agement	S3.1.1 Supplier selection and management	Responsible Sourcing
		S3.1.2 Number and distribu- tion of suppliers	Responsible Sourcing Data Overview



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S3 Supply Chain Safety and Management	S3.2 Supply Chain Management	S3.2.1 Supply chain management policies and measures	Responsible Sourcing
		S3.2.2 Supply chain security assurance and emergency plan	Responsible Mineral Management
		S3.2.3 Major risks and impacts (supply chain)	Responsible Mineral Management
S4 Social Contributions	S4.1 Tax payment situation	S4.1.1 Tax payment	Tax Compliance
	S4.2 Community co-building	S4.2.1 Policies and measures for participating in local community construction	Rural Revitalization and Social Contributions
		S4.2.2 Contribution and impact on the local community	Rural Revitalization and Social Contributions Data Overview
	S4.3 Social welfare activities	S4.3.1 Policies and measures for participating in social welfare activities	Rural Revitalization and Social Contributions
		S4.3.2 Investment and effectiveness in participating in social welfare activities	Rural Revitalization and Social Contributions Data Overview
		S4.3.3 Construction of an barrier-free environment	Not covered in this report
	S4.4 National strategy response	S4.4.1 Industrial transformation	Public Welfare Contribution and Rural Revitalization
		S4.4.2 Rural revitalization and regional collaborative development	Global Distribution of Business Operations
		S4.4.3 Belt and Road initiative and overseas responsibility fulfillment	Public Welfare Contribution and Rural Revitalization
		S4.4.4 Industry characteristics and other social responsibility fulfillment	Public Welfare Contribution and Rural Revitalization

Governance

Primary Indicators	Secondary Indicators	Tertiary Indicators	Location
G1 Governance Strategy and Organizational Structure	G1.1 Governance strategy and processes	G1.1.1 Governance strategy formulation	Governance Structure Investor Relations Management
		G1.1.2 Governance strategy supervision process	Risk Control and Compliance Communications with Stakeholders
		G1.1.3 Governance strategy approval and review process	Governance Structure
		G1.1.4 Leadership in Party-building	The Party Building
	G1.2 Organizational structure and functions	G1.2.1 Ownership responsibilities	Governance Structure Risk Control and Compliance
		G1.2.2 Board of directors board of supervisors and management structure and functions	Governance Structure
		G1.2.3 Appointment procedures and composition of the board of directors board of supervisors and management	Governance Structure
	G1.3 Compensation management	G1.3.1 Compensation plan for directors and supervisors	Governance Structure
		G1.3.2 Transparency of the board's compensation	Governance Structure
		G1.3.3 Reasonableness of management compensation	Governance Structure Occupational Health and Safety



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Primary Indicators	Secondary Indicators	Tertiary Indicators	Location	
G2 Standardized Governance	G2.1 Internal control	G2.1.1 Internal audit	Risk Control and Compliance	
		G2.1.2 Internal control structure mechanisms and procedures	Risk Control and Compliance	
	G2.2 Integrity construction	G2.2.1 Integrity construction systems and standards	Anti-Corruption and Anti-Bribery	
		G2.2.2 Effectiveness of integrity construction measures	Anti-Corruption and Anti-Bribery	
	G2.3 Fair competition	G2.3.1 Fair competition system and standards	Anti-Monopoly and Anti-unfair Competition	
		G2.3.2 Effectiveness of fair competition measures	Anti-Corruption and Anti-Bribery Anti-Monopoly and Anti-unfair Competition	
	G3 Investor Relations Management and Shareholder Rights	G3.1 Investor relations management	G3.1.1 Investor relations management strategy	Investor Relations Management
			G3.1.2 Investor communication	Investor Relations Management Communications with Stakeholders
G3.1.3 Construction of investor relations management department			Investor Relations Management	
G3.2 Shareholder rights		G3.2.1 Shareholders' (general) meeting	Governance Structure	
		G3.2.2 Shareholder communication	Governance Structure Investor Relations Management Communications with Stakeholders	

Primary Indicators	Secondary Indicators	Tertiary Indicators	Location
G3 Investor Relations Management and Shareholder Rights	G3.2 Shareholder rights	G3.2.3 Shareholder's right to know and participate in decision-making	Governance Structure Investor Relations Management
	G3.3 Creditor rights	G3.3.1 Credit situation	Not covered in this report
		G3.3.2 Bond market performance	Not covered in this report
	G4.1 Information disclosure system	G4.1.1 Financial information disclosure G4.1.2 Non-financial information disclosure	Investor Relations Management Investor Relations Management
G4 Information Disclosure Transparency	G4.2 Quality of information disclosure	G4.2.1 Regular supervision audit and evaluation of all disclosed information	Not covered in this report
G5 Compliant Operation and Risk Management	G5.1 Compliant operation	G5.1.1 Compliant operation system	Risk Control and Compliance
		G5.1.2 Construction of the compliance system	Risk Control and Compliance
		G5.1.3 Specific compliance review procedures	Risk Control and Compliance
	G5.2 Risk management	G5.2.1 Risk identification and early warning	Risk Control and Compliance Sustainable Development Risk Management
		G5.2.2 Risk control and tracking	Risk Control and Compliance Sustainable Development Risk Management
		G5.2.3 Risk reporting and management	Risk Control and Compliance



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Verification Statement of Greenhouse Gases Emissions

Statement of Conformity CN24/00001504

Greenhouse Gas Verification Statement

The inventory of Greenhouse Gas emissions in
1 Jan. 2023 to 31 Dec. 2023 of

**XTC New Energy Materials (Xiamen)
Co., LTD.**

Business address: No. 1 of No. 300, Kejingshe, Xiamen Area of Pilot Free Trade Zone,
Xiamen City, Fujian Province P.R. China
Organization boundary: Detail organization boundary information has been listed in Annex,
for multi-site statement

has been verified in accordance with ISO 14064-3:2019 as meeting the requirements of

ISO 14064-1:2018

Direct Emissions [Category 1]
30,984.33 tonnes of CO₂e

Indirect Emissions from Imported Energy [Category 2]
86,790.16 tonnes of CO₂e

Indirect Emissions from Transportation [Category 3]
32,938.77 tonnes of CO₂e

Indirect Emissions from Products Used by An Organization [Category 4]
1,374,913.11 tonnes of CO₂e

Indirect Emissions Associated with The Use of Products from
The Organization [Category 5]
[be determined as non-significant indirect emissions and not quantified]

Indirect Emissions from Other Sources [Category 6]
[be determined as non-significant indirect emissions and not quantified]

Total Emissions Quantified
1,525,626.37 tonnes of CO₂e

Authorized by
SGS Director - Business Assurance
DATE: 2 Mar. 2024

SGS CSTC Standards Technical Services Company
161 Century Tower Mallroom, No. 73 Fucheng Road, Beijing, P.R. CHINA 100045
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Several statements have been issued for this scope, this is main statement

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Independent Limited Assurance Report

RSMZZ[2024]NO.361Z0360

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, 2023 to December 31, 2023 included in its Sustainability Report 2023(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.

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What we assured	
<ul style="list-style-type: none">● GHG Emissions<ul style="list-style-type: none">— Scope 1: Direct GHG Emissions (tCO₂e)— Scope 2: Indirect GHG Emissions from Energy (tCO₂e)— Total GHG Emissions (Scope 1 + Scope 2) (tCO₂e)	<ul style="list-style-type: none">● Energy<ul style="list-style-type: none">— Electricity Consumption (kWh)— Green Electricity Consumption (kWh)— Nuclear Electricity Consumption (kWh)— Solar Power Consumption (kWh)— Wind Power Consumption (kWh)— Hydropower Consumption (kWh)— Steam Consumption (Ton)— Natural Gas Consumption (m³)— Gasoline Consumption (Litre)— Diesel Consumption (Litre)
<ul style="list-style-type: none">● Air Pollutants<ul style="list-style-type: none">— Particulate Matter Emissions (Ton)— Ammonia Emissions (Ton)— Cobalt and Its Compounds Emissions (Ton)— Nickel and Its Compounds Emissions (Ton)— Manganese and Its Compounds 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)— Chemical Oxygen Demand (COD) Discharge (Ton)— Total Nickel Discharge (Ton)— Total Cobalt Discharge (Ton)— Total Manganese Discharge (Ton)
<ul style="list-style-type: none">● Hazardous Waste<ul style="list-style-type: none">— Total Quantity of Hazardous Waste Transferred for Disposal (Ton)	<ul style="list-style-type: none">● Water Resources<ul style="list-style-type: none">— Water Withdrawal (m³)— Water Consumption (m³)
<ul style="list-style-type: none">● Total Number of Employees<ul style="list-style-type: none">— Total Number of 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 Education<ul style="list-style-type: none">— Doctors (Person)— Masters (Person)— Bachelors (Person)— College (Person)— High School and Below (Person)	<ul style="list-style-type: none">● Employee Composition by Age<ul style="list-style-type: none">— 30 and Below (Person)— 31-40 (Person)— 41-50 (Person)— 50 Above (Person)

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<ul style="list-style-type: none">● Employee Composition by Function<ul style="list-style-type: none">— Production Staff (Person)— Sales Staff (Person)— Technical Staff (Person)— Finance Staff (Person)— Administrative Staff (Person)— Management Staff (Person)— Female Production Staff (Person)— Female Sales Staff (Person)— Female Technical Staff (Person)— Female Finance Staff (Person)— Female Administrative Staff (Person)— Female Management Staff (Person)	<ul style="list-style-type: none">● Management Team Composition<ul style="list-style-type: none">— Grassroots Management (Person)— Female Grassroots Management (Person)— Percentage of Female Grassroots Management (%)— Management (Middle Management and Above, Including Senior Management) (Person)— Female Management (Middle Management and Above, Including Senior Management) (Person)— Percentage of Female Management (Middle Management and Above, Including Senior Management) (%)— Senior Management (Person)
<ul style="list-style-type: none">● Employee Training<ul style="list-style-type: none">— Total Number of Employees Trained (Person)— Total Training Participants (Participant)— Total Employee Training Hours (Hour)— Average Training Hours per Employee (Hour)	<ul style="list-style-type: none">● Safety Training<ul style="list-style-type: none">— Total Number of Attendees in Safety Training (Participant)— Total Hours of Safety Training (Hour)— Total Number of Individuals Attended in Safety Training (Person)
<ul style="list-style-type: none">● Occupational Health and Safety Performance<ul style="list-style-type: none">— Number of Work-related Injuries (Person)— Number of Work-related Fatalities (Person)— Work-related Fatality Rate (%)	<ul style="list-style-type: none">● Work Safety Accident<ul style="list-style-type: none">— Number of Extremely Serious Accidents (Case)— Number of Serious Accidents (Case)— Number of Major Accidents (Case)— Number of Work-related Accidents (Case)
<ul style="list-style-type: none">● Suppliers (by Regional Distribution)<ul style="list-style-type: none">— Number of Mainland Chinese Suppliers (Unit)— Number of Suppliers from Other Regions (Unit)— Total Number of Suppliers (Unit)	<ul style="list-style-type: none">● Resolution of Customer Complaints<ul style="list-style-type: none">— Total Number of Customer Complaints (Case)— Total Number of Resolved Customer Complaints (Case)— Customer Complaint Resolution Rate (%)
<ul style="list-style-type: none">● Volunteer Service<ul style="list-style-type: none">— Total Number of Volunteer Service Participants (Participant)— Total Volunteer Service Hours (Hour)	<ul style="list-style-type: none">● Patent<ul style="list-style-type: none">— Number of New Patent Applications (Item)— Number of New Patents Granted (Item)

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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[2024]NO.361Z0360 of XTC New Energy Materials (Xiamen) Co., Ltd.)



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2023

SUSTAINABILITY REPORT

XTC NEW ENERGY MATERIALS (XIAMEN) CO., LTD